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Merton Council
Sustainable Communities Overview and Scrutiny Panel

Date: 19 January 2021

Time: 7.15 pm

Venue: Committee Rooms CDE, Merton Civic Centre

AGENDA

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

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Sustainable Communities Overview and Scrutiny Panel Membership

Councillors:
Aidan Mundy (Chair)
Daniel Holden (Vice-Chair)
Laxmi Attawar
Mike Brunt
David Dean
Nick Draper
Anthony Fairclough
Geraldine Stanford
Substitute Members:
Nigel Benbow
Eloise Bailey
Ben Butler
Pauline Cowper
Edward Gretton

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. For further advice please speak with the Managing Director, South London Legal Partnership.

What is Overview and Scrutiny?

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

Scrutiny's work falls into four broad areas:

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

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

For more information, please contact the Scrutiny Team on 020 8545 4035 or by e-mail on scrutiny@merton.gov.uk. Alternatively, visit www.merton.gov.uk/scrutiny

SUSTAINABLE COMMUNITIES OVERVIEW AND SCRUTINY PANEL
8 DECEMBER 2020

(7.15 pm - 9.50 pm)

PRESENT Councillors Councillor Aidan Mundy (in the Chair), Councillor Daniel Holden, Councillor Laxmi Attawar, Councillor Mike Brunt, Councillor David Dean, Councillor Nick Draper, Councillor Anthony Fairclough and Councillor Geraldine Stanford

Jason Andrews (Environmental Health Pollution Manager), Cathryn James (Interim Assistant Director, Public Protection), Chris Lee (Director of Environment and Regeneration) and Ben Stephens (Head of Parking Services)

1 APOLOGIES FOR ABSENCE (Agenda Item 1)

There were no apologies for absence.

2 DECLARATIONS OF PECUNIARY INTEREST (Agenda Item 2)

There were no declarations of pecuniary interest.

3 MINUTES OF THE PREVIOUS MEETING (Agenda Item 3)

The minutes of the previous meeting were agreed.

4 EMISSIONS BASED CHARGING (Agenda Item 4)

The Director of Environment and Regeneration introduced the report on the emissions based charging proposals.

In response to Panel Members questions the Director of Environment and Regeneration and the Environmental Health Manager provided responses;

- We received 1600 responses to the consultation which is a small proportion of motorists in the borough. We are seeking to balance the views of residents alongside the overriding policy objectives.
- The difference is that season tickets for those motorists who visit locations which isn't entirely comparable to resident's permits which are used 365 days a year near their home. We are also seeking to nudge behaviours towards active/sustainable travel.
- It's too early to tell how successful Emissions Based Charging has been in other boroughs and difficult to separate from other initiatives such as ULEZ.
- Currently there are 33 Air Quality monitoring stations that break legal limits, these are mainly around busy town centres. All the data is publically available on the Merton website.

- 50 carer permits issued per month.
- ACTION: Head of Parking Services to feedback on how many other London Boroughs have EBC consultations in the pipeline.

The Chair invited representations from public speakers;

Dr Mfanwy Morgan – Residents Association of West Wimbledon:

- The consultation survey showed ¾ of respondents disagreed with the proposal.
- Owners of older cars will need to pay £500 plus a national emission rate of £275 – This is a totally inappropriate increase. Those in lower incomes groups will struggle.
- Emission does not always correlate with AQ's. Cars do not pollute when parked. Not considering mileage only gives a partial view.
- Nudge theory assumes free choice however choices are often constrained by finances. Older people and lower incomes groups adversely affected.

Chris Larkman - Apostles Residents Association:

- Agree with environmental aspects and happy to pay more for privilege of running a car. But the reason the consultation hits so hard against proposals is simply the unfairness of it.
- The feelings are – If you have a driveway, you pay nothing. Others are hard done by. If everyone was paying that would be equal.
- Please look at visitor parking. Differential charges will make it impossible for builders, friends with diesel cars etc.
- Town centres have been hit really hard with the impacts of Covid, please look at 20 minutes free parking so town centres have some hope to survive.

In response to Panel Members questions the Director of Environment and Regeneration and the Parking Services Manager provided responses;

- The uptake of e-vouchers is growing and there are no immediate plans to phase out scratch cards.
- There has been significant investment in the electric vehicle infrastructure which provides an incentive for residents to shift to a lower polluting vehicle.
- We receive a huge amount of feedback through the parking teams and the boroughs community forums which we utilise. We are more than happy to take that further and wider.

The Panel moved to discuss recommendations;

Councillor Daniel Holden raised a motion that recommended to Cabinet "This panel calls upon the Cabinet to abandon it's proposed 'Emissions Based Parking Charges', due to the fact it discriminates against a small subsection of the population, of which whom the majority affected are in Raynes Park and Wimbledon". This was seconded by Councillor David Dean. There were three votes in favour and five against. Motion fell.

Councillor Daniel Holden raised a motion that recommended to Cabinet "This panel requests the Cabinet to delay the implementation of the proposed 'Emissions Based Parking Charges' for 12 months (to begin no earlier than January 2022) to allow for sufficient time to alter the proposals to allow for suitable mitigations for the elderly and poorer residents of Merton to be worked up and incorporated prior to rollout of the policy. This is to lessen the impact that a sudden change in charging regime would have on these specific groups of residents in particular". The motion was seconded. There were three votes in favour and five against. Motion fell.

A motion proposing that Cabinet reconsiders the policy in its application to visitors e-permits and scratch cards (as summarised at paras 5.13–5.15 of the report), as the 'mechanism' envisaged to reduce the use of higher polluting vehicles (charging a resident based on the vehicle their visitor arrives in) seems diffuse and potentially ineffective. The motion was seconded. There were three votes in favour and five against. Motion fell.

A motion requesting that Cabinet consider a low mileage/low use discount or rebate, on the basis that it is the driving of vehicles that reduces air quality and increases carbon emissions. This would encourage less driving, and would particularly mitigate the impact of higher parking costs for those on low/fixed incomes who can't afford to switch to newer and more environmentally friendly vehicles. The motion was seconded by Councillor Daniel Holden. There were two votes for, four votes against and two abstentions. Motion fell.

The Panel requests that, noting para 8.5 of the report, that Cabinet instead keep under review the assumptions made on the estimates of parking revenue raised, and that any increase in parking revenue be reported separately so that it can be more accurately be understood what additional surplus is linked to emissions based charging, with the aim that these monies be reinvested directly into the following measures: for the purposes of environmental improvement (as permitted under the 1984 Act); described at paras 7.3–7.11 of the report as well as others to financially incentivise residents to give up permits; and to support complementary sustainable transport schemes. There were three votes for and five against. Motion fell.

The Panel RESOLVED (six votes, two abstentions) to make the following reference to Cabinet;

"The Sustainable Communities Panel recommends that on implementation;
User feedback is collected;
This feedback be made visible to the Sustainable Communities Panel at every meeting for a period of two years. Feedback should be provided at a high level with the ability to request further detail if needed
After that period, that Cabinet utilise this feedback to test further improvements and/or enhancements to the parking scheme.

Furthermore the Panel RESOLVED (eight votes for, none against) that
The Panel calls on Cabinet to review the impact of Emissions Based Charging on air quality in the borough and that this policy also be reviewed after a two year period.
Additionally, the Panel RESOLVED (eight votes for, none against)
Request that Cabinet further expand upon their current reporting to show how the surplus money raised from parking revenue has been spent.

5 PERFORMANCE MONITORING (Agenda Item 5)

This item was not taken.

6 WORK PROGRAMME (Agenda Item 6)

The work programme was agreed.

Committee: Healthier Communities & Older People Overview and Scrutiny Panels

11 January 2021 and 9 February 2021

Children and Young People Overview and Scrutiny Panels

13 January 2021 and 10 February 2021

Sustainable Communities Overview and Scrutiny Panel

19 January 2021

Overview and Scrutiny Commission

20 January 2021 and 17 February 2021

Wards: ALL

Subject: Business Plan Update 2021-2025 (Members are requested to bring the Savings Information Pack with them to these meetings)

Lead officer: Caroline Holland

Lead member: Councillor Tobin Byers

Contact officer: Roger Kershaw

Recommendations:

1. That the Panels consider the proposed amendments to savings previously agreed set out in the Savings Information Pack;
2. That the Overview and Scrutiny Commission also consider the Draft Business Plan 2021-25 report received by Cabinet at its meeting on 18 January 2021;
3. That the Panels consider the draft capital programme 2021-25 and indicative programme for 2024-29 set out in Appendix 9 of the attached report on the Business Plan;
4. That the Panels consider the draft savings/income proposals and associated draft equalities analyses set out in the Savings Information Pack;
5. That the Panels consider the draft service plans set out in the Savings Information Pack;
6. That the Panels consider the contents of the information pack circulated;
7. That the Overview and Scrutiny Commission considers the comments of the Panels on the Business Plan 2021-2025 and details provided in the information pack and provides a response to Cabinet when it meets on the 22 February 2021.

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1. Purpose of report and executive summary

1.1 This report requests Scrutiny Panels to consider the latest information in respect of the Business Plan and Budget 2021/22, including proposed amendments to savings previously agreed by Council, the draft capital programme 2021-25, and the draft service plans, and feedback comments to the Overview and Scrutiny Commission.

1.2 The Overview and Scrutiny Commission will consider the comments of the Panels and provide a response on the Business Plan 2021-25 to Cabinet when it meets on the 22 February 2021.

2. Details - Revenue

2.1 The Cabinet of 7 December 2020 received a report on the business plan for 2021-25.

2.2 At the meeting Cabinet

RESOLVED:

1. That Cabinet considers and agrees the draft deferred savings/income proposals (Appendix 4) put forward by officers and refers them to the Overview and Scrutiny panels and Commission in January 2021 for consideration and comment.
2. That Cabinet considers and agrees the savings and the associated draft equalities analyses for the savings noted in November (Appendices 3 and 5)
3. That Cabinet considers and agrees the draft Capital Programme 2021-2025 and refers it to the Overview and Scrutiny panels and Commission in January 2021 for consideration and comment.
4. That Cabinet agrees the proposed Council Tax Base for 2021/22 set out in paragraph 2.6 and Appendix 1.

3. Alternative Options

3.1 It is a requirement that the Council sets a balanced budget. The Cabinet report on 7 December 2021 sets out the progress made towards setting a balanced budget and options on how the budget gap could be closed. This identified the current budget position that needs to be addressed between now and the report to the provisional Special Cabinet meeting on 22 February 2021, prior to Council on 3 March 2021, agreeing the Budget and Council Tax for 2021/22 and the Business Plan 2021-25, including the MTFS and Capital Programme 2021-25.

4. **Capital Programme 2021-25**

4.1 Details of the draft Capital Programme 2021-25 were agreed by Cabinet on 7 December 2021 in the attached report for consideration by Overview and Scrutiny panels and Commission.

5. **Consultation undertaken or proposed**

5.1 Further work will be undertaken as the process develops.

5.2 There will be a meeting on 17 February 2021 with businesses as part of the statutory consultation with NNDR ratepayers. Any feedback from this meeting will be reported verbally to the provisional special Cabinet on 22 February 2021.

5.3 As previously indicated, an information pack was distributed to all councillors at the end of December with a request that it be brought to all Scrutiny and Cabinet meetings from 11 January 2021 onwards and to Budget Council. This should maintain the improvement for both councillors and officers which makes the Business Planning process more manageable for councillors and ensures that only one version of those documents is available so referring to page numbers at meetings is easier. It also considerably reduces printing costs and reduces the amount of printing that needs to take place immediately prior to Budget Council.

5.4 The information pack includes:

- New Savings proposals 2021-25
- Deferred Savings proposals
- A draft Equality impact assessment for each saving proposal.
- Service plans

6. **Timetable**

6.1 The timetable for the Business Plan 2021-25 including the revenue budget 2021/22, the MTFS 2021-25 and the Capital Programme for 2021-25 was agreed by Cabinet on 7 September 2020 but due to the uncertainty arising from the coronavirus pandemic and the delay in receiving important financial information on funding this has been amended to ensure that the Council's business, including Budget and Council Tax setting for 2021/22, is properly dealt with. The agreed key dates are included in the body of this report.

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

7.1 These are set out in the Cabinet reports for 7 September 2020 (Appendix 1), 9 November 2020 (Appendix 2) and 7 December 2020 (Appendix 3) and the Information Pack.

8. **Legal and statutory implications**

8.1 All relevant implications have been addressed in the Cabinet reports. Further work will be carried out as the budget and business planning process proceeds and will be included in the budget report to the provisional Special Cabinet on the 22 February 2021.

8.2 Detailed legal advice will be provided throughout the budget setting process further to any proposals identified and prior to any final decisions.

9. Human Rights, Equalities and Community Cohesion Implications

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

9.2 A draft equalities assessment has been carried out with respect to the proposed budget savings where applicable and is included in the Savings Information Pack circulated to all Members.

10. Crime and Disorder implications

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

11. Risk Management and Health and Safety Implications

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

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

Appendix 1 - Cabinet report 7 September 2020: Draft Business Plan 2021-25
Appendix 2 - Cabinet report 9 November 2020: Draft Business Plan 2021-25
Appendix 3 - Cabinet report 7 December 2020: Draft Business Plan 2021-25

(NB: These exclude Savings, Service Plans and Equalities Assessments which are included in the Savings Information Pack)

BACKGROUND PAPERS

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

Budget files held in the Corporate Services department.
2020/21 Budgetary Control and 2019/20 Final Accounts Working Papers in the Corporate Services Department.
Budget Monitoring working papers
MTFS working papers

13. REPORT AUTHOR

- Name: Roger Kershaw
- Tel: 020 8545 3458

email: roger.kershaw@merton.gov.uk

CABINET

Date: 7 September 2020

Subject: Draft Business Plan 2021-25

Lead officer: Caroline Holland – Director of Corporate Services

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

Contact Officer: Roger Kershaw

Urgent report:
Reason for urgency: The chairman has approved the submission of this report as a matter of urgency as it provides the latest available information on the Business Plan and Budget 2021/22 and requires consideration of issues relating to the Budget process and Medium Term Financial Strategy 2021-2025. It is important that this consideration is not delayed in order that the Council can work towards a balanced budget at its meeting on 3 March 2021 and set a Council Tax as appropriate for 2021/22.

Recommendations:

1. That Cabinet notes the approach to rolling forward the MTFS for 2021-25.
2. That Cabinet confirm the latest position with regards to savings already in the MTFS
3. That Cabinet agrees the approach to setting a balanced budget using the unmet balance of last year's savings targets as the basis for the setting of targets for 2021-25.
4. That Cabinet agrees the proposed savings targets based on current assumptions, but keep them under review
5. That Cabinet agrees the timetable for the Business Plan 2021-25 including the revenue budget 2021/22, the MTFS 2021-25 and the Capital Programme for 2021-25.
6. That Cabinet note the process for the Service Plan 2021-25 and the progress made so far.

1. **Purpose of report and executive summary**

1.1 This report presents an initial review of the Medium Term Financial Strategy and updates it for development as part of the business planning process for 2021/22.

1.2 The report sets out the approach towards setting a balanced budget for 2021-2025 and a draft timetable for the business planning process for 2021/22. It also proposes initial corporate and departmental targets to be met from savings and income over the four year period of the MTFS.

1.3 There is an update on the current information relating to the timetable for the Government's Spending Review 2020, and the Government's proposed changes to Business Rates and the Fair Funding Review which have been deferred from previous years.

1.4 Given the current high level of uncertainty over a range of factors that have the potential to impact significantly on the MTFS there is a sensitivity analysis of a number of issues including the potential impact across the MTFS period of factors affected by the coronavirus pandemic, and the increasing level of DSG deficit .

1.5 Finally, there is an analysis of the potential impact in 2021/22 and possibly beyond, of the coronavirus pandemic which first impacted at the end of the 2019/20 financial year and is still impacting throughout the current financial year.

Details

2. Medium Term Financial Strategy 2021-25

2.1 Background

Council on 4 March 2020 agreed the Budget 2020/21 and MTFS 2020-24. Whilst a balanced budget was set for 2020/21 there was a gap remaining in future years which needs to be addressed, as shown in the following table:-

	2021/22 £m	**2022/23 £m**	**2023/24 £m**	**2024/25 £m**
MTFS gap (cumulative)	3,338	6,919	9,031	11,151

2.2 The initial phase of the business planning process is to re-price the MTFS and roll it forward for an additional year. Development of the MTFS in recent budget processes allowed for various scenarios on a range of key variables to be modelled and it is intended to do the same this year and where feasible, to improve the approach to modelling.

Given the scale of the COVID-19 effect, the potential knock-on impact over the MTFS period 2021-25 has been modelled and is included in this analysis.

2.3 Review of Assumptions

The pay and price calculations have been reviewed using the approved budget for 2020/21 as the starting point.

2.3.1 Pay

For 2020/21 the final pay award has now been agreed at 2.75% but provision of 2% was included in the MTFS agreed in March, and for the remaining years of the MTFS (2021/22 onwards), pay provision of 2% was also included.

On 24 August 2020 it was announced that the following had been agreed for the 2020/21 pay award
:

- With effect from 1 April 2020, an increase of 2.75 per cent on all NJC pay points 1 and above
- With effect from 1 April 2020, an increase of one day to the minimum annual leave entitlement. This increase would apply just to those employees whose leave entitlement at 1 April 2020 is twenty one days (plus extra statutory and public holidays)
- joint work on mental health.

The impact of a 2.75% pay increase on the Council's budget will increase employee costs in 2020/21 by c.£0.650m and these will be ongoing and subject to increase for future pay awards.

The change in the estimated provision for pay - Impact of COVID-19:

Forecasts of the impact of the pandemic on the world and UK economies are pessimistic. In the last recession caused by the banking sector, local government bore the brunt of the Government's austerity measures and local government pay control was used as one method of cutting Government spending.
The Government imposed a pay freeze on local government between 2010/11 and 2012/13 and after that up to 2017/18 average annual increases were around 1.2%. These rises represented real terms cuts in pay to local government workers.

If for example, the Government impose similar sanctions and pay awards at an average 1.5% over the MTFS period the following change in the MTFS would result:-

Provision for Pay Inflation:

(Cumulative)	**2021/22**	**2022/23**	**2023/24**	**2024/25**
Pay inflation (%)	**2.0%**	**2.0%**	**2.0%**	**2.0%**
MTFS 2020-24 (Council 4/3/20) (cumulative £000)	1,709	3,413	5,123	6,832
Pay inflation (%)	**1.5%**	**1.5%**	**1.5%**	**1.5%**
MTFS 2021-25 (Latest) (cumulative £000)	1,360	2,720	4,080	5,440
Change (cumulative £000)	**(349)**	**(693)**	**(1,043)**	**(1,392)**

Further details on any progress towards agreeing a pay award for 2021/22, and the impact on the MTFS, will be reported during the Business Planning process as more information becomes available.

<u>Prices</u>
The current assumptions regarding price inflation incorporated into the MTFS are

- 1.5% in each year of the MTFS

The MTFS agreed by Council on 4 March 2020 includes the following provision for price inflation

<u>Provision for Prices Inflation:</u>

	2021/22	2022/23	2023/24	2024/25
Price inflation in MTFS (%)	1.5%	1.5%	1.5%	1.5%
Original MTFS 2020-24 (cumulative £000)	2,034	4,066	6,102	8,140

This has been reviewed using the approved budget for 2020/21 and the latest estimate based on 1.5% price inflation is:-

(Cumulative)	2021/22	2022/23	2023/24	2024/25
Price inflation (%)	1.5%	1.5%	1.5%	1.5%
Revised Estimate (cumulative £000)	2,109	4,217	6,326	8,434

<u>Net change in Pay and Price inflation provision:</u>

The overall change in inflation provision since Council in March 2019 is

(Cumulative) (£000)	2021/22	2022/23	2023/24	2024/25
Latest Inflation estimate	3,469	6,937	10,406	13,874
Original MTFS 2020-24 (Council March 2020)	3,743	7,479	11,225	14,972
Change	(274)	(542)	(819)	(1,098)

The latest statistics have been affected by COVID-19. As a result of the ongoing coronavirus (COVID-19) pandemic, however, as the restrictions caused by the ongoing coronavirus (COVID-19) pandemic have been eased, the number of CPIH items that were unavailable to UK consumers in July has reduced to 12; these account for 1.3% of the CPIH basket by weight and the Consumer price inflation dataset made no overall contribution to the change in the CPIH 12-month rate. The number of unavailable items is down from 67 unavailable items for June, and 74 and 90 unavailable items for May and April, respectively. For July, the ONS have collected a weighted total of 82.0% of comparable coverage collected previously (excluding unavailable items).

The Consumer Prices Index (CPI) 12-month rate was 1.0% in July 2020, up from 0.6% in June.

The largest contribution to the 12-month inflation rate in July 2020 came from recreation and culture (0.33 percentage points). Clothing, rising petrol prices, and furniture and household goods made large upward contributions to the change in the 12-month inflation rate between June and July 2020. Falling food prices resulted in a partially offsetting small downward contribution to the change.

The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 1.1% in July 2020, up from 0.8% in June.

The RPI rate for July 2020 was 1.6%, which is up from 1.1% in June 2020.

The increase in July was larger than anticipated and one cause is thought to be retailers pushing up prices of some goods in an attempt to recoup some of the earlier losses resulting from the pandemic.

Although inflation is currently low it is not proposed to reduce the provision of 1.5% in the MTFS for price inflation but will be kept under review as we go forward during the Business Planning process.

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. Previously at a special meeting on 19 March 20020, the Monetary Policy Committee (MPC) unanimously voted to cut interest rates from 0.25% to 0.1% and to increase holdings of UK government and corporate bonds by £200bn in response to the COVID-19 crisis.

At its meeting ending on 4 August 2020, the MPC voted unanimously to maintain Bank Rate at 0.1%. The Committee voted unanimously for the Bank of England to continue with its existing programmes of UK government bond and sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, maintaining the target for the total stock of these purchases at £745 billion.

The MPC also published its August Monetary Policy Report which sets out projections for activity and inflation. It summarises the overall context of the situation as one in which "although recent developments suggest a less weak starting point for the Committee's latest projections, it is unclear how informative they are about how the economy will perform further out. The outlook for the UK and global economies remains unusually uncertain. It will depend critically on the evolution of the pandemic, measures taken to protect public health, and how governments, households and businesses respond to these factors."

In the minutes to the meeting the MPC note that "Recent data outturns suggest that the fall in global GDP in 2020 Q2 will be less severe than expected at the time of the May Monetary Policy Report. There are signs of consumer spending and services output picking up, following the easing of Covid-related restrictions on economic activity. Recent additional announcements of easier monetary and fiscal policy will help to support the recovery. Downside risks to the global outlook remain, however, including from the spread of Covid-19 within emerging market economies and from a return to a higher rate of infection in advanced economies. UK GDP contracted by around 20% in April, following a 6% fall in March. Evidence from more timely indicators suggests that GDP started to recover thereafter. Payments data are consistent with a recovery in consumer spending in May and June, and housing activity has started to pick up recently."

In terms of the outlook for inflation the MPC minutes state that "twelve-month CPI inflation increased to 0.6% in June from 0.5% in May. CPI inflation is expected to fall further below the 2% target and average around ¼% in the latter part of the year, largely reflecting the direct and indirect effects of Covid-19. These include the impact of energy prices and the temporary cut in VAT for hospitality, holiday accommodation and attractions. As these effects unwind, inflation rises, supported by a gradual strengthening of domestic price pressures as spare capacity diminishes. In the MPC's central projection, conditioned on prevailing market yields, CPI inflation is expected to be around 2% in two years' time."

In the Monetary Policy Report for August 2020 the MPC conclude that "the reduction in output in recent months has reflected declines in both the demand for goods and services as well as the economy's supply capacity, and the balance between the two is difficult to gauge. Overall, the MPC judges that a material amount of additional spare capacity has emerged, and this will be predominately in the form of increased unemployment towards the end of the year. Although there may also be spare capacity within some firms, others will have a reduced capacity to supply because of new working practices. Spare capacity in the economy is expected to weigh on domestic price pressures. However, the MPC expect the impact of spare capacity on inflation to be a little smaller than usual. In the near term, inflation is expected to remain well below the 2% target, reflecting the continued drag from lower energy prices and the temporary cut in VAT for the hospitality sector. Demand is projected to recover over the forecast period, eroding the degree of spare capacity and causing domestic price pressures to strengthen. Inflation is projected to return to target during 2022."

One of the assumptions made by the MPC in formulating its projections is Key judgement 3. This assumes that inflation is weak in the near term, but it returns to the target (2%) as the drag from temporary Covid-related factors wanes and spare capacity is eroded. The MPC state that "In the near term, there are risks around the extent to which the cut in VAT is passed through to prices. CPI inflation is projected to fall a little further over the second half of the year, in part reflecting the impact of the Government's cut to VAT for some goods and services. The MPC's projections assume that 50% of the cut in VAT is initially passed through to consumer prices, with that effect fading over time. But there are risks around that assumption. The outlook for CPI inflation will be influenced by the sectoral dispersion of the shock to activity. Throughout the forecast period, CPI inflation will be affected by the extent of spare capacity, and the distribution of that spare capacity across sectors. The effects of the pandemic have fallen unevenly across sectors. Those differences may interact with other differences — such as the frequency with which prices are changed, or the mix of inputs used in production — to alter how any spare capacity affects inflation. Bank staff analysis suggests that the hit to output arising from Covid-19 has been concentrated in highly consumer facing services, which tend to exhibit higher price stickiness than the average CPI basket. As a result, any spare capacity might have a smaller downward effect on CPI inflation than is usually assumed, consistent with the judgement underlying the MPC's central projection. Cost pressures are also likely to vary across sectors. " The table shows the MPC's four-quarter CPI inflation rate projections:-

MPC's CPI Inflation Rate Projections "August Monetary Policy Report"			
	Mode	Median	Mean
2021 Q.3	1.8	1.6	1.6
2022 Q.3	2.0	1.9	1.9
2023 Q.3	2.2	2.2	2.1

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 (August 2020)			
2020 (Quarter 4)	Lowest %	Highest %	Average %
CPI	-0.1	1.8	0.5
RPI	0.3	2.2	1.1
LFS Unemployment Rate	5.0	12.7	8.3
2021 (Quarter 4)	Lowest %	Highest %	Average %
CPI	0.6	3.2	1.9
RPI	1.1	4.6	2.7
LFS Unemployment Rate	5.0	8.8	6.5

Note the wide range between highest and lowest forecasts which reflects the volatility and uncertainty arising from COVID-19 and the difficulty of forecasting how the situation will evolve. 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 2020 to 2024 are summarised in the following table:-

Source: HM Treasury - Forecasts for the UK Economy (August 2020)					
	2020	2021	2022	2023	2024
	%	%	%	%	%
CPI	0.7	1.5	2.1	2.1	2.1
RPI	1.3	2.2	3.3	3.3	3.2
LFS Unemployment Rate	5.6	7.6	6.2	5.3	4.9

The MPC has used the following projections implied by current data trends:-

	Projections			
	2020 Q.4	2021 Q.3	2022 Q.3	2023 Q3.
GDP	-5.4	8.6	3.0	1.9
CPI Inflation	0.3	1.8	2.0	2.2
LFS Unemployment Rate	7.5	6.6	4.7	4.0
Excess Supply/Excess Demand	-2.25	-0.25	+0.5	+0.75
Bank Rate	0.0	-0.1	-0.1	-0.1

The possibility of negative interest rates could have implications for the Council's investment income in future years. Since the financial crisis, nominal interest rates in the UK and elsewhere have reached historically low levels. As that has happened, central banks have had to make judgements about the 'effective lower bound' (ELB) for their respective policy rates — the point at which further cuts in the policy rate no longer provide stimulus or at which adverse effects, such as in the financial sector, can arise. Some central banks have judged their ELB to be below zero. The MPC is "currently considering whether the ELB for Bank Rate could be below zero; that is whether a negative policy rate could provide economic stimulus. The effectiveness of a negative policy rate will depend, in part, on the structure of the financial system and how the policy transmits through banks to the interest rates facing households and companies. It will also depend on the financial and economic conditions at the time. The MPC will continue to keep under review the appropriateness of a negative policy rate alongside all of its policy tools." This issue will be kept under review to ensure that the MTFS reflects the latest interest rate implications over the MTFS period.

2.3.3 Provision for Excess Inflation:

There is also a corporate provision which is held to assist services that may experience price increases greatly in excess of the 1.5% inflation allowance provided when setting the budget. This will only be released for specific demonstrable demand.

Given the pressure on service budgets it is proposed to lower this provision by £0.200m per year to reduce the gap in the MTFS

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Budget in MTFS 2020-24	450	450	450	450
Proposed reduction	(200)	(200)	(200)	(200)
Revised Budget	250	250	250	250

The cash limiting strategy is not without risks but if the Government's 2% target levels of inflation were applied un-damped across the period then the budget gap would increase by c. £2.8m by 2024/25.

2.4 Income

2.4.1 The MTFS does not include any specific provision for inflation on income from fees and charges, as these have now been subsumed into the overall gap and therefore approach to targets. However, in the business planning process for recent years, service departments have been able to identify increased income as part of their savings proposals and increased income currently makes up c.19% of future savings.

2.4.2 It is also the case that the Council's income streams have been decimated by COVID-19 in 2020/21 and there is uncertainty about how long it will take to return to pre-COVID19 budgeted levels.

2.5 Pension Fund

2.5.1 The Pension Fund is revalued every three years and the last valuation based on the position as at 31 March 2019 was implemented last year in the 2020/21 financial year. The next revaluation will be based on the position as at 31 March 2022 and will be implemented in 2023/24.

In terms of the effect of COVID-19, whilst there was an initial negative impact on the value of investments in the Council's Pension Fund, these have generally rebounded back to levels prior to the pandemic. Clearly this is an ongoing issue and although there are no current concerns that the value of the Fund will be impacted upon given that the next revaluation is about two years away, this will be kept under continual review.

2.6 Forecast of Resources and Local Government Finance Settlement

2.6.1 Background

The ongoing COVID19 pandemic has had a major impact on the Government's financial planning processes and inevitably this will also have implications for local authorities. The main elements of financial planning that impact on local government are summarised as follows:-

a) Spending Review 2020

The Chancellor of the Exchequer announced on 24 March 2020 that the Comprehensive Spending Review would be delayed from July 2020 to enable the government to remain focused on responding to the public health and economic emergency. It is likely that the 2020 Spending Review will now be moved to November 2020 to coincide with the Autumn budget, meaning a delay of at least four months to the process. The Spending Review 2020 is expected to set out detailed financial budgets for each government department for a three year period (2021-22 to 2023-24) and four years for capital investment (to 2024-25)

Details from the Spending Review will form the basis of allocations to local authorities for 2021-22 and beyond as announced in the Local Government Finance Settlement 2021-22 which is also likely to be delayed. If the funding announcement is restricted to just one-year, as was the case for 2020-21, this will have a serious impact on the Council's ability to forward plan in a strategic way.

Each year in December, the Ministry of Housing, Communities and Local Government (MHCLG) notifies local authorities of their Provisional Local Government Finance Settlement. The final Settlement figures are published the following January/February but are generally unchanged or very similar to the provisional figures. The total amount of funding available for local authorities is essentially determined by the amount of resources that Central Government has allocated as part of its annual Departmental Expenditure Limit.

Fair Funding Review

Central government funding for local authorities is based on an assessment of its relative needs and resources. The overarching methodology that determines how much funding each authority receives each year was introduced over ten years ago and has not been updated since funding baselines were set at the start of the 50 per cent business rates retention scheme in 2013/14. As advised last year, the government is therefore undertaking the Fair Funding Review to update the needs formula and set new funding baselines for the start of the new 75 per cent business rates retention scheme. This was delayed from 2019 to 2020 due to Brexit and has now been delayed until 2022 due to Covid-19.

The MTFS included an adjustment of £3m from 2020/21 on the prudent assumption that the Fair Funding Review and potential Brexit effect would result in a net loss of funding. Given the delay in the review this adjustment can be deferred until 2022/23.

Business Rates Baselines Reset 2020

The business rates retention system was due to be "re-set" for 2020-21 but was deferred due to Brexit to 2021-22 and has now been deferred until 2022 due to covid-19. Notwithstanding the wider reforms to the local government finance and business rates retention systems, the Government currently envisage that the re-set will establish new baseline funding levels and business rates baselines for each local authority that is party to the rates retention system.

Business Rates Retention
In 2018/19, Merton, along with all other London boroughs participated in the 100% London Pilot Pool. This had some financial advantages to London. However, the Government subsequently decided to reduce the level of local government Business Rates Retention to 75% and London piloted this in 2019/20 ahead of the Government's plan to fully implement 75% Business Rates Retention for all local authorities in 2020/21. However, the Government has now deferred the introduction of Business Rates Retention of 75% for England as a whole until 2022 due to Covid-19. In light of this councils in London agreed to continue to pool in 2020/21. There are risks around estimating the level of Business Rates income that can support the Council's budget. These will emanate from the impact of Covid-19 and the pressures on the high street from online retail and possibly the repercussions from Brexit, leading to an increase in empty properties, rates relief defaults, appeals and late payments.

Progress will be reported as part of the Business Planning process. At this stage it is not anticipated that there will be news on funding until the Autumn with no specific funding allocations announced until the Provisional Local Government Settlement 2021/22, probably around mid December 2020 at the earliest.

2.6.2 The current level of resources included in the draft MTFS 2021-25 is as follows :-

DRAFT MTFS 2021-25:				
	2021/22 £000	**2022/23 £000**	**2023/24 £000**	**2024/25 £000**
Revenue Support Grant	0	0	0	0
*Business Rates (inc. Section 31 grant)	(41,358)	*(39,185)	*(40,029)	*(40,890)
Adult Social Care Grants inc. BCF	(4,862)	(4,862)	(4,862)	(4,862)
Social Care Grant	(2,776)	(3,160)	(3,550)	(3,550)
PFI Grant	(4,797)	(4,797)	(4,797)	(4,797)
New Homes Bonus	(1,008)	(800)	(800)	(800)
Corporate Funding in the MTFS	(54,801)	(52,804)	(54,038)	(54,038)

* Net of £3m adjustment for Fair Funding Review/Potential Brexit effect.

These figures currently assume the London Pilot pool does not continue in 2021/22 and that Merton's funding is at the "No Worse Off " safety net level. It assumes that there is an annual 2% uplift for CPI inflation to the Business Rate multiplier. Funding levels have been netted down by £3m p.a. from 2022/23 to reflect the potential loss of funding (government grant and business rates) arising from the potential economic impact of Brexit and the potential redistribution of resources away from London which could result from the Government's Fair Funding Review.

The Government's latest proposal is to allow local authorities to retain 75% of their Business Rates income but this has been deferred until 2022/23 and it is uncertain whether implementation of this proposal will be further deferred.

Updates will be provided in future reports as part of the Business Planning process.

2.6.4 Social Care Funding

Children's Social Care

There was an overspend of £0.416m in Children's Social Care and Youth Inclusion in 2019/20 which was mainly due to

MASH and First Response Staffing	£0.257m
No recourse to public funds	£0.132m
Community Placements	£0.300m

This pressure is continuing in 2020/21 with an overspend of £0.049m forecast as at July 2020 with the main areas of overspend

MASH and First Response Staffing	£0.215m
CWD Placements	£0.096m

In the budget for 2020/21 approved by Council in March 2020, the following growth was approved for Children, Schools and Families

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
CSF	3,847	404	384	390

Adult Social Care

With the provision of growth, government grant and careful management of its budget, the Adult Social Care budget was underspent in 2019/20 by £0.717m and as at July 2020 is forecasting an underspend of £0.443m, net of COVID-19 spending of £3.227m.

For 2021/22 there is a lack of clarity currently over the future levels of grant funding. There is also lack of clarity as to whether the recent practice of allowing councils to levy an Adult Social Care Council Tax precept will be continued. The 2020/21 Local Government Finance Settlement was for one year only. However, based on indications from the Government that sufficient funding for social care will be provided in future years, the following social care funding has been assumed in the MTFS:-

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Adult Social Care Grants inc. BCF	(4,862)	(4,862)	(4,862)	(4,862)
Social Care Grant - 2019/20	0	0	0	0
Social Care Grant	(2,776)	(3,160)	(3,550)	(3,550)
Adult Social Care Council Tax Flexibility:				
3% in 2017/18	(2,512)	(2,512)	(2,512)	(2,512)
1% in 2018/19	(862)	(862)	(862)	(862)
2% in 2019/20	(1,780)	(1,780)	(1,780)	(1,780)
2% in 2020/21	(1,866)	(1,866)	(1,866)	(1,866)
TOTAL	(14,658)	(15,042)	(15,432)	(15,432)

There is also an Adult Social Care Grants Reserve which has been formed to enable the service to plan more strategically over the longer term. As at 31 March 2020 the balance on the reserve was £4.062m.

In addition, there is the major concern of COVID-19 which is expected to have continuing major financial implications over the MTFS period. The Government has provided some grant funding for COVID-19 expenditure and there is also a COVID-19 Reserve to contribute towards the impact of the pandemic.

Clearly it would be of great concern if the Government decide not to continue to provide funding at a level sufficient to meet current and future needs. The pressure on social care budgets is a nationwide issue and is expected to increase in the future. There have been continuing delays on government proposals to reform the funding of adult social care and these have continued over the course of 2020 as the pandemic has been at the forefront of the Government's attention. This has meant that the social care funding issue has been dragged out over the course of last year with the green paper, which was originally expected in summer 2018, still not published.

SEN Transport

The SEN transport budget was overspent by £1.289m in 2019/20 but as at July 2020 is forecasting a nil variance for 2020/21, due to reduced transport needs in the early part of the year, offset by additional costs in the latter part of the year as more children are transported with social distancing in place.

Schools Funding

Dedicated School Grant

In 2019/20 DSG funded services overspent by £9.8m. This has been appropriated to the DSG Reserve and, including the deficit brought forward from 2018/19 of £2.9m the deficit on the reserve carried forward as at 31 March 2020 has increased to £12.750m

In the 2019/20 Statement of Accounts the negative DSG balance is clearly disclosed as an earmarked reserve with additional explanatory narrative, and has then effectively been ‘charged’ to the schools balance reflecting that the cumulative overspend has been borrowed against future year school allocations. This treatment is consistent with the current guidance in terms of disclosure.

Whilst the DSG deficit has been treated in accordance with regulations there has been no clarity from Government as to how this will be funded in the longer term. The size of the deficit is increasing year on year and without further Government support will continue to grow.

In order to adopt a prudent approach to managing the deficit, provision was included within the MTFS 2020-24 on the assumption that the Council will provide for 100% of the deficit up to 2020/21 and 50% thereafter.

Since then the draft Statement of Accounts for 2019/20 have been prepared and the forecast size of the DSG deficit has been reviewed (Based on June 2020)

The forecast year on year deficit based on the latest June 2020 forecast compared to that used in the MTFS approved in March 2020, is shown in the following table:-

DSG Deficit (updated for June 2020 compared to MTFS 2020-24)		Forecast			
	2019/20	**2020/21**	**2021/22**	**2022/23**	**2023/24**
	£'m	£'m	£'m	£'m	£'m
MTFS 2020-24	10.6	10.5	12.7	14.3	16.3
June 2020 Update	9.8	12.1	16.1	17.5	19.3
Change	**(0.8)**	**1.6**	**3.4**	**3.2**	**3.0**

Using the same basis that the Council provides for 100% of costs up to 2020/21 and 50% thereafter results in the following change in provision compared to that in the MTFS 2020-24

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
MTFS 2020-24	6,354	7,158	8,130	8,130
Latest (June 2020)*	9,156	8,750	9,650	10,550
Change	2,802	1,592	1,520	2,420

* Assumes use of £7.735m Spending Review Reserve
* Assumes use of £16.009m budget in 2020/21 used

This is a national issue and one that it will be difficult for the Government to ignore. Further updates will be provided throughout the Business Planning process to ensure that if no additional funding is forthcoming from Government, then the impact of this important issue is properly reflected in the Medium Term Financial Strategy and budget setting process, with the resulting impact on General Fund services and Council Tax payers.

2.6.5 Business Rates - Update

Despite previous indications that 100% Business Rates Retention was to be introduced and the operation of some 100% pilots such as the London pilot in 2018/19, in December 2017 the Government announced the aim of increasing the level of business rates retained by local government from the current 50% to the equivalents of 75% in April 2020. The Government decided to operate pilots for the 75% scheme during 2019/20 and implement 75% Business Rates Retention for all local authorities with effect from 2020/21. As a result, the Government and London authorities agreed to pilot 75% business rates retention in 2019/20 and Merton's budget for 2019/20 was set on this basis. However, due to the Government concentrating its attention on Brexit during 2019/20, the timetable for implementing 75% Business Rates Retention throughout England and Wales has slipped further. Following the Spending Round 2019 in September 2019, the Government announced that it was ending the 75% pilot pools, including the London pilot pool, for 2020/21. London boroughs reverted to the arrangement whereby central government receive 33% of business rates, the GLA receive 37% and London boroughs receive 30%. London boroughs agreed to a pooling arrangement based on these proportions in 2020-21.

On 29 April 2020, the Government announced that the move to 75% business rates retention and changes to how funding is distributed between councils under the fair funding review will not now go ahead in 2021/22, the Ministry of Housing, Communities & Local Government has confirmed.
The Government has also confirmed the planned revaluation of business rates will no longer take place next year due to coronavirus.

Legislation had been introduced to bring the next revaluation forward by one year from 2022 to 2021, but the revaluation has been postponed until April 2022 to give businesses more certainty during the pandemic.

Communities secretary, Robert Jenrick, said: 'We have listened to businesses and their concerns about the timing of the 2021 business rates revaluation and have acted to end that uncertainty by postponing the change."

There is currently a great level of uncertainty involved in estimating the level of Business Rates Retention that Merton can expect from 2021/22 onwards, mainly due to COVID-19. This will be largely dependent on when the pandemic is under control and how long it takes for economic recovery to take place and business levels revert to pre-COVID levels.

2.7 Council Tax and Collection Fund

2.7.1 Council Tax

The Council Tax income forecast in the current MTFS agreed by Council in March 2019 assumes that the Council Tax Base will increase by 0.5% per year with a collection rate 98.75%. It also assumes the following changes in Council Tax over the MTFS period:-

	2021/22 %	2022/23 %	2023/24 %	2024/25 %
Council Tax increase - General	2.0%	2.0%	2.0%	2.0%
Council Tax increase – ASC*	0%	0%	0%	0%

* Currently no provision to be able to levy an ASC charge

On the basis of these assumptions the Council Tax income included over the period of the MTFS is:-

(Cumulative figures exc. WPCC)	2021/22 £'000	2022/23 £'000	2023/24 £'000	2024/25 £'000
Council Tax - No change in rate	97,483	97,970	98,489	99,042
Council Tax – General (2%)	1,949	3,919	5,909	7,918
Council Tax income	99,432	101,889	104,398	106,960

The Council Tax Referendum Principles for 2021/22 will not be known until the Provisional Local Government Finance Settlement for 2021/22 is announced, usually around mid-December.

Clearly, COVID-19 has had a major impact on council tax collection rates in 2020/21. There are several main issues that need to be considered when formulating a council tax strategy for the MTFS period 2021-25:-

i) To what extent will COVID-19 continue to have an impact on collection rates?

ii) Will the Government revise the referendum principles to enable Councils to set higher council tax levels as part as a move towards balancing budgets from local taxation?

iii) What impact has COVID-19 had on the level on collection rates in 2020/21 and therefore what level of budget deficit relating to council tax will it be necessary to fund in 2021/22 ? (This will be reflected in a Collection Fund deficit as at 31 March 2021)

The Council Tax Base will be updated later in the year following the return of the Government's CTB statistical return, usually in October, which is based on properties on the valuation list in September. The collection rate will impact on the council tax base.

2.7.2 Collection Fund
In the MTFS approved by Council on 4 March 2020, the shares to preceptors of the collection surplus/deficit for Council Tax and NNDR based on the estimated Collection Fund balance at 31 March 2020 are summarised in the following table:-

	Estimated surplus/ (deficit) as at 31/03/20	Estimated surplus/ (deficit) as at 31/03/20	Total surplus/ (deficit) as at 31/03/20
	Council Tax £000	NNDR £000	£000
Central Government	N/A	(947)	(947)
GLA	396	(674)	(278)
Merton	1,524	(1,197)	327
Total	1,920	(2,818)	(898)

2.7.3 Merton's share of the surplus for council tax and NNDR were built into the MTFS agreed by Council in March 2020.

2.7.4 Since then, the Council has produced its draft 2019/20 accounts as at 31 March 2020 which are currently being audited. The draft accounts for 2019/20 include the following surplus/deficit for Council Tax and NNDR as at 31 March 2020:-

	Surplus/ (deficit) as at 31/03/20 Outturn	Surplus/ (deficit) as at 31/03/20 Outturn	Total surplus/ (deficit) as at 31/03/20
	Council Tax £000	NNDR £000	£000
Central Government	N/A	(887)	(887)
GLA	378	(612)	(234)
Merton	1,451	(1,089)	362
Total	1,829	(2,588)	(759)

2.7.5 The overall change in shares of surpluses/deficits is:-

	Surplus/ (deficit) as at 31/03/20	Surplus/ (deficit) as at 31/03/20	Total surplus/ (deficit) as at 31/03/20
	Council Tax £000	NNDR £000	£000
Central Government	N/A	60	60
GLA	(18)	62	44
Merton	(73)	108	35
Total	(91)	230	139

2.7.6 The net change in Merton's share of the surplus/deficit is therefore:-

	Estimated Surplus/ (deficit) as at 31/03/20	Outturn Surplus/ (deficit) as at 31/03/20	Surplus/ (deficit) as at 31/03/20 Change
	£000	£000	£000
Council Tax	1,524	1,451	(73)
NNDR	(1,197)	(1,089)	108
Total	327	362	35

2.7.7 There is no change to the surplus/deficit figures agreed for 2020/21 as all variations are managed via the Collection Fund. However, the net surplus of £0.035m will need to be taken into account when calculating the Merton General Fund's share of any surplus/deficit due to/from the Collection Fund in 2021/22.

2.7.8 The calculation of the estimated surplus/deficit on the Collection Fund as at 31 March 2021 will be made later in the budget process when key variables are firmed up and council tax base and NNDR returns have been completed. Until this time, the increase in the net surplus carried forward from 2019/20 of £0.035m will be included in the draft MTFS for 2021/22.

2.7.9 COVID-19: Implications for the Collection Fund

On 2 July 2020 the Minister for Regional Growth and Local Government wrote to Councils setting out a range of further proposals to support local authorities This included phased repayment of Collection Fund deficits over the next 3 years.

The letter states:-

"We are also considering how to support you in managing your tax losses. The Secretary of State has committed today to consider the apportionment of irrecoverable Council Tax and Business Rates losses between central and local government. However, as these losses materialise in budgets in 2021-22, details of this measure will be determined at the Spending Review. We have announced today that the repayment of collection fund deficits arising this year will be spread over the next three years rather than the usual one, and I believe that this support will give you considerable additional breathing room in setting budgets for next year before we make a fuller announcement at the Spending Review.
This is part of the "shared financial pain" referred to in the letter. Whilst mitigation over three years of the impact of 2020/21 reductions in council tax and business rates income is a help there are two issues arising that should be considered:-

I. The level of deficit will be much larger than anything experienced before and even if it can be equally spread over three years it will still increase the gap in the MTFS

II. The local taxpayer is paying for the deficit on the Collection Fund due to COVID-19

It is currently estimated that the council's share of the net deficit on the Collection Fund at 31 March 2021 will be c. £11.7m which can be funded over three years.

2.8 Treasury Management: Capital Financing Costs and Investment income

2.8.1 Council in March 2020 approved the following Capital Programme for 2020-24:-

Capital Expenditure	**2020/21 Estimate £'000**	**2021/22 Estimate £'000**	**2022/23 Estimate £'000**	**2023/24 Estimate £'000**
Capital Expenditure	**47,199**	**28,966**	**14,020**	**23,014**
Slippage*	(12,415)	2,992	3,287	1,015
Leasing Budgets in Programme after Slippage	(600)	0	0	0
Total Capital Expenditure	34,184	31,958	17,307	24,030
Financed by:				
Capital Receipts	900	640	900	900
Capital Grants & Contributions	12,046	10,411	5,469	4,155
Capital Reserves	0	0	0	0
Revenue Provisions	4,032	51	56	30
Other Financing Sources	0	0	0	0
Net financing need for the year **Debt Redemptions**	**17,207** **(2,000)**	**20,857** **(2,000)**	**10,883** **(310)**	**18,944** **(13,700)**
Financing Need (need for financing plus planned debt redemptions)	**19,207**	**22,857**	**11,193**	**32,644**
Internal Financing	19,207	22,857	1,066	(0)
External Financing	0	0	10,126	32,645

2.8.2 Following the closing and preparation of final accounts for 2019/20, the level of slippage required from 2019/20 and the reprofiling of schemes over the programming period has been undertaken to ensure that the level of capital budget is aligned with the Council's capacity to deliver it. In addition new capital projects commencing in 2024/25 may be identified in accordance with achievement of the Council's forward strategic plan. The capital programme will be continually reviewed throughout the financial year and further details including options around financing will be included in future reports as appropriate.

2.8.3 The level, profiling and funding strategy used for the capital programme will have a significant revenue impact that needs to be incorporated into the MTFS. More details on the latest assumptions regarding the Capital Programme 2021-25 are provided in Section 4 of this report.

2.8.4 Investment Income
There are two key factors that impact on the level of investment income that the Council can generate:-

- The amount invested
- The interest rate that is achieved

COVID-19 will inevitably impact on both of these factors. The level of resources available for investment will diminish more quickly as the need to draw on reserves to meet financial pressures created by the pandemic increases. At the same time, interest rates are at historic low levels as the Bank of England alongside international banking institutions have cut interest base rates as part of their economic measures to protect their economies.

Based on latest information, the projected levels of investment income, have been revised. The following table show the latest projections compared with the amounts included in the MTFS approved by Council in March 2020:-

Investment Income	**2021/22 Estimate £'000**	**2022/23 Estimate £'000**	**2023/24 Estimate £'000**	**2024/25 Estimate £'000**
MTFS (Council March 2020)	**(559)**	**(428)**	**(422)**	***(1,405)**
Latest projections	**(682)**	**(639)**	**(450)**	***(1,306)**
Change	**(123)**	**(211)**	**(28)**	**99**

* includes income from Housing Company loan

Currently in the monthly monitoring report for July 2020 it is forecast that investment income will be £0.680m which is £0.027m under the budgeted level of £0.707m.

Work is currently ongoing to produce a cash flow forecast which incorporates a robust estimate of the impact of COVID-19. This will be included in a future report.

2.9 Reserve for Use in Future Year's Budgets

2.9.1 The Business Plan and MTFS for 2020-24 approved by Council on 4 March 2020 forecast that a contribution of £8.385m would be required in 2020/21 with the balance of £0.259m applied in 2021/22.

2.9.2 Following the final accounts process for 2019/20, it was possible to increase the Reserve for use in Future Year's Budgets, mainly because of the receipt of the share of the London Business Rates Pool, and as a result the balance (subject to audit) on the Reserve as at 31 March 2020, excluding the contribution set aside for 2020/21 of £8.385m is £2.817m. This means that there is c. £2.5m more available to balance the budget over the MTFS period.

2.9.3 The reserve will be applied over the period of the MTFS to reduce the budget gap and enable longer term, strategic management of the budget.

2.9.4 It should be recognised that the use of reserves is a one-off form of funding and alternative ongoing savings would need to be identified to address the budget gap over the long-term.

2.9.5 In-year review of Reserves
The use and availability of Reserves is monitored throughout the year as part of the monthly monitoring process. This will receive even greater attention over 2020/21 because of the implications of COVID-19.

2.10 **Review of Outturn 2019/20 and Current Budget and Spending 2020/21**

2.10.1 There may be issues identified during the final accounts process and from monthly monitoring, elsewhere on this agenda, that have on-going financial implications which need to be addressed in setting the budget for 2021-25.

2.10.2 Monitoring 2020/21
At period 4 to 31 July 2020 the year end forecast is a net £23.742m unfavourable variance compared to the current budget. This consists of a net favourable variance of £3.175m excluding COVID-19 and unfavourable variance of £26.917m from COVID-19:-

	Non COVID-19 £000	COVID-19 £000	Total £000
CS	1,089	3,702	4,791
CSF	(2,113)	734	(1,379)
E&R	(310)	9,829	9,519
C&H	(3,270)	3,583	313
Sub-total	**(4,604)**	**17,848**	**13,244**
Corporate	658	8,974	9,632
Total	**(3,946)**	**26,822**	**22,876**

For the purposes of this report this has been separated into NON_COVID-19 and COVID-19 variances.

Non-COVID-19
Based on July 2020 monitoring, although an overall favourable variance is forecast, the following pressures have been flagged:-

a) Corporate Services: Customers, Policy and Improvement (£585k), Human Resources (£137k), Infrastructure and Technology (£49k), Other Corporate budgets (£258k)

b) Children's, Schools and Families: Although a DSG deficit has to be charged to the Schools balance reflecting that a cumulative overspend has been borrowed against future year school allocations, based on July 2020 monitoring, the size of the deficit continues to rise. DSG funded services are forecasting an adverse £13.237m variance, an increase of £3.396m over outturn. The DSG had a cumulative overspend of £12.750m at the end of 2019/20. The overspend in the current financial year will be adding to this balance, currently estimated at c.£26m

COVID-19
Hopefully the pandemic will be overcome and the costs and impact on society in general and council services in particular will be largely confined to 2020/21. However, this is unknown at the present time and there will be some impact carried over to the MTFS 2021-25 period. At the same time there will inevitably need to be some changes to how the Council delivers some services and some of the most affected services, particularly those to vulnerable groups will need to be reviewed.

2.11 **Re-priced MTFS 2021-25**

2.11.1 As indicated in the report, there have been a number of changes to information and data to factors which impact on the Council's MTFS and budget gap:-

- Updated inflation using 2020/21 budgets
- Reduction in provision for pay inflation from 2% to 1.5%
- Funding adjustment arising from delay in implementing Fair Funding Review and business Rates revaluation
- Update capital financing charges based on July 2020 Capital Programme
- Collection Fund surplus/deficit change following draft outturn for 2019/20
- Change in balance on Reserve for Use in Future Years' Budgets following draft outturn for 2019/20

2.11.2 The net result of making these adjustments is to amend the forecast budget gap to the following:-

(cumulative)	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
MTFS Gap (Council March 2020)	**3,338**	**6,919**	**9,031**	**11,151**
- Inflation reprice - pay provision 2% to 1.5%	(274)	(542)	(819)	(1,098)
- Reduce provision for excess inflation	(200)	(200)	(200)	(191)
- Delay Fair funding adjustment by one-year	(3,000)	0	0	0
- Capital financing charges	(119)	(570)	(493)	(1,107)
- Collection fund deficit over three years	3,897	3,897	3,897	0
- balance on reserve for use in future years	(2,338)	0	0	0
Revised MTFS Gap 2021-25	**1,304**	**9,504**	**11,416**	**8,755**

2.11.3 It should be recognised that the Revised MTFS Gap identified in the table in paragraph 2.11.2 only represents a rolling forward and repricing of last year's MTFS, incorporating the implications arising from the final outturn for 2019/20.

2.11.4 It does not incorporate the impact of some key variables which will inevitably have to be addressed in setting the MTFS 2021-25 and budget for 2021/22:-

- Loss of income
- Savings not achieved
- Growth
- DSG Deficit

2.11.5 Sensitivity Analysis
Given the high degree of uncertainty introduced by COVID-19 and the Government's approach to funding the DSG deficit, a more analytical approach has been introduced for a number of key variables and sensitivity analysis undertaken using the following assumptions based on a low level economic bounce back, even level economic bounce back and high level economic bounce back:-

1. **Loss of income** (ongoing result of COVID-19)
   - **High Level Bounce Recovery** (Income levels revert to pre-COVID levels in 2021/22)
   - **Even Level Recovery** (service income is 20% down on 21/22, 10% in 22/23, 5% in 23/24 and 0% in 24/25, Business Rates and Council Tax collection rates are down until 24/25)
   - **Low Level Bounce Recovery** (service income is 20% down on 21/22, 22/23, 23/24 and 0% in 24/25, Business Rates and Council Tax collection rates are down until 24/25)

2. **Savings not achieved**
   - **High Level Bounce Recovery** (All programmed savings are achieved on time)
   - **Even Level Bounce Recovery** (50% of programmed savings are not achieved)

- **Low Level Bounce Recovery** (None of the programmed savings for 2021-25 are achieved)

3. **Growth**
   - **High Level Bounce Recovery** (£0.9m for system support costs, £1.25m in 22/23 rising to £2.5m in 23/24 for contract re-let pressures, £1.1m for internal review)
   - **Even Level Bounce Recovery** (As for Best with £1.8m added to replenish reserves)
   - **Low Level Bounce Recovery** (As for Middle with contract re-let pressures £2.5m w.e.f. 2021/22)

4. **DSG Deficit**
   - **High Level Bounce Recovery , Even Level Bounce Recovery** (General Fund pays all costs up to 31/3/21 and 50% thereafter)
   - **Low Level Bounce Recovery** (General Fund pays all costs)

2.11.6 Impact on MTFS Gap
If these assumptions are fed into the MTFS 2021-25 it produces a wide variation in the forecast budget gap from ALL HIGH LEVEL **Bounce Recovery** to ALL LOW LEVEL **Bounce Recovery**.

Bounce Recovery	**2021/22 £000**	**2022/23 £000**	**2023/24 £000**	**2024/25 £000**
ALL HIGH LEVEL	6,107	14,346	17,436	15,675
ALL EVEN LEVEL	16,737	21,457	22,942	19,667
ALL LOW LEVEL	33,556	37,285	37,246	33,738

2.12 **Summary**

2.12.1 There has been a substantial improvement in the council's strategic approach to business planning in recent years and it is important that this is maintained. Planning should be targeted towards the achievement of a balanced budget over the four year MTFS period.

2.12.2 Progress made in recent years in identifying savings over the whole period of the MTFS has reduced pressure on services to make short-term, non-strategic cuts. However, because of the COVID-19 pandemic and DSG Deficit issue there is still likely to be a sizeable gap over the four year period.

2.12.3 However, whilst recognising the great level of uncertainty about future costs and funding, it is still necessary to forward plan and set savings targets aimed at eliminating this gap on an ongoing basis.

3. **Approach to Setting a Balanced Budget**

3.1 This is the initial report on the business planning process for 2021/22 and there is a great deal of work to be done.

3.2 Clearly such a wide range of possible budget gaps is extremely difficult to work with going forward in terms of setting savings targets for departments. The major variables relate to COVID-19 and the DSG deficit and for planning purposes the forecast gap has been calculated using the **Even**LEVEL option. This produces a forecast gap as follows:-

(Cumulative)	**2021/22 £000**	**2022/23 £000**	**2023/24 £000**	**2024/25 £000**
MTFS GAP	16,737	21,457	22,942	19,667

3.4 **Savings Targets for 2021-25**

3.4.1 In previous years the approach to setting savings targets for departments for the Business Planning process has been based on using controllable budgets and aimed to protect front-line services and services to the vulnerable in line with the 'July principles'. Weightings for each department; Corporate Services, Environment and Regeneration, Community and Housing, and Children, Schools and Families in the ratio (100%) : (100%) : (67%) : (50%), were applied to reduce the impact on Adult Social Care, Children's Social Care and vulnerable groups. The targets set also took into account the level to which departments had achieved savings against targets set for previous years.

3.4.2 Using the same basis as last year, it should be recognised that in setting the 2020/21 budget, proposals to fully meet the savings targets set were not identified and agreed over the duration of last year's budget setting period, leaving a balance still to be found.

3.4.3 Any outstanding balance on previous year's targets should be the first step in forming future targets. If this is not the case, there is no control in the process to get departments to deliver their fair share of savings. Before setting new targets for 2021/22 onwards (using controllable budgets for 2020/21), departments will be required to identify savings/income proposals to meet the balance of the savings targets set in last year's business planning process.

The balance of savings carried forward by each department is as follows:-

SAVINGS TARGETS BY DEPARTMENT	Targets £000	Savings £000	Balance c/f £000
Corporate Services	663	646	17
Children, Schools and Families	2,627	2779	-
Environment and Regeneration	2,606	1,690	916
Community and Housing	4,385	1,902	2,483
Total	**10,281**	**7,017**	**3,416**

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total £000
MTFS 2021-25: Year on Year Gap (March 2020)	16,737	4,720	1,485	(3,275)	19,667
Less:					
Funded by Shortfall 2020/21	3,416	-	-	-	3,416
Balance to be funded by new allocations	13,321	4,720	1,485	(3,275)	16,251

3.4.4 Controllable Budgets

However, the budget gap in the MTFS is much larger than the £3.4m balance to be met from last year's unachieved savings against target.

Therefore, it will be necessary to identify additional savings targets to make up the balance, and the mechanism previously used, and recommended this year is to use departmental controllable budgets.

Using 2020/21 budgets and weighting them using the same levels outlined in paragraph 3.4.1, the controllable budgets for each department are as follows:-

DEPARTMENTAL SAVINGS TARGETS USING 2020/21 CONTROLLABLE BUDGETS	Controllable Expenditure 2020/21 £000	Share Controllable %	Weighting by dept. No.	Weighted Controllable £000	Share Weighted Controllable %
Corporate Services	**25,262**	16.6%	1.50	37,894	21.8%
Children, Schools and Families	**35,925**	23.5%	0.75	26,944	15.5%
Environment and Regeneration	**35,451**	23.2%	1.50	53,177	30.6%
Community and Housing	**55,911**	36.7%	1.00	55,911	32.1%
Total	**152,550**	**100.0%**		**173,925**	100%

The savings target for each department will consist of an amount of savings not met brought forward from last year plus a share of the MTFS gap remaining based on the latest controllable budgets

SAVINGS TARGETS BY DEPARTMENT	Shortfall b/f	Allocation using controllable budgets	Total
	£000	£000	£000
Corporate Services	17	3,541	3,558
Children, Schools and Families	-	2,518	2,518
Environment and Regeneration	916	4,969	5,885
Community and Housing	2,483	5,224	7,707
Total	**3,416**	**16,251**	**19,667**

In order to balance the budget across the period of the MTFS, the savings for each department, which will be kept under review if the assumptions change, are as follows:-

SAVINGS TARGETS BY DEPARTMENT	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total £000
Corporate Services	3,028	854	269	(592)	3,558
Children, Schools and Families	2,142	604	190	(419)	2,518
Environment and Regeneration	5,008	1,412	444	(980)	5,885
Community and Housing	6,559	1,850	582	(1,283)	7,707
Total	16,737	4,720	1,485	(3,275)	19,667
Total (cumulative)	**16,737**	**21,457**	**22,942**	**19,667**	

3.5 Replacement Savings

3.5.1 Monitoring of the delivery of savings is important and it is essential to recognise as quickly as possible where circumstances change and savings previously agreed are either not achievable in full or in part or are delayed.

3.5.2 If this is the case, departments will need to identify replacement savings from elsewhere within their overall budgets. As previously mentioned this will be more difficult in light of COVID-19.

4. Capital Programme for 2021-25

4.1 Since the capital programme was approved by Council in March 2020 and the revenue implications built into the MTFS, there have been a number of amendments arising from outturn 2019/20, monthly monitoring and a review by project managers. There has been a great deal of effort made to ensure that the capital programme set is realistic, affordable and achievable within the capacity available. This has been accompanied by improved financial monitoring and modelling of the programme's costs over the period of the MTFS which has enabled the budgets for capital financing costs to be reduced and therefore scarce resources to be utilised more effectively.

4.2 It is important to ensure that the revenue and capital budgets are integrated and not considered in isolation. The revenue implications of capital expenditure can quickly grow if the capital programme is not contained within the Council's capacity to fund it over the longer term. For example, assuming external borrowing, the capital financing costs of funding £1m (on longer-life assets and short-life assets financed in 2021/22) for the next four years of the MTFS would be approximately:-.

Capital financing costs of £1m over the MTFS period	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Longer life Assets	10	60	60	60
Short-life assets	10	220	220	220

4.3 In light of the current financial situation, there is currently no capital bidding process other than those schemes that can be funded by CIL. Budget Managers have been asked to further review current schemes in the programme to either reduce, defer or delete them. Any resulting revisions to the programme will be reported to Cabinet on an ongoing basis. The current capital provision and associated revenue implications in the currently approved capital programme, based on June 2020 monitoring information and maximum use of capital receipts, are as follows:-

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Capital Programme	28,034	18,061	23,107	12,394
Revenue Implications	11,151	11,943	12,745	13,423

4.5 The potential change in the capital programme since Council in March 2020 is summarised in the following table:-

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Capital Programme: - As approved by Council - Revised Position with Slippage revisions	 31,958 28,034	 17,307 18,061	 24,030 23,107	 9,632 12,381
Change	(3,924)	754	(923)	2,749
Revenue impact As approved by Council Revised	 11,491 11,272	 12,733 12,063	 13,464 12,871	 14,718 13,511
Change	(219)	(670)	(593)	(1,207)

4.6 It is considered that these figures represent the worst case subject to there being no in programme bids, with further work currently ongoing to review and challenge the assumptions these figures are based on.

5. Service Planning for 2021-25

5.1 The pilot Service planning process for 2021-25 will be launched in August 2020. A plan has been created for each council service. These plans describe what the service does, its plans for the future linked to the Modernising Merton Programme, its key performance indicators and how its plans will take place within the budget.

5.2 These will be reported to Cabinet and scrutiny.

6. Alternative Options

6.1 The range of options available to the Council relating to the Business Plan 2021-25 and for setting a balanced revenue budget and fully financed capital programme will be presented in reports to Cabinet and Council in accordance with the agreed timetable which is set out in Appendix 1.

7. **Consultation Undertaken or Proposed**

7.1 All relevant bodies have been consulted.

8. Timetable

8.1 In accordance with current financial reporting timetables.

8.2 A chart setting out the proposed timetable for developing the business plan and service plans is provided as Appendix1.

9. Financial, resource and property implications

9.1 As contained in the body of the report.

10. Legal and statutory implications

10.1 As outlined in the report.

11. Human rights, equalities and community cohesion implications

11.1 None for the purposes of this report, these will be dealt with as the budget is developed for 2021 – 2025.

12. Crime and Disorder Implications

12.1 Not applicable.

13. Risk Management and health and safety implications

13.1 There is a specific key strategic risk for the Business Plan, which is monitored in line with the corporate risk monitoring timetable.

14. Appendices – The following documents are to be published with this Report and form part of the Report.

Appendix 1 – Business Plan and Service Planning Timetable 2021-25
Appendix 2 – MTFS 2021-25 Update

15. Background Papers

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

2019/20 Budgetary Control and Final Accounts Working Papers in the Corporate Services Department.
2020/21 Budget Monitoring working papers
MTFS working papers

16. **REPORT AUTHOR**

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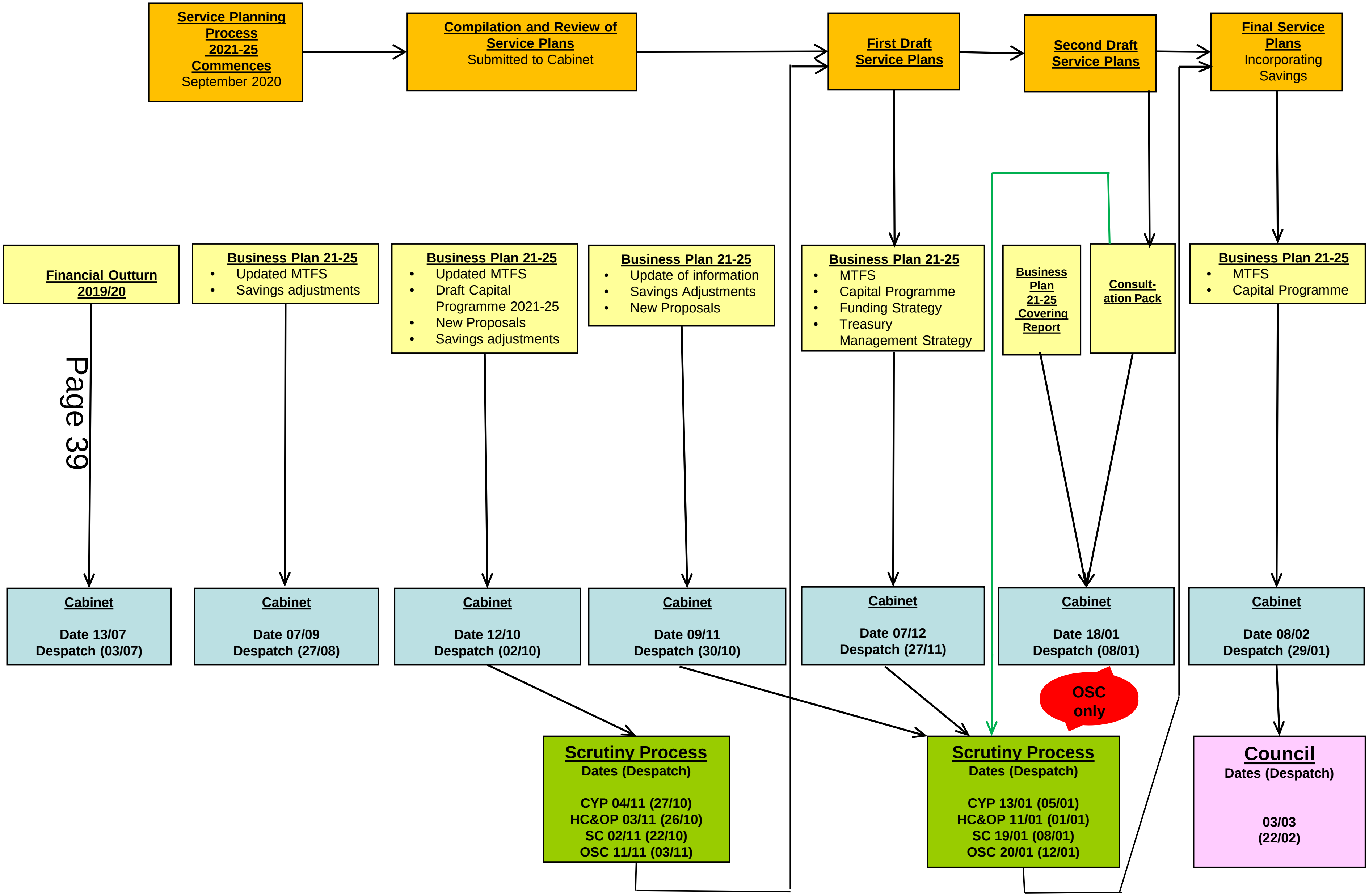
APPENDIX 1
APPENDIX 1

BUSINESS PLANNING TIMETABLE - BUSINESS PLAN 2021-25



DRAFT MTFS 2021-25:				
	2021/22 £000	**2022/23 £000**	**2023/24 £000**	**2024/25 £000**
Departmental Base Budget 2019/20	**159,038**	**159,038**	**159,038**	**159,038**
Inflation (Pay, Prices)	3,468	6,937	10,405	13,874
Salary oncost increase (15.2% to 17.06%)	23	47	71	95
FYE – Previous Years Savings	(3,887)	(4,252)	(4,448)	(4,448)
FYE – Previous Years Growth	404	788	1,178	1,178
Amendments to previously agreed savings/growth	1,944	2,126	2,224	2,224
Change in Net Appropriations to/(from) Reserves	(392)	(950)	(950)	(950)
Taxi card/Concessionary Fares	450	900	1,350	1,800
Change in depreciation/Impairment (Contra Other Corporate items)	0	0	0	0
Social Care - Additional Spend offset by grant and precept	154	150	150	150
Growth	3,768	5,018	6,268	6,268
Provision - DSG Deficit	9,156	8,750	9,650	10,550
Other	733	813	893	973
Re-Priced Departmental Budget	**174,859**	**179,365**	**185,829**	**190,752**
Treasury/Capital financing	11,282	12,082	12,899	13,539
Other Corporate items	(21,149)	(20,731)	(21,082)	(21,086)
Levies	609	609	609	609
Sub-total: Corporate provisions	**(9,258)**	**(8,040)**	**(7,574)**	**(6,938)**
Sub-total: Repriced Departmental Budget + Corporate Provisions	**165,601**	**171,325**	**178,255**	**183,814**
Savings/Income Proposals 2020/21	0	0	0	0
Sub-total	**165,601**	**171,325**	**178,255**	**183,814**
Appropriation to/from departmental reserves	(2,497)	(1,935)	(1,935)	(1,935)
Appropriation to/from Balancing the Budget Reserve	(2,597)	0	0	0
ONGOING IMPACT OF COVID-19 (NET)	6,919	3,217	1,514	0
BUDGET REQUIREMENT	**167,427**	**172,607**	**177,834**	**181,879**
Funded by:				
Revenue Support Grant	0	0	0	0
Business Rates (inc. Section 31 grant)	(41,358)	(39,185)	(40,029)	(40,890)
Adult Social Care Grants inc. BCF	(4,862)	(4,862)	(4,862)	(4,862)
Social Care Grant	(2,776)	(3,160)	(3,550)	(3,550)
PFI Grant	(4,797)	(4,797)	(4,797)	(4,797)
New Homes Bonus	(1,008)	(800)	(800)	(800)
Council Tax inc. WPCC	(99,785)	(102,242)	(104,751)	(107,313)
Collection Fund – (Surplus)/Deficit	3,896	3,896	3,896	0
TOTAL FUNDING	**(150,690)**	**(151,150)**	**(154,892)**	**(162,212)**
GAP including Use of Reserves (Cumulative)	**16,737**	**21,457**	**22,942**	**19,667**

Cabinet

Date: 9 November 2020

Subject: Draft Business Plan 2021-25

Lead officer: Caroline Holland – Director of Corporate Services

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

Contact Officer: Roger Kershaw

Urgent report:
Reason for urgency: The chairman has approved the submission of this report as a matter of urgency as it provides the latest available information on the Business Plan and Budget 2021/22 and requires consideration of issues relating to the Budget process and Medium Term Financial Strategy 2021-2025. It is important that this consideration is not delayed in order that the Council can work towards a balanced budget at its meeting on 3 March 2021 and set a Council Tax as appropriate for 2021/22.

Recommendations:

DRAFT

1 That Cabinet considers and agrees the proposed new savings to meet the non-Covid gap, and refers them to the Overview and Scrutiny Commission. That Cabinet agrees to ratify these savings at a future Cabinet meeting, with the draft Equality Assessments (EAs) subject to scrutiny comments.

2 That Cabinet notes that any proposed amendments to previously approved savings previously agreed (replacements and deferrals) will be reported to the Cabinet meeting in December.

3 That Cabinet note the decision in principle to continue with the Business Rate Pool for 2021/22

4. That Cabinet note the summary of the COVID-19 Impact, along with details of funding received to date, at Appendix 2

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1. Purpose of report and executive summary

1.1 This report provides an update on the Council's progress towards developing a Business Plan for 2021-25. In particular, it sets out the latest financial information relating to the MTFS 2021-25 and its impact on the requirement to set a balanced budget and Council Tax for 2021/22.

1.2 Details of savings proposals identified by service departments are set out in the report.

1.3 Any replacement/deferred savings will be reported to the next meeting of Cabinet.

Details

2. Background

2.1 The last report to Cabinet on 7 September 2020 set out the approach towards setting a balanced budget for 2021-2025 and a draft timetable for the business planning process for 2021/22. It also proposed initial corporate and departmental targets to be met from savings and income over the four year period of the MTFS.

2.2. The report emphasised the high degree of economic and financial uncertainty which surrounds local government finance at the present time and presented an updated MTFS 2021-25 based on an even level economic recovery (assuming an even level economic bounce post-Covid).

2.3 In particular the report provides updates on two major areas of uncertainty that could have major financial implications for Merton's MTFS 2021-25: DSG and Covid-19.

2.4 The report to Cabinet in September presented an updated MTFS which rolled forward the previous year's by one year and re-priced for the latest inflation forecasts. On this basis the MTFS gap was as follows:-

(Cumulative)	**2021/22 £000**	**2022/23 £000**	**2023/24 £000**	**2024/25 £000**
MTFS GAP	1,304	9,504	11,416	8,755

2.5 The September report then set out the financial implications of options which were based on assumptions around a low, even and high level bounce economic recovery following Covid-19.

2.6 Based on the even level recovery the revised gap in the MTFS 2021-25 was estimated as set out in the table below, and savings targets for each service department were set on this basis.

(Cumulative)	**2021/22 £000**	**2022/23 £000**	**2023/24 £000**	**2024/25 £000**
MTFS GAP	16,737	21,457	22,942	19,667

2.7 Since Cabinet in September there have been a number of major developments that will inevitably impact on the financial forecasts over the MTFS period:-

2.7.1 **DSG Deficit** - Discussions have been ongoing between CIPFA, the DfE and the National Audit Office in respect of the large and increasing DSG Deficit and treatment in the council's accounts. This was discussed at the Standards and General Purposes meeting on 22 September 2020 which considered the

Council's Statement of Accounts for 2019/20. The Authority has followed the guidance issued by CIPFA following clarification of the DfE guidance which allows the Authority to disclose a negative DSG deficit without this being charged to the General Fund. A statutory instrument is currently being prepared by the Ministry of Housing, Communities and Local Government which would allow cumulative DSG deficits to be accounted for as an unusable reserve. The statutory instrument will apply prospectively from 1 April 2020 and therefore has no impact on the Council's 2019/20 financial statements.

Currently, the Council's accounts, budget and draft MTFS 2021-22 provide for 100% of the DSG deficit up to 2020/21 and 50% thereafter. The guidance expected could allow Merton to release the amounts currently set aside in the General Fund and apply them to other service demands.

However, it must be emphasised that this action would be taken at some risk as there is no indication at the current time that the Government is willing to provide any additional resources to fund the deficit, which continues to increase and would be larger than our GF and earmarked balances combined.

2.7.2 Spending Review 2020

The Government had originally planned to issue a three-year Spending Review for 2021-2024 but on 21 October 2020 it was announced that "In order to prioritise the response to Covid-19, and our focus on supporting jobs, the Chancellor and the Prime Minister have decided to conduct a one-year Spending Review, setting department's resource and capital budgets for 2021-22, and Devolved Administration's block grants for the same period. Multi-year NHS and schools' resource settlements will be fully funded, as will priority infrastructure projects."

This announcement was not unexpected but it makes forward strategic financial planning in an effective and efficient way extremely difficult.

2.7.3 COVID-19

On 31 October 2020, the Government announced that there would be a second lockdown from Thursday 5 November until Wednesday 2 December due to COVID-19 case numbers rising rapidly across the whole of the UK and in other countries. The second lockdown is part of the government's measures to control the spread of the virus but it will probably have implications for the Council's finances in the current and future financial years which will need to be taken into account when setting the budget 2021/22 and MTFS 2021-25.

2.7.4 As a result the assumptions made with respect to COVID-19 will need to be revisited and reported in future Business Plan reports as part of the Business Planning process.

2.7.5 A summary of the COVID-19 Impact on our expenditure and income is included at Appendix 2, along with details of funding received to date. The expenditure summary is based on the September MHCLG monitoring return and does not take into account the impact of the second lockdown measures.

2.8 Business Rates Retention – future of London Pool

2.8.1 The Government set a deadline of 23 October 2020 for local authorities to confirm whether existing business rates pools want to continue in 2021-22 and for any expressions of interest to form new pools.

2.8.2 The October deadline is to give MHCLG enough time to prepare the provisional settlement in December 2020. However, this is not the final deadline by which boroughs must decide whether to continue to pool. As with last year, each authority will have until 28 days after the provisional settlement (i.e. likely by mid-January) to decide formally whether it wishes to continue to pool, and each must agree that decision individually through local governance arrangements and sign a Memorandum of Understanding (MOU).

2.8.3 All London boroughs have provisionally agreed to continue pooling in 2021/22 and updates will be provided throughout the Business Planning process.

2.9 Summary
Given the uncertainty and constantly changing scenario arising from COVID-19 it is considered prudent to update the MTFS gap based on non-COVID costs and non-government funded services at this stage and to update for revised COVID-19 and DSG implications in a future report when more information is known.

(cumulative)	**2021/22 £000**	**2022/23 £000**	**2023/24 £000**	**2024/25 £000**
MTFS Gap 2021-25 (exc. COVID-19) Cabinet September 2020	**1,304**	**9,504**	**11,416**	**8,755**
Adjustment to Collection Fund deficit (updating for September MHCLG monitoring)	372	(3,897)	(3,897)	0
Revised MTFS Gap 2021-25 (exc. COVID-19)	1,676	5,607	7,519	8,755

This MTFS gap will provide an interim savings target for service departments to aim for pending development of further savings which will be included in future Business Planning reports to Cabinet as part of the agreed timetable.

3. **New Savings 2021-25: Progress**

3.1 In the report to Cabinet in September, in order to be able to set a balanced budget for 2021/22 as required by statute, savings targets were set out based on the initial update of the MTFS 2021-25 as follows:-

SAVINGS TARGETS BY DEPARTMENT	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total £000
Corporate Services	3,028	854	269	(592)	3,558
Children, Schools and Families	2,142	604	190	(419)	2,518
Environment and Regeneration	5,008	1,412	444	(980)	5,885
Community and Housing	6,559	1,850	582	(1,283)	7,707
Total	16,737	4,720	1,485	(3,275)	19,667
Total (cumulative)	**16,737**	**21,457**	**22,942**	**19,667**	

3.2 As indicated in paragraph 2.7 of this report, given the developments since September, the assumptions made in the financial forecasts on which this MTFS gap is based will need to be reviewed and updated once the Local Government Settlement has been published and the ongoing implications of Covid-19 and DSG assessed.

3.3 Since September service departments have been reviewing their budgets in order to identify savings proposals to meet their targets. As the government has indicated that it will meet councils' costs for dealing with the pandemic, in the first instance departments have focused on achieving savings that would balance the "non-Covid" gap (in para 2.9 above). Therefore the following progress has been made:-

"Non-Covid" Savings Proposals	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total £000
Corporate Services	374	0	0	0	374
Children, Schools and Families	450	200	0	0	650
Environment and Regeneration	930	750	(50)	(85)	1,545
Community and Housing	55	1,299	0	0	1,354
Total	1,809	2,249	(50)	(85)	4,493
Total (cumulative)	**1,809**	**4,058**	**4,008**	**3,923**	
Less: Contribution to Balancing the Budget Reserve *	(133)	133	0	0	0
Total (cumulative)	1,676	4,191	4,008	3,923	

* To be kept under review pending identification of the level of replacement and deferred savings caused by Covid-10

3.4 Details of the "non-Covid" savings proposals are set out in Appendix 3. Associated draft Equalities Assessments will be included with the Business Plan presented to the December Cabinet, along with comments from the Overview and Scrutiny Commission. These savings will be further scrutinised by Overview and Scrutiny Panels and the Commission during January 2021 and will be included in the Member's Information pack that will be despatched to all Members at the end of December 2020.

3.5 Departments are looking at options that may be required to meet the budget gap once the settlement has been announced in late December, should this settlement not cover the council's Covid-related costs or address the DSG issues. These savings would be brought forward to the January Cabinet following the Spending Review, when this would be known.

3.6 If all of the savings proposals are agreed and there is no further funding for the council's Covid-related costs or a solution for the DSG, the revised gap would be as follows:-

REVISED MTFS GAP	**2021/22 £000**	**2022/23 £000**	**2023/24 £000**	**2024/25 £000**
Revised Gap (para.2.8 refers)	16,737	21,457	22,942	19,667
"Non-Covid" savings proposals (Net)	(1,676)	(4,191)	(4,008)	(3,923)
Revised Gap including Savings	15,061	17,266	18,934	15,774

A revised MTFS is included as Appendix 1.

3.7 **Replacement and Deferred Savings**

3.7.1 Monitoring of the delivery of savings is important and it is essential to recognise as quickly as possible where circumstances change and savings previously agreed are either not achievable in full or in part or are delayed.

3.7.2 If this is the case, departments will need to identify replacement savings from elsewhere within their overall budgets. As previously mentioned this will be more difficult in light of COVID-19. Members will recall that in determining the MTFS gap reported to Cabinet in September it was assumed that 50% of programmed savings will be achieved in line with the original forecast.

3.7.3 Any replacement/deferred savings will be reported to the next meeting of Cabinet to enable the latest position to be reported as the situation is subject to more change than in previous years.

4. Capital Programme for 2021-25

4.1 There was not a capital bidding round for 2021-25 due to the financial situation, but departments were able to bid for CIL funded schemes which have previously been reported to Cabinet. The programme is kept under constant review.

5. Service Planning for 2021-25

5.1 The pilot Service planning process for 2021-25 was launched in August 2020. A plan has been created for each council service. These plans describe what the service does, its plans for the future linked to the Modernising Merton Programme, its key performance indicators and how its plans will take place within the budget.

5.2 These will be reported to Cabinet and scrutiny.

6. Alternative Options

6.1 The range of options available to the Council relating to the Business Plan 2021-25 and for setting a balanced revenue budget and fully financed capital programme will be presented in reports to Cabinet and Council in accordance with the agreed timetable which was approved by Cabinet on 7 September 2020.

7. **Consultation Undertaken or Proposed**

7.1 All relevant bodies have been consulted.

8. Timetable

8.1 In accordance with current financial reporting timetables approved by Cabinet on 7 September 2020.

9. Financial, resource and property implications

9.1 As contained in the body of the report.

10. Legal and statutory implications

10.1 As outlined in the report.

11. Human rights, equalities and community cohesion implications

11.1 Draft Equalities assessments of the savings proposals will be included in the report referred to the Overview and Scrutiny Commission.

12. Crime and Disorder Implications

12.1 Not applicable.

13. Risk Management and health and safety implications

13.1 There is a specific key strategic risk for the Business Plan, which is monitored in line with the corporate risk monitoring timetable.

14. Appendices – The following documents are to be published with this Report and form part of the Report.

Appendix 1 – Updated MTFS 2021-25
Appendix 2 – Covid-19 Expenditure/Income Pressures and Grant Funding
Appendix 3 – Details of departmental savings proposals 2021-25 (INFORMATION PACK)

15. Background Papers

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

2019/20 Budgetary Control and Final Accounts Working Papers in the Corporate Services Department.
2020/21 Budget Monitoring working papers
MTFS working papers

16. **REPORT AUTHOR**

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APPENDIX 2

APPENDIX 1

DRAFT MTFS 2021-25:				
	2021/22 £000	**2022/23 £000**	**2023/24 £000**	**2024/25 £000**
Departmental Base Budget 2020/21	**159,038**	**159,038**	**159,038**	**159,038**
Inflation (Pay, Prices)	3,468	6,937	10,405	13,874
Salary oncost increase (15.2% to 17.06%)	23	47	71	95
FYE – Previous Years Savings	(3,887)	(4,252)	(4,448)	(4,448)
FYE – Previous Years Growth	404	788	1,178	1,178
Amendments to previously agreed savings/growth	1,944	2,126	2,224	2,224
Change in Net Appropriations to/(from) Reserves	(392)	(950)	(950)	(950)
Taxi card/Concessionary Fares	450	900	1,350	1,800
Change in depreciation/Impairment (Contra Other Corporate items)	0	0	0	0
Social Care - Additional Spend offset by grant and precept	154	150	150	150
Growth	3,768	5,018	6,268	6,268
Provision - DSG Deficit	9,156	8,750	9,650	10,550
Other	733	813	893	973
Re-Priced Departmental Budget	**174,859**	**179,365**	**185,829**	**190,752**
Treasury/Capital financing	11,282	12,082	12,899	13,539
Other Corporate items	(21,149)	(20,731)	(21,082)	(21,086)
Levies	609	609	609	609
Sub-total: Corporate provisions	**(9,258)**	**(8,040)**	**(7,574)**	**(6,938)**
Sub-total: Repriced Departmental Budget + Corporate Provisions	**165,601**	**171,325**	**178,255**	**183,814**
Savings/Income Proposals 2021/22	(1,676)	(4,191)	(4,008)	(3,923)
Sub-total	**163,925**	**167,134**	**174,247**	**179,891**
Appropriation to/from departmental reserves	(2,497)	(1,935)	(1,935)	(1,935)
Appropriation to/from Balancing the Budget Reserve	(2,597)	0	0	0
ONGOING IMPACT OF COVID-19 (NET)	6,919	3,217	1,514	0
BUDGET REQUIREMENT	**165,751**	**168,416**	**173,826**	**177,956**
Funded by:				
Revenue Support Grant	0	0	0	0
Business Rates (inc. Section 31 grant)	(41,358)	(39,185)	(40,029)	(40,890)
Adult Social Care Grants inc. BCF	(4,862)	(4,862)	(4,862)	(4,862)
Social Care Grant	(2,776)	(3,160)	(3,550)	(3,550)
PFI Grant	(4,797)	(4,797)	(4,797)	(4,797)
New Homes Bonus	(1,008)	(800)	(800)	(800)
Council Tax inc. WPCC	(99,785)	(102,242)	(104,751)	(107,313)
Collection Fund – (Surplus)/Deficit	3,896	3,896	3,896	0
TOTAL FUNDING	**(150,690)**	**(151,150)**	**(154,892)**	**(162,212)**
GAP including Use of Reserves (Cumulative)	**15,061**	**17,266**	**18,934**	**15,744**

APPENDIX 2

SUMMARY OF COVID-19 IMPLICATIONS AS PER MHCLG MONTHLY RETURN

Service area	Full Financial Year 2020-21
ESTIMATED SPENDING PRESSURES (General Fund)	£m
Adult social care	***6.839***
Children's Social Care	***1.036***
Education	***0.050***
Highways and Transport	***0.000***
Public Health	***1.007***
Housing sub total excluding HRA	***0.476***
Cultural & related	***0.663***
Environment & regulatory	***1.574***
Planning & development	***0.000***
Finance & corporate	***0.892***
Other (includes Shielding)	***7.263***
TOTAL ESTIMATED SPENDING PRESSURES (General Fund)	***19.800***
Loss of Income - Sales, Fees, Charges	
Highways and Transport Sales, Fees & Charges (SFC) - Parking services losses	***3.628***
Highways and Transport Sales, Fees & Charges (SFC) losses - other	***0.247***
Cultural & Related (SFC) - Recreation and sport losses	***1.045***
Cultural & Related (SFC) losses - other	***0.406***
Planning & Development SFC losses	***0.391***
SFC income losses - other	***5.265***
Sales, Fees & Charges (SFC) income losses subtotal	***10.982***
TOTAL SPENDING PRESSURES + SFC INCOME LOSSES	***30.782***
Commercial Income losses	***0.899***
Other income losses	***0.000***
SPENDING PRESSURES + SFC INCOME + NON-COLLECTION FUND INCOME LOSS	***31.681***
Funding:	
CCG	***(0.465)***
Government Grant Funded	***(14.643)***
	(15.108)
NET	***16.573***
COLLECTION FUND	
Business rates losses - Deferrals (Delay)	***5.572***
Business rates losses- Other	***6.924***
Business Rates Losses - excluding reliefs	***12.496***
Council Tax receipt losses - working age LCTS	***2.300***
Council Tax receipt losses - payment failure	***2.778***
Council Tax receipt losses - other	***0.000***
Council Tax receipt losses sub total	***5.078***

APPENDIX 2

NEW FUNDING FOR COVID 19	TOTAL NOTIFIED	RECEIVED 2019/20	RECEIVED 2020/21	Balance not yet received	Notes:
Business Support Grant	29,318,000	-	29,318,000	-	2,122 payments totalling £28.120m (1/9/20)
Local Authority Discretionary Grant Fund Allocation	1,312,750	-	-	1,312,750	Only if main allocation exceeded
New burdens Funding to support administration of the Business Support scheme	-	-	130,000	-	For Admin. Costs
COVID 19 Relief-Local Authority Support Grant	14,643,266	4,964,977	7,184,321	2,493,968	Balance =Tranche 4 notified 22/10/20
Council Tax Hardship fund	1,483,740	-	1,483,740	-	
Rough Sleeping Initiative 2020-21	151,750	-	151,750	-	
Rough Sleeping Initiative 2020-22: Covid-19 Contingency Fund	-	-	11,250	-	
Additional Support to Rough sleepers - share of £10m Cold Weather fund	Share of £10m	-	-		Awaiting details
Next Steps Accommodation Programme	173,550		-	173,550	Not yet received
Infection control Fund for Adult Social Care	2,834,641	-	2,834,641	-	
Test, Track and Contain	964,982	-	964,982	-	
Self-isolation payments funding	-	-	155,534	-	£500 support for those on lower incomes required by law to self-isolate.
Support to extremely vulnerable	£94k per 28 days	-	-	£94k	Not yet received
Local Welfare Assistance Fund	176,472		176,472	-	
Local Authority Compliance and Enforcement Grant	92,943	-	92,943	-	
Emergency Active travel Fund	100,000		100,000	-	£90k capital, £10k revenue
Reopening High Streets Safely Fund	182,103	-	-	182,103	EU/ERDF funding Subject to legitimate claim

Cabinet

7 December 2020

Agenda item:

Business Plan Update 2021-2025

Lead officer: Caroline Holland

Lead member: Councillor Tobin Byers

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

Contact officer: Roger Kershaw

Recommendations:

1. That Cabinet considers and agrees the draft deferred savings/income proposals (Appendix 4) put forward by officers and refers them to the Overview and Scrutiny panels and Commission in January 2021 for consideration and comment.
2. That Cabinet considers and agrees the savings and the associated draft equalities analyses for the savings noted in November (Appendices 3 and 5)
3. That Cabinet considers and agrees the draft Capital Programme 2021-2025 and refers it to the Overview and Scrutiny panels and Commission in January 2021 for consideration and comment.
4. That Cabinet agrees the proposed Council Tax Base for 2021/22 set out in paragraph 2.6 and Appendix 1.

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

1.1 This report provides an update to Cabinet on the Business Planning process for 2021-25 and in particular on the progress made so far towards setting a balanced revenue budget for 2021/22 and over the MTFS period as a whole.

1.2 Specifically, the report provides details of deferred revenue savings which are proposed due to changes in circumstances since the proposals were previously approved as part of previous budget setting.

1.3 The report also represents the savings previously agreed in November 2020 and provides associated draft equalities analyses where applicable together with feedback from the Overview and Scrutiny Commission in October 2020 which considered the savings proposals.

1.4 The report also provides an update on the capital programme for 2021-25 and the financial implications for the MTFS.

1.5 The first draft of the service plans for 2021-25 will be included within the information pack for consideration at Scrutiny and then reported back to Cabinet.

1.6 The report provides a general update on all of the latest information relating to the Business Planning process for 2021-25 and an assessment of the implications for the Medium Term Financial Strategy 2021-25.

1.7 This report is one of the budget updates through the financial year and will be referred to the Overview and Scrutiny Panels and Commission in February 2021 as part of the information pack.

1.8 Due to COVID19 and the delay in the Local Government Finance Settlement and lack of clarity over future funding there have been revisions to the timetable which are designed to ensure that Members receive as much opportunity as possible to give the budget setting process the attention it deserves. These changes are set out in paragraph 11.

2. DETAILS

Introduction

2.1 A review of assumptions in the MTFS was undertaken and reported to Cabinet on 7 September 2020. As a result Cabinet agreed departmental savings targets and a further report to Cabinet on 9 November 2020 set out an initial tranche of savings proposals. The report referred them to the Overview and Scrutiny Commission on 11 November 2020 for consideration.

2.2 Taking into account the information contained in the November 2020 Cabinet report, the overall position of the anticipated COVID and other government funding shortfall MTFS reported to Cabinet on 9 November 2020 was as follows:-

(Cumulative Budget Gap)	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
MTFS Gap (Cabinet October 2020)	15,061	17,266	18,934	15,774

2.3 Review of Assumptions

Since Cabinet in November, work has been continuing to review assumptions, identify new savings/income proposals and analyse information which has been received since then. This has continued to prove difficult given the continuing impact of COVID19 and the imposition of a second lockdown. The flow of information from the government about future funding has continued to be sparse.

2.3.1 Pay

For 2020/21 the final agreed pay award was 2.75%. Union's are currently consulting their members regarding the approach to the 2021/22 pay claim.

The UNISON NJC Committee met on 5 October 2020 to consider the contents of the NJC pay claim for 2021/22, as well as the process for consulting members.

The NJC Committee have formulated three options for the 'headline' claim for the 2021 pay claim.

- Option A: 5% or a £10 an hour pay rate, whichever is greater
- Option B: 8% or a £10 an hour pay rate, whichever is greater
- Option C: 10%

On 21 October 2020 when announcing that the Spending Review 2020 will cover one year only (2021/22), the Chancellor of the Exchequer stated that "As outlined in July in the interest of fairness we must exercise restraint in future public sector pay awards, ensuring that across this year and the spending review period, public sector pay levels retain parity with the private sector."

The latest estimates for pay inflation included in the MTFS are included in the table below and no changes are proposed at the current time:-

(Cumulative)	2021/22	2022/23	2023/24	2024/25
Pay inflation (%)	1.5%	1.5%	1.5%	1.5%

Further details on the pay negotiations for 2021/22 and beyond, and the impact on the MTFS will be reported when they are known.

London Living Wage

Officers have been working with contractors to understand the implications of paying the London Living Wage (LLW) when contracts come up for renewal, and the potential impact on budgets. Contracts that are likely to have the largest staffing contingent across the organisation have been reviewed and, where possible has projected the implications of London Living Wage adoption.

This work is ongoing but initial financial implications have been produced and are summarised in the following table:-

(Cumulative)	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Additional cost of LLW on major contracts based on contract renewal date	266	521	711	2,382

2.3.2 Prices

The latest estimates for price inflation included in the MTFS are included in the table below and no changes are proposed at the current time:-

(Cumulative)	2021/22	2022/23	2023/24	2024/25
Price inflation (%)	1.5%	1.5%	1.5%	1.5%

The Consumer Prices Index (CPI) 12-month rate was 0.7% in October 2020, up from 0.5% in September.

The largest contribution to the 12-month inflation rate in October 2020 was from recreation and culture (0.26 percentage points). Clothing, food, furniture, furnishings and carpets made the largest upward contributions (with the contribution from these three groups totalling 0.16 percentage points) to the change in the 12-month inflation rate between September and October 2020. These were partially offset by downward contributions of 0.06 and 0.04 percentage points, respectively, from the recreation and culture, and transport groups.

The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 0.9% in October 2020, up from 0.7% in September 2020.

The RPI rate for October 2020 was 1.3%, which is up from 1.1% in September 2020.

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: Forecasts for the UK Economy

Source: HM Treasury - Forecasts for the UK Economy (November2020)			
2020 (Quarter 4)	Lowest %	Highest %	Average %
CPI	0.1	1.2	0.6
RPI	0.7	1,7	1.2
LFS Unemployment Rate	4.5	9.1	6.4
2021 (Quarter 4)	Lowest %	Highest %	Average %
CPI	0.4	3.9	1.9
RPI	0.9	5.2	2.6
LFS Unemployment Rate	5.0	9.6	7.2

Note the wide range between highest and lowest forecasts which reflects the volatility and uncertainty arising from COVID19 and the difficulty of forecasting how the situation will evolve. 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 2020 to 2024 are summarised in the following table:-

Source: HM Treasury - Forecasts for the UK Economy (November 2020)					
	2020	2021	2022	2023	2024
	%	%	%	%	%
CPI	0.9	1.7	2.2	2.1	2.1
RPI	1.5	2.3	3.1	3.3	3.2
LFS Unemployment Rate	4.8	7.2	6.1	5.1	4.7

Outlook for inflation over the MTFS period (to be included in Cabinet report)

2.3.3 Inflation > 1.5%:

There is also a corporate provision which is held to assist services that may experience price increases greatly in excess of the 1.5% inflation allowance provided when setting the budget. This will only be released for specific demonstrable demand.

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Inflation exceeding 1.5%	250	250	250	250

The cash limiting strategy is not without risks but if the Government's 2% target levels of inflation were applied un-damped across the period then the budget gap would increase by c. £2.8m by 2024/25.

2.3.4 Income

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

2.3.5 Taxicards and Freedom Passes

These schemes are administered by London Councils on behalf of London boroughs. COVID19 has significantly reduced the use of public transport in London, including among concessionary fares passengers. However, because of the methodology used for settlement of the Freedom Pass scheme with TfL, the full effect of the reduction in journeys will not be realised in savings immediately. The settlement methodology uses journey data for the previous two years to calculate the next year's cost. For example, the settlement for 2021/22 will use the average number of journeys that took place between July and June 2019-20 and 2018-19.

This means that the effects of COVID19 will work through the settlement over the next three years. London Councils has not yet concluded its annual negotiations with transport operators and therefore it is not possible to provide definite costs at this time.

The costs of Freedom Passes are driven by two key factors:-

- The likely numbers of journeys over the years
- Fare increases and the rate of inflation

London Councils have advised that based on current available information there will be a significant reduction in the concessionary fares settlement over the next three years, They conclude that it is difficult to quantify this precisely, and current estimates will be subject to change, but the baseline estimate for London is for total savings of £182 million (c. 18%), with an upper estimate of £252 million and a lower estimate of £113 million over the three-year period.

For Merton, the estimated cost estimates over the next three years are as follows:-

	2021/22 £m	2022/23 £m	2023/24 £m
Baseline	7.930	6.503	7.747
+20%	7.930	7.134	8.335
-20%	7.930	5.872	7.158
+30%	7.930	7.449	8.629
-30%	7.930	5.556	6.864

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

	Current Estimate 2020/21 £000
Freedom Passes	9,060
Taxicards	113
Total	**9,173**
Uplift in MTFS	450
Provision in MTFS for 2021/22	**9,923**

Clearly there is scope for significant savings to be taken arising from the reduction in use of freedom passes due to COVID19. At this stage the most prudent option is to assume that demand for freedom pass journeys will bounce back by 30% from the baseline figure.

This will reduce the budget gap by the following amounts over the MTFS period:-

(cumulative)	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
MTFS (Cabinet November 2020)	9,623	10,073	10,523	10,973
+ 30% projection (inc. Taxicards)	8,045	7,567	8,749	9,752
Change in MTFS Gap	1,578	2,506	1,774	1,221

Future years savings are more likely to change as the longer term implications of the Transport for London (TfL) bailout will need to be worked through.

2.3.6 Revenuisation

In recent budgets it has been recognised that some expenditure formerly included in the capital programme could no longer be justified as it did not meet the definition of expenditure for capital purposes. Nevertheless, it is important that some of this expenditure takes place and the following amounts have been included in the latest MTFS for 2021-25:-

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Revenuisation	143	213	213	213

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

2.3.7 **Budgetary Control 2020/21**

There may be issues identified from monthly monitoring, elsewhere on this agenda, that have on-going financial implications which need to be addressed in setting the budget for 2021-25.

Monitoring 2020/21

At period 7 to 31 October 2020 the year end forecast is a net £8.202m unfavourable variance compared to the current budget when all COVID19 costs are included after applying the remaining government emergency COVID19 grant. This consists of a net favourable variance of £4.217m excluding COVID19 and unfavourable variance of £12.419m from COVID19:-

	Non COVID19 £000	COVID19 £000	Total £000
CS	924	3,229	4,153
CSF	(2,187)	923	(1,264)
E&R	13	9,259	9,272
C&H	(2,548)	2,733	185
Sub-total	**(3,798)**	**16,144**	**12,346**
Corporate	(419)	(3,725)	(4,144)
Total	**(4,217)**	**12,419**	**8,202**

For the purposes of this report this has been separated into NON-COVID19 and COVID19 variances.

Non-COVID19
Based on October 2020 monitoring, although an overall favourable variance is forecast, the following pressures have been flagged:-

a) Corporate Services: Customers, Policy and Improvement (£562k), Human Resources (£156k), Resources (£73k), Infrastructure and Technology (£14k), Other Corporate budgets (280k)

b) Children's Schools and Families: Although a DSG deficit has to be charged' to the schools balance reflecting that a cumulative overspend has been borrowed against future year school allocations, based on October 2020 monitoring, the size of the deficit continues to rise. The DSG had a cumulative overspend of £12.750m at the end of 2019/20. The overspend in the current financial year will be adding to this balance, currently estimated at £27.639m.

c) Environment and Regeneration: Public Space, mainly Household, Reuse, Recycling Centre (HRRC) (£155k)

d) Community and Housing: Libraries and heritage (£55K), Housing General Fund (£607k)

COVID19
Hopefully the pandemic will be overcome and the costs and impact on society in general and council services in particular will be largely confined to 2020/21. However, this is unknown at the present time and there will be some impact carried over to the MTFS 2021-25 period. At the same time there will inevitably need to be some changes to how

the Council delivers some services and some of the most affected services, particularly those to vulnerable groups will need to be reviewed.

2.3.8 Growth

The MTFS reported to Cabinet in September 2020 included new provision for growth from 2021/22 to 2024/25 as follows and this will be reviewed in January 2021 when the outcome of the draft settlement will be known:-

Cumulative	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Growth (Cabinet September)	3,768	3,768	3,768	3,768

2.3.9 **Capital Programme for 2021-25**

It is important to ensure that the revenue and capital budgets are integrated and not considered in isolation. The revenue implications of capital expenditure can quickly grow if the capital programme is not contained within the Council's capacity to fund it over the longer term. For example, assuming external borrowing, the capital financing costs of funding £1m (on longer-life assets and short-life assets financed in 2021/22) for the next four years of the MTFS would be approximately:-.

Capital financing costs of £1m over the MTFS period	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Longer life Assets	10	60	60	60
Short-life assets	10	220	220	220

As previously reported, in light of the current financial situation, there is currently no capital bidding process other than those schemes that can be funded by CIL. Budget Managers have been asked to further review current schemes in the programme to either reduce, defer or delete them. Any resulting revisions to the programme will be reported to Cabinet on an ongoing basis. The current capital provision and associated revenue implications in the currently approved capital programme, based on October 2020 monitoring information and maximum use of capital receipts, are as follows:-

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Capital Programme	34,270	16,565	13,812	21,648
Revenue Implications	10,297	11,181	11,885	12,832

The potential change in the capital programme since Council in March 2020 is summarised in the following table:-

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Capital Programme:				
- As approved by Council	31,958	17,307	24,030	9,632
- Revised Position with Slippage revisions	46,056	23,433	14,842	21,821
Change	14,098	6,126	(9,188)	(12,189)
Revenue impact				
As approved by Council	11,491	12,733	13,464	14,718
Revised	10,399	12,016	13,022	12,917
Change	(1,092)	(717)	(442)	(1,801)

It is considered that these figures represent the worst case subject to there being no in programme bids, with further work currently ongoing to review and challenge the assumptions these figures are based on.

2.4 **Forecast of Resources and Provisional Local Government Finance Settlement**

2.4.1 Spending Review 2020

The Chancellor has decided to conduct a one-year Spending Review on 25 November 2020 in order to prioritise the response to Covid19, and our focus on supporting jobs.

The Government state that the Spending Review will confirm multi-year capital spending for key programmes where certainty is needed to ensure no time is lost in delivery. Its aim is to set budgets for 2021/22, with a total focus on tackling Covid and delivering the Government's Plan for Jobs. Areas, including the NHS, schools and infrastructure, which are regarded as crucial to the nation's economic recovery will have their budgets set for further years so they can plan.

There will be a verbal update at the meeting on the main issues arising from the Spending Review. A summary published by the LGA of the main issues included in the Spending Review is attached as Appendix 7. The financial implications of the Spending Review for Merton will be included in the Cabinet report in January 2021.

2.4.2 Provisional Local Government Finance Settlement

The timing of the Spending Review announcement and the fact it will provide certainty for only one-year will have implications for the scope of the Local Government Finance Settlement which is now expected in late December and will also be for one year only.

A date for the announcement of the Provisional Local Government Finance Settlement is currently unknown. An analysis on the potential financial impact of the provisional Settlement will be included in the report to Cabinet in January 2021.

2.5 London Business Rates 2021-22

2.5.1 As advised in the report to Cabinet in November, all London boroughs have provisionally agreed to continue pooling in 2021/22 and updates will be provided throughout the Business Planning process.

2.5.2 Regardless of whether there is a London pool or not, final projections for Business Rates retention in 2021/22 will be based on London Boroughs NNDR1 returns for 2020/21 which are due to be returned to Central government by 31 January 2021.

2.6 Council Tax Base

2.6.1 The Council Tax Base is a key factor which is required by levying bodies and the Council for setting the levies and Council Tax for 2021/22. The council tax base is the measure of the number of dwellings to which council tax is chargeable in an area or part of an area. The Council Tax Base is calculated using the properties from the Valuation List together with information held within Council Tax records. The properties are adjusted to reflect the number of properties within different bands in order to produce the Council Tax Base (Band D equivalent). This will be used to set the Council Tax at Band D for 2021/22. The Council is required to determine its Council Tax Base by 31 January 2021.

2.6.2 Regulations set out in the Local Authorities (Calculation of council Tax Base) Regulations 2012 (SI 2012:2914) ensure that new local council tax support schemes, implemented under the Local Government Finance Act 2012, are fully reflected in the council tax base for all authorities.

2.6.3 The Council Tax Base Return to central Government takes into account reductions in Council Tax Base due to the Council Tax Support Scheme and also reflects the latest criteria set for discounts and exemptions. The CTB Return for October 2020 is the basis for the calculation of the Council Tax Base for 2021/22.

2.6.4 Details of how the Council Tax Base is calculated are set out in Appendix 1. A summary of the Council Tax Bases for the Merton general area and the addition for properties within the Wimbledon and Putney Commons Conservators area for 2021/22 compared to 2020/21 is set out in the following table:-

Council Tax Base	**2020/21**	**2021/22**	**Change**
			%
Whole Area	75,989.9	74,220.0	(2.3)%
Wimbledon & Putney Common Conservators	11,604.6	11,381.8	(1.9)%

2.7 Proposed Amendments to Previously Agreed Savings

2.7.1 Replacement and Deferred Savings

Monitoring of the delivery of savings is important and it is essential to recognise as quickly as possible where circumstances change and savings previously agreed are either not achievable in full or in part or are delayed.

Where this is the case, departments will need to identify replacement savings from elsewhere within their overall budgets and it is accepted that this has been more prevalent in the current financial year due to COVID19.

In the report to Cabinet in September, it was assumed that 50% of the agreed savings in the MTFS period 2021-25 would not be achieved. Now that service departments have had more time to review their approved savings this estimate will be removed and actual requests for replacements and deferrals that Cabinet agree will be substituted.

Service departments have currently identified the following previously agreed savings which they need to defer:-

Deferred Savings	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total £000
Corporate Services	620	(520)	(100)	0	0
Children, Schools and Families	0	0	0	0	0
Environment and Regeneration	65	10	(75)	0	0
Community and Housing	0	0	0	0	0
Total	685	(510)	(175)	0	0
Total (cumulative)	685	175	0	0	

Further details are provided in Appendix 4.

3. SAVINGS PROPOSALS 2021-25

3.1 Cabinet on 9 November 2020 agreed an initial tranche of savings proposals identified by service departments over the period 2021-25 as follows:-

“Non-Covid” Savings Proposals	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	Total £000
Corporate Services	374	0	0	0	374
Children, Schools and Families	450	200	0	0	650
Environment and Regeneration	930	750	(50)	(85)	1,545
Community and Housing	55	1,299	0	0	1,354
Total	1,809	2,249	(50)	(85)	4,493
Total (cumulative)	**1,809**	**4,058**	**4,008**	**3,923**	

3.2 These were referred to the Overview and Scrutiny Commission on 11 November 2020.

3.3 A further tranche of new savings will be presented to Cabinet in January 2021 when more information will be known from the Local Government Finance Settlement and the latest information on the implications of COVID19 will be available.

4. FEEDBACK FROM THE OVERVIEW AND SCRUTINY PROCESS IN NOVEMBER 2020

4.1 The information available on the Business Planning process reported to Cabinet on 9 November 2020 was reviewed by the Overview and Scrutiny Commission on 11 November 2020.

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

5. SERVICE PLANNING 2021-25

5.1 First draft revised Service Plans will be included within the information pack for consideration at Scrutiny and then reported back to Cabinet.

6. DSG DEFICIT

6.1 As reported to Cabinet as part of the monthly monitoring report, based on September 2020, DSG funded services are forecast to overspend by £14.889m in 2020/21 bringing the cumulated deficit at year end to £27.639m, although this is expected to increase by year end, and to continue to increase in future years.

6.2 The Government has issued a statutory instrument to implement an adjustment account for DSG deficits. The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (“the 2003 Regulations”) make provision about the accounting practices to be followed by local authorities, including (in particular) with respect to the charging of expenditure to revenue accounts. These Regulations insert a new regulation into the 2003 Regulations that provides that where a local authority has a deficit on its school budget, the authority must not charge any such deficit to its revenue account. Instead, the new regulation provides that local authorities must charge any such deficit to a separate account, established and usable solely for that purpose. The new regulation will apply to accounts prepared for the financial years beginning in 2020, 2021 and 2022, and provides formulas for calculating whether a local authority has a schools budget deficit in relation to each such financial year.

6.3 Whilst the Government has moved to address the DSG issue it still leaves two vital questions unresolved:-

- How will the DSG deficit be funded?
- Why does the Regulation only apply for 2020, 2021, 2022?

6.4 Currently, the Council's accounts, budget and draft MTFS 2021-22 provide for 100% of the DSG deficit up to 2020/21 and 50% thereafter. The new Regulation allows for Merton to release the future amounts currently set aside in the MTFS and apply them to other service demands. The DSG deficit will be moved to a newly created separate account.

6.5 However, it must be emphasised that this action would be taken at some risk as there is no indication at the current time that the Government is willing to provide any additional resources to fund the deficit balance on the separate account, which will continue to increase and at the end of the three years is likely to be larger than our GF and earmarked balances combined and come back to the General Fund to be funded.

7. BUDGET STRATEGY

7.1 The council has a statutory duty to set a balanced budget.

7.2 The MTFS reported to Cabinet in November 2020 assumed a 2% general Council Tax increase in 2021/22.

7.3 The budget gap in the MTFS reported to Cabinet in November was summarised as follows:-

	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Budget Gap in MTFS 2021-25 exc. COVID19	**1,676**	**5,607**	**7,519**	**8,755**
Provision for Covid19 and DSG Deficit	**13,385**	**11,659**	**11,415**	**6,989**
Total MTFS Gap 2021-25 (Cabinet – November 2020)	**15,061**	**17,266**	**18,934**	**15,744**

7.4 The substantial the budget gap is due to assumptions made in the September Cabinet report about potential ongoing financial implications of COVID19 and a substantial set-aside of resources to cover for the DSG deficit.

7.5 Since Cabinet in November the Government have imposed a second lockdown to suppress COVID19 and issued a statutory instrument relating to treatment of DSG deficits. It is unreasonable to agree substantial additional savings in the absence of Government funding notified via the Local Government Finance Settlement which will not be known until the end of December.

7.6 For this reason any further savings required will not be presented to Cabinet until January 2021 with scrutiny taking place in February 2021, coming back to a special Cabinet in February before Council in March.

8. UPDATE TO MTFS 2021-25

8.1 The estimated budget gap in 2021/22 reported to Cabinet in November 2020 was £15.061. Incorporating the latest information discussed in this report, the latest budget gap forecast is:-

	2021/22 £000	2022/23 £000	2023/24 £000	2024/2 £000
Budget Gap (Cabinet 9 November 2020)	**15,061**	**17,266**	**18,934**	**15,744**
Deferred Savings/Change to Covid assumptions	**(1,258)**	**(1,951)**	**(2,224)**	**(2,224)**
Council Tax Base implications	**2,764**	**1,812**	**1,102**	**1,190**
Freedom Pass/Taxicard update	**(1,577)**	**(2,506)**	**(1,774)**	**(1,221)**
Change to growth assumptions	**266**	**(729)**	**(1,789)**	**(118)**
Change to income assumptions	**(2,644)**	**(1,079)**	**(540)**	**0**
Revenue effects of Capital	**(873)**	**(47)**	**151**	**(594)**
Budget Gap (Cabinet 7 December 2020)	**11,739**	**12,766**	**13,860**	**12,777**

8.2 A more detailed MTFS is included as Appendix 2.

8.3 Draft Service department budget summaries based on the information in this report will be included in the pack available for scrutiny.

9. GLA BUDGET AND PRECEPT SETTING 2021-22 – PROVISIONAL TIMETABLE

9.1 The Greater London Authority (GLA) sets a budget for itself and each of the four functional bodies: Transport for London, the London Development Agency, the Metropolitan Police Authority, and the London Fire and Emergency Planning Authority. These budgets together form the consolidated budget.

9.2 The GLA's provisional timetable for its precept setting process is as follows:-

Mid to late December 2020	Following the publication of the provisional Local Government, Fire and Police Settlements, issue the Mayor's Consultation Budget.
27 January 2021	Assembly to consider Draft Consolidated Budget.
24 February 2021	Assembly to consider Final Draft Consolidated Budget.
8 February 2021	Statutory deadline by which the GLA precept must be approved and the Mayor's statutory Capital Spending Plan published.

9.3 NNDR1 returns will be required to be submitted to the MHCLG by 31 January 2021 and, with the addition of information required for the London pilot pool, it is essential that all authorities meet this deadline for the GLA to be able to achieve its timetable. It is anticipated that the percentage shares for 2021-22 used for the returns for London authorities will be 37% GLA, 33% central government and 30% London boroughs. This is expected to be confirmed in the provisional local government finance settlement.

10. CONSULTATION UNDERTAKEN OR PROPOSED

10.1 There will be consultation as the business plan process develops. This will include the Overview and Scrutiny panels and Commission, business ratepayers and all other relevant parties.

10.2 In accordance with statute, consultation is taking place with business ratepayers and a meeting will be arranged for February 2021.

10.3 As previously indicated, a savings proposals information pack will be prepared and distributed to all councillors at the end of December 2020 that can be brought to all Scrutiny and Cabinet meetings from 13 January 2021 onwards and to Budget Council. As it was last year, this should be an improvement for both councillors and officers - more manageable for councillors and it will ensure that only one version of those documents is available so referring to page numbers at meetings will be easier. It will also keep printing costs down and reduce the amount of printing that needs to take place immediately prior to Budget Council.

10.4 The pack will include:

- Savings proposals
- Growth proposals
- A draft Equality impact assessment for each saving proposal.
- Service plans (these will also be printed in A3 to lay round at scrutiny meetings)

11. TIMETABLE

11.1 Due to the delays in the Spending Review and Local Government Finance Settlement and also the need to ensure that the Budget 2021/22 and MTFS 2021-25 decisions are based on the best information available , it has been agreed that there will be a variation to the budget timetable previously agreed by Cabinet on 7 September 2020.

11.2 The key deadlines are as follows:-

7 December 2020	Cabinet
Late December	Provisional Local Government Finance Settlement
End of December	Member's Information Pack circulated
18 January 2021	Planned Cabinet
13-20 January 2021	Planned Overview and Scrutiny Panels and Commission
8 February 2021	Planned Cabinet
17 February 2021	Special Overview and Scrutiny Commission
22 February 2021	Provisional Special Cabinet
3 March 2021	Council approves Council Tax 2021/22 and MTFS 2021-25

12. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

12.1 All relevant implications have been addressed in the report.

13. LEGAL AND STATUTORY IMPLICATIONS

13.1 All relevant implications have been addressed in the report.

14. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

14.1 Draft Equalities assessments of the savings proposals are included in Appendix 5.

15. **CRIME AND DISORDER IMPLICATIONS**

15.1 Not applicable.

16. **RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

16.1 Not applicable.

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

Appendix 1: Council Tax Base 2021/22
Appendix 2: MTFS Update
Appendix 3: Savings Proposals – November Cabinet New proposals (INFORMATION PACK)
Appendix 4: Savings Proposals – December Cabinet **(INFORMATION PACK)**

(a) Deferred savings (INFORMATION PACK)
Appendix 5: Equalities Assessments (INFORMATION PACK)

(a) November Cabinet Savings Proposals (INFORMATION PACK)
Appendix 6: Draft Capital Programme 2021-25
Appendix 7: LGA briefing on the Spending Round 2020

BACKGROUND PAPERS

Budget files held in the Corporate Services department.

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APPENDIX 1

Council Tax Base 2021/22

1. INTRODUCTION

1.1 The council tax base is the measure of the number of dwellings to which council tax is chargeable in an area or part of an area. The Council Tax base is calculated using the properties from the Valuation List together with information held within Council Tax records. The properties are adjusted to reflect the number of properties within different bands in order to produce the Council Tax Base (Band D equivalent).

1.2 Since 2013/14 the Council Tax Base calculation has been affected by the introduction of the new local council tax support scheme and technical reforms to council tax. On 30 November 2012, new regulations set out in the Local Authorities (Calculation of council Tax Base) Regulations 2012 (SI 2012:2914) came into force. These regulations ensure that new local council tax support schemes, implemented under the Local Government Finance Act 2012, are fully reflected in the council tax base for all authorities.

1.3 Under the regulations, the council tax base is the aggregate of the relevant amounts calculated for each valuation band multiplied by the authority’s estimated collection rate for the year.

1.4 The relevant amounts are calculated as

- number of chargeable dwellings in each band shown on the valuation list on a specified day of the previous year,
- adjusted for the number of discounts, and reductions for disability, that apply to those Dwellings

1.5 All authorities notify the MHCLG of their unadjusted Council Tax Base using a CTB Form using valuation list information as at 14 September 2020. The deadline for return was 16 October 2020 and Merton met this deadline.

1.6 The CTB form for 2020 includes the latest details about the Council Tax Support Scheme and the technical reforms which impacted on discounts and exemptions.

1.7 There is a separate council tax base for those properties within the area covered by Wimbledon and Putney Commons Conservators. The Conservators use this, together with the Council Tax bases from RB Kingston, and Wandsworth to calculate the levy which is charged each year.

2. UNADJUSTED COUNCIL TAX BASE 2021/22

2.1 Information from the October 2020 Council Tax Base Return

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

2.1.2 From the CTB Returns, prior to incorporating an assumed collection rate, the unadjusted council tax bases are

Unadjusted Council Tax Base	**2021/22**
Merton – General	76,515.1
Wimbledon & Putney Common Conservators	11,733.8

3. ASSUMPTIONS IN THE MTFS ADJUSTING FOR COVID19

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

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

3.2 The MTFS approved by Council in March 2020 assumed that the Council Tax Base increases by 0.5% per year and that the collection rate is 98.75% in each of the years.

3.3 Due to the coronavirus, an initial review of the assumptions was made as part of the Cabinet report in September 2020 which repriced the MTFS and rolled it forward a year.

3.3.1 For Council Tax yield it was assumed that there would be a reduction of 2.5% in 2021/22, 1% in 2022/23 and 0.5% in 2023/24, before returning to pre-covid levels in 2024/25. The reduction was based on the 2020/21 estimate of c. £97m so losses of £2.425m in 2021/22, £0.970m in 2022/23 and £0.485m in 2023/24.

3.3.2 Before updating for the new council tax base, the estimated Council Tax yield in 2021/22 is calculated as follows:-

	Council Tax (Band D) 2020/21 2% CT increase	£1,276.92 £25.54
A	Council Tax (Band D) 2021/22	£1,302.46
	Council Tax Base 2020/21 (Assuming Collection Rate 98.75%) 0.5% increase	75,989.9 379.9
B	Assumed Council Tax Base 2021/22	76,369.8
C=A x B	Yield prior to Covid adjustment	£99.469m
Less	Loss due to Covid	(£2.425m)
D	Estimated Council Tax Yield 2021/22 (MTFS – September Cabinet)	c. £97.0m
E	Unadjusted Council Tax Base 2021/22	76,515.1
F= A x E	Yield Based on Unadjusted Council Tax Base	£99.658m
G=D/F	Implied Collection Rate Based on Council Tax Base 2021/22	97.3%

4. REVIEW OF EXPECTED COLLECTION RATE 2021/22

4.1 It is several months since the initial estimate of the effect of COVID19 on council tax collection was made. It continues to be difficult to guage what the ongoing impact on collection rates will be.

4.2 The regulations require that the Council Tax Requirement calculated for the forthcoming year is actually credited to the General Fund and any difference arising from actual collection rates is recognised in future years as part of the surplus/deficit calculation

4.3 For the 2021/22 council tax base calculation, a collection rate of 97% will be assumed and this will result in a Council Tax base 2021/22 as follows :-

	2021/22
Estimated Council Tax Collection Rate	97%
<u>Council Tax Base 2021/22</u> Merton – General	74,220.0
Wimbledon & Putney Common Conservators	11,381.8

5. IMPLICATIONS FOR COUNCIL TAX YIELD 2021/22

5.1 Based on a collection rate of 97% (paragraph 4 refers), on a like for like basis (i.e. assuming council tax charges do not change) the estimated income in 2021/22 compared to 2020/21 is summarised in the following table:-

Council Tax: Whole area	**2020/21**	**2021/22**
Tax Base	75,989.9	74,220.0
Band D Council Tax	1,276.92	1,276.92
Estimated Yield	**£97.033m**	**£94.773m**
Change: 2020/21 to 2021/22 (£m)		(£2,260m)
Change: 2020/21 to 2021/22 (%)		(0.4%)

5.2 <u>Analysis of changes in yield 2020/21 to latest 2021/22</u>

5.2.1 There are a number of reasons for the change in estimated yield between 2020/21 and the latest estimate based on the CTB data.

5.2.2 Over this period the Council Tax Base reduced by 1,769.9 from 75,989.9 to 74,220 which multiplied by the Band D Council Tax of £1,302.45 results in reduced yield of £0.365m

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

a) <u>Number of Chargeable Dwellings and Exempt Dwellings</u>
Between years the number of properties increased by 317 from 85,295 to 85,612 and the number of exempt dwellings increased by 113 from 898 to 1,011. This means that the number of chargeable dwellings increased by 204 between years. Based on a full charge, this equates to additional council tax of £0.260m.

b) <u>Amount of Council Tax Support Reduction</u>
Based on October 2019 there was a reduction of 7,688.1 to the Council Tax Base for local council tax support. This has increased to 8,320.7 in based on October 20120 which is a change of 632.6 and equates to a reduction in council tax of about £0.808m.

This is the first time since the scheme was introduced that the adjustment for reduction in taxbase as a result of local council tax support has increased as demonstrated in the table below:-

	CTB Oct.2013	CTB Oct.2014	CTB Oct.2015	CTB Oct.2016	CTB Oct.2017	CTB Oct.2018	CTB Oct.2019	CTB Oct.2020
Reduction in Council Tax Base due to Local Council Tax Support Scheme	10,309.31	9,686.64	9,099.90	8,639.20	8,192.10	8,177.10	7,688.10	8,320.70
Change in CT Base		(622.67)	(586.74)	(460.70)	(447.10)	(15.00)	(489.00)	632.60
% Change		-6.04%	-6.06%	-5.06%	-5.18%	-0.18%	-5.98%	8.23%

c) Changes in Discounts, Exemptions and Premiums
Overall, the number of properties subject to discounts or exemption increased by 193 and those subject to premiums reduced by 9 between October 2019 and October 2020.

d) Change in collection rate
There has been a change made to the estimated collection rate of (1.75)%, which has reduced from 98.75% to 97%

Summary
The following puts the individual elements together to show how the potential council tax yield changes between 2020/21 and 2021/22:-

	Approx. Change in Council Tax Base	**Approx. Change in Council Tax yield**
		£m
Increase in number of chargeable dwellings	204	0.260
Change in Council Tax Support Reductions	(633)	(0.808)
Change in discounts, exemptions, premiums and distribution	(8)	(0.010)
Change in collection rate	**(1,333)**	**(1.702)**
Total	**(1,770)**	**(2.260)**

5.3 **Council Tax Yield 2021/22**

5.3.1 The draft MTFS assumes a Council Tax increase of 2% in 2021/22. Assuming this the estimated Council Tax yield for 2021/22 is:-

Council Tax: Whole area	**Tax Base**	**Band D 2021/22**	**Council Tax Yield 2021/22**	**Council Tax Yield 2020/21**
Merton	74,220.0	£1,302.45	£96.668m	£97.033m

5.3.2 The updated MTFS is based on the following assumptions:-

	2021/22	2022/23	2023/24	2024/25
Increase in CT Base	0.5%	0.5%	0.5%	0.5%
Collection Rate	97%	98%	98.75%	98.75%
Council Tax - General	2%	2%	2%	2%
Council Tax – Adult Social Care	0%	0%	0%	0%

5.3.3 Based on the new Council Tax Base but using the same assumptions as in the MTFS set out in the table in 5.3.2 above, the change in Council Tax Yield is as follows:-

MTFS Council Tax Yield (excluding WPCC)	**2021/22 £'000**	**2022/23 £'000**	**2023/24 £'000**	**2024/25 £'000**
CT Yield (Cabinet 7 September 2020)	97,007	100,919	103,913	106,960
CT Yield (New Council Tax Base)	96.668	100,076	103,295	105,771
Change in CT Yield from new Base	**(0.339)**	**(0.843)**	**(0.618)**	**(1.189)**

6. SUMMARY

6.1 Based on the information discussed, the council tax bases for 2021/22 and compared to 2020/21 are summarised in the following table:-

Council Tax Base	**2020/21**	**2021/22**	**Change**
Whole Area	75,989.9	74,220.0	(2.3)%
Wimbledon & Putney Common Conservators	11,604.6	11,381.8	(1.9)%

APPENDIX 2

DRAFT MTFS 2021-25:				
	2021/22 £000	**2022/23 £000**	**2023/24 £000**	**2024/25 £000**
Departmental Base Budget 2020/21	**159,038**	**159,038**	**159,038**	**159,038**
Inflation (Pay, Prices)	3,734	7,458	11,116	16,256
Salary oncost increase (15.2% to 17.06%)	23	47	71	95
FYE – Previous Years Savings	(3,887)	(4,252)	(4,448)	(4,448)
FYE – Previous Years Growth	404	788	1,178	1,178
Amendments to previously agreed savings	685	175	0	0
Change -Net Appropriations to/(from) Reserves	(392)	(950)	(950)	(950)
Taxi card/Concessionary Fares	(1,128)	(1,606)	(424)	579
Social Care - Extra Spend offset by grant/precept	154	150	150	150
Growth	3,768	3,768	3,768	3,768
Provision - DSG Deficit	9,156	8,750	9,650	10,550
Other	733	813	893	973
Re-Priced Departmental Budget	**172,289**	**174,178**	**180,042**	**187,189**
Treasury/Capital financing	10,409	12,035	13,050	12,945
Other Corporate items	(21,149)	(20,731)	(21,082)	(21,086)
Levies	609	609	609	609
Sub-total: Corporate provisions	**(10,131)**	**(8,087)**	**(7,423)**	**(7,532)**
Sub-total: Repriced Departmental Budget + Corporate Provisions	**162,158**	**166,092**	**172,620**	**179,657**
Savings/Income Proposals 2021/22	(1,676)	(4,191)	(4,008)	(3,923)
Sub-total	**160,482**	**161,901**	**168,612**	**175,734**
Appropriation to/from departmental reserves	(2,497)	(1,935)	(1,935)	(1,935)
Appropriation to/from Balancing the Budget Reserve	(2,597)	0	0	0
ONGOING IMPACT OF COVID19 (NET)	4,276	2,138	974	0
BUDGET REQUIREMENT	**159,665**	**162,104**	**167,651**	**173,799**
Funded by:				
Revenue Support Grant	0	0	0	0
Business Rates (inc. Section 31 grant)	(41,358)	(39,185)	(40,029)	(40,890)
Adult Social Care Grants inc. BCF	(4,862)	(4,862)	(4,862)	(4,862)
Social Care Grant	(2,776)	(3,160)	(3,550)	(3,550)
PFI Grant	(4,797)	(4,797)	(4,797)	(4,797)
New Homes Bonus	(1,008)	(800)	(800)	(800)
Council Tax inc. WPCC	(97,021)	(100,429)	(103,648)	(106,124)
Collection Fund – (Surplus)/Deficit	3,896	3,896	3,896	0
TOTAL FUNDING	**(147,926)**	**(149,338)**	**(153,790)**	**(161,022)**
GAP including Use of Reserves (Cumulative)	**11,739**	**12,766**	**13,860**	**12,777**

Capital Investment Programme - Schemes for Approval   Annex 1

Department	Proposed Budget 2021-22	Proposed Budget 2022-23	Proposed Budget 2023-24	Proposed Budget 2024-25
Corporate Services	19,225	9,220	4,545	13,734
Community and Housing	1,828	1,429	652	280
Children, Schools and Families	8,520	1,900	1,900	1,900
Environment and Regeneration	15,789	8,382	7,516	5,324
Total	**45,362**	**20,931**	**14,613**	**21,238**

Department	Proposed Budget 2021-22	Proposed Budget 2022-23	Proposed Budget 2023-24	Proposed Budget 2024-25
Corporate Services				
Customer Policy and Improvement	2,218	0	0	0
Facilities	1,470	1,250	1,675	950
Information Technology	1,836	1,270	2,870	2,055
Resources	0	700	0	0
Corporate	13,701	6,000	0	10,729
Total Corporate Services	**19,225**	**9,220**	**4,545**	**13,734**
Community and Housing				
Adult Social Care	30	0	0	0
Housing	1,598	1,289	652	280
Libraries	200	140	0	0
Total Community and Housing	**1,828**	**1,429**	**652**	**280**
Children, Schools and Families				
Primary	3,065	1,900	1,900	1,900
Secondary	82	0	0	0
Special	5,153	0	0	0
Other	220	0	0	0
Total Children, Schools and Families	**8,520**	**1,900**	**1,900**	**1,900**
Environmental and Regeneration				
Public Protection and Development	1,918	480	0	60
Street Scene and Waste	496	664	324	324
Sustainable Communities	13,375	7,238	7,192	4,940
Total Environmental and Regeneration	**15,789**	**8,382**	**7,516**	**5,324**
Total Capital	**45,362**	**20,931**	**14,613**	**21,238**

Please Note

1. Excludes budgets relating to future year announcements of Better Care Fund
2. Includes indicative budgets relating to future year announcements of Transport for London Grant

OSC = Overview and Scrutiny, CYP = Children and Young People, HCOP = Heathier Communities and Older People and SC = Sustainable Communities

FUNDING THE CAPITAL PROGRAMME 2020-25

Merton	Capital Programme £000s	Funded by Merton £000s	Funded by grant and capital contributions £000s
2020/21 Current Budget	**36,308**	**15,042**	**21,266**
Potential Slippage b/f	0	0	0
2020/21 Revised Budget	**36,308**	**15,042**	**21,266**
Potential Slippage c/f	(9,480)	(5,283)	(4,198)
Potential Underspend not slipped into next year	(1,509)	(1,321)	(189)
Total Spend 2020/21	**25,319**	**8,439**	**16,880**
2021/22 Current Budget	**45,362**	**25,897**	**19,465**
Potential Slippage b/f	9,480	5,283	4,198
2021/22 Revised Budget	**54,843**	**31,180**	**23,663**
Potential Slippage c/f	(7,235)	(3,972)	(3,262)
Potential Underspend not slipped into next year	(1,552)	(1,196)	(355)
Total Spend 2021/22	**46,056**	**26,009**	**20,045**
2022/23 Current Budget	**20,931**	**15,560**	**5,372**
Potential Slippage b/f	7,235	3,972	3,262
2022/23 Revised Budget	**28,166**	**19,532**	**8,634**
Potential Slippage c/f	(3,306)	(2,275)	(1,031)
Potential Underspend not slipped into next year	(1,426)	(1,128)	(298)
Total Spend 2022/23	**23,433**	**16,128**	**7,304**
2023/24 Current Budget	**14,613**	**11,168**	**3,445**
Potential Slippage b/f	3,306	2,275	1,031
2023/24 Revised Budget	**17,919**	**13,444**	**4,476**
Potential Slippage c/f	(1,735)	(1,231)	(504)
Potential Underspend not slipped into next year	(1,342)	(1,152)	(190)
Total Spend 2023/24	**14,842**	**11,060**	**3,782**
2024/25 Current Budget	**21,238**	**18,038**	**3,200**
Potential Slippage b/f	1,735	1,231	504
2024/25 Revised Budget	**22,973**	**19,269**	**3,704**
Potential Slippage c/f	(724)	(633)	(90)
Potential Underspend not slipped into next year	(429)	(334)	(95)
Total Spend 2024/25	**21,821**	**18,302**	**3,519**

Detailed Capital Programme 2010-25

Corporate Services	Scrutiny	Revised Budget 2021-22	Revised Budget 2022-23	Revised Budget 2023-24	Indicative Budget 2024-25
Customer, Policy and Improvement					
Customer Contact Programme	*OSC*	2,218	0	0	0
Facilities Management					
Other Buildings - Capital Building Works	*OSC*	650	650	650	650
Replacement Boilers	*OSC*	267	0	0	0
Civic Centre Lightning Upgrade	*OSC*	0	300	0	0
Combined Heat and Power (CHP) System Replacement	*OSC*	0	0	450	0
Absorption Chiller Replacement	*OSC*	0	0	275	0
Invest to Save schemes	*OSC*	498	300	300	300
Photovoltanics & Energy Conserv	*OSC*	55	0	0	0
Information Technology					
Aligned Assets	*OSC*	75	0	0	0
Environmental Asset Management	*OSC*	0	240	0	0
Revenue and Benefits	*OSC*	400	0	0	0
School Admission System	*OSC*	0	125	0	0
Planning&Public Protection Sys	*OSC*	341	0	0	550
Ancillary IT Systems	*OSC*	50	0	0	0
Youth Justice IT Systems	*OSC*	100	0	0	100
Replacement SC System	*OSC*	0	0	2,100	0
Project General	*OSC*	870	705	770	1,405
Network Switch Upgrade	*OSC*	0	200	0	0
Resources					
Financial Systems - e5.5 Project	*OSC*	0	700	0	0
Corporate					
Acquisitions Budget	*OSC*	0	0	0	6,985
Capital Bidding Fund	*OSC*	0	0	0	1,000
Multi-Functioning Device (MFC)	*OSC*	0	0	0	600
Westminster Coroners Court	*OSC*	0	0	0	0
Housing Company	*OSC*	10,558	6,000	0	0
Corporate Capital Contingency	*OSC*	0	0	0	2,144
Compulsory Purchase Order - Clarion	*OSC*	3,144	0	0	0
Total Corporate Services		**19,225**	**9,220**	**4,545**	**13,734**

Please Note

1. Excludes budgets relating to future year announcements of Better Care Fund

2. Includes indicative budgets relating to future year announcements of Transport for London Grant

OSC = Overview and Scrutiny, CYP = Children and Young People, HCOP = Heathier Communities and Older People and SC = Sustainable Communities

Detailed Capital Programme 2010-25

Community and Housing	Scrutiny	Revised Budget 2021-22	Revised Budget 2022-23	Revised Budget 2023-24	Indicative Budget 2024-25
Adult Social Care					
Telehealth	HCOP	30	0	0	0
Housing					
Disabled Facilities Grant	SC/HCOP	827	827	507	280
Learning Dsbility Aff Housing	SC/HCOP	771	462	145	0
Libraries					
West Barnes Library Re-Fit	SC	200	0	0	0
Library Management System	SC	0	140	0	0
Total Community and Housing		**1,828**	**1,429**	**652**	**280**

Children, Schools and Families	Scrutiny	Revised Budget 2021-22	Revised Budget 2022-23	Revised Budget 2023-24	Indicative Budget 2024-25
Primary					
Hillcross - Schools Capital maintenance	CYP	53	0	0	0
Dundonald School Expansion	CYP	50	0	0	0
Garfield - Schools Capital maintenance	CYP	6	0	0	0
Poplar - Schools Capital maintenance	CYP	5	0	0	0
Wimb. Park - Schools Capital maintenance	CYP	40	0	0	0
Abbotsbury - Schools Capital maintenance	CYP	7	0	0	0
Malmesbury - Schools Capital maintenance	CYP	35	0	0	0
Gorringe - Schools Capital maintenance	CYP	50	0	0	0
Liberty - Schools Capital maintenance	CYP	34	0	0	0
Links - Schools Capital maintenance	CYP	137	0	0	0
St Marks - Schools Capital maintenance	CYP	85	0	0	0
Lonesome - Schools Capital maintenance	CYP	7	0	0	0
Sherwood - Schools Capital maintenance	CYP	24	0	0	0
William Morris - Schools Capital maintenance	CYP	28	0	0	0
Unallocated - Schools Capital maintenance	CYP	2,505	1,900	1,900	1,900
Secondary					
Rutlish - Schools Capital maintenance	CYP	12	0	0	0
Harris Academy Wimbledon New School	CYP	71	0	0	0
Special					
Perseid - Schools Capital maintenance	CYP	107	0	0	0
Perseid School Expansion	CYP	22	0	0	0
Melrose SEMH 38 Places (formerly Melrose Primary SEMH an	CYP	1,837	0	0	0
Harris Morden Sec Autism Unit	CYP	1,360	0	0	0
Further SEN Provision	CYP	186	0	0	0
Primary ASD base 1-20 places	CYP	18	0	0	0
Melbury College - Schools Capital maintenance	CYP	13	0	0	0
Secondary SEMH/medical PRU	CYP	1,340	0	0	0
New ASD Provision	CYP	270	0	0	0
Other					
Bond Road Family Centre Pmay Equip	CYP	50	0	0	0
Pollards Hill Digital Divide	CYP	170	0	0	0
Total Children, Schools and Families		**8,520**	**1,900**	**1,900**	**1,900**

Please Note
1. Excludes budgets relating to future year announcements of Better Care Fund
2. Includes indicative budgets relating to future year announcements of Transport for London Grant
OSC = Overview and Scrutiny, CYP = Children and Young People, HCOP = Heathier Communities and Older People
and SC = Sustainable Communities

Detailed Capital Programme 2010-25

Environment and Regeneration	Scrutiny	Revised Budget 2021-22	Revised Budget 2022-23	Revised Budget 2023-24	Indicative Budget 2024-25
Public Protection and Development					
P&D machines for emission-based charging	SC	400	0	0	0
Pay and Display Machines	SC	0	0	0	60
Car Park Upgrades	SC	784	0	0	0
CCTV cameras and infrastructure upgrade	SC	699	480	0	0
Public Protection and Developm	SC	35	0	0	0
Street Scene and Waste					
Replacement of Fleet Vehicles	SC	417	300	300	300
Alley Gating Scheme	SC	24	24	24	24
Street Cleansing Sub Depot	SC	55	0	0	0
Replacement of Fleet Vehicles	SC	0	340	0	0
Sustainable Communities					
Street Tree Programme	SC	60	60	60	60
New street tree planting programme	SC	50	0	0	0
Street Lighting Replacement Pr	SC	290	290	290	290
Traffic Schemes	SC	150	150	150	150
Surface Water Drainage	SC	60	60	60	60
Repairs to Footways	SC	1,000	1,000	1,000	1,000
Maintain AntiSkid and Coloured Surface	SC	85	70	70	70
Borough Roads Maintenance	SC	1,200	1,200	1,200	1,200
Highways bridges & structures	SC	410	260	260	260
Bishopsford Bridge	SC	1,202	0	0	0
Cycle and Roadway Works around Bishopsford Bridge	SC	130	0	0	0
Culverts Upgrade	SC	508	0	0	0
Street Lighting Wimbledon	SC	670	0	0	0
Unallocated TfL	SC	1,300	1,300	1,300	1,300
Haydons Road Public Realm Improvements	SC	350	0	0	0
Wimbledon Public Realm Implementation	SC	500	500	0	0
Morden Town Centre Improvements	SC	200	0	0	0
Morden TC Regeneration Match Funding	SC	2,190	1,608	2,152	0
42 Graham Road	SC	50	0	0	0
Lost Rivers Repairs	SC	100	100	100	0
Wimbledon Park Lake Reservoir Safety	SC	1,157	0	0	0
Leisure Centre Plant & Machine	SC	410	250	250	250
Parks Investment	SC	363	300	300	300
Resurface Tennis Courts (Wimb Pk)	SC	75	0	0	0
Morden Rec Hockey Pitch	SC	135	0	0	0
Paddling Pools (borough wide) OPTION 1	SC	135	90	0	0
Paddling Pools (borough wide) OPTION 2	SC	113	0	0	0
Total Environmental and Regeneration		**15,789**	**8,382**	**7,516**	**5,324**
Total Capital		**45,362**	**20,931**	**14,613**	**21,238**

Please Note

1. Excludes budgets relating to future year announcements of Better Care Fund
2. Includes indicative budgets relating to future year announcements of Transport for London Grant

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Annex 4

Growth/(Reductions) against Approved Programme 2021-24 and Indicative Programme 2024-25

Department	Proposed Budget 2021-22	Proposed Budget 2022-23	Proposed Budget 2023-24	Proposed Budget 2024-25
Corporate Services	0	0	(10,129)	10,129
Community and Housing	0	0	0	0
Children, Schools and Families	0	0	0	0
Environment and Regeneration	0	0	0	1,300
Total	**0**	**0**	**(10,129)**	**11,429**

Department	Proposed Budget 2021-22	Proposed Budget 2022-23	Proposed Budget 2023-24	Proposed Budget 2024-25
Corporate Services				
Customer Policy and Improvement	0	0	0	0
Facilities	0	0	0	0
IT Infrastructure	0	0	0	0
Resources	0	0	0	0
Corporate	0	0	(10,129)	10,129
Total Corporate Services	**0**	**0**	**(10,129)**	**10,129**
Community and Housing				
Adult Social Care	0	0	0	0
Housing	0	0	0	0
Libraries	0	0	0	0
Total Community and Housing	**0**	**0**	**0**	**0**
Children, Schools and Families				
All Sectors	0	0	0	0
Secondary	0	0	0	0
Special	0	0	0	0
Other	0	0	0	0
Total Children, Schools and Families	**0**	**0**	**0**	**0**
Environmental and Regeneration				
Public Protection and Development	0	0	0	0
Street Scene and Waste	0	0	0	0
Sustainable Communities	0	0	0	1,300
Total Environmental and Regeneration	**0**	**0**	**0**	**1,300**
Total Capital	**0**	**0**	**(10,129)**	**11,429**

Capital Programme 2025-30 - October 2020 Monitoring

APPENDIX 6

	Department		Department		Indicative Budget 2025-26	Indicative Budget 2026-27	Indicative Budget 2027-28	Indicative Budget 2028-29	Indicative Budget 2029-30
71	Corporate Services	71	Corporate Services		4,186	9,089	3,280	8,580	3,130
72	Community and Housing	72	Community and Housing		630	280	420	280	280
73	Children, Schools and Families	73	Children, Schools and Families		1,900	1,900	1,900	1,900	1,900
74	Environment and Regeneration	74	Environment and Regeneration		7,962	3,999	3,964	3,964	4,304
	Total		**Total**		**14,678**	**15,268**	**9,564**	**14,724**	**9,614**

Indicative Capital Programme 2025-30 **Annex 5**

			Corporate Services		**Indicative Budget 2025-26**	**Indicative Budget 2026-27**	**Indicative Budget 2027-28**	**Indicative Budget 2028-29**	**Indicative Budget 2029-30**
			Customer, Policy and Improvement						
710001	Customer Contact Programme	00000006	Customer Contact Programme	*OSC*	1,000	1,000	1,000	0	0
			Facilities Management						
710101	Works to other buildings	00000627	Other Buildings - Capital Building Works	*OSC*	650	650	650	650	650
710130	Invest to Save schemes	00000000	Invest to Save schemes	*OSC*	300	300	300	300	300
			Information Technology						
710002	Business Systems	00000005	Aligned Assets	*OSC*	0	0	75	0	0
710002	Business Systems	00000008	Environmental Asset Management	*OSC*	0	0	250	0	0
710002	Business Systems	00000009	Revenue and Benefits	*OSC*	400	0	0	0	0
710002	Business Systems	00000010	Capita Housing	*OSC*	100	0	0	0	0
710002	Business Systems	00000013	ePayments Project	*OSC*	125	0	0	0	0
710002	Business Systems	00000053	School Admission System	*OSC*	125	0	0	0	125
710002	Business Systems	00000698	Planning&Public Protection Sys	*OSC*	0	0	0	0	550
710002	Business Systems	00000729	Kofax Scanning	*OSC*	100	0	0	0	0
710002	Business Systems	00000763	Spectrum Spatial Analyst Repla	*OSC*	200	0	0	0	0
710002	Business Systems	00001377	Parking System	*OSC*	126	0	0	0	0
710002	Business Systems	00001505	Ancillary IT Systems	*OSC*	0	50	0	0	0
710004	Social Care IT System	00000011	Replacement SC System	*OSC*	0	0	0	2,100	0
710202	Planned Replacement Programme	00000000	Project General	*OSC*	1,060	970	1,005	770	1,405
			Resources						
710301	Financial System	00001370	Financial Systems - e5.5 Project	*OSC*	0	0	0	700	0
			Corporate						
710404	Multi-Functioning Device (MFC)	00000000	Multi-Functioning Device (MFC)	*OSC*	0	0	0	600	0
71040?	Compulsory Purchase Order	????????	Compulsory Purchase Order - Clarion	*OSC*	0	6,119	0	3,460	0
Corporate Services			**Total Corporate Services**		**4,186**	**9,089**	**3,280**	**8,580**	**3,130**
			Community and Housing		**Indicative Budget 2025-26**	**Indicative Budget 2026-27**	**Indicative Budget 2027-28**	**Indicative Budget 2028-29**	**Indicative Budget 2029-30**
			Housing						
720100	Disabled Facilities Grant	00000000	Disabled Facilities Grant	SC/HCOP	280	280	280	280	280
			Libraries						
720201	Major Library Projects	00000040	Library Self Service	SC	350	0	0	0	0
720230	Libraries IT	00000039	Library Management System	SC	0	0	140	0	0
Community and Housing			**Total Community and Housing**		**630**	**280**	**420**	**280**	**280**
			Childrens, Schools and Families		**Indicative Budget 2025-26**	**Indicative Budget 2026-27**	**Indicative Budget 2027-28**	**Indicative Budget 2028-29**	**Indicative Budget 2029-30**
730099	Unlocated Primary School Pro	00000880	Unallocated - Schools Capital maintenance	CYP	1900	1900	1900	1900	1900
Children, Schools and Families			**Total Children, Schools and Families**	**0**	**1,900**	**1,900**	**1,900**	**1,900**	**1,900**

APPENDIX 8

			Environment and Regeneration		Indicative Budget 2025-26	Indicative Budget 2026-27	Indicative Budget 2027-28	Indicative Budget 2028-29	Indicative Budget 2029-30
			Public Protection and Development						
740040	Public Protection and Developm	00000000	Public Protection and Developm	*SC*	0	35	0	0	0
			Street Scene and Waste						
740101	Fleet Vehicles	00000643	Replacement of Fleet Vehicles	*SC*	300	300	300	300	300
740152	Alley Gating Scheme	00000000	Alley Gating Scheme	*SC*	24	24	24	24	24
740154	Waste SLWP	00000000	Waste SLWP IT & Premises	*SC*	42	0	0	0	0
740154	Waste SLWP	00000643	Replacement of Fleet Vehicles	*SC*	3,956	0	0	0	340
			Sustainable Communities						
740300	Street Trees	00000642	Street Tree Programme	*SC*	60	60	60	60	60
740308	Highways & Footways	00000101	Street Lighting Replacement Pr	*SC*	290	290	290	290	290
740308	Highways & Footways	00000117	Traffic Schemes	*SC*	150	150	150	150	150
740308	Highways & Footways	00000144	Surface Water Drainage	*SC*	60	60	60	60	60
740308	Highways & Footways	00000634	Repairs to Footways	*SC*	1,000	1,000	1,000	1,000	1,000
740308	Highways & Footways	00000638	Maintain AntiSkid and Coloured Surface	*SC*	70	70	70	70	70
740308	Highways & Footways	00000639	Borough Roads Maintenance	*SC*	1,200	1,200	1,200	1,200	1,200
740308	Highways & Footways	00000645	Highways bridges & structures	*SC*	260	260	260	260	260
740504	Sports Facilities	00000640	Leisure Centre Plant & Machine	*SC*	250	250	250	250	250
740552	Parks Investment	00000635	Parks Investment	*SC*	300	300	300	300	300
Total Environmental and Regeneration			**Total Environmental and Regeneration**		**7,962**	**3,999**	**3,964**	**3,964**	**4,304**
Total Capital			**Total Capital**		**14,678**	**15,268**	**9,564**	**14,724**	**9,614**

Local Government Association
2020 Spending Review: On the Day Briefing
25 November 2020

Briefing

The 2020 Spending Review outlines the Government's spending plans for 2021/22 by setting budgets for each central government department. The full set of documents is available on the Treasury website.

The LGA has published a media statement responding to the announcements. We have also published press releases on the following:

- LGA responds to Spending Review rough sleeping and homelessness funding
- LGA responds to Spending Review children's services funding
- LGA responds to Spending Review social care and public health announcements
- LGA responds to Spending Review housing funding announcement
- LGA responds to additional Spending Review funding for road repairs
- LGA responds to Spending Review Levelling Up Fund
- LGA responds to Spending Review Restart programme for long term unemployed
- LGA responds to Spending Review UK Shared Prosperity Fund announcement

Key messages

- This year's Spending Review provides more certainty for councils next year, but the long-term outlook remains unclear. Public finances will undoubtedly be under huge strain in the years ahead but investment in our local public services is critical to our national recovery next year and beyond.

- It is good that the Spending Review has provided a potential increase of 4.5 per cent in council core spending power to support vital local services. However, this assumes that council tax bills will rise by 5 per cent next year, and this will place a significant financial burden on households in a year of economic uncertainty.

- We welcome new funding for adult and children's social care which have been particularly impacted by the pandemic. This will help address some - but not all - of the pressures these services face next year as councils will still have to find savings to already stretched budgets. In addition, council tax rises – particularly the adult social care precept – have never been the answer to the long-term pressures faced by councils, particularly in social care and is not the long-term solution which is desperately needed.

- For children's social care, significant additional funding will be needed if we are to provide the support children, young people and their families need. This includes early help funding to avoid families reaching crisis point, and sufficient funding for those children and families who need more intensive child protection responses. As a starting point, the £1.7 billion removed from the Early Intervention Grant since 2010 should be reinstated.

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- We have warned about record numbers of households already claiming a discount on their council tax, so we are pleased the Government will provide funding to help councils provide vital support for those on low incomes who may struggle to pay.

- It is disappointing that the Spending Review did not include additional funding for public health. This runs contrary to addressing the stark health inequalities exposed by COVID-19 and levelling up our communities. Keeping people healthy and well throughout their lives reduces pressure on the NHS and social care.

- Council services have been critical in the fight against COVID-19 and it is good that the Chancellor has provided further funding for councils to manage the cost pressures they face as a result of the pandemic.

- Councils will continue to face demand pressures on day-to-day services - some pre-existing and others made more significant by the impact of COVID-19 – amid substantial income losses. The Chancellor's pledge to compensate for 75 per cent of irrecoverable council tax and business rates income and to extend the scheme to fund a portion of councils' lost income from fees and charges during the early part of the next year provides some much-needed stability but will need to be kept under review and probably extended.

- It is good that the Government is introducing a new Levelling Up Fund which will help to tackle our complex and fragmented funding system for local areas, which we have long warned about. Councils are concerned about the prospect of a competitive bidding process at a time when they are focused on protecting communities and businesses from the impact of the pandemic. Decisions about local investments are best made by working with councils, who know the needs of their areas best. Government should ensure that this fund produces the best possible outcomes by working closely with councils and local communities. The cut in the Public Works Loan Board lending rate, which councils and the LGA have campaigned for, is also positive.

- We recognise that in addressing the urgency of the support needed for councils and their communities, Government has used many existing centralised processes and funding streams to ensure speed. In the coming months, we must refresh the debate on English devolution. We have stated that Brexit cannot result in a centralisation of powers in Whitehall and we must take the opportunity to devolve real power to our diverse communities through local government. We offer to work with the Government to co-produce the delayed White Paper on devolution.

- The Government's investment of £1.6 billion for local road repairs is also positive as it will help councils support their communities and help tackle our local road repairs backlog. Going forward, it is important for councils to have more long-term certainty of funding support so they can make the most of this new infrastructure strategy.

- The announced funding for building safety remediation will be helpful however, it will not be enough to protect leaseholders. The cladding crisis affects hundreds of thousands of leasehold residents who are utterly blameless. Not only will the costs of fixing buildings often be beyond their means, but leaseholders face the cost of waking watches and insurance hikes, while trapped in flats they are unable to sell or remortgage. Government should act soon to avoid this crisis spreading throughout the housing market and damaging the economy.

- We welcome the additional funding from the Government to tackle rough sleeping which will help councils to continue their ongoing efforts to support people at risk. Councils have done an incredible job getting people sleeping rough off the streets and have accommodated more than 29,000 people who have faced homelessness since the start of the year.

- We also urge the Government to temporarily remove the No Recourse to Public Funds condition. This would reduce public health risks and ease the pressure on homelessness services by enabling vulnerable people to access welfare benefits, who are currently unable to do so because of their immigration status. We continue to call for a long-term shift towards investing in homelessness prevention services and for councils to be given powers to kickstart a post-pandemic building boom of 100,000 new social homes for rent each year, including reform of Right to Buy.

- Only with the right funding and freedoms, can councils lead local efforts to level up the stark inequalities the pandemic has exposed and level up the economy so that it benefits everyone.

The Spending Review in detail

Public finances and general funding for local government

The Chancellor announced that:

- The Government has set Total Revenue Departmental Spending in 2021/22 at £384.6 billion, a 4 per cent increase in cash terms from 2020/21. *(Page 43, paragraph 4.3)*

- Local authority core spending power is projected by the Government to rise by 4.5 per cent in cash terms, or £2.2 billion in 2021/22. This increase is largely due to the ability of social care authorities to increase their council tax bills by up to 5 per cent (this is covered in more detail elsewhere in the briefing). Revenue Support grant will increase in line with inflation. *(Page 6, paragraph 31; Page 75, paragraph 6.66)*

- The underlying general funding to local government (also known as the local government Departmental Expenditure Limit (LG DEL)) will rise by £0.5 billion, or 5.8 per cent in cash terms. This compares to a 4.8 per cent cash terms increase to NHS England, a 4.3 per cent cash terms increase to education and a 2.6 per cent cash terms increase to defence.

Measure	**2020/21, £bn**	**2021/22, £bn**	**Change, £bn**	**% change, cash terms**
Local government core spending power*	49.0	51.2	2.2	4.5%
Local Government Department Expenditure Limit	8.6	9.1	0.5	5.8%

NHS England, day-to-day	129.9	136.1	6.2	4.8%
Department for education, day-to-day	67.8	70.7	2.9	4.3%
Defence, day-to-day	30.7	31.5	0.8	2.6%
Total Revenue Departmental Spending	369.9	384.6	14.7	4.0

Note: The figures in the table are for core funding and do not include COVID-19 funding.
* Subject to data changes, the final figures will be published in the 2021/22 local government finance settlement
Source: (LGA analysis of Spending Review book figures: page 6, paragraph 31; table 1.2, page 19; table 6.3, page 61; table 6.11, page 67; table 6.16, page 74; table C.3, page 106-107.)

LGA view

- It is good that that today’s Spending Review provides a potential increase of 4.5 per cent in council core spending power next year to support vital local services. However, this assumes council tax bills will rise by 5 per cent next year which will place a significant burden on households.

- Councils will still have to find savings to already stretched budgets in order to plug funding gaps and meet their legal duty to set a balanced budget next year.

- Council tax rises have never been the answer to the long-term pressures faced by councils, particularly in social care, raising different amounts of money in different areas, unrelated to need. It is not the long-term solution which is desperately needed. We have warned about record numbers already claiming a discount on their council tax due to the pandemic and are pleased the Government will provide funding to help councils provide vital support for those on low incomes who may struggle to pay.

- Overall, the Spending Review provides more certainty for councils next year but the long-term outlook remains unclear. Public finances will undoubtedly be under huge strain in the years ahead but investment in our local public services is critical to our national recovery next year and beyond. Only with the right funding and freedoms, can councils lead local efforts to level up the stark inequalities the pandemic has exposed and level up the economy so that it benefits everyone.

Funding for local authority COVID-19 pressures

The Chancellor announced that:

- To support local authorities in England with COVID-19 pressures next year, the Government expects to provide over £3 billion in additional support. The additional support includes £1.55 billion to meet additional expenditure pressures as a result of COVID-19, £670 million to support households that are least able to afford council tax payments, £762 million to compensate for 75 per cent of irrecoverable loss of council tax and business rates revenues in 2020/21, and extending the existing COVID-19 sales, fees and charges reimbursement scheme for a further 3 months until the end of June 2021 *(Page 75, paragraph 6.65)*

LGA view

- Council services have been critical in the fight against COVID-19 and it is good that the Chancellor has provided further funding for councils to manage the cost pressures they face as a result of the pandemic.

- The Chancellor's pledge to compensate for 75 per cent of irrecoverable council tax and business rates income and to extend the scheme to fund a portion of councils lost income from fees and charges during the early part of the next year provide some much-needed stability but will need to be reviewed and probably extended.

Fair Funding Review

The Chancellor confirmed that:

- As announced earlier this year, the implementation of the fair funding review has been delayed. (*Page 75, paragraph 6.70)*

- The Spending Review does not specify when the review will be revisited.

LGA view

- The impact of the pandemic has not changed the way general Government grants are distributed between councils and remains complex, opaque and out of date. It is not possible to succinctly explain why the funding allocations for different councils are what they are. However, it is also clear that any review of distribution arrangements puts a multi-year local government finance settlement at risk, with an impact on certainty.

- We are calling on the Government to resume the Fair Funding Review, but with a guarantee that the transitional mechanisms ensure that no councils experience a loss of income.

- Councils had to revisit and revise many of their services to react to the impact of the pandemic and it is yet to be seen how permanent some of those shifts are. This means that, when the Fair Funding Review is relaunched, the Government needs to review progress made to date to ensure that it is still fit for purpose, or flexible enough to deal with any such shifts in council service models.

Business Rates

The Chancellor announced that:

- The Government is undertaking a fundamental review of the business rates system and is currently considering responses to the call for evidence. A final report setting out the full conclusions of the review will be published in spring 2021. *(Page 75, paragraph 6.69)*

- The Government has decided to freeze the business rates multiplier in 2021/22, saving businesses in England an estimated £575 million over the next five years. Local authorities will be fully compensated for this decision. *(Page 75, paragraph 6.69)*

- The Government is also considering options for further COVID-19 related support through business rates reliefs. In order to ensure that any decisions best meet the evolving challenges presented by COVID-19, the Government will outline plans for 2021/22 reliefs in the New Year. *(Page 26, paragraph 2.10)*

- Earlier this year, the Government announced that it would delay the move to 75 per cent Business Rates Retention and the implementation of the fair funding review. This decision allowed local authorities to focus on meeting the public health challenge posed by the pandemic. In order to provide further stability to the sector, the Government has decided not to proceed with a reset of business rates baselines in 2021/22 and will maintain the existing 100 per cent business rates pilots for a further year. *(Page 75 paragraph 6.70)*

LGA view

- We welcome the fact that local government will be fully compensated for the freezing of the business rates multiplier in 2021/22. However, this decision reduces buoyancy in the business rates system, and without alternative means of funding, council income would reduce.

- In our response to the Call for Evidence for the Business Rates Review, we stated that although property continues to provide a good basis for a local tax on business, we cannot look to business rates to form such a substantial part of local government funding in the future and alternative means of funding councils will be needed instead or as well as a reformed business rates system.

- The move to 75 per cent business rates retention should only be revisited, if appropriate, once the business rates review concludes. We call on the Government to take early and decisive steps to provide councils with as much certainty as possible after the conclusion of the Business Rates Review in Spring 2021.

- Not resetting the business rates baseline will provide councils with some of the funding certainty and stability they need for next year.

Council tax

The Chancellor announced that:

- Local authorities will be able to levy a three per cent adult social care precept. *(Page 75, paragraph 6.67)*

- The referendum threshold for increases in council tax will remain at two per cent in 2021/22. MHCLG will set out full details of the council tax referendum principles and adult social care precept flexibility as part of the consultation on the detailed methodology for the Local Government Finance Settlement for 2021/22. *(Page 75, paragraph 6.68)*

- Police and Crime Commissioners (PCCs) in England will have the flexibility to increase funding in 2021/22 with a £15 council tax referendum limit on a Band D property. *(Page 64, paragraph 6.23)*

LGA view

- Whilst it is good that there will be flexibility for councils to raise the adult social care precept by a further 3 per cent in 2021/22, this is not a sustainable solution.

- An increase in council tax of up to 5 per cent will place a significant burden on households. In addition, increasing council tax raises different amounts of money in different parts of the country, unrelated to need.

- We have always maintained that the council tax referendum limit should be abolished so councils and their communities can decide how local services are paid for, with residents able to democratically hold their council to account through the ballot box.

New Homes Bonus

The Chancellor announced that:

- The Government will maintain the existing New Homes Bonus scheme for a further year with no new legacy payments *(Page 75, paragraph 6.66)*

- The Government will consult on reforms to the New Homes Bonus shortly, with a view to implementing reform in 2022/23. *(Page 75, paragraph 6.70)*

LGA view

- The New Homes Bonus makes up a considerable part of funding for some councils, particularly shire district authorities. The Government needs to work closely with councils as part of its review of housing incentives in order to ensure it helps us deliver more homes and works for local government. It is important that sufficient clarity about the outcome of the review, is provided to councils as soon as possible to allow them to plan their 2022/23 budgets and beyond.

Public Sector Pay and the National Living Wage

The Chancellor announced that:

- In order to protect jobs and ensure fairness, pay rises in the public sector will be restrained and targeted in 2021/22. Given the unique impact of COVID-19 on the health service, and despite the challenging economic context, the Government will continue to provide for pay rises for over 1 million NHS workers. In setting the level for these rises the Government will need to take into account the challenging fiscal and economic context. The NHS Pay Review Body and Doctor and Dentist's Review Body will report as usual next spring, and the Government will take their recommendations into account. The Government will also prioritise the lowest paid, with 2.1 million public sector workers earning less than £24,000 receiving a minimum £250 increase. *(Page 21, paragraph 1.31)*

- For the rest of the public sector the Government will pause pay rises in 2021/22. The pay bill represents around 25 per cent of total Government expenditure. Pausing headline pay awards next year for some workforces will allow the Government to protect public sector jobs and investment in public services to respond to spending pressures from COVID-19. It will also avoid further expansion of the gap between public and private sector reward. *(Page 21, paragraph 1.32)*

- The Government also remains committed to continuing to support the low-paid. Therefore, following the recommendations of the independent Low Pay Commission (LPC), the Government will increase the National Living Wage (NLW) for individuals aged 23 and over by 2.2 per cent from £8.72 to £8.91, effective from April 2021. This follows the Government's acceptance of a previous recommendation from the LPC that the NLW apply to those 23 and over from April 2021. *(Page 21, paragraph 1.33)*

- The Government has also accepted the LPC's recommendations for the other National Minimum Wage (NMW) rates to apply from April 2021, including increasing the rate for apprentices by 3.6 per cent from £4.15 to £4.30 per hour. *(Page 22, paragraph 1.35)*

LGA view

- The Government has no formal role in the decisions around annual local government pay increases which are developed through negotiations with the trade unions.

- Calculations around the affordability of pay increases take full account of the financial settlement given overall to local government but this is not the only factor involved. Thus, the Government cannot automatically impose a pay freeze in local government unless it uses a legislative route to do so.

- This means also that the announcement of an increase of £250 for employees earning less than the national median wage of £24,000 per annum does not apply automatically for local government staff (30 per cent of whom earn below this salary), as was made clear after a similar announcement by the then Chancellor in 2010/11.

- If applied in local government, an increase of £250 to each employee earning £24 thousand or less would cost in the region of £100 million.

- A pay claim for 2021/22 is expected from the trade unions very soon and the negotiations will need to take account of a variety of factors, including the redundancy programmes that have already begun as a result of the financial effects of the pandemic.

- The LGA will be seeking clarity on which groups of local authority employed staff such as health visitors and school nurses, if any, will be covered by the announced pay increase for health staff including nurses.

- Pay for teaching staff is set by a pay review body following a remit set by the Government. Teachers have been a key part of the community response during the pandemic, ensuring schools remained open for key workers, providing a safe haven for priority children and finding innovative ways to keep children learning. A pay freeze for teachers may exacerbate existing recruitment and retention challenges, particularly for teachers in key subject areas.

- The LGA will work with partners to understand the costs in social care of the announced increase in the National Living Wage (NLW) as around 50 per cent of social care workers are paid around the NLW level.

Adult social care

The Chancellor announced that:

- Announcements at SR20 enable local authorities to access over £1 billion of spending for social care through £300 million of social care grant and the ability to levy a 3 per cent adult social care precept. This funding is additional to the £1 billion social care grant announced last year which is being maintained. The Government expects to provide local authorities with over £3 billion to address COVID-19 pressures, including in adult social care. This will support councils to maintain care services while keeping up with rising demand and recovering from the impact of COVID-19. *(Page 44, paragraph 4.10)*

- In the longer term, the Government is committed to sustainable improvement of the adult social care system and will bring forward proposals next year. *(Page 44, paragraph 4.10)*

- £2.1 billion provided to local authorities through the improved Better Care Fund which will be pooled with the NHS to help meet adult social care needs and reduce pressures on the NHS. *(Page 48, paragraph 4.29)*

- SR20 will support the delivery of the Long Term Plan for the NHS. It also provides significant funding for the adult social care sector. This spending disproportionally benefits older individuals. *(Page 94, paragraph A.7)*

LGA view:

- As welcome as the measures are for enabling councils to have access to additional funding for adult social care, and the continuation of improved Better Care Fund funding, only £300 million appears to be genuinely new grant funding and is for both children's and adult social care. The social care precept provides limited means to raise additional funding, but it is not sustainable; it raises different amounts of money in different parts of the country, is unrelated to need and adds an extra financial burden on households.

- Much of it will also be immediately used to fund care providers to enable them to fund increases in the National Living Wage and National Minimum Wage (see Workforce section for further commentary).

- Adult social care faces cost pressures of £4.8 billion in 2021/22, including £533 million pressures arising just from COVID-19, which continue into 2021/22. And a one-year deal provides absolutely none of the certainty social care desperately needs to be able to plan for beyond the next twelve months. This will make it difficult for the NHS and local government to invest jointly in integrated services aimed at improving health outcomes, reducing health inequalities and increasing the resilience and wellbeing of our communities.

- This is a continuation of the sticking plaster approach to funding adult social care. The Prime Minister promised to 'fix social care' in July 2019 and everyone connected to social care is frustrated by the lack of progress on this crucial agenda; there must be no further delays to the process of reform.

- The pandemic has demonstrated to the public the immense value of adult social care to lead the life they want to lead, and it is disappointing that the Spending Review has not recognised the crucial role it plays. The pandemic has also demonstrated the enormous contribution made by our committed and dedicated care workforce. The Spending Review has missed the opportunity to recognise this contribution and to deliver parity of esteem with the equally invaluable workforce of the NHS.

Health (NHS)

The Chancellor announced:

- £52 billion for frontline health services to tackle the pandemic including £22 billion for the Test and Trace programme, over £15 billion for the procurement of personal protective equipment (PPE) and £2.7 billion to support the development and procurement of vaccines. *(Page 27, paragraph 2.12)*

- The Government will provide an additional £3 billion next year to support the NHS recovery from the impacts of COVID-19. This includes around £1 billion to begin tackling the elective backlog, enough funding to enable hospitals to cut long waits for care by carrying out up to one million extra checks, scans and additional operations or other procedures. The remainder of the funding will address waiting times for mental health services, give more people the mental health support they need, invest in the NHS workforce and help ease existing pressures in the NHS caused by COVID-19. The Government also remains committed to providing PPE to frontline workers to protect them from COVID-19 and reduce transmission. On top of over £15 billion for PPE purchases and logistics already provided in this financial year, SR20 provides £2.1 billion to purchase and store PPE, sufficient funding to meet expected demand and maintain a 4 month stockpile across 2021/22. *(Page 28, paragraph 2.18)*

- £4.2 billion for NHS operational investment next year to allow hospitals to refurbish and maintain their infrastructure, and £325 million of new investment in NHS diagnostics equipment to improve clinical outcomes. *(Page 33, paragraph 3.4)*

LGA view:

- We welcome the additional resources to support frontline health services to continue to respond effectively to the pandemic, and to rapidly roll out an extensive vaccination programme. However, it is crucial that this is planned and delivered in partnership with local councils, who will also need additional resources.

- We welcome the additional funding to the NHS in order to get back on track with the treatment backlog that has built up since March 2109. However it is important to note the starkly different funding context for the NHS, compared with local government, before SR20.

- The settlement for the NHS from 2019/20 to 2023/24 represented an annual average 3.4 per cent real terms increase when it was announced in

2019. In addition, in April 2020, the Government announced that NHS debt affecting over 100 hospitals and amounting to £13.4 billion would be written off to allow them to invest in maintaining services and longer-term infrastructure improvements. In comparison, no such concessions have been made to local government, despite having to face the same demanding situation as the NHS.

- We welcome investment in NHS infrastructure, but this needs to be matched with investment in community support, including adult social care, to ensure that all people requiring care and support get the right care, in the right place, at the right time. This should be in, or as close to, their own homes as possible. Investing in hospitals will not achieve the NHS Long Term Plan objective of rebalancing investment towards community and primary care.

Public Health

The Chancellor announced that:

- SR20 confirms an additional £25.8 million to increase the value of Healthy Start Vouchers to £4.25 in line with the recommendation of the National Food Strategy. *(Page 60, paragraph 6.9)*

- Local authority spending through the public health grant will also continue to be maintained and the Government will set out further significant action that it is taking to improve the population's health in the coming months. *(Page 60, paragraph 6.9)*

LGA view

- We are pleased that the Government has recognised the importance of improving access to vitamins, milk and fresh fruit and vegetables, for disadvantaged and low-income families. The Government should now commit to accelerating the digitalisation of the voucher scheme to ensure the vouchers are accessible and non-stigmatising for those that need them most.

- It is positive that the Government has issued its firm commitment to improving the health of the nation as part of the COVID-19 recovery. It is, however, extremely short-sighted to accompany this with no increase to the public health grant.

- Despite councils' good work, the current funding model for public health is not sustainable. We have warned repeatedly that local authorities' public health grant funding has reduced by over £700 million in real terms between 2015/16 and 2020/21. The lack of new funding for public health runs contrary to the aim of addressing the stark health inequalities exposed by COVID-19 and levelling up our communities. It is also out of step from increases in funding for the NHS. Keeping people healthy and well throughout their lives reduces pressure on the NHS and social care.

- Over the coming months the Government should consult in detail with local public health systems to ensure the correct capacity and resource to continue to provide essential public health services.

Disabled Facilities Grant and Care and Support Specialised Housing Fund

The Chancellor announced that:

- SR20 includes an investment of £573 million in Disabled Facilities Grants and £71 million in the Care and Support Specialised Housing Fund, supporting people to live independently. *(Page 60, paragraph 6.11)*

LGA view:

- We are pleased that Government has listened to our call to increase Disabled Facilities Grants which will go some way towards meeting demand for adaptations. The funding will enable councils to adapt more of the existing housing stock to help older people and disabled adults and children to live independently in their own homes for longer, improving wellbeing and preventing further pressure on social care and health systems. We continue to encourage Government also to consider improvements other aspects of people's homes that help people to live healthier lives, such as tackling damp and cold homes.

- Today's boost to the Care and Support Specialised Housing Fund is a step in the right direction for improving the supply of affordable of specialist housing for older people and adults with disabilities or mental health problems. The provision of suitably designed housing that meets people's practical and care needs is a vital part of ensuring that more people can live well in communities. Whilst our population continues to age, we also need to continue supporting people with disabilities or mental health needs, so it is vital that the capital and revenue costs of different types of supported housing are fully funded.

Mental Health

The Chancellor announced that:

- The additional £3 billion to support the NHS's recovery from the impact of COVID-19 includes around £500 million to address waiting times for mental health services, give more people the mental health support they need, and invest in the NHS workforce. *(Page 60, paragraph 6.4)*

- The DHSC settlement provides further investment in the NHS workforce. This includes £260 million for Health Education England to continue to grow our NHS workforce and support commitments made in the NHS Long Term Plan. This includes training more new nurses and doctors, delivering some of the biggest undergraduate intakes ever, and funding to increase the mental health workforce and deliver training to highly valued NHS staff. *(Page 60, paragraph 6.8)*

LGA view

- Additional funding for NHS mental health services should ensure that more people with higher levels of mental health needs can access timely support. Key to tackling the COVID-19 pandemic has been how to support the public's mental wellbeing, and maintaining the funding focus on treating mental ill-health means a missed opportunity to develop locally-led approaches to helping people stay mentally well as we emerge from the pandemic and throughout their lives. Councils' statutory children's and adults mental health services and wider public health responsibilities need parity of esteem with NHS mental health services, so that councils can help the whole population to be mentally healthy, prevent the escalation to clinical services and work with health colleagues to support people of all ages who are mentally unwell.

- It is important to recognise that a significant proportion of the mental health workforce, in particular professionals working in early intervention and community support, are employed in local government. It is crucial that the whole of the mental health workforce is properly supported, whether employed by local government, by private and voluntary providers and the NHS. Therefore, the LGA is calling for equivalent investment in the mental health of social care staff. Creating workplaces and working cultures where care staff are supported, motivated and nurtured to thrive is essential to supporting their wellbeing and mental health.

Preparations for the end of the Transition Period

The Chancellor announced that:

- £363 million to recruit 1,100 Border Force officers to deliver transit customs arrangements and to continue supporting law enforcement cooperation with EU member states from 1 January 2021. *(Page 53, box 5.1)*

- £572 million to the Department for Environment, Food and Rural Affairs to seize the opportunities resulting from environmental, regulatory and economic independence for the UK, including ambitious regulatory reforms which will enable the UK to take ownership of its own agenda. *(Page 53, box 5.1)*

LGA view

- Councils face many challenges this winter, including the priority to support and protect their communities during the COVID epidemic. Councils' capacity and resources are fully stretched. Additional work resulting from the end of EU transition must be seen in this context.

- Through their regulatory work at ports, councils will be on the frontline of changes to import and export controls following the end of the transition period, but additional funding has only been provided until March 2021. It is vital that the Government commits to extending funding beyond this period, given that the greatest impact of these changes will be in July 2021, and that this funding ensures councils do not experience funding shortfalls until additional revenue can be generated to support additional work.

- There will also be increased demands on councils to support businesses navigating their way through a changing regulatory environment. COVID-19 has highlighted the vital work local regulatory services do, and the capacity issues these services are already experiencing, with a shortage of existing trained officers and limited pipeline of new officers coming through to support additional work linked to transition.

- Maintaining sufficient capacity and resilience in local regulatory services to enable councils to support local businesses must therefore be a fundamental part of post-transition planning.

UK Shared Prosperity Fund (UKSPF)

The Chancellor announced that:

- The Government is supporting the regeneration of towns and communities by targeting further investment at places most in need by supporting places, such as former industrial areas, deprived towns and coastal communities, by setting out what the UK Shared Prosperity Fund (UKSPF) will invest in and how it will be targeted (see Box 3.1) *(Page 36, paragraph 3.16 and page 37, box 3.1)*

- SR20 sets out how the UK Shared Prosperity Fund (UKSPF) will help to level up and create opportunity for people and places across the UK and provides £220 million additional funding to help local areas prepare over 2021/22 for the introduction of the UKSPF *(Page 73, paragraph 6.60)*

LGA view

- Since the referendum, the LGA has been lobbying Government to ensure that there was a domestic replacement for EU funds. The SR contains the "Heads of Terms" for the UKSPF (the Government's replacement of the European Structural and Investment Funds) and confirms that the fund will be at least £1.5 billion a year. We welcome the clarity this announcement has brought to local government, and we look forward to further detail.

- Local government has made an offer to co-design the programme with Government and the investment framework for local areas that sits behind this. The investment proposals and specific outcomes defined in the UK-wide investment framework need to be locally determined by councils and combined authorities, who have a democratic mandate to represent their communities, as well as respect current local decision making and devolution agreements.

- The additional £220 million to help local areas transition to the UKSPF in 2021/22 by running pilots and new approaches is welcomed and prevents a financial cliff edge. The Government must now work with all local areas to ensure there is a smooth transition to the new funding regime.

- We will be working with the Welsh LGA to ensure that the new funds meets the needs of councils in Wales.

Digital Connectivity

The Chancellor announced:

- Over £260 million for transformative digital infrastructure programmes, including the Shared Rural Network for 4G coverage, Local Full Fibre Networks, and the 5G Diversification and Testbeds and Trials Programmes. *(Page 33, paragraph 3.4)*

- £1.2 billion to subsidise the rollout of gigabit-capable broadband, as part of the Government's £5 billion commitment to support rollout to the hardest to reach areas of the UK. *(Page 34, paragraph 3.5)*

LGA view

- As the last few months have highlighted, access to fast and reliable digital connectivity is a necessity for communities and businesses across the country and will be essential to keeping pace with developments across the globe as we emerge from the pandemic.

- We welcomed the previously announced Shared Rural Network as good news for our communities. It is now vital that mobile network operators and the Government work with local authorities to deliver this ambitious programme.

- It is positive that the Government has confirmed the first four years of funding for the £5 billion Gigabit Broadband programme. We continue to be concerned by the Government's intention to manage this programme centrally from Whitehall. We believe that the success of the Superfast Broadband Programme demonstrates how councils' local knowledge and expertise can make all the difference to a well-managed roll out. We remain committed to working with Government to help design an approach to roll out that will benefit from the local expertise of councils.

- Finally, we note the Government has revised down its target of rolling out 100 per cent gigabit-capable broadband by 2025. It will now aim for a minimum of 85 per cent gigabit capable coverage, but will seek to accelerate roll-out further to get as close to 100 per cent as possible. We had previously outlined our reservations as to whether the Government's original 100 per cent ambition was achievable by 2025.

Freeports

The Chancellor announced that:

- The Government is supporting the regeneration of towns and communities by targeting further investment at places most in need by delivering 10 Freeports across the UK – at least one in each of England, Scotland, Wales and Northern Ireland – to bring jobs, investment and prosperity to some of the most deprived communities. The programme aims to establish Freeports as national hubs for global trade and investment across the UK, promote regeneration and job creation and create hotbeds for innovation. *(Page 36, paragraph 3.16)*

LGA view

- Following our calls to Government, we welcomed its commitment in the Freeports Bidding Prospectus to consider more than 10 freeports if bids are particularly strong. It is also positive that seed capital will be provided to winning areas to address local infrastructure constraints. It will be vital that freeports create new jobs and opportunities for local people. We have therefore asked that Government remains alive to the risk of domestic economic displacement of UK domestic businesses in its assessment of bids and as it progresses with winning areas.

Levelling Up Fund

- The Government is launching a new Levelling Up Fund worth £4 billion for England. Moving away from a fragmented landscape with multiple funding streams, this new cross-departmental fund for England will invest in a broad range of high value local projects up to £20 million, or more by exception, including bypasses and other local road schemes, bus lanes, railway station upgrades, regenerating eyesores, upgrading town centres and community infrastructure, and local arts and culture. *(Page 36, paragraph 3.16)*

- It will be open to all local areas in England and prioritise bids to drive growth and regeneration in places in need, those facing particular challenges, and areas that have received less Government investment in recent years. Spending Review 2020 makes available up to £600 million in 2021/22. The Government will publish a prospectus for the fund and launch the first round of competitions in the New Year. *(Page 72, paragraph 6.57)*

LGA view

- Councils across the country work hard to invest in improvements in their local communities so it is good that the Government is introducing this new Levelling Up Fund.

- It is good news that this fund moves to tackle our complex and fragmented funding system, which we have long warned about. However, we are concerned by the prospect of a competitive bidding process at a time when councils want to be fully focused on protecting communities and businesses from the impact of the pandemic.

- The best way to make decisions about local investment is by working with councils, who know the needs of their areas best. We want to work with the Government to ensure this fund produces the best possible outcomes for local communities.

National Infrastructure Strategy

The Chancellor announced that:

- Increased infrastructure investment is supported by a new National Infrastructure Strategy, which sets out the Government's plans to transform the UK's economic infrastructure. It is based around three central objectives: economic recovery, levelling up and unleashing the potential of the Union, and meeting the UK's net zero emissions target by 2050 *(Page 4, paragraph 22)*

LGA view

- We welcome the Government clearly setting out its infrastructure strategy in response to the National Infrastructure Assessment carried out by the National infrastructure Commission.

- We supported the Commission's recommendation, as set out in their National Infrastructure Assessment, that all transport authorities, including those without metro mayors, should have long term funding settlements in order to clearly plan their own infrastructure programmes. It is disappointing that the Government has not implemented this recommendation.

Borrowing framework and Public Works Loans Board

The Chancellor announced that:

- The Government will reform the Public Works Loan Board (PWLB) lending terms, ending the use of the PWLB for investment property bought primarily for yield. (*Page 76, paragraph 6.71*).

- The Government will cut PWLB lending rates to gilts + 100 base points for Standard Rate and gilts + 80 base points for Certainty Rate. (*Page 76, paragraph 6.71*)

- The Government has also announced the outcome of the Local Infrastructure Rate competition. Six authorities will benefit from £336 million in discounted lending for local infrastructure priorities *(Page 76, paragraph 6.71)*

- Alongside the Spending Review, the Government is publishing revised lending terms for the PWLB and guidance to support local authorities to determine if a proposed project is an appropriate use of PWLB loans. These new terms will apply to all loans arranged from 9am on 26 November. *(Outcome of PWLB consultation)*

LGA view

- The cut in the PWLB lending rates reverses the increase in rates made in October 2019. This is something we have called for since the rate was increased and is welcomed.

- Under the revised lending terms, in order to qualify for any PWLB loans, council Finance Directors will be required to certify that that there is no intention to buy investment assets primarily for yield at any point in the next three years. It is disappointing that this restriction applies on a 'whole plan' basis rather than linking specific spending with specific loans. There is a danger that this will make it difficult for local authorities to continue to access PWLB borrowing to support service delivery including housing and regeneration, or to refinance existing debt.

Road maintenance funding

The Chancellor announced:

- £1.7 billion in 2021/22 for local roads maintenance and upgrades to tackle potholes, relieve congestion and boost connectivity *(Page 77, paragraph 6.74)*

LGA view

- We welcome the Government delivering this boost to roads maintenance spending by including last year's additional pothole fund top up into the baseline for ongoing maintenance funding.

- Going forward, it is important for councils to have more long term certainty of funding support so they can make the most of this new infrastructure strategy.

Electric Vehicle Charging Infrastructure

The Chancellor announced:

- £90 million to fund local electric vehicle (EV) charging infrastructure to support the roll out of larger on-street charging schemes and rapid hubs in England. *(Page 39, paragraph 3.26)*

LGA view

- We welcome the Government's continued commitment to fund charging infrastructure which is crucial in order to meet our net zero targets.

- In order to accelerate uptake to meet the Government's new phase out date of petrol and diesel vehicles, we need a step change in the pace of delivery. We offer to work with Government to develop a much clearer role for councils in delivery and ensure that as well as grants for physical infrastructure, support and resources are given to build skills and capacity for local delivery.

Active Travel Infrastructure

The Chancellor announced that:

- To encourage more active travel, the Government has provided £257 million for cycling and walking in 2021/22, part of the Prime Minister's £2 billion commitment to cycling and walking across the parliament *(Page 39, paragraph 3.27)*

LGA view

- The long-term commitment of £2 billion across the Parliament to walking and cycling was a step in the right direction. The £257 million announced earlier this month is a welcome step for increasing walking and cycling provision.

- Councils need maximum flexibility and certainty in order to ensure that this money is spent quickly and effectively and to support engagement and consultation with local residents.

Review of Green Book appraisals

The Chancellor announced that:

- Alongside SR20 the Government has published a review of the Green Book (*page 48, paragraph 4.31*)

LGA view

- The new Green Book introduces changes to the way that business cases for projects are appraised. While the process remains mostly centralised, it is good that there will be a new requirement that business cases should be developed to align with relevant local strategies and major interventions in the area. This is something we called for in our CSR submission and represents a step in the right direction.

Children's services

The Chancellor announced that:

- SR20 additionally provides capital investment in the education estate to support levelling up education across England, including £24 million in 2021/22 to start a new programme to maintain capacity and expand provision in secure children's homes. *(Page 63, paragraph 6.18)*

- The underlying core settlement for local authorities in 2021/22 includes £300 million of new grant funding for adult and children's social care, in addition to the £1 billion announced at SR19 that is being maintained in 2021/22 in line with the Government's commitment. *(Page 75, paragraph 6.66)*

- £165 million for local authorities through the Troubled Families programme, providing intensive support to families facing multiple interconnected problems. Funding is distributed by the Ministry of Housing, Communities and Local Government, with input from the Department for Education, the Department of Health and Social Care, the Ministry of Justice, HM Treasury and the Home Office. *(Page 48, paragraph 4.29)*

LGA view:

- The LGA has been highlighting the challenges facing councils in finding suitable homes for children with complex or challenging needs for some time, so the additional funding to maintain capacity and expand provision in secure children's homes is very welcome.

- It will be important for the Government to work closely with local authorities on the programme of expansion to ensure that settings are established where they are most needed and provide the best possible care for children and young people. It is also important to note that placement sufficiency is a challenge across the children's social care system and we are keen to work with the Government to find solutions to ensure all children in care have the homes they need.

- While it is positive that additional funding has been allocated for adult and children's social care, this will not be enough to tackle the challenges facing children's social care, which was already under strain prior to the pandemic as a result of increasing demand and long-term funding reductions. Significant additional funding for children's social care is urgently required, including for early help to avoid families reaching crisis point, and for those children and families who need more intensive child protection responses. As a starting point, the £1.7 billion removed from the Early Intervention Grant since 2010 should be reinstated.

- We are pleased that funding is being maintained for the Troubled Families programme. The programme has delivered real outcomes, demonstrating the benefits of cross-departmental support for a preventative, council-led approach to support.

- It is vital that we use this year to build on the learning and outcomes from the programme so far to further embed a locally-led and integrated approach to addressing multiple problems.

- The programme has demonstrated that investing in early help leads to genuinely improved outcomes and reduces pressure on frontline crisis support. This year provides an opportunity to review and develop the evidence base for sustained investment in 2022 and beyond.

Day-to-day school funding

The Chancellor confirmed that:

- At SR19 the Government set out a commitment to increase the core schools budget by £7.1 billion by 2022/23, compared to 2019/20 funding levels. SR20 reaffirms this commitment, with the Government's three-year investment representing the biggest school funding boost in a decade. The schools budget will increase from £47.6 billion in 2020/21 to £49.8 billion in 2021/22 – an uplift of £2.2 billion. *(Page 44, paragraph 4.12)*

LGA view

- The LGA welcomes the Government's announcement to increase schools budgets by £7.1 billion by 2022/23. The Government must now urgently confirm council high needs block allocations for 2021/22 and use the on-going review of Special Educational Needs and Disability (SEND) to give councils the powers and long-term certainty of funding to support children and young people with SEND.

- It is however disappointing that additional funding has not been made available to help cover the exceptional costs incurred by schools in responding to COVID-19 since they reopened in September.

School capital

The Chancellor announced that:

- SR20 additionally provides capital investment in the education estate to support levelling up education across England, including further detail on the Government's ten-year school rebuilding programme. The programme will launch with a commitment to 50 new school rebuilding projects a year across England. *(Page 63, paragraph 6.18)*

- Investment of £1.8 billion in 2021/22 to maintain and improve the condition of school buildings *(Page 63, paragraph 6.18)*

- £300 million in 2021/22 for new school places for children with special educational needs and disabilities, almost four times as much as the Government provided to local authorities in 2020/21 *(Page 63, paragraph 6.18)*

LGA view

- The LGA welcomes the announcement of funding for school rebuilding projects and an investment of £1.8 billion to maintain and improve the condition of school buildings during 2021/22. To ensure this funding is easily accessible to those schools that need it, the Government must replace the existing, fragmented school capital funding arrangements with a single, local school capital fund.

- The LGA welcomes the £300 million for new school places for children with SEND during 2021/22. This funding recognises that councils continue to struggle to meet the year-on-year increase in demand for SEND support and we await further detail on how these places will be created.

- The DfE's review of SEND must deliver legislative reforms that increase levels of inclusion in mainstream schools and reduce the use of special and independent and non-maintained special school places, which are more expensive.

Early years

The chancellor announced:

- £44 million for early years education in 2021/22 to increase the hourly rate paid to childcare providers for the Government's free hours offer. *(Page 63, paragraph 6.19)*

LGA view

- The LGA has repeatedly raised concerns about the underfunding of the early entitlements, so additional funding is welcome.

- However, with many early years providers struggling in the light of COVID-19, it is disappointing that this is not a more significant and immediate investment to support providers during this time. It is crucial we retain the good quality early education and childcare that improves children's outcomes and reduces the disadvantage gap.

Youth services

The chancellor announced:

- Almost £100 million to deliver the National Citizen Service (NCS) and invest in youth facilities. The Government will review its programmes to support youth services including the NCS in the spring. *(Page 81, paragraph 6.88)*

LGA view

- COVID-19 has shown the importance of youth services and young people having safe spaces to go to, so we welcome additional funding to invest in youth facilities. However, more than 4,500 youth work jobs have been lost since 2010/11 due to funding reductions, therefore funding for staff and training is urgently needed in addition to funding for facilities.

- Local government and local youth services need confirmation of the £500 million promised to youth services in 2019 which will provide essential investment into the sector and support young people to achieve good outcomes.

- The LGA has repeatedly called for devolution of some NCS funding to local youth services, which can provide the year-round support that many young people need rather than a time-limited programme. We will look to work with the NCS Trust to consider how the NCS works with councils, and with Government on its review of programmes to support youth services, ensuring that funding is targeted towards areas it will be most effective.

Supporting jobs

The Chancellor announced that:

- £2.9 billion Restart programme will provide intensive and tailored support to over 1 million unemployed people and help them find work, with approximately £0.4 billion of funding in 2021/22 *(Page 29, paragraph 2.20)*

- Funding the £2 billion Kickstart scheme which will create hundreds of thousands of new, fully subsidised jobs for young people at risk of long-term unemployment across Great Britain. The SR20 settlement includes £1.6 billion in 2021/22 which will ensure funding for over 250,000 Kickstart jobs. *(Page 29, paragraph 2.20)*

- Investment of £375 million from the National Skills Fund in 2021/22, which will provide £138 million for the Government's commitment to fund in-demand technical courses for adults, equivalent to A level, and to expand the employer-led boot camp training model. *(Page 62, paragraph 6.17)*

- On Apprenticeships, the Government is:
    - making available £2.5 billion of funding for apprenticeships and further improvements;
    - allowing levy paying employers to transfer unspent levy funds in bulk to Small and Medium-sized Enterprises (SMEs) with a new pledge function from August 2021.
    - confirming unspent Levy funds will continue to expire after 24 months;
    - introducing a new online service to match levy payers with SMEs that share their business priorities for the purposes of Levy transfer from August 2021;
    - allowing employers in construction and health and social care to front-load training for certain apprenticeship standards from April 2021 and explore whether this offer can be extended to other sectors;
    - testing approaches to supporting apprenticeships in industries with more flexible working patterns in 2020/21, including considering how to best support apprenticeship training agencies;
    - extending incentive payments for hiring a new apprentice introduced in the Plan for Jobs to 31 March 2021. *(Page 62, paragraph 6.17)*

LGA view

- The Chancellor has rightly prioritised jobs in this Spending Review. With millions displaced from the labour market and needing to find work and reskill due to the COVID-19 crisis, we need to align job creation and employability measures including skills, so no community is left behind.

- The economic and social challenges facing our communities will vary across the nation. National and local government should combine resources and expertise to deliver for people and businesses hard hit by the crisis and co-design the solutions.

- Investment in the low-carbon economy provides an opportunity to create further employment opportunities. In 2030 across England there could be as many as 694,000 direct jobs employed in the low-carbon and renewable energy economy, rising to over 1.18 million by 2050.

Restart

- We face a growing and stark unemployment challenge. Support for people who are long term unemployed is urgently needed and Restart must be delivered in the right way to reduce the scarring effect of unemployment on communities. There is strong evidence that localised and devolved programmes deliver more sustained outcomes and that centralised employment and skills schemes struggle to deliver for the economy, employers or individuals.

- Support to the long-term unemployment needs to be as close as possible to local communities and the local services they rely on including housing, health, training and debt management. Local government offers to work with the Government to plan, commission and deliver Restart so it can align with local services and training opportunities. Councils are in the unique position locally to bring together a range of local organisations including charities, housing associations, councils, and training providers as well as Department for Work and Pensions (DWP) prime providers.

- Local government stands ready to make this happen with the right level of resource. The Government should work with us to plan Restart so it is delivered to optimal impact for people and places.

Kickstart

- Local government is already working hard to make a success of and coordinate the Kickstart scheme locally, working with providers and Jobcentre Plus. The first phase excluded 16-17 year olds at risk of unemployment. We believe this next phase of Kickstart should be extended to this group, and that local government should be able to refer this group into the Scheme.

- Kickstart will work best for young people, businesses and communities if it is planned and delivered in partnership locally. That requires real collaboration at a local authority level between national Government and its agencies, local government, employers and providers to ensure the offer is coordinated, promoted, signposted, targeted and delivered. DWP must build local government into the further iterations of the Scheme as we have already set out.

In-demand technical courses for adults

- Using the National Skills Fund to fund free Level 3 courses for adults not yet qualified to these levels is welcome. We encourage the Chancellor to go further by devolving and localising this support so that it is customised to local need and can offer a clear pathway to further learning and work in places where people live.

- We continue to recommend the Government at least doubles funding for the Adult Education Budget to increase support for the nine million people across England that lack basic literacy and numeracy skills.

Apprenticeships

- The Government has listened to employers and is introducing some long overdue reforms to the apprenticeship levy. The extension of the £2,000 apprenticeship incentive payments and the introduction of a new service to match levy payers with SMEs that want to receive a transfer of funds should both help to create more apprenticeship opportunities.

- We continue to urge the Government to go further and deliver the root and branch reform of the apprenticeship levy. Local government should be offered more local freedom and flexibility to maximise the use these funds, for example to widen participation to disadvantaged groups. We look forward to receiving more information on the Government's plan to allow employers to make levy transfers to SMEs and we hope that it will provide the opportunity for local government to work with employers to take a more strategic approach to apprenticeships locally and pool funds so we can maximise support to our communities.
- It is disappointing that the Government has confirmed that the 24-month expiry policy for unspent levy funds will remain in place. We urge the Treasury to reconsider and pause this policy to prevent employers from losing funds through no fault of their own. The Government should also introduce a levy payment holiday of up to six months for businesses struggling with cashflow problems.

Building Safety

The Chancellor announced that:

- SR20 confirms £1.6 billion of capital to remove unsafe cladding from high rise buildings. *(Page 73, paragraph 6.61)*

LGA view

- The LGA has been asking the Government to address this issue for over three years. Although these Government funds for remediation will be helpful, the Housing Communities and Local Government Select Committee, the Public Accounts Committee and the LGA have all said that the current level of funding (£1.6 billion) will not be enough to protect leaseholders.

- The LGA wants the Government to meet remediation costs upfront, taking a building-wide, risk-based approach to remedial works. They should then pursue those responsible for shoddy products or workmanship in order to protect the taxpayer.

- The cladding crisis affects hundreds of thousands of leasehold residents who are utterly blameless; not only will the costs of fixing buildings often be beyond their means, but leaseholders face the cost of waking watches and insurance hikes, while trapped in flats they are unable to sell or remortgage. The Government needs to act soon to avoid the effects of this crisis spreading throughout the housing market and damaging the economy.

Housing

The Chancellor announced that:

- SR20 also provides nearly £20 billion in multi-year capital investment to underpin the Government's long-term housing strategy:
    - a National Home Building Fund (NHBF), with initial funding of £7.1 billion over the next four years to unlock up to 860,000 homes, including:
        - confirming £4.8 billion of capital grant funding, including for land remediation, infrastructure investment, and land assembly
        - delivery of the Brownfield Fund, announced at Budget 2020 for Mayoral Combined Authorities (MCAs)
        - an additional £100 million for non-Mayoral Combined Authorities in 2021/22 to support housing delivery and regeneration, including unlocking brownfield sites, regenerating estates and releasing public sector land – including serviced plots for self and custom builders
        - £2.2 billion of new loan finance to support housebuilders across the country. This includes delivering Help to Build for custom and self-builders, and funding for SMEs and modern methods of construction
        - further funding for the NHBF will be confirmed at the next multi-year spending review, delivering on the Government's commitment to provide £10 billion to unlock homes through provision of infrastructure
    - reconfirming £12.2 billion for the Affordable Homes Programme (AHP). The new AHP will deliver up to 180,000 new homes for affordable homeownership and rent, with a greater proportion outside of London than the previous programme.
      (Page 73, paragraph 6.59)

LGA view

- It is positive to see further Government investment to support the building of new homes. We welcome the additional funding for non-Mayoral Combined Authorities to support housing delivery and regeneration. In our view, all councils should have access to funding to support their ambitions to bring forward brownfield sites, estate regeneration projects and the release of public sector land.

- With more than one million households on council waiting lists, and now more than 98,000 households in temporary accommodation, it is vital that the Affordable Homes Programme is re-focused towards support for truly affordable homes, including those for social rent. Councils also need to be able to retain all Right to Buy receipts, combine them with other funding sources and set discounts locally, to support them in building homes to meet the needs of local communities.

Planning

The Chancellor announced that:

- SR20 provides an additional £12 million to take forward the Government's radical planning reform agenda and £4 million towards its ongoing Oxford-Cambridge Arc programme, building on the Government's commitments to accelerate housing and infrastructure delivery. (*Page 74, Paragraph 6.61*)

LGA view

- The LGA's response the Planning White Paper is: https://www.local.gov.uk/parliament/briefings-and-responses/lga-submission-ministry-housing-communities-and-local-2

- Additional investment will be vital in taking forward any proposed reforms to the planning system. We await further details on how the £12 million will be allocated.

- Councils need to have the resources, tools, powers and flexibilities required to make locally-led planning decisions for their current and future residents. This includes having the ability to set planning fees locally. These fees should also help to cover the cost of wider planning functions. This will ensure that these can continue to support the decision and plan-making process.

- The Government will also need to ensure that councils have access to the right capacity, skills and training support to implement any changes to the planning system. Any new burdens should also be fully funded.

Homelessness

The Chancellor announced that:

- SR20 also provides £254 million of additional resource funding, including £103 million announced earlier this year for accommodation and substance misuse, to support rough sleepers and those at risk of homelessness during COVID-19. This takes total resource funding in 2021/22 to £676 million, a 60 per cent cash increase compared to SR19. This additional funding will support frontline services through the Rough Sleeping Initiative and enable local authorities to fund their statutory duties to prevent homelessness. The Government will also provide new funding to support prison leavers at risk of homelessness into private rental tenancies and will commit £87 million of capital funding in 2021/22 primarily to support the delivery of long-term accommodation for rough sleepers. *(Page 72, paragraph 6.58)*

LGA view

- Councils have done an incredible job getting people sleeping rough off the streets and have accommodated more than 29,000 people who have faced homelessness since the start of the coronavirus pandemic. It is good the Government has recognised this with additional funding today, which will help councils to continue their ongoing efforts to support people at risk of rough sleeping and homelessness.

- As we fight a second wave of coronavirus, we would also urge the Government to temporarily remove the No Recourse to Public Funds condition, which would reduce public health risks and ease the pressure on homelessness services by enabling vulnerable people to access welfare benefits, who are currently unable to do so because of their immigration status.

- In the longer-term, it is also important that there is a shift towards investing in homelessness prevention services. With council housing waiting lists set to potentially nearly double as a result of COVID-19, we are calling for councils to be given powers to kickstart a post-pandemic building boom of 100,000 new social homes for rent each year, including reform of Right to Buy.

Welfare support

The Chancellor confirmed that:

- A £20 per week increase to the Universal Credit (UC) standard allowance and Working Tax Credit basic element for 2020/21. This means that for a single UC claimant (aged 25 or over), the standard allowance has increased from £317.82 to £409.89 per month until April 2021. *(Page 26, paragraph 2.8)*

- There was an increase in the Local Housing Allowance (LHA) rates for UC and Housing Benefit claimants so that it covers the lowest third of local rents. This increase will mean nearly £1 billion of additional support for private renters claiming UC or Housing Benefit in 2020/21 and benefits over 1 million households, including those in work. Claimants will gain on average an additional £600 per year in increased housing support. *(Page 26, paragraph 2.8)*

LGA view

- We welcomed the £20 per week increase in Universal Credit, which is providing vital support to many people whose livelihoods have been affected by the pandemic. However, it is clear that the economic impact of COVID-19 on low income households will be with us for some time to come, and that additional support in the employment system will take time to deliver. It is therefore disappointing that the Government did not take this opportunity to offer councils and communities much-needed certainty by committing now to sustaining vital uplifts in the benefits system.

- The LGA has long campaigned for Local Housing Allowance rates to be maintained at least at the 30th percentile of market rents. We were therefore pleased when Government restored LHA rates earlier this year. We recognise that, at present, the uplift in LHA rates will be retained in cash terms (as laid out in point 22, table 1.1 on page 12). This means, however, that LHA rates will once again begin to fall in real terms, as rents continue to rise. This is likely to present challenges for households renting in the private sector at a time when increasing numbers of people are struggling to meet their housing costs and may in turn place pressure on councils' housing and homelessness services.

Flooding and coastal erosion

The Chancellor announced that:

- A doubling of flood and coastal investment across England investing £5.2 billion over six years. *(Page 82, paragraph 6.92)*

- This includes a £200 million six-year flood and coastal erosion resilience innovation programme which will support over 25 local areas to take forward wider innovative actions that improve their resilience to flooding and coastal erosion, and up to £155 million to accelerate 22 shovel-ready flood defence schemes announced earlier this year. (*Page 82, paragraph 6.92)*

LGA view:

- The LGA has welcomed the investment, which has been announced previously.

- Councils are well placed to lead a local approach to managing the risks from flooding and coastal erosion. Funding for flood defences needs to be devolved to local areas and sit within a new national framework for addressing the climate emergency.

- We will be seeking further information on funding for the role of councils as Lead Local Flood Authorities (LLFAs). Grant funding runs out at the end of this financial year and councils need clarity on how this critical statutory role will be funded.

The natural environment

The Chancellor announced that:

- Investment will include £90 million for the Nature for Climate Fund – to increase tree planting and peatland restoration in England. *(Page 41, paragraph 3.41)*

- A doubling of the Green Recovery Challenge Fund with a further £40 million to fund a second round of natural capital projects next year. *(Page 41, paragraph 3.41)*

- £7 million to improve public access to green space by taking forward the Coast to Coast National Trail and England Coast Path and more than £75 million in funding for National Parks and Areas of Outstanding Natural Beauty. *(Page 41, paragraph 3.41)*

- The Government is also funding the implementation of key Environment Bill measures including biodiversity net gain for development, Local Nature Recovery Strategies and the Office for Environmental Protection. *(Page 41, paragraph 3.42)*

LGA view

- The investment in natural capital is welcome. We will be seeking further information on how councils can access this funding for their communities.

- We have raised concerns about the impact of disease and climate change on mature trees in public spaces. Dealing with tree disease is a cost pressure on councils and we will continue to press for this to be fully funded.

- The LGA has highlighted the need for councils to be given funding and capacity to carry out the new biodiversity functions set out in the Environment Bill. We will be working with the Department for Environment, Food and Rural Affairs to ensure that the new burdens are fully funded.

Green investment and infrastructure

The Chancellor announced that:

- The NIS, published alongside SR20, is rooted in the expert advice of the highly respected National Infrastructure Commission (NIC), and responds to its ground-breaking 2018 assessment of the country's infrastructure needs. The NIS sets out how we will deliver the greener infrastructure that is fundamental to the Ten Point Plan, and as part of this announces the creation of a UK-wide bank focused on infrastructure and headquartered in the North of England. The bank will support private infrastructure projects to help meet the Government's objectives on economic growth, levelling up, and transitioning to net zero. *(Page 39, paragraph 3.22)*

- The Ten Point Plan mobilises £12 billion to give industry the certainty it needs to invest, supports up to 250,000 green jobs and saves 180 megatonnes of carbon dioxide equivalent. *(Page 39, paragraph 3.23)*

LGA view

- The LGA welcomes the investments and support to develop the low carbon and green infrastructure economy in the Government's Ten Point Plan. Councils share the ambition for a green revolution and with at least 230 councils declaring a climate emergency, are well placed to support Government to meet its net-zero carbon ambitions by 2050.

- We want to work with Government and business to establish a national fiscal and policy framework for addressing the climate emergency, supported with long term funding.

Low carbon solutions

The Chancellor announced that:

- £1 billion for a Carbon Capture and Storage (CCS) Infrastructure Fund and will help establish four CCS clusters by 2030. These clusters will bring jobs and investment to industrial heartlands in areas of North East and North West England, the Humber, Scotland and Wales. *(Page 40, paragraph 3.30)*

- £240 million Net Zero Hydrogen Fund and £81 million for pioneering hydrogen heating trials. *(Page 40, paragraph 3.31)*

- By 2030 the Government plans to quadruple offshore wind capacity to 40 GW and maximise the opportunities this presents for jobs and investment. To grow the UK manufacturing base, the spending review invests £160 million into modern ports and manufacturing infrastructure, providing high quality employment in coastal regions. *(Page 40, paragraph 3.32)*

- The Government will spend nearly £500 million in the next four years for the development and mass-scale production of electric vehicle batteries and associated EV supply chain. *(Page 40, paragraph 3.33)*

- It is providing over £125 million for nuclear technologies in 2021/22, as part of up to £525 million set out in the Ten Point Plan, including £385 million for an Advanced Nuclear Fund. *(Page 40, paragraph 3.34)*

- It is committing £200 million for Net Zero Innovation Portfolio in 2021/22 to support new decarbonisation solutions and bolster emerging technologies such as direct air capture and low carbon hydrogen. *(Page 41, paragraph 3.35)*

- SR20 provides over £280 million in 2021/22 for net zero Research and Development, including an £81 million multi-year commitment for pioneering hydrogen heating trials. *(Page 56, paragraph 5.26)*

LGA view

- The LGA has been calling for investment in renewable energy and is pleased with the commitment and investment in low carbon energy. There are significant opportunities in the green growth sector if the approach to delivery is flexible and designed around place.

- Councils want to support the local implementation of low carbon solutions necessary across every sector, industry and place and, support the creation of local green skills and jobs. Councils want to play a key role in developing a flexible, resilient energy supply that realises the full economic benefits that are felt across all parts of the country.

    - Councils are well placed to test transformational solutions and we will work with Government to understand how councils can use funding for research and development to support place-based low carbon action.

    - We will now be working with Government to ensure that councils have the tools and powers they need to play a lead role in harnessing this investment and supporting a locally led green economic recovery.

Warmer homes and buildings

The Chancellor announced that:

- SR20 allocates £475 million to make public buildings greener, £150 million to help some of the poorest homes become more energy efficient and cheaper to heat with low-carbon energy, and a further £60 million to retrofit social housing. It also extends the popular Green Homes Grant voucher scheme with £320 million of funding in 2021/22. The Government is committed to spending £3 billion on building decarbonisation, and will review this allocation in the spring, together with how it can best deliver this agenda over the course of this parliament. *(Page 41, paragraph 3.38)*

- SR20 also confirms £122 million in 2021/22 to support creation of clean heat networks. This, together with the measures to be set out in the Government's forthcoming Heat and Buildings Strategy, will help meet the target of installing 600,000 heat pumps by 2028, and scale up the other low carbon heating and energy efficiency measures necessary to make buildings fit for net zero. *(Page 41, paragraph 3.39*)

LGA View

- We support investment to allow councils to help Government achieve its aim for the UK to become a net zero carbon economy in 30 years' time. Councils await further details to understand how to access the funding for public buildings.

- It is positive that the Government is investing a shift to greener, more efficient buildings and housing. The Government should work with councils to urgently bring forward its commitment for a £3.8 billion capital Social Housing Decarbonisation Fund. This would provide a national stimulus to kick start the deep energy retrofit of all homes by investing in an energy revolution in social housing.

- Heat networks will continue to play an important role in national and local ambitions to reduce carbon and cut heating bills for domestic and commercial customers. It will be vital that the Government continues to work with local authorities to address capability and capacity challenges to heat network deployment.

Fire and Rescue Services

The Chancellor announced that:

- The Home Office (HO) settlement provides a £881 million cash increase in core resource funding from 2020/21 to 2021/22, delivering a 4.9 per cent average real terms increase per year since 2019-20. *(Page 64, paragraph 6.21)*

LGA view

- It is disappointing that the Spending Review does not include any information about funding for the crucial fire and rescue services (FRS).

- LGA is seeking clarity from the Home Office on what the settlement will mean for FRS. The LGA has been working with the Home Office to make the case for further funding to answer the cost pressures felt by the service due to risk and demand.

- The LGA is also asking for clarity on funding from the Home Office for pensions costs arising from remedying court judgments such as age discrimination for the fire service.

Reducing offending and serious violence

The Chancellor announced that:

- SR20 also commits an additional £200 million from 2021/22 to fund a second round of pilots under the Shared Outcomes Fund (SOF). This continues progress made on funding join-up across Government through the SOF launched at SR19, which funded a wide range of pilot projects that cut across multiple departments. The projects will be subject to thorough evaluation to inform future policy development and programmes. *(Page 48, paragraph 4.30)*

- Prison leavers (£20.0 million – MoJ, Department for Work and Pensions (DWP), MHCLG, Department for Digital, Culture, Media & Sport (DCMS), DHSC, Department for Education DfE), NHS England): The project will work closely with service users and stakeholders from across Government, and the third and private sectors to test ways to improve the social inclusion of people leaving prison, and reduce reoffending. (*Page 97, paragraph B.1)*

- Creating opportunities forum for tackling serious violence (£3.7 million – HO, DWP, DCMS, DHSC, DfE): This pilot will work with the private and third sectors to generate employment opportunities and wraparound support packages for vulnerable young people at risk of serious violence. (*Page 97, paragraph B.1)*

- Early intervention (£1.8 million – MoJ, HO, MHCLG, DHSC): This pilot will work with police and health specialists to better join up services for police forces to manage offences outside of court, understand which interventions are effective, and improve data on the impact of the interventions on reoffending. (*Page 97, paragraph B.1)*

LGA view

- The Shared Outcomes Fund projects which focus on reducing reoffending and tackling serious violence are positive. However if we are to tackle the underlying causes of offending, including serious violence, we need to see long-term and sustainable funding in local public sector and voluntary services, particularly in early intervention and prevention initiatives.

Domestic abuse

The Chancellor announced that:

- SR20 also provides £98 million of additional resource funding, bringing total funding to £125 million, to enable local authorities to deliver the new duty to support victims of domestic abuse and their children in safe accommodation in England *(Page 74, paragraph 6.61)*

LGA view

- Domestic abuse can have a long-term and devastating impact on families and particularly children. The announcement of £98 million of additional resource funding to enable local authorities to deliver the new duty to support domestic abuse victims and their children in safe accommodation is therefore welcome. However, it is not yet clear how this figure has been calculated and whether it will meet the full costs of the new proposed duty.

- The new funding needs to fully account for any increases in demand for services, and any additional burdens identified by local needs assessments when the duty comes into force in April 2021. Children have been added into the statutory definition of domestic abuse, so it will be important to assess whether additional provision is required and therefore whether councils need additional funding to meet the new proposed duty.

- One-off, short term grants do not allow for long-term planning or consistency in service, which is why long-term and sustained investment is needed. Transitional funding is also required to provide support for current domestic abuse services due to close at the end of the next financial year.

- In order to transform the response to domestic abuse, a joined-up approach is needed, providing a broad range of support packages to assist victims of domestic abuse and intervene with perpetrators to change and prevent their behaviour. This is why we have called for greater investment in early intervention and prevention programmes and wider community-based domestic abuse support, as well as greater investment in perpetrator programmes.

- It was disappointing to note that no funding has been allocated to the National Female Genital Mutilation (FGM) Centre, despite its vital work in supporting and protecting victims of FGM in the UK. We will continue to work with the Government on securing funding to help tackle this crime.

Asylum, refugee resettlement and modern slavery

The Chancellor announced that:

- The settlement provides £66.4 million in resource funding to the Home Office and £459.5 million in Official Development Assistance (ODA) resource funding to support and protect vulnerable people in the asylum system, to deliver refugee resettlement, and to support victims of modern slavery. *(Page 65, paragraph 6.26)*

- The cross-government refugee transitions outcomes fund will provide £10 million to the Home Office, Department of Work and Pensions, the Ministry for Housing, Communities and Local Government and councils for a pilot aimed at supporting the self-sufficiency of newly granted refugees across the UK by delivering employment support and housing support. *(Page 98, paragraph B.1)*

LGA view

- Councils play a valuable role supporting new arrivals who are starting a new life in the UK. The LGA will continue to work with Government to build a joint understanding of local government's key role in asylum, resettlement and supporting victims of modern slavery, and to address the costs to councils of that support. It is not clear whether these announcements will tackle the lack of funding which has been a barrier to participation, and hinders our joint efforts to reduce the pressures in areas with large numbers of asylum-seeking adults and children.

Counter-terrorism

The Chancellor announced that:

- SR20 provides the UK Intelligence Community (UKIC) with a £173 million funding increase in 2021/22, representing a 5.4 per cent average annual real-terms increase since 2019/20. It also includes over £1.3 billion of capital investment from 2021/22 to 2024-25. *(Page 56, paragraph 5.32)*

LGA view

- Local authorities will continue to do what they can to help keep communities safe from the threats from terrorism and extremism. However, it is not enough to tackle the symptoms of terrorism alone, whilst ignoring the underlying causes. It is vital that there is continued investment in prevention work at a local level, to aid wider efforts to protect the public and build resilience, including initiatives to support integration and counter extremism and prevent radicalisation.

- The Government has withdrawn funding for the Special Interest Group on Countering Extremism (SIGCE), which has been a significant and agile force in supporting both local and national Government's efforts to counter extremism, tackle hate crime and help counter the ideology that can draw individuals into terrorism and criminality. We believe the SIGCE remains key to addressing rising tensions in many areas, and in supporting wider efforts to prevent terrorism. We urge Government to continue to invest in the SIGCE to support local authorities to build resilience and help stop division and polarisation from taking hold.

Online harms

The Chancellor announced:

- £45 million for programmes to drive growth through digital technologies and data, while improving online safety and security. (*Page 81, paragraph 6.86)*

LGA view

- Councils have important statutory responsibilities in supporting those exposed to online harms, including in relation to child sexual exploitation, mental ill-health (particularly children and young people), suicide prevention, radicalisation, and the online abuse and harassment experienced by councillors and senior local government officers. We therefore welcome the Government's recognition of the importance of improving online safety and security as the digital environment continues to innovate and grow in scope and scale.

Local Government Cyber Security

The Chancellor announced that:

- The underlying core settlement for local authorities in 2021/22 includes…providing £16 million to support modernisation of local authorities' cyber security systems. *(Page 75, paragraph 6.66)*

- SR20 also provides continued investment in the National Cyber Security Programme, funding transformational cyber security projects to support departments, the private sector and wider society. This investment will enable the UK to stay at the forefront of global action to secure a safe digital future and successfully adopt new technology to drive resilience and economic growth. *(Page 69, paragraph 6.44)*

LGA view

- The LGA welcomes the announcement of specific local government cyber security funding in this review. £16 million for the next financial year is a sizeable step in the right direction.

- It is currently unclear as to how the Treasury intend to allocate this money and whether or not further funding from the National Cyber Security Programme will also be directed toward reducing cyber security risk in local government.

- It is critical that local government receives sufficient funding for councils to address the cyber security risk they currently face, and meet the competing assurance demands of different central Government departments and agencies.

- We look forward to meeting with the Cabinet Office and the Ministry of Housing Communities and Local Government to understand how this £16 million will be allocated, and how any further funds from the National Cyber Security Programme will be spent.

Culture, tourism and sport

The Chancellor announced that:

- This settlement includes the following priority outcomes:
    - Increase economic growth and productivity through improved digital connectivity
    - Grow and evolve our sectors domestically and globally, in particular those sectors most affected by COVID-19, including culture, sport, civil society, and the creative industries. *(Page 81, paragraph 6.90)*

LGA view

- Culture and the creative industries, tourism and sport services are among those that have been hardest hit by COVID-19, yet have the potential to contribute significantly to economic recovery and personal resilience over the forthcoming years. The recognition throughout the Spending Review of their importance is a positive sign, including their explicit inclusion in the objectives for the UK Shared Prosperity Fund and Levelling Up Funds.

- However, leisure services are in need of an immediate injection of funding if they are to keep services going and to enable them to benefit from the capital investments announced today. It is important that Government announces a second investment on top of the £100 million already announced.

Holiday Activities Fund

The Chancellor announced that:

- The Government will also provide £220 million for the Holiday Activities and Food programme to provide enriching activities and a healthy meal for disadvantaged children in the Easter, Summer and Christmas holidays in 2021. This provides funding up to the end of 2021-22 and supports the Government's commitment to establish a Flexible Childcare Fund to increase the availability of high quality and affordable flexible childcare. *(Page 45, paragraph 4.14)*

LGA view

- We are pleased that the Government has recognised the vital role of councils in providing consistent health and wellbeing support for children in disadvantaged and low-income families. To secure better outcomes it is vital that this support is provided in the context of a properly recognised and resourced local safety net and a genuinely preventative approach to addressing multiple disadvantage.

- We hope that when further detail emerges on the coming year's approach to the Troubled Families programme it enables vital links to be made between this support and wider preventative approaches to improving children's health and wellbeing.

- It is disappointing that there are no proposals for putting local welfare funding on a more sustainable footing to ensure a consistent approach to locally-led support to address financial hardship and economic vulnerability.

Sustainable Communities Overview & Scrutiny Panel

19 January 2021

Agenda item:

Wards: Boroughwide

Highways: Roadworks & Utilities overview

Lead officer: Chris Lee, Director for Environment & Regeneration

Lead member: Cllr Martin Whelton, Cabinet Member for Housing, Regeneration and the Climate Emergency

Contact officer: Paul McGarry, Head of Future Merton

Recommendations:

A. That the Panel note the content of the report which provides an overview of the Council's Highway functions and co-ordination of works.

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1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1. This report provides members with an overview of the Council's Highway service functions and duties related to highway maintenance and roadworks co-ordination.

1.2. The report structure provides an introduction to the Council's highway assets and detail on our processes and responsibilities, summarised below:

- Reactive Maintenance
- Planned Maintenance
- Network Management & Co-ordination
- Permitting volumes, income and monitoring
- Inspections
- Coordination with developers and events

1.3. Appended to the report is the Council's four-year rolling maintenance programme and this year's active programme. A forward programme of utility works is not available due to constant changes brought about by the pandemic restriction, explained at the end of this report.

2 DETAILS

2.1. The London Borough of Merton highway network lengths totals 369km of carriageway and 548km of footway. This consists of 34km's of Principal Roads ('A' roads), 36km's of Non-Principal Classified Roads ('B' and 'C' roads) and 299km's of Unclassified Roads ('U' roads). There is also 7.5 km's of carriageway that is within the London Borough of Merton which is maintained by Transport for London (TfL).

2.2. In addition, to these carriageway and footway lengths the council maintains in excess of 26,000 non illuminated signs, 17,000 gullies, 14,000 non illuminated bollards, 10,000 sign posts and 4,000 street nameplates on its highway network.

2.3. Within the Future Merton team there are three teams that predominately undertake/maintain/co-ordinate activities that occur within/on the highway network. These teams undertake Reactive repairs, Planned Works (carriageway resurfacing/reconstruction and footway reconstruction) and co-ordinate Street works undertaken by utilities companies as well as co-ordinating works relating to the delivery of council led public realm and road safety projects.

2.4. **Reactive Maintenance**

2.5. The London Borough of Merton undertakes a system of regular highway safety inspections of all its adopted highways in order to comply with its statutory duty to maintain highways in accordance with Section 41 of the Highways Act 1980. Safety inspections are designed to identify defects that meets the Council intervention criteria and each road at the minimum (dependant on its frequency) is inspected at least once a year. The risk of danger is identified by a highway officer on site, and if a defect meets the intervention criteria this is categorised in terms of an appropriate priority response, see below.

Risk Factor Category	Response
Priority 1	Make safe or repair defect within 2 hours
Priority 2	Make safe or repair defect within 10 days
Priority 3	Repair within 28 days
Priority 4	Defect not repaired – repaired within planned renewals programme

2.6.

2.7. Defects that the Highway Officer's pass across to our term contractor to repair would have to meet the council strict intervention level and due to the current financial position of the Council, it is only possible to treat those defects that meet the current intervention criteria. For information, Merton Council's intervention thresholds are 20mm either on a footway or a designated cycleway and 40mm within the carriageway.

2.8. In addition, to the highway safety inspections, we receive 3rd party defects that are reported via residents/members of the public and these are subsequently inspected by the Highway Officer.

Planned Maintenance

2.9. To determine roads for inclusion in Merton's annual carriageway resurfacing and/or footway reconstruction programme each year, the council uses a robust prioritisation model. This model benchmarks and ranks all roads in the borough in comparison to each other and considers a range of criteria such as Engineers Assessment, Condition Survey results, Road Classification, Safety Inspector Priority, Reactive Maintenance Expenditure, Traffic Volumes, Population Density, Emergency, Bus and Cycle routes, Traffic Generators (schools & hospitals etc), Ward Deprivation and Complaints Received. The information used in this model is reviewed and updated annually at the time that the programmes are developed to ensure that the most current picture of the network is taken into account.

2.10. When talking about condition survey results, these are surveys that are undertaken on the highway annually, using independent UK Pavement Management System (UKPMS) consultants performing the surveys in accordance with nationally recognised procedures. This gives a percentage defectiveness of the highway network according to results of the highway condition surveys undertaken.

2.11. With the council's current levels of funding for planned maintenance, it only allows for 25 – 30 roads to be resurfaced and 10-15 footways to be reconstructed per year.

Network Co-ordination

2.12. The team manages the coordination and enforcement of activities that are undertaken on the highway network and other areas within the Borough. Using a complex range of legal powers, using online mapping, onsite inspections with handheld devices and internal council systems to coordinate and enforce works ranging from scaffoldings to water leaks and developer's works. In the previous, 3 years the team has generated over £2.5 million in income from the management and licensing of highway activities. Merton Council has a range of powers and duties under which it maintains and improves the network. These powers derive from national legislation which includes the Highways Act 1980, The New Roads and Street Works Act 1991 (NRSWA), and the Road Traffic Regulations Act 1984. The Traffic Management Act 2004 builds upon these existing powers in managing the network more effectively.

Managing the road network

2.13. There are a wide range of stakeholders who work on the highway network. The frequency of their needs for access varies depending on the type of work being carried out. For example, utility companies effectively work at locations on the network throughout the year, dealing with problems, renewals or new installations. On the other hand, contractors installing or repairing traffic signals may only require access every few years, or one-off permission may be sought by building contractors for individual property builds. Nevertheless, all stakeholders must have regard to the council's Network Management Duty. Through permitting and inspection, highway contractors are influenced and expected to adhere to the Councils works conditions. Through the issue of licences and permits, these will stipulate that works must be carried out in a safe and considerate manner, and reinstated to a high standard. Broadly speaking, the main highway network stakeholders are as follows: -

- Utilities (water, gas, electricity, communications – phone and internet)
- Developers, builders and sub-contractors
- Neighbouring councils including TfL and Public Transport Suppliers (particularly important where major works are scheduled to take place which have the potential to affect a neighbouring highway network)
- Skip companies
- Events organisers (where they highway will be used or impacted for example sporting events or music concerts)
- Any sub-contractor working on behalf of the above

Summary of key Highway legislation and national guidance

2.14. Highways Act 1980 (Reactive Highway Act Safety - Section 41)

2.15. The 1980 Act covers the management and operation of the highway in England and Wales. It includes agreements between the relevant authorities as well as the creation, management and improvement of the highways. It further encompasses the protection, lawful and unlawful interference of highways; provision of special facilities; closure; street byelaws; acquisition, vesting and transfer of land. It provides many of the powers and duties required by the authority for highway maintenance. The Highway Act also provides guidance and powers to licence and enforce some highway activities such as skips, scaffolds, hoardings and cranes to name a few.

2.16. Road Traffic Regulation Act 1984

2.17. The Road Traffic Regulation Act consolidates the Road Traffic Regulation Act 1967 and subsequent related Acts and statutory instruments. It provides powers to the relevant authority to regulate or restrict traffic on the highway. There are ten parts to the Act, which covers road closures, traffic restrictions, crossings, parking provision, traffic signs, speed limits, bollards and control and enforcement.

2.18. The New Roads and Street Works Act 1991

2.19. The New Roads and Street Works Act (NRSWA) came into force in 1991 providing a wide range of information on all aspects of works to roads carried out by 'statutory undertakers' (refers mainly to public utility companies). Merton Council as the 'Highway Authority' has a duty to manage and monitor road and street works carried out on the borough road network. The act also includes a framework of chargeable inspections, fines and charges where utility companies fail to carry out works or repairs to the required standard.

2.20. Street Works and Road Works are essential to maintaining underground assets such as gas, electricity, water, broadband and phone infrastructures etc. All replacement of mains and ducting, new customer connections and repair of damage such as water leaks, needs to be coordinated and monitored. If not coordinated and monitored correctly, works that take place on the road network have the potential to seriously disrupt traffic flow and leave Merton's footways and carriageways with a patchwork of failing repairs.

2.21. To this end the Network Coordination Team carry out regular inspections of all works, whether they be utility or borough works in order to monitor how the works are being carried out ensure they are safe and to the expected standard. Where the standards are not met, enforcement action is taken which has generated £475,632.50 over the past 3 years.

2.22. <u>Traffic Management Act 2004 (TMA)</u>

2.23. In 2004 the government introduced the Traffic Management Act (TMA) which placed a 'Network Management Duty' on local authorities to ensure 'the expeditious movement of traffic' on their network. It gave local authorities new powers such as the introduction of permit schemes, the ability to issues Fixed Penalty Notices for poor performance and civil enforcement contravention powers to keep roads clear and the traffic moving.

2.24. Under the TMA Merton became a permitting authority for street works. Before the TMA utility companies had a right to dig up the roads and send a notification to the authority, which was sometimes only required after works had already taken place. The permit scheme means that, with the exception of works happening in response to an emergency, the third party has to apply for a permit. This is reviewed by the Network Coordination Team and, where applicable, conditions can be attached before a permit to work is issued. The team carries out inspections and if the company fails to meet the permit conditions a Fixed Penalty Notice is issued.

Network Management

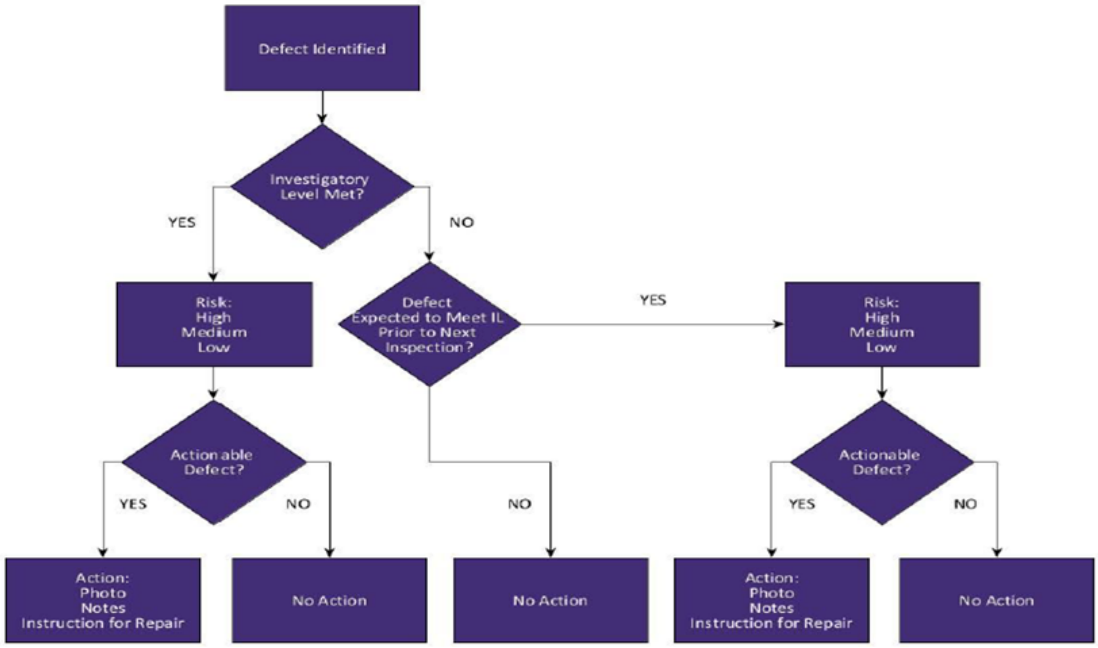
2.25. The TMA requires that all traffic authorities appoint a traffic manager. The role of the Traffic Manager is 'to perform such tasks as the authority considers which will assist in delivery of the Councils network management duty'. There are three documents fundamental to the performance of the Duty: The Traffic Management Act (TMA) 2004; Network Management Duty Guidance (NMDG) and Traffic Management Guidance on Intervention Criteria. Merton Councils Traffic Manager sits within the Future Merton Team as part of the Environment and Regeneration department to assist in the delivery of a co-ordinated, planned, and effective response to the network management duty.

Reactive Works

2.26. Highway Safety inspections comprise of walked visual assessment carried out on both the carriageway and the adjacent footways, both sides of the road will be walked where there is a footway.

2.27. Frequency of inspections is based on the management hierarchy of the road. The inspection due date is automatically calculated based on the frequency if inspection for a given road (monthly, quarterly or annually) and the last inspection date. Merton's assets management system will automatically assign the inspection due dates for each road section and footway depending on its inspection frequency. The items that are assessed during the highway safety inspections are carriageways, footways, kerbs, edgings, gullies, road markings, signs, bollards, other street furniture and overhanging vegetation.

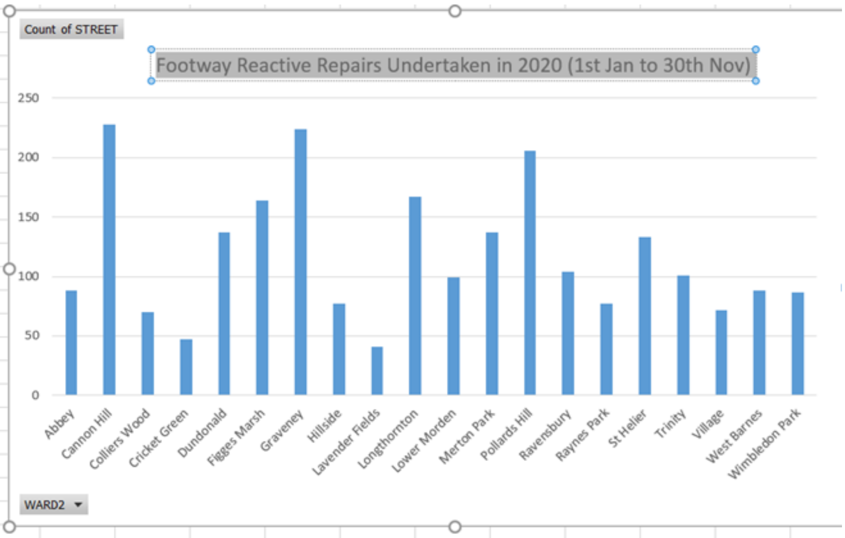
2.28. Deciding if a defect requires repair/treatment is based on the safety of the travelling public whether by vehicle, on foot, bike or other modes of transport. Considering risk will, as far as is reasonably practical by following the workflow decision process below.



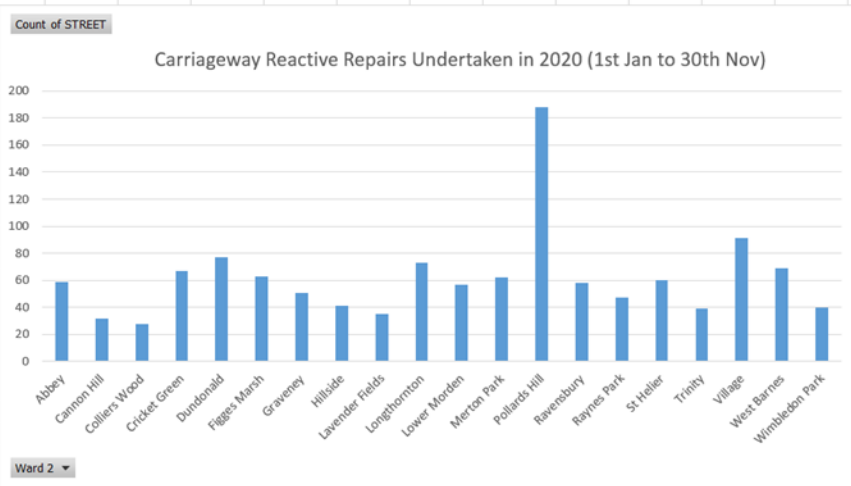
2.29. The level of risk is the relationship between likelihood and severity. Where a defect meets the intervention level the appropriate response to the defect is issued. In all cases, the response to the defect will be determined by the Highway Officer dependant on the location and risk to the public.

2.30. In 2020 (1st January 2020 to 30th November 2020), 2347 footway defects and 1237 carriageway defects were issued to Merton's highway term contractor for repair. Please see the below tables for a breakdown by ward.

Row Labels	Count of STREET
Abbey	88
Cannon Hill	228
Colliers Wood	70
Cricket Green	47
Dundonald	137
Figges Marsh	164
Graveney	224
Hillside	77
Lavender Fields	41
Longthornton	167
Lower Morden	99
Merton Park	137
Pollards Hill	206
Ravensbury	104
Raynes Park	77
St Helier	133
Trinity	101
Village	72
West Barnes	88
Wimbledon Park	87
Grand Total	**2347**



Row Labels	Count of STREET
Abbey	59
Cannon Hill	32
Colliers Wood	28
Cricket Green	67
Dundonald	77
Figges Marsh	63
Graveney	51
Hillside	41
Lavender Fields	35
Longthornton	73
Lower Morden	57
Merton Park	62
Pollards Hill	188
Ravensbury	58
Raynes Park	47
St Helier	60
Trinity	39
Village	91
West Barnes	69
Wimbledon Park	40
Grand Total	**1237**



Planned Works

2.31. As mentioned under 2.9 of the report, there are a number of factors that contribute to Merton's robust prioritisation model. Once all the annual data is collated and imported into the prioritisation model an indicative 4-year programme is produced around January/February each year given Merton an up to date picture of its highway network. When the 4 year indicative program is produced no guarantee can be given that these some of this roads will feature in any of the final programmes, as this is subject to budget approval, estimates, tar bound materials and priority changes due to network deterioration.

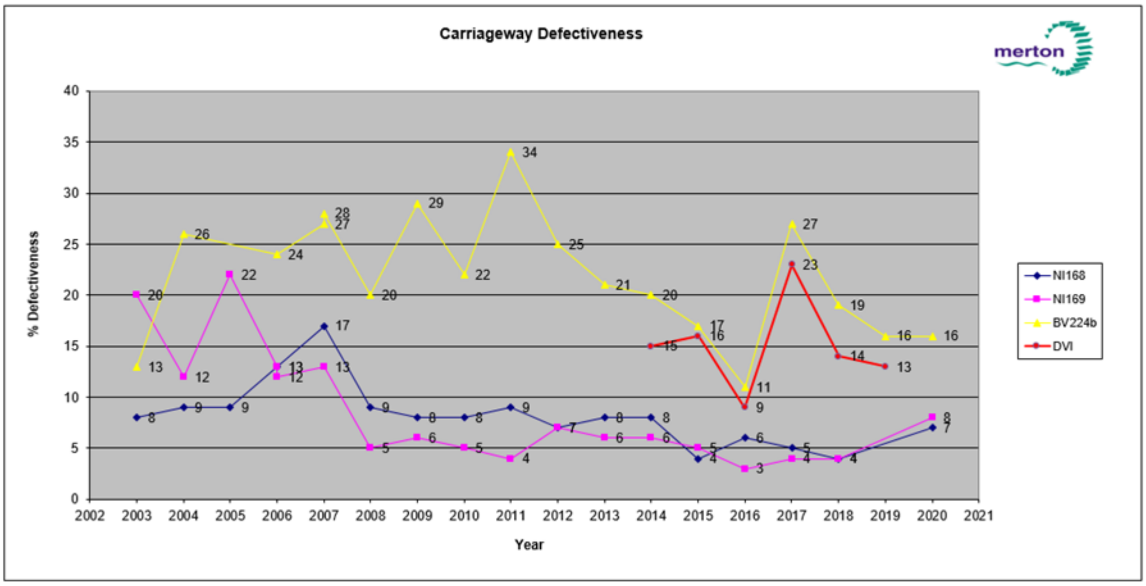
2.32. The three items that are weighted the highest within the prioritisation model assessment criteria are the

2.33. Engineers Assessment (where engineers assess each carriageway and footway out of 5, where 1 = Poor and 5 = Excellent). Engineers take into account a range of factors when making their assessment such as visible defects, structural condition, potential for further deterioration, road hierarchy and road use and are mindful of the borough wide network condition

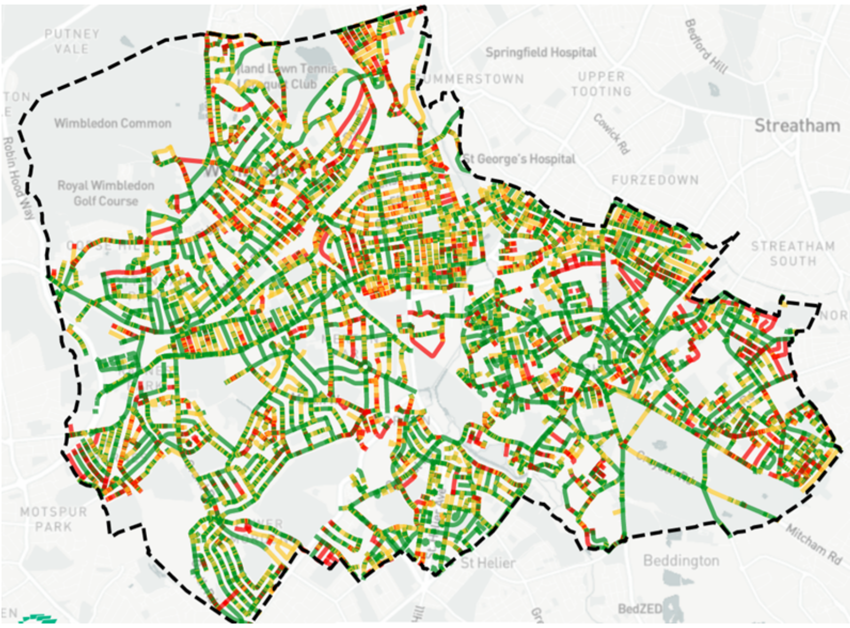
2.34. Condition Survey Data. This is the percentage defectiveness of the highway network according to results of the highway condition surveys undertaken yearly.

2.35. Reactive Maintenance Expenditure. This shows the annual cost of reactive maintenance expressed per linear metre of carriageway, based on the most recent 3 years of reactive expenditure.

2.36. Please see below graph showing the carriageway defectiveness of Merton's highway network which is showing improvement in footways and unclassified roads maintenance (red and yellow). Deterioration on the principle road network (purple/blue) is increasing due to reductions in TFL principle network funding since 2019.

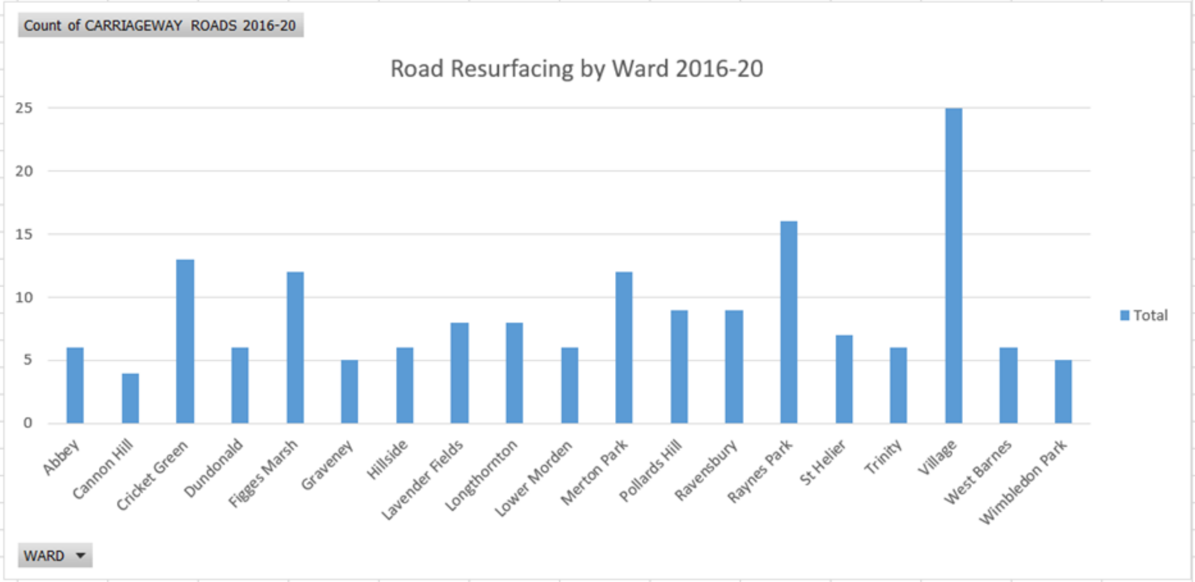


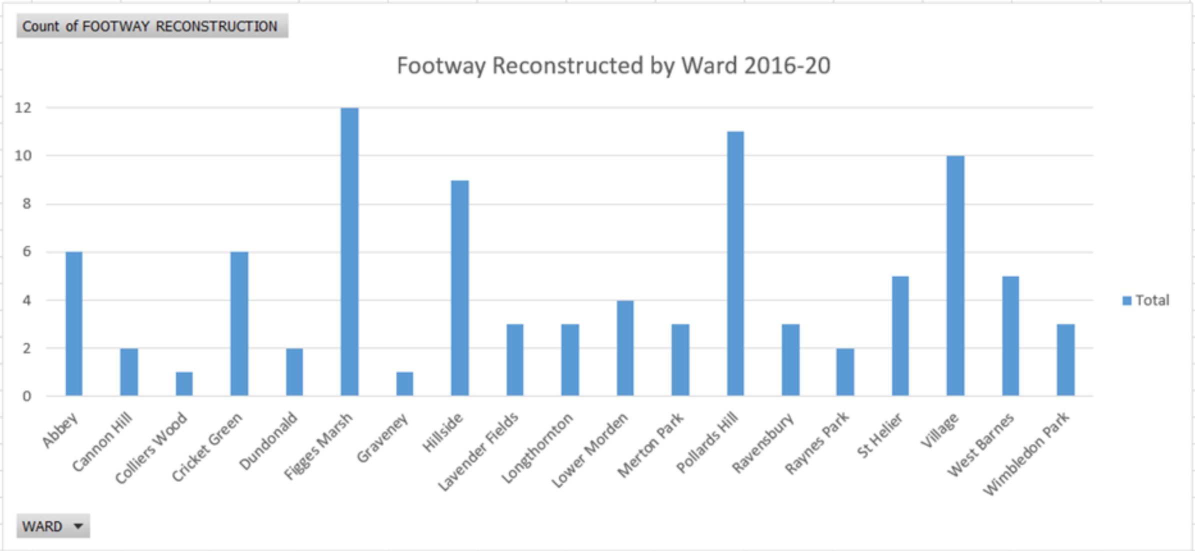
NI168 = National Indicator 168 measures the percentage of the local authority's 'A' road network (Principal Roads) where maintenance should be considered
NI169 = National Indicator 169 measures the percentage of the local authority's 'B' roads and 'C' roads network (Non-Principal Roads) where maintenance should be considered
BV224b = This is a DfT Performance Indicator for Best Value to measure the percentage of the condition of the Unclassified road network where maintenance should be considered
DVI = means Deatailed Visual Inspection & is a survey under the UK Pavement System (UKPMS) which is the national standard for management systems for assessment of local road network



2.37. Highway Condition RAG rating from 2019/20 radar surveys.

2.38. Since March 2016 to December 2020 there has been 157 carriageways that have been resurfaced/reconstructed and 91 footways that have been reconstructed. Please see below breakdown of carriageways/footway by ward





Network Co-ordination / Roadworks / Streetworks

2.39. Parity

2.40. If a highway user encounters disruption caused by works they expect it to be managed, whether it is caused by a gas, water or a Council scheme. Consistency of works management is a key part of the Network Management Duty and it is important that the same rules apply to the Council's own Highway works. The Network Management Duty Guidance issued by the Department for Transport states that "Parity is an important principle in exercising the duty. Authorities must lead by example applying the same standards and approaches to their own activities as to those of others". The Network Coordination Team are separated from those 'highway authority' functions responsible for promoting works to ensure parity of treatment of all works promoters. All works promoters are expected to comply fully with the requirements of the New Roads and Street Works Act 1991 (NRSWA), TMA and all relevant associated regulations and codes of practice.

2.41. Network Coordination Planning

2.42. Coordinating works on the public highway is a continually evolving process. Officers from the Network Coordination Team begin this process, sometimes more than a year in advance, by communicating with stakeholders who have forward programs of works. It is the Network Coordination Teams duty to coordinate all these programs and where possible, identify locations and opportunities where works can be performed in collaboration to minimise disruption.

2.43. The Network Coordination Team currently works with all its neighbouring highway authorities, transport providers, national organisations and multiple working groups to move forwards with best practice and to share knowledge to improve working methods.

2.44. Network knowledge is key to ensuring smooth and expeditious movement of traffic on Merton's and neighbouring boroughs road networks. Network information is collated through internal and external meetings. Below is a list of some of the meetings attended by the Network Coordination Team:

2.45. Coordination Meetings – Merton has 5 x neighbouring boroughs who assist and support delivery of works across their boroughs. Quarterly coordination meetings are attended so that Merton is pro-active in identifying impacts of which would have effect on the road network and networks of neighbouring boroughs. The Principal Network Coordination Officer currently attends 24 x coordination meetings a year including Merton's own coordination meeting. Merton holds 4 x quarterly meetings a year with its stakeholders including all utility companies, neighbouring boroughs, TfL and transport operators.

2.46. SAG (Safety Advisory Groups) – Numerous meetings involving event's organisers throughout the year.

2.47. London Authority Partnership Meetings (Quarterly) – London Highway Authorities agreeing working practices. Such as FPNs for highway licensing and enforcement of current or forthcoming legislation or Statutory Instruments.

- Street Manager – Working Groups
- Lane Rental Working Group
- Monthly contract review – FM Conway
- Resilience Boards – Emergency response meetings
- SLJAG – South London Joint Authority Group Meetings - Quarterly
- HAUC – Highway Authority Utility Committee - Quarterly
- Wimbledon Tennis (AELTC) 4 – 6 Meetings Annually
- Ride London 4 – 6 Meetings Annually

2.48. Internal Works Planning

2.49. To ensure that conflicts are avoided and that Merton's own works do not suffer from impacts from utility works or events, the Network Coordination Team and Infrastructure Manager produces a 'forward plan' of all works proposed for the financial year. The forward plan pulls together all known works from the Highway's, Traffic and other associated Future Merton teams to provide an overall picture of works. This plan assists with identifying collaboration opportunities and allows utility companies and Transport for London to see Merton's forward plan to assist external partners when planning their own works.

2.50. The forward plan assists Merton Council in protecting its own assets such as footways and carriageway improvements so that utilities can perform their works before upgrade works are carried out. The plan also assists Merton's own term contractor when planning and identifying resources for the year to enable efficiencies with gang allocations and collaboration opportunities.

2.51. Network Coordination Team – Minimising Disruption

2.52. Merton's road network often experiences congestion, particularly at peak times. Traffic levels in general continue to grow nationally and this is exacerbated by increasing volumes of work and other activities on our roads. The increase in works has been driven by a number of factors over the past 20 years including the failure of old water and gas mains and the roll out of new technology such as cable and broadband and the number of developments and new service demands. It is essential that effective measures are put in place to control and manage the degree of congestion to reduce the inconvenience and disruption that inevitably results. This will benefit residents, the travelling public, communities and businesses in the Borough.

- Prolonged periods of congestion, if not tackled, seriously restrict the economic growth and prosperity of the borough by:
- undermining the competitiveness of existing local businesses,
- affecting deliveries and business travel,
- compromising the feasibility of some new developments,
- reducing the accessibility of sites and reducing their economic viability; and - lengthening the time taken for development to happen.

Network Coordination Team – Street Works Functions

2.53. Monitoring the safety of street and road works

2.54. The average fatality rate for operatives working on the highway continues to be one of the highest of any employment sector (as reported by the Health and Safety executive). Road works can involve heavy machinery, deep excavations, exposure to hazards, loud noises and vibration, dust and dirt. It is therefore of paramount importance that the council stipulates the highest standards of health and safety practices ensuring that requirements are adhered to by those working on the highway. The safety of members of the public can also be compromised if road works are not carried out in a safe manner. Merton's Network Coordination Team ensures compliance with the Safety at Street Works & Road Works Code of Practice (Safety Code) through continually monitoring a sample of highway authority and utility works in progress and increasing inspections on any companies who need to improve. In severe cases inspectors have the power to stop works if it is deemed that safe working practices are not being observed. Serious breaches of health and safety statutory legislation may be subject to legal proceedings, as is the case where the structural integrity of the highway is compromised by substandard reinstatement.

2.55. Overrunning Works

2.56. Where street or road works are unreasonably prolonged a charge will be levied under section 74 of the NRSWA. Income received through fixed penalty notices (FPNs), charges relating to unreasonable occupation of the highway (s74 charges) or other related revenue will firstly be used to support the costs of administering and improving the efficiency of the street works function.

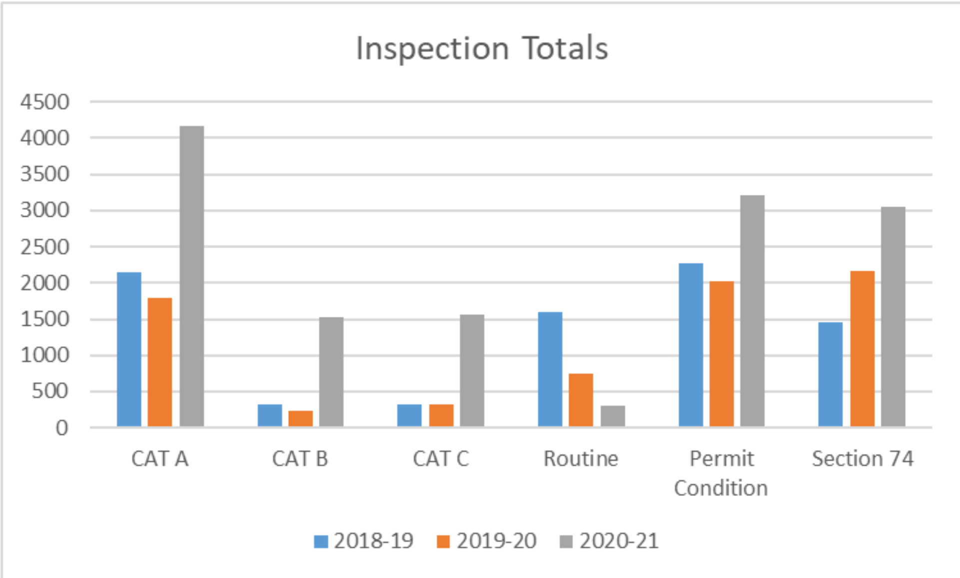
2.57. Monitoring the reinstatement of street works

2.58. The Council has a duty to ensure that the Highway Network is fit for purpose, and the cost of maintaining the highway is considerable. However, any qualified utility company or sub-contractor can get permission to dig up the highway, provided that it is reinstated in a like-for-like manner. The Network Coordination Team's Network Coordination Officer's monitor street works whilst they are taking place (CAT A Inspections), aiming to inspect 10% of works in progress, 10% of works after 3-6 months (CAT B Inspections - to ensure reinstatement is up to standard), and 10% at the end of a 2-3 year guarantee period (CAT C). If findings are unsatisfactory, compromising the safety or structure of the highway, a contractor is asked to return and rectify the work to ensure that the Council doesn't end up carrying the cost of future repairs.

2.59. Monitoring street works (inspections)

- The Network Coordination Team also performs a number of other inspections associated with road and street works.
- Category A – In progress works sites
- Category B – Recently completed works sites (3-6 months)
- Category C – At the end of guarantee period
- Routine – Return inspections – defect monitoring – defect reinstatement
- Permit Condition – Performed to ascertain compliance with permitting conditions on site
- Section 74 – Works completion inspection to ensure works are finished on time

	CAT A	CAT B	CAT C	Routine	Permit Condition	Section 74
2018-19	2140	321	315	1594	2265	1459
2019-20	1793	226	318	751	2018	2159
2020-21	4162	1519	1560	302	3211	3055



2.60. Monitoring street works during Covid-19

2.61. The Network Coordination Team has used the fall in utility work numbers in 2020 to focus on the condition of its assets which has resulted in double the amount of inspections usual performed. This has also been a result of the Network Coordination Team's restructure during 2020.

Inspections	Totals
2018-19	8094
2019-20	7265
2020-21 (To end of November 2020)	13089
Total	28448

Permit Scheme

2.62. The aim of Merton’s Permit Scheme is to improve the management of the road network through better planning, scheduling and management of activities so as not to cause avoidable traffic disruption to any road user. Co-ordination of activities through the Permit Scheme enables differences between those competing for space or time in the street, including traffic, to be resolved in a positive and constructive way.

- The specific objectives for the Permit Scheme are to;
- Reduce occupation of the highway to benefit all highway users
- Improve safety of all highway users at road and street activities
- Enhance the reliability of journey times
- Enhance the journey experience
- Gain greater control of all activities on the public highway
- Minimise, avoid or manage delays to all highway users
- Improve public perception of managing highway activities
- Reinforce co-ordination of all activities on the highway
- Reduce long term damage to the highway asset
- Encourage collaborative working between all activity promoters
- Achieve an improvement in air quality
- Demonstrate parity for all activity promoters
- Strengthen cross-boundary co-operation

2.63. <u>The Network Coordination Team – Permitting Numbers</u>

2.64. The Network Coordination Team usually manages around 14,000 utility permit applications per year. Due to the Covid-19 pandemic these numbers have significantly been reduced due to social distancing and contractors being unable to provide resources for works. This has put an extra burden on undertakers such Thames Water and SGN in delivering their forward programmes before the end of their financial years. Early discussions with utility companies and their contractors enabled Merton to bring forward some of the 'Major' works programs which would have been performed in the next financial year. Giving contractors the ability to concentrate and expedite their major works programmes when the road network is less congested has enabled Merton to reduce the overall effect of disruption and congestion on its road network when normal traffic flows return.

2.65. <u>Permit Types</u>

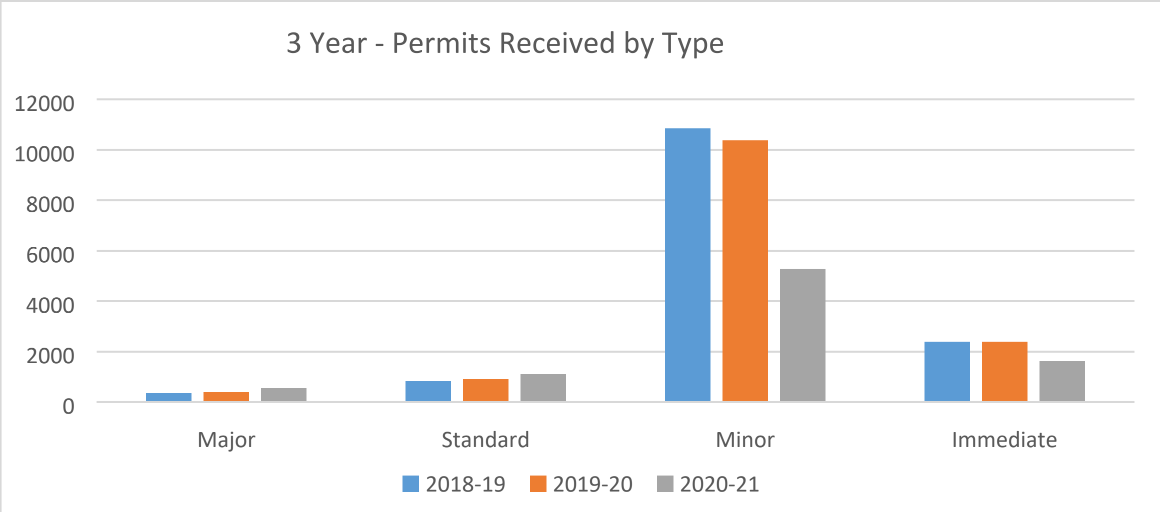
2.66. **Major** – Major works are activities which are planned to take longer than 10 days in duration. These works usually involve complex traffic management, road closures or are estimated to be highly impacting on network traffic flows. Network Coordination Officer's have 30 days to assess the impact of major works and to ensure that stakeholder engagement, permit conditions and the health & safety of the public is considered and delivered.

2.67. **Standard** – Standard works are activities which are planned to take between 4 and 10 working days. Network Coordination Officers have 5 working days to assess standard permit applications.

2.68. **Minor** – Minor works are activities which are planned to take between 1 and 3 working days. Network Coordination Officers have 2 working days to assess minor permit applications.

2.69. **Immediate / Emergency** – Immediate and Emergency works have to be applied for within two hours of starting works by the relevant utility company. Due to the nature of immediate and emergency works, information is normally limited and requires investigation by the Network Coordination Officers. Immediate and Emergency works by their nature are very difficult to plan for and given the urgency of the works, traffic management, diversions and stakeholder engagement, the process is normally a reactive and fluid process. Network Coordination Officers have to be able to be reactive to certain emergency works which can involve road closures or extensive diversions. (Immediate or emergency works which are deemed to be dangerous to people or property will in most cases be agreed immediately).

	Major	Standard	Minor	Immediate / Emergency	
2018-19	345	818	10847	2394	14404
2019-20	396	893	10357	2391	14037
2020-21	536	1101	5276	1610	8523
Total	1277	2812	26480	6395	36964



Where issues or opportunities are identified, the council will explore ways to improve the permit scheme in further detail, learning from others as and where appropriate. Consideration will be given to a 'lane rental' scheme for use on major strategic routes, although at present new legislation and trials are ongoing. Merton's Network Manager is currently part of the London-wide working group currently investigating the potential of implementing such a scheme if it is deemed likely to benefit the borough.

Highway Activities (Licences) managed by the Network Coordination Team

2.70. The Network Coordination Team manage a number of activities, which have an effect on the road network. These activities by their nature can cause congestion and delays to traffic if not properly assessed, managed and coordinated with other highway activities. A number of activities are currently coordinated by the Network Coordination Team such as Skips which are checked for conflicts with other works and issued a road space booking on the Street Manager system.

2.71. It is the Network Coordination Team's responsibility to manage all highway activities to ensure their placement and location is fit for purpose and that the highway activity is safe for all road users.

2.72. Highway licences which are currently managed by the Network Coordination Team include:

- Scaffolding
- Hoardings
- Mobile Cranes
- Builders Materials
- Temporary Traffic Regulation Orders – (TTRO)
- Section 171 Licence – Private Highway Works (Development Works)
- Section 50 Licence – Private Utility Works (Drainage Connections)

2.73. Applications are received online through Merton Council's website: https://www.merton.gov.uk/streets-parking-transport/roadworks/roadworks-licences-and-permissions

2.74. Network Coordination – Developments

2.75. Developers and their nominated contractors often have to contact the Network Coordination Team once they have been granted planning permission for their proposed developments for assistance with traffic management. A construction management plan (CMP) for major developments is often provided to assist with identifying how a contractor is going to manage deliveries, pedestrian and cyclist movements and how to ensure the site is managed safely for all road users. In many situations the CMP provided doesn't identify or foresee all of the on-site requirements. Officers from the Network Coordination Team often arrange site meetings with contractors to perform site-specific assessments to look at all aspects of the works and to agree the safest way forwards.

2.76. The objective of an assessment on a development site is to ensure that the needs of residents, businesses and road users are accommodated correctly and safely. On site issues such as deliveries, pedestrian access, traffic management and site welfare facilities, need to be assessed. It is the teams duty to ensure that the contractor has considered all eventualities.

2.77. The team's assessment of developments has to ensure that all road users are considered and that mechanisms are in place to manage all modes of transport. In partnership with external organisations, Merton's officers perform on site assessments for developments with the aims of securing:

- Safe pedestrian passage
- Safe traffic management for vehicles, pedestrians, cyclists and people with disabilities
- Safe delivery operations
- On site security issues
- Asset protection
- Continued movement of traffic
- Engagement with stakeholders
- Appropriate licences and permissions are granted

2.78. Network Coordination – Events

2.79. All events on the public highway which effect residents, businesses and the flow of traffic including pedestrians require assessment by the Network Coordination Team. On larger scale event's, the organisers contact Merton Council for approval of their event's which takes place with the Safety Advisory Group (SAG). The SAG is a working group made up of internal and external stakeholders who have an interest in the safety associated with all events. The Network Coordination Team working in collaboration with stakeholders such as the emergency services, transport providers and internal departments such as Parks & Green Spaces, identifies potential conflicts and assessments of traffic management. Events that require assistance and direction from the Network Coordination Team include events such Wimbledon Tennis Championships, AFC Wimbledon, Ride London, Eastern Electrics and Winter Wonderland. With larger scale events the Network Coordination Team will coordinate with the event traffic management providers to agree traffic management, liaise with transport providers and engage and consult with other highway authorities. All traffic management is assessed for the safety of all road users and the impact of diversions on transport providers, neighbouring highway authorities, residents and businesses.

2.80. Network Coordination Team – Local Events and Street Parties

2.81. For smaller events the Network Coordination Team manages these from application to delivery. All event applicants contact the team with their applications which in turn requires a team officer to assist the applicant to ensure the event is delivered safely. Small events such as street parties and play streets are promoted and delivered on behalf of the Council by the Network Coordination Team.

2.82. On the 22nd September 2019 the Network Coordination Team promoted National Car Free Day which closed 26 residential roads within the borough for Car Free Day.

2.83. Events managed by the Network Coordination Team

- Wimbledon Tennis Traffic Management
- Ride London
- Various religious events including Shree Ghanapathy Temple and Buddhapida Temple
- Armed Forces Day
- Remembrance Sunday
- Armistice Day
- Eastern Electrics
- Fireworks Displays
- Winter Wonderland
- London to Brighton Cycle Ride
- Street Parties
- Play Streets – Car Free Day 26 x 2019

2.84. Events – Covid 19

2.85. Due to the impacts of the Covid 19 pandemic, a number of events which are held within the borough annually have unfortunately been cancelled or postponed to maintain public safety in 2020. The team has ensured that all government guidance has been followed when assisting events on the network which has enabled the Network Coordination Team to deliver events such as Remembrance Sunday and Armistice Day. Moving forwards we envisage events to increase over 2021 once government guidance allows for increased numbers of attendees.

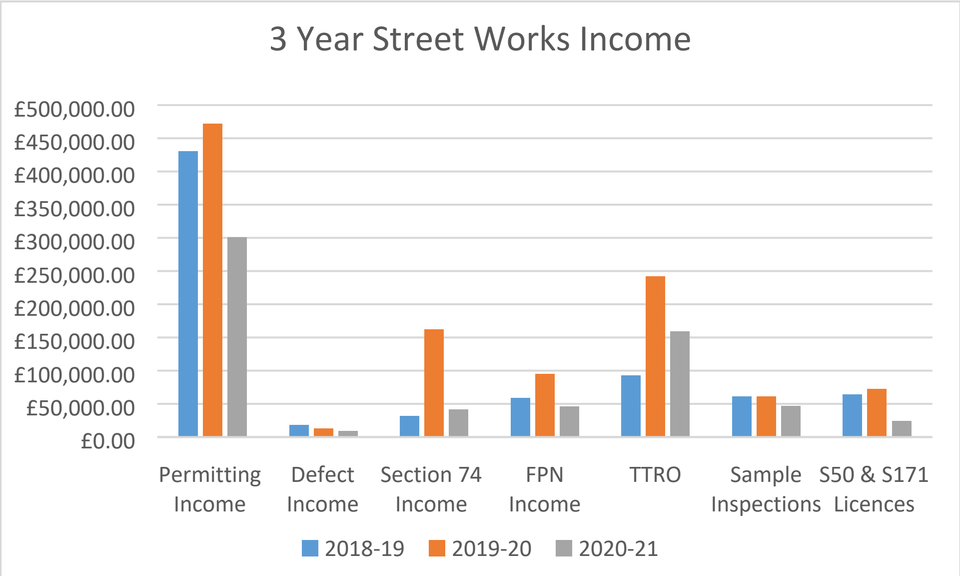
Network Coordination team.

2.86. Income

2.87. Under permitting legislation, the operation and delivery of a permit scheme by a 'Highway Authority' must be deemed self-funding. The requirement to be self-funding is to ensure that councils operating permit schemes don't get burdened with additional costs associated the operation of the scheme. Yearly fees received by Merton Council for assessing utility permit applications cover the costs of operating the team and all other incomes received through Street Works fines and enforcement are classed as profit.

2.88. Below is a table of the fees and charges related to permitting income, street works enforcement and temporary traffic regulation orders received by the Network Coordination Team over the past three years. Figures for 2020-21 are calculated until 30th November 2020

	Permitting Income	Defect Income	Section 74 Income	FPN Income	TTRO	Sample Inspections	S50 & S171 Licences	Totals
2018-19	£430,522.00	£18,227.00	£31,450.00	£59,030.00	£92,635	£61,562.50	£64,375.00	£757,801.50
2019-20	£471,991.00	£12,622.00	£162,250.00	£94,960.00	£242,414.20	£61,312.50	£72,725.00	£1,118,274.70
2020-21	£300,589.00	£9,383.50	£41,750.00	£45,960.00	£158,869.00	£46,712.50	£24,575.00	£627,839.00
Total	£1,203,102.00	£40,232.50	£235,450.00	£199,950.00	£493,918.20	£169,587.50	£161,675.00	£2,503,915.20



2.89. **Planned Utility works: forward planning**

2.90. Through quarterly coordination meetings with Utility Companies, the Council usually holds a forward plan for planned major utility investment. Due to Covid-19 we were initially informed back in April 2020 that most utility companies were dropping all planned works to focus their resources on ensuring networks are functional and dealing with emergency works only. With London in its third lockdown, it remains unclear when planned works will resume.

2.91. The current situation with utility providers:

- **Thames Water** – Clean water and foul services - All planned works dropped for 2020/21 financial year. Financial year 2021/22 will provide new work streams including planned and major works from Thames Water. Covid-19 allowing.
- **UKPN** - All planned works dropped for 2020/21 financial year. UKPN concentrating on customer connections, immediate and emergency works.
- **BT** – No planned programmed works for 2019/20 – Still awaiting next financial year program.
- **SGN** – Major works and planned works continuing throughout 2020/21. Assistance provided by Merton to expedite works throughout 2020 and 2021 due to Bishopsford Road Bridge and OFGEM deadlines for gas replacement requirements.
- **SESW** - No planned programmed works for 2019/20/21– Still awaiting next financial year program.
- **Virgin Media** - No planned programmed works for 2019/20/21 – Still awaiting next financial year program.

2.92. Throughout 2020 Merton's Network Coordination Team have worked with utility contractors to try and pull forward planned and major works where they were previously planned for later dates. Due to Covid-19, most statutory undertakers took the decision to suspend or postpone their major works programs where resourcing issues and health & safety requirements couldn't be provided. Leakage programs and network improvements have been suspended until the next financial year. Major works for gas supplies which are driven by OFGEM have continued to progress due to the vulnerability of the existing gas network in the borough.

2.93. Forward programs for statutory undertakers will be provided once we are over the current pandemic and can be made available to members when the planned utility programmes are re-established

3 ALTERNATIVE OPTIONS

3.1. None for the purpose of this report.

4 CONSULTATION UNDERTAKEN OR PROPOSED

4.1. None for the purpose of this report.

5 TIMETABLE

5.1. None for the purpose of this report – update only.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

6.1. The Council's Capital Programme contains relevant information relating to highways maintenance. Section 2.88 of this report provides a summary of the income generated by the service.

7 LEGAL AND STATUTORY IMPLICATIONS

7.1. A summary of relevant Highway legislation is provided in section 2.14 of this report.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

8.1. None for the purpose of this report.

9 CRIME AND DISORDER IMPLICATIONS

9.1. None for the purpose of this report.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

10.1. None for the purpose of this report

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

A. Merton's 4-year indicative programme for planned footway and carriageway renewal

B. 2020/21 Planned maintenance programme

12 BACKGROUND PAPERS

12.1. None

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INDICATIVE 4 YEAR PROGRAM 2020-2024 PRODUCED (20-03-20)						
CARRIAGEWAY - YEAR 1 (2020-21)						
2020-21 Ranking	**Street Name**	**Indicative 4 year Program produced for 2019-2023**	**Indicative 4 year Program produced for 2018-2022**	**Indicative 4 year Program produced for 2017-2021**	**Extents (unless stated entire length)**	**Notes**
1	Worple Road, SW19	2020/21			Lower Downs Road to Pepys Road	
2	Commonside East	2020/21	2020/21		Commonside West to Cedars Avenue	
3	Church Road, Mitcham	2020/21	2021/22	2020/21	Hallowfield Road to Lower Green West	
4	Clay Avenue	2022/23	2020/21	2020/21		Regeneration/Eastfields Estate
5	Cottenham Park Road	2021/22	2020/21	2019/20	Durham Road to Oakleigh Road	
6	Phipps Bridge Road, Mitcham				Homefield Road to cul-de-sac	
7	Combermere Road	2020/21	2019/20			
8	Sandringham Avenue					
9	Neath Gardens					
10	Missenden Gardens	2021/22	2019/20	2020/21		
11	Park Avenue					
12	Copse Hill				Cttenham Park Rd to Thurstan Road	Fway Works to be undertaken 2020/21
13	Buckland Walk	2020/21	2019/20			
14	Sheridan Road					Fway Works to be undertaken 2020/21
15	Huntingdon Close	2020/21	2020/21	2019/20		
16	Church Road, Wimbledon Village				St Marys Road to Somerset Road	
17	Wandle Road	2021/22				
18	Deepdale					
19	Camp Road					Awaiting For Development to Finish
20	Stourhead Gardens	2020/21	2019/20	2018/19		
21	Wates Way				Ellis Road to Goat Road	
22	The Close	2021/22				Fway Works to be undertaken 2020/21
23	Farewell Place					
24	Sycamore Gardens					
25	Mostyn Road				Martin Way to Cranleigh Road	

INDICATIVE 4 YEAR PROGRAM 2020-2024 PRODUCED (20-03-20)						
CARRIAGEWAY - YEAR 2 (2021-22)						
2021-22 Ranking	Street Name	Indicative 4 year Program produced for 2019-2023	Indicative 4 year Program produced for 2018-2022	Indicative 4 year Program produced for 2017-2021	Extents (unless stated entire length)	Notes
26	Lower Morden Lane					
27	Newminster Road					
28	High Street, SW19					Submitted Bid to TfL 2020/21 to fund
29	Barnfield Avenue	2020/21	2020/21	2018/19		
30	Langley Road	2022/23	2020/21	2018/19		
31	Esher Mews					
32	Lancaster Avenue, Mitcham					
33	Morden Gardens					
34	Morden Court					
35	Trewince Road	2021/22				
36	Belvedere Grove					
37	Belvedere Drive					
38	Alt Grove					
39	Frinton Road	2020/21	2019/20	2018/19		
40	West Gardens	2020/21	2020/21			
41	Commonside East, Mitcham	2021/22				
42	Cheshire Close	2022/23				
43	Tudor Drive	2021/22				
44	Manor Place					
45	Baron Grove					
46	Mill Road					
47	Defoe Close	2022/23	2019/20	2019/20		
48	Thaxted Place	2020/21	2019/20			
49	Grove Road, Mitcham	2019/20				
50	Kirkley Road	2022/23	2021/22			

INDICATIVE 4 YEAR PROGRAM 2020-2024 PRODUCED (20-03-20)

CARRIAGEWAY - YEAR 3 (2022-23)

2022-23 Ranking	Street Name	Indicative 4 year Program produced for 2019-2023	Indicative 4 year Program produced for 2018-2022	Indicative 4 year Program produced for 2017-2021	Extents (unless stated entire length)	Notes
51	Melbourne Road	2021/22	2020/21			
52	Ridgway	2021/22				
53	Gladstone Road	2021/22	2020/21	2019/20		
54	Queens Road	2021/22				
55	Manor Road	2021/22				
56	Elm Gardens					
57	Cannon Hill Lane					
58	Wilton Road					
59	Martin Way					
60	Parkleigh Road					
61	Shrewton Road	2021/22				
62	Russell Road, Wimbledon					
63	Thrupp Close	2022/23	2019/20	2019/20		
64	Hartfield Road, SW19	2021/22				
65	Parkside Avenue					
66	Sandy Lane	2022/23				
67	Bodmin Grove					
68	Green Lane, Morden	2022/23				
69	Haccombe Road	2022/23				
70	Willows Avenue	2022/23	2020/21			
71	Castle Close					
72	Inglemere Road					
73	Marryat Place					
74	Sheldrick Close					
75	Pain's Close					

INDICATIVE 4 YEAR PROGRAM 2020-2024 PRODUCED (20-03-20)						
CARRIAGEWAY - YEAR 4 (2023-24)						
2023-24 Ranking	Street Name	Indicative 4 year Program produced for 2019-2023	Indicative 4 year Program produced for 2018-2022	Indicative 4 year Program produced for 2017-2021	Extents (unless stated entire length)	Notes
76	Dennis Park Crescent					
77	Caesars Walk	2022/23				
78	Windmill Road	2022/23				
79	Tramway Path					
80	Dearn Gardens					
81	St Johns Road					
82	Jonson Close					
83	Bank Avenue					
84	Beverley Avenue					
85	Hilborough Close					
86	Thornton Road					
87	Regent Place					
88	Stanford Way					
89	Tamworth Lane	2022/23				
90	Recreation Way					
91	Croft Road					
92	Sycamore Road					
93	Ridgway Gardens					
94	Hatton Gardens					
95	Craven Gardens					
96	Brookfields Avenue					
97	Monmouth Close					
98	Brangwyn Crescent					
99	Stratton Road					
100	Pelham Road					
101	Meadow Road					
102	Donne Place					
103	Marlborough Road					

INDICATIVE 4 YEAR PROGRAM 2019-2024 PRODUCED (20-03-20)						
FOOTWAY RECONSTRUCTION - YEAR 1 (2020-21)						
2020-21 Ranking	Street Name	Indicative 4 year Program produced for 2019-2023	Indicative 4 year Program produced for 2018-2022	Indicative 4 year Program produced for 2017-2021	Extents	Notes
1	Middleton Road	2021/22	2020/21		Cul-de-sac sections only	
2	Wandle Road	2019/20				Scheduled Carriageway works as ranked 17th
3	Mitcham Park	2021/22	2019/20			
4	Grand Drive	2020/21			Southway to Elm Walk	
5	Copse Hill	2020/21	2021/22		Cottenham Park Rd to Thurston Rd	
6	West Barnes Lane, SW20				Seaforth Ave to Crossway	
7	Stanley Avenue					
8	Hanover Road					
9	Cricket Green				Minor Arm Section - Rhino Patching	
10	Nineteenth Road					
11	Sheridan Road					Carriageway ranked 14th for 2020/21
12	Shelton Road					
13	Lewis Road	2021/22			Portland Road to Church Road	
14	Queen Anne Gardens	2021/22	2019/20	2019/20		
15	Dane Road					See Notes for Mill Rd, Meadow Rd & Croft Rd
18	Eighteenth Road	2022/23	2020/21			Include with Nineteenth Road
19	Mill Road	2022/23	2019/20	2020/21		Incl with Dane Road & 46th on Cway Program
33	The Close					Carriageway is ranked 22nd
58	Meadow Road	2022/23	2019/20	2020/21		Incl with Dane Rd & 91st on Cway Program
61	Croft Road	2022/23	2019/20			Incl with Dane Rd & 101st on Cway Program

Please note - Both Carriageway and Footway programmes have been developed for illustration purposes only and is based on LB Merton Prioritisation model and the J-Cam Investment Planning Module as of 20th March 2020. No guarantee is on the current outputs of the given that any of these roads will feature in any of the final programmes, which will be subject to budget approval, estimates, tar bound materials and priority changes due to network deterioration etc.

INDICATIVE 4 YEAR PROGRAM 2019-2024 PRODUCED (20-03-20)

FOOTWAY RECONSTRUCTION - YEAR 2 (2021-22)

2021-22 Ranking	Street Name	Indicative 4 year Program produced for 2019-2023	Indicative 4 year Program produced for 2018-2022	Indicative 4 year Program produced for 2017-2021	Extents	Notes
16	Firstway					
17	Durham Road					
20	Garden Avenue					
21	Baron Grove					
22	Wandle Bank	2019/20	2018/19			Rengeneration Works Required
23	Vicarage Gardens	2020/21	2021/22			
24	Heatherdene Close					
25	Grove Road, Mitcham	2021/22				
26	Commonside East					
27	Arthur Road, Wimbledon	2020/21				
28	Coombe Gardens					
29	Thornton Road					
30	York Close					
31	Salcombe Drive					
32	Yorkshire Road	2021/22				
34	Trinity Road					
35	Ashbourne Road					
36	Ellis Road	2020/21				
37	Ivy Gardens	2020/21				
38	Gladstone Road					

Please note - Both Carriageway and Footway programmes have been developed for illustration purposes only and is based on LB Merton Prioritisation model and the J-Cam Investment Planning Module as of 20th March 2020. No guarantee is on the current outputs of the given that any of these roads will feature in any of the final programmes, which will be subject to budget approval, estimates, tar bound materials and priority changes due to network deterioration etc.

INDICATIVE 4 YEAR PROGRAM 2019-2024 PRODUCED (20-03-20)

FOOTWAY RECONSTRUCTION - YEAR 3 (2022-23)

2022-23 Ranking	Street Name	Indicative 4 year Program produced for 2019-2023	Indicative 4 year Program produced for 2018-2022	Indicative 4 year Program produced for 2017-2021	Extents	Notes
39	Alexandra Road, SW19	2020/21				
40	Mostyn Road					
41	Burghley Road					
42	Nursery Road, South Wimbledon					
43	Connaught Gardens					
44	Links Road					
45	Norman Road					
46	Prince George Avenue					
47	Vectis Road					
48	Abbotts Road	2021/22	2019/20	2019/20		
49	Buckingham Road	2022/23	2020/21	2020/21		
50	Allington Close					
51	Lower Morden Lane					
52	Fairway					
53	Lessness Road					
54	Sibthorp Road	2020/21				
55	Hampton Close					
56	Tramway Path					
57	Lee Road					
59	Langley Road					

Please note - Both Carriageway and Footway programmes have been developed for illustration purposes only and is based on LB Merton Prioritisation model and the J-Cam Investment Planning Module as of 20th March 2020. No guarantee is on the current outputs of the given that any of these roads will feature in any of the final programmes, which will be subject to budget approval, estimates, tar bound materials and priority changes due to network deterioration etc.

INDICATIVE 4 YEAR PROGRAM 2019-2024 PRODUCED (20-03-20)						
FOOTWAY RECONSTRUCTION - YEAR 4 (2023-24)						
2023-24 Ranking	Street Name	Indicative 4 year Program produced for 2019-2023	Indicative 4 year Program produced for 2018-2022	Indicative 4 year Program produced for 2017-2021	Extents	Notes
60	Cottenham Park Road	2021/22				
62	Nova Mews	2021/22	2021/22	2020/21		
63	Castleton Road	2022/23				
64	Cranleigh Road					
65	Fleming Mead					
66	Dorset Road, Merton Park					
67	Hillcross Avenue					
68	Hillside Close					
69	Willow View					
70	Hazel Close	2021/22				
71	Tintern Close	2022/23				
72	Mawson Close					
73	Haccombe Road	2022/23				
74	Gilbert Road					
75	Hidcote Gardens					
76	Lake Road	2022/23	2020/21	2019/20		
77	Marham Gardens					
78	Wilberforce Way	2022/23	2019/20	2019/20		
79	William Road	2020/21				
80	Defoe Close	2022/23	2021/22			

Please note - Both Carriageway and Footway programmes have been developed for illustration purposes only and is based on LB Merton Prioritisation model and the J-Cam Investment Planning Module as of 20th March 2020. No guarantee is on the current outputs of the given that any of these roads will feature in any of the final programmes, which will be subject to budget approval, estimates, tar bound materials and priority changes due to network deterioration etc.

PLANNED MAINTENANCE WORKS - 2020/21

CARRIAGEWAYS

PRINCIPAL ROADS 2020-21	EXTENT	USRN	START	FINISH	START DATE	END DATE	RESTRICTION	NATURE Of WORKS	WARD
Bushey Road, SW20	Large Patch - j/w Slip Road to Pets At Home	20015733	522695, 168778	522813, 168835	29-04-2020	29-04-2020	5 Years	Carriageway Reconstruction	Raynes Park
Carshalton Road, Mitcham	Cranmer Road to Goat Road	22101221	528235, 167141	528190, 167700	23-04-2020	24-04-2020	5 Years	Carriageway Reconstruction	Cricket Green
Coombe Lane, SW20	j/w West Barnes Lane at Traffic Signals	22101605	522796, 169371	522896, 169336	01-10-2020	02-10-2020	5 Years	Carriageway Reconstruction	Raynes Park
Durnsford Road, SW19	Ravensbury to Havana Road	22102232	525393, 172596	525425, 172801	02-06-2020	02-06-2020	5 Years	Carriageway Reconstruction	Wimbledon Park
High Street, SW19	Parkside to Church Road	22103306	524015, 171102	523776, 171148	01-03-2021	02-03-2021	5 Years	Carriageway Reconstruction	Village
~~Worple Road, SW20~~	~~Lambton Road to Pepys Road~~	~~22106884~~	~~523187, 169396~~	~~523375, 169475~~	~~Awaiting TFL~~	~~Awaiting TFL~~	~~5 Years~~	~~Carriageway Reconstruction~~	~~Raynes Park~~

CLASSIFIED ROADS 2020-21	EXTENT	USRN	START	FINISH	START DATE	END DATE	RESTRICTION	NATURE Of WORKS	WARD
Church Road, Mitcham	Lower Green West to Hallowfield Way	22101431	527407, 168621	526996, 168685	21-04-2020	21-04-2020	5 Years	Carriageway Reconstruction	Lavender Fields/Cricket Green
Commonside East, Mitcham	Commonside West to Cedars Avenue	22101572	528482, 168626	528035, 168770	20-05-2020	22-01-1900	5 Years	Carriageway Reconstruction	Figges Marsh
Copse Hill	Cottenham Park Road to Thurstan Road	22101623	523174, 170290	522728, 170281	05-10-2020	07-10-2020	5 Years	Carriageway Reconstruction	Village
Tudor Drive	Beverley Roundabout to no.136 Tudor Drive	22106354	523771, 167234	524164, 167034	07-12-2020	11-12-2020	3 Years	Carriageway Resurfacing	Lower Morden
Worple Road, SW20	Pepys Road to Lower Downs Road	22106884	523337, 169474	523814, 169850	03-06-2020	05-06-2020	5 Years	Carriageway Reconstruction	Raynes Park\Hillside

UNCLASSIFIED ROADS 2020-21	EXTENT	USRN	START	FINISH	START DATE	END DATE	RESTRICTION	NATURE Of WORKS	WARD
Buckland Walk		22100891	526162, 168014	526109, 168021	06-08-2020	06-08-2020	3 Years	Carriageway Resurfacing	St Helier
~~Camp Road, SW19~~		~~22101131~~	~~523186, 171203~~	~~522993, 171172~~	~~OH HOLD~~	~~OH HOLD~~	~~3 Years~~	~~Carriageway Resurfacing~~	~~Village~~
Carisbrooke Road		22101188	530174, 168368	529942, 168026	15-12-2020	18-12-2020	3 Years	Carriageway Resurfacing	Pollards Hill
Church Road, Wimbledon	St Marys Road to Somerset Road	22101434	524318, 171449	524296, 172495	24-08-2020	27-08-2020	5 Years	Carriageway Reconstruction	Village
~~Clay Avenue~~		~~22101479~~	~~528855, 169103~~	~~528904, 169333~~	~~OH HOLD~~	~~ON HOLD~~	~~3 Years~~	~~Carriageway Resurfacing~~	~~Figges Marsh~~
~~Combermere Road~~		~~22101566~~	~~525895, 167470~~	~~526028, 167496~~	~~OH HOLD~~	~~ON HOLD~~	~~3 Years~~	~~Carriageway Resurfacing~~	~~St Helier~~
~~Cottenham Park Road~~	~~Oakwood Road to Durham Road~~	~~22101632~~	~~522431, 169922~~	~~522916, 169993~~	~~OH HOLD~~	~~ON HOLD~~	~~3 Years~~	~~Carriageway Resurfacing~~	~~Village\Raynes Park~~
Deepdale		22102004	523863, 171570	523965, 171686	30-07-2020	30-07-2020	3 Years	Carriageway Resurfacing	Village
~~Huntingdon Close~~		~~22103426~~	~~530281, 168477~~	~~530338, 168554~~	~~OH HOLD~~	~~ON HOLD~~	~~3 Years~~	~~Carriageway Resurfacing~~	~~Pollards Hill~~
Farewell Place		22102574	527029, 169498	527011, 169547	31-07-2020	31-07-2020	3 Years	Carriageway Resurfacing	Lavender Fields
Lancaster Avenue, Mitcham	Berkshire Way to Westmorland Way	22103729	530114, 167901	530240, 168068	14-12-2020	16-12-2020	3 Years	Carriageway Resurfacing	Pollards Hill
Missenden Gardens		22104455	526361, 167335	526400, 167451	19-08-2020	19-08-2020	3 Years	Carriageway Resurfacing	Ravensbury
Mostyn Road	Martin Way to Cranleigh Road	22104569	524979, 168616	524965, 168836	03-09-2020	04-09-2020	5 Years	Carriageway Reconstruction	Merton Park
Neath Gardens		22104653	526241, 167048	526165, 167064	18-08-2020	18-08-2020	3 Years	Carriageway Resurfacing	Ravensbury
Park Avenue, Mitcham		22104962	528949, 170098	528593, 170267	04-08-2020	05-08-2020	3 Years	Carriageway Resurfacing	Graveney
Phipps Bridge Road	Haslemere Avenue to Homefield Gardens	22105072	526468, 169161	526406, 169406	07-08-2020	07-08-2020	3 Years	Carriageway Resurfacing	Cricket Green
Sandringham Avenue		22105748	524397, 169364	524299, 169556	29-07-2020	29-07-2020	3 Years	Carriageway Resurfacing	Merton Park
Sheridan Road	Mostyn Road to Dorset Road	22105817	524724, 169512	525211, 169666	20-08-2020	21-08-2020	3 Years	Carriageway Resurfacing	Merton Park
Stourhead Gardens		22106021	522409, 168939	522469, 168984	27-08-2020	27-08-2020	3 Years	Carriageway Resurfacing	Raynes Park
Sycamore Gardens		22106104	526896, 169055	526897, 169169	17-08-2020	17-08-2020	3 Years	Carriageway Resurfacing	Cricket Green
The Close		22101524	527662, 168008	527587, 168086	02-10-2020	02-10-2020	3 Years	Carriageway Resurfacing	Cricket Green
~~Wandle Road~~		~~22106546~~	~~527125, 167723~~	~~526369, 168163~~	~~ON HOLD~~	~~ON HOLD~~	~~5 Years~~	~~Carriageway Reconstruction~~	~~Ravensbury~~
Willow Lane j/w Wates Way	At Junction (outside LMD Skips)	22106726	527721, 167388	527744, 167439	22-04-2020	22-04-2020	3 Years	Carriageway Resurfacing	Cricket Green

FOOTWAYS

CLASSIFIED ROADS 2020-21	EXTENT	USRN	START	FINISH	START DATE	END DATE	RESTRICTION	NATURE Of WORKS	WARD
Copse Hill	Cottenham Park Road to Thurstan Road	22101623	523170, 170290	522733, 170282	03-08-2020	25-09-2020	5 Years	Footway Reconstrcution	Village
~~Grand Drive, SW20~~	~~Southway to Elm Walk~~	~~22102916~~	~~523320, 168036~~	~~523289, 168334~~	~~ON HOLD~~	~~ON HOLD~~	~~5 Years~~	~~Footway Reconstrcution~~	~~West Barnes~~
Plough Lane SW17	Summerstown to River Wandle Bridge(Southside only)	22105116	526096, 171511	526325, 171810	20-04-2020	15-05-2020	5 Years	Footway Reconstrcution	Wimbledon Park
~~West Barnes Lane, SW20~~	~~Crossway to Seaforth Avenue~~	~~22106628~~	~~523065, 168084~~	~~522812, 168427~~	~~ON HOLD~~	~~ON HOLD~~	~~5 Years~~	~~Footway Reconstrcution~~	~~West Barnes~~

UNCLASSIFIED ROADS 2020-21	EXTENT	USRN	START	FINISH	START DATE	END DATE	RESTRICTION	NATURE OF WORKS	WARD
~~Church Road, SW19~~	~~Gate 1 to Bathgate Road~~	~~22101434~~	~~524246, 172323~~	~~524285, 172491~~	~~TBC~~	~~TBC~~	~~5 Years~~	~~Footway Reconstrcution~~	~~Village~~
~~Cricket Green (Minor Arm) - Rhino Patch~~	~~Cricket Green to cul-de-sac~~	~~22101716~~	~~527766, 168293~~	~~527628, 168672~~	~~ON HOLD~~	~~ON HOLD~~	~~3 Year~~	~~Footway Resurfacing~~	~~Cricket Green~~
Croft Road		22101722	526234, 170060	526373, 170078	02-11-2020	27-11-2020	5 Years	Footway Reconstrcution	Abbey
Dane Road		22101950	526248, 169954	526392, 169972	17-08-2020	18-09-2020	5 Years	Footway Reconstrcution	Abbey
Eighteenth Road		22102382	530233, 168190	530190, 168223	18-05-2020	29-05-2020	5 Years	Footway Reconstrcution	Pollards Hill
Hanover Road		22103095	526398, 170343	526383, 170466	23-11-2020	18-12-2020	5 Years	Footway Reconstrcution	Abbey
Lewis Road	Church Road to Portland Road	22103885	527186, 169190	526870, 169170	22-06-2020	14-08-2020	5 Years	Footway Reconstrcution	Lavender Fields
Meadow Road		22104308	526241, 170007	526381, 170023	12-10-2020	06-11-2020	5 Years	Footway Reconstrcution	Abbey
Middleton Road (cul de sac only)	142 to 164 (Evens only)	22104395	526399, 167127	526393, 167130	30-11-2020	18-12-2020	5 Years	Footway Reconstrcution	Ravensbury
Middleton Road (cul de sac only)	176 to 202 (Evens only)	22104395	526471, 167079	526456, 167092	30-11-2020	18-12-2020	5 Years	Footway Reconstrcution	Ravensbury
Mill Road		22104413	526392, 169972	526375, 170125	14-09-2020	16-10-2020	5 Years	Footway Reconstrcution	Abbey
Mitcham Park		22104461	527263, 168178	527672, 168324	12-10-2020	29-01-2021	5 Years	Footway Reconstrcution	Cricket Green
Nineteenth Road		20015646	530281, 168252	530238, 168285	26-05-2020	05-06-2020	5 Years	Footway Reconstrcution	Pollards Hill
Queen Anne's Gardens		22105229	527596, 168782	527514, 168790	08-06-2020	19-06-2020	5 Years	Footway Reconstrcution	Cricket Green
Shelton Road		22105811	525267, 169893	525442, 169954	04-01-2021	29-01-2021	5 Years	Footway Reconstrcution	Abbey
Sheridan Road	Mostyn Road to Dorset Road	22105817	524877, 169556	525208, 169664	29-06-2020	21-08-2020	5 Years	Footway Reconstrcution	Merton Park
Stanley Avenue		22105964	522247, 167693	522098, 167922	25-01-2021	26-02-2021	5 Years	Footway Reconstrcution	West Barnes
The Close		22101524	527663, 168008	527551, 168107	03-08-2020	28-08-2020	5 Years	Footway Reconstrcution	Cricket Green
~~Wandle Road~~		~~22106546~~	~~526374, 168150~~	~~527118, 167722~~	~~ON HOLD~~	~~ON HOLD~~	~~5 Years~~	~~Footway Reconstrcution~~	~~Ravensbury~~

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Sustainable Communities Overview and Scrutiny Panel

19 January 2021

Agenda item:

Wards: Boroughwide

Lorries and HGVs

Lead officer: Chris Lee, Director for Environment & Regeneration

Lead member: Cllr Martin Whelton, Member for Housing, Regeneration and the Climate Emergency

Contact officers: Paul McGarry, Head of Future Merton
Mitra Dubet, Commissioning Manager, Future Merton

Recommendations:

A. That members note the content of this report regarding HGV issues

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1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1. This report provides Members with information regarding Heavy Goods Vehicles (HGV) movement throughout the borough and Council's limitations in responding to certain issues raised by residents.

2 DETAILS

2.1. **Road Classification**

2.2. UK highways are classified by category to identify the most suitable route for vehicles reaching their destination. Classification identities routes that are best suited for different types and amounts of traffic.

2.3. All UK roads are classified within the six categories listed below:

- Motorways
- A Roads
- B Roads
- C Roads
- Unclassified Roads

2.4. **Motorways**
Not relevant to Merton

2.5. **A Roads**
These are major roads intended to provide large-scale transport links within or between areas, often crossing borough boundaries.
In Merton, major A roads include the A3 and A24 managed by TFL as part of the Transport London Road Network. Also known as the Primary Road Network, these are the preferred routes between nationally recognised primary destinations for example, A3 London to Portsmouth and A24 London to Dorking. These roads are characterised by green directional signage.

2.6. There are also other A roads in the borough that provide cross-borough traffic functions such as the A219 through Wimbledon, A298 Bushey Road, A218

Haydons Road and A236 Western Road through Mitcham. These are referred to as our Principal Road Network

2.7. **B roads**

2.8. These are roads intended to connect different parts of the borough and to feed traffic between A roads and smaller local roads. B roads are still important routes for traffic (including traffic travelling through the borough), but less so than an A road. These are referred to as our Non-Principle (classified) network.

2.9. Examples in Merton include B286 Martin Way, B279 Grand Drive, B272 Manor Road, B235 Worple Road and B235 Plough Lane.

2.10. **C Roads (un-numbered)**

2.11. These are generally smaller local routes intended to connect unclassified roads with A and B roads, and often linking local neighbourhoods to the rest of the network. C roads perform a more important function than an unclassified road but are expected to be used primarily for local journeys. These also form part of our Non-principle network.

2.12. Examples in Merton Include Hillcross Avenue, Copse Hill, Ridgway, Tamworth Lane, Church Road Mitcham, Arthur Road.

2.13. **Unclassified Road**

2.14. These are local roads, typically residential streets, intended for local traffic only. The of Merton's roads are unclassified and will generally have very low significance to traffic.

2.15. Typically, we would expect HGV traffic and through traffic to remain on A roads to pass through the borough and to use A, and B roads to reach destinations in the borough such as industrial areas or to service residential properties.

2.16. There is growing calls that HGVs should be prevented from using residential roads. However, it is important to note that almost all roads in Merton are residential in nature. Our A and B roads all have residential properties adjacent to them and there is a need to facilitate movement of commercial vehicles, including construction, waste and delivery vehicles.

2.17. There is of course a distinction between HGVs servicing residential parts of the borough, and HGVs using roads inappropriately as cut-through or 'rat-runs' to bypass A & B Roads. Over the years the council had created road closures to minimise HGV movements and through traffic (eg. South Wimbledon) and more recently, the roll out of Low Traffic Neighbourhoods as experiments to reduce all through traffic in unclassified roads.

2.18. The ability for sat-nav and other mapping apps to divert traffic in real-time into unclassified roads is an increasing problem and one that Low Traffic Neighbourhoods provide a solution to by physically blocking through traffic or controlling access via ANPR cameras.

2.3 **London lorry BAN (London Lorry Control Scheme LLCS)**

In response to persistent complaints from Londoners about the disturbance caused by larger Heavy Goods Vehicles (HGVs) at night times and weekends, in 1986, the Greater London Council (GLC) introduced the LLCS in order to control freight movement. This was reviewed in 2017. The scheme aims to reduce unnecessary through traffic, while ensuring that London's economic activity continues. This scheme only applies to 18T vehicles and is controlled and managed by London Councils.

The hours of operation for LLCS controls are:
• Monday – Friday 9pm to 7am (including 9pm Friday night to 7am Saturday morning)
• Saturday – 1pm to 7am Monday morning
• Normal restrictions apply during public and bank holidays

2.3.1 Complaints regarding 18T vehicles are reported to London Councils who do undertake enforcement. However, it is not normal practice to receive feedback regarding the outcome of any enforcement that may have been carried out. Although some generalised pan London feedback is provided via London Council's annual reporting structure.

2.4 **Local Lorry Ban**

2.4.1 Over the years, each London borough including Merton has introduced local 7.5T HGV bans. This was introduced area wide as well as localised restrictions. Many of these schemes were aimed at inappropriate traffic seeking to cut through an area. This involved the appropriate statutory consultation and erection of signage. The 7.5T HGV ban applies to through traffic but it does permit access which makes enforcement challenging.

2.4.2 Historically, where there was evidence of safety associated with rat running by HGVs, the Council introduced width restrictions. Width restrictions are effective but they do have an adverse impact on Emergency services, service vehicles and legitimate deliveries, which is increasingly an issue. They can also restrict access for large transits, buses, community/mobility vehicles and delivery vehicles. The few width restrictions in the borough are often subject to vandalism resulting in an increase in the Council's revenue budget for repairs. Such features also displace the problem on to neighbouring roads which is why a more holistic Low Traffic Neighbourhood approach is seen as a more appropriate solution.

2.4.3 Freight deliveries are essential in ensuring that the demand for goods and services in London can be met. In an ideal world that this should be undertaken with minimum disruption to all parties; this, however, would require coordinated effective and efficient management maximising delivery windows and taking advantage of out of hour deliveries where possible, to free up space during peak times on a congested network. This is not something that a local authority can do in isolation.

2.5 Speeding & HGVs

2.5.1 The number of complaints regarding speeding, perception of speeding and HGVs is increasing. This may be in part to residential streets having more home deliveries, home improvements, increase in development in certain parts of the borough and more people working from home, thereby noticing the day to day traffic that perhaps they had gone unnoticed before the pandemic. There is also some rat-running and perception of speeding issues that prevail across the borough.

2.5.2 It is also believed that the increase in 'rat-running' is associated with drivers following satellite navigation systems which has also caused issues with construction traffic not following designated routes to sites.

2.5.3 Local authorities are not responsible for speed enforcement as it is a criminal act. The Police are responsible for enforcement and as such speeding related concerns should be reported directly to the Police but it is important to acknowledge that their resources are stretched dealing with other priorities.

2.5.4 There is work underway with London Councils to explore transferring this duty to Local Authorities to enforce on behalf of the Met Police, but this is some way off from being implemented and may require primary legislation.

2.5.5 There is a London wide policy to install safety cameras at locations with a history of people being Killed or Seriously Injured (KSI), as a result of speeding and red light contravention. The criteria is established by TfL / Police. The criteria states that in order to support the installation of a Red light / speed camera, there must have been a minimum of four KSI collisions in the preceding three- year period, two of which must have been as a result of speeding. The criteria for introducing cameras is set so that the roads with the worst safety record can be addressed first.

2.5.6 Although the criteria is established by TfL / Police, the Council can apply for a speed camera (subject to criteria being met) and the Council must fund the introduction of the camera. The Police manage the cameras and any income from these cameras go to the Treasury.

2.5.7 Speed cameras are only effective within a short length of the carriageway which often results in drivers slowing down on approach to the speed camera and then speed as soon as they clear the camera restriction.

2.5.8 For locations with speed related issues TfL, in partnership with the Metropolitan Police undertake many speed management initiatives, including Community Road Watch. Community Roadwatch is a road safety initiative which aims to reduce speeding in residential areas, and gives local residents the opportunity to work side by side with their local police teams, and use speed detection equipment to identify speeding vehicles in their communities. Concerns from members of the public on speeding, and other road offences, can be sent to Roadsafe London. This portal is an information and intelligence gathering tool that can inform police activity. The following link shows the address for the Roadsafe London website - http://content.met.police.uk/Site/roadsafelondon

2.5.9 The most effective traffic calming features are vertical defections such as Road humps / speed tables. These features often result in noise and vibration and generate complaints and petitions for their removal. This is particularly prevalent in parts of the borough with Victorian, Edwardian and inter-war suburban housing and those with sash windows. Other features such as buildouts and chicanes often result in complaints due to loss of on-street parking capacity and due to site constraints such as crossovers, are not always a suitable option. At certain locations, chicanes / priority systems result in an increase in speed as drivers attempt to get through the gap before the on-coming traffic.

2.5.10 The introduction of traffic calming is also restricted pending on the nature of the road and its traffic function, e.g A and B roads, emergency routes such as routes to local hospitals etc.

2.5.11 The majority of complaints are about buses and HGVs. Although some of these vehicles may be travelling over the speed limit, due to the size of the vehicles and the noise particularly skip lorries, the perception of speed and safety is a greater issue.

2.5.12 In case of speeding buses, it is suggested that all complaints are reported directly to TfL via their website. Experience shows that reports from the Council are not taken as seriously as individual road users / residents submitting complaints directly.

2.5.13 In case of HGVs, in some instances, complaints from residents directly to the companies has yield some success, particularly those who want to maintain a good reputation locally.

2.6 Many complaints regarding speed of HGVs appear to be based on the noise and vibration felt within a property. This can, however, be due to a number of factors such as road condition; nature of traffic calming features and their condition; condition of the property itself; it has also been noted that often such complaints are made following a roof extension.

3. Additional info on HGVS

3.1 The Fleet Operator Recognition Scheme (FORS) which is a voluntary accreditation scheme for fleet operators which aims to raise the level of quality within fleet operations, and to demonstrate which operators are achieving exemplary levels of best practice in safety, efficiency, and environmental protection. The scheme is managed by TfL, but includes many operators from outside the Capital.

3.2 At the basic FORS Bronze accreditation level, it confirms that an operator employs good practices. This includes demonstrating dedication to driver and vehicle safety, combined with improving operating practices through effective monitoring of fuel and tyre usage, vehicle maintenance and performance management.

3.3 There are currently over 5000 accredited members across the transport and haulage industry. Adopting these practices can reduce accidents and improve fuel efficiency. For companies to sign up to any scheme there needs to be tangible benefits to membership. FORS can demonstrate a proven track record to prospective members.

3.4 The Council cannot force anyone organisation to sign up to this but as far as the businesses in the town centres are concerned perhaps this can be promoted through the business partners such as Love Wimbledon and other partners and stakeholders. This, however, will not address the other HGV activities, particularly skip lorries that are commissioned by individuals.

3.5 Development Sites

As part of all planning stage, developers are required to develop a construction management plan which must be agreed by the Council. Construction management plans are about reducing the impact of vehicles used in construction. As this is a planning condition, not complying to say a prescribed access route would be a planning enforcement matter.

4. ENFORCEMENT

The key element with any scheme which sets out to control behaviour by use of a penal enforcement regime is to maximise compliance.

Any revision to a Traffic Management Order requires a public and statutory consultation and significant resources to complete.

ANPR and CCTV can provide consistent levels of enforcement and evidence of contravention but this would be an extremely costly undertaking. This would also involve reviewing all the signage across the borough.

5. SUMMARY

5.1 The Council routinely receives complaints about the following Issues

- HGVs using residential roads as ‘rat runs’ at all times during the day and night
- High level of noise from construction vehicles both around sites and travelling to and from them.
- Noise pollution from buses and skip lorries
- Drivers parking in unsuitable areas having rest breaks prior to commencement of the control to avoid non- compliance within the LLCS
- Physical vibrations felt from the movement of HGVs and busses
- Restricted roads are often not suitable and too narrow for HGV movement
- Speed humps and tables and the condition of the road surface add to the noise pollution and vibration
- Complaints about possible damage to property

5.2 To address all the various complaints, the Council would need to undertake a comprehensive research, investigation, impact analysis and consultation to ensure that any change would meet the needs of residents / businesses whilst allowing the freight industry to continue to fulfil their important role for London. This would also need the involvement of neighbouring boroughs and needs to be linked to LLCS. This would be a resource and time intensive project that would require a considerable amount of funding to address comprehensively.

6 CONSULTATION UNDERTAKEN OR PROPOSED

6.1 None for the purpose of this report.

7 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

7.1 None for the purpose of this report

8. LEGAL AND STATUTORY IMPLICATIONS

8.1 None for the purpose of this report

9. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

9.1 None for the purpose of this report

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

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

BACKGROUND PAPERS

Cabinet Report. 15 June 2020.
Merton’s Active & Healthy Travel Response to Covid-19

https://democracy.merton.gov.uk/ieListDocuments.aspx?CId=146&MId=3689&Ver=4

Sustainable Communities Overview & Scrutiny Panel

19 January 2021

Agenda item:

Wards: Boroughwide

Transport Strategy Update

Lead officer: Chris Lee, Director for Environment & Regeneration.

Lead members: Cllr Martin Whelton, Cabinet Member for Housing, Regeneration and the Climate Emergency.

Cllr Rebecca Lanning, Cabinet Member for Adult Social Care and Public Health.

Contact officer: Paul McGarry, Head of Future Merton.

Recommendations:

A. That the panel note the progress of funding bids and project delivery for Active and Healthy Travel measures in response to covid-19.

B. That the panel notes the changes to funding and the delivery of the Transport Strategy (TFL Local Implementation Plan 2019-2022)

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1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1. The Sustainable Communities Overview and Scrutiny Panel received a report on 1 September 2020 setting out the detail of the Council's Active & Healthy Travel Response to Covid-19. That report and its appendices should be considered as background context for this report.

1.2. On 1 September 2020, the Panel resolved that a copy of the council's communications plan around school streets and low traffic neighbourhoods should be circulated to members for comment. This was actioned.

1.3. This report doesn't intend to repeat the report of 1st September 2020 but provides members with an update on project delivery, announcement of additional funding and further project planned for delivery in 2021.

1.4. The report also provides an update on the borough's Transport Strategy (TFL Local Implementation Plan). In March 2020, Transport for London suspended all borough's LIP allocations for financial year 2020/21; significantly impacting on the Council's ability to progress road safety and active travel projects. In December 2020, a portion of the LIP was re-instated to delivery projects by March 2021. The revised LIP programme priorities are provided in this report.

2 DETAILS

Active and Heathy Travel Response to Covid-19.

2.1. In June 2020 Merton Council adopted an emergency transport response to the coronavirus pandemic. In the short term, the plan focused on making changes to roads and pavements in the borough to improve road safety, support social distancing and provide more space for walking and cycling.

2.2. The emergency changes are followed by longer term work to improve walking and cycling routes throughout the borough. The plans will also look to keep Merton moving safely as travel patterns change and restrictions ease through the promotion of Low Traffic Neighbourhoods and School Streets.

2.3. The plan sets out the Council's ambition and priorities for active travel (in addition to Merton's Transport Strategy) and has acted as a framework for funding bids to deliver the programme.

2.4. Pre-pandemic, our borough, and London as a whole, was suffering from poor air quality and traffic congestion. We have ambitious but challenging objectives across a number of Council strategies aimed at reducing emissions and promoting active travel;

- Merton's Air Quality Action Plan
- Merton's Public Health and Wellbeing Strategy
- Merton's Climate Emergency Action Plan
- Merton's Transport Strategy (TFL LIP)
- Merton's new Local Plan (in consultation)
- Merton's Air Quality SPD (in consultation)

2.5. Whilst the aims and objectives of these strategies remain sound, the context in which the actions sit has changed significantly. Covid has changed how we live, how we work and the way we travel around our neighbourhoods.

2.6. During lockdowns our streets are quiet, air quality is improved and our streets feel safer. Merton Council, like others across London, is making changes to try and capture some of these benefits while seeking to avoid COVID-19 traffic congestion as people avoid public transport. The aim is to enhance air quality and road safety. To encourage walking and cycling. To free up space for those vehicle journeys that are actually needed. This report captures the changes we are implementing to promote a more sustainable Merton.

Phase 1: July 2020 – December 2020.
DFT Emergency Active Travel Fund tranche 1 / TFL Streetspace for London programme.

2.7. In July 2020, Merton Council was awarded £440,000 deliver phase one of our programme. The funding breaks down as £100,000 from DFT, £340,000 from TFL, which was allocated across six tranches. In addition, TFL also invested in segregated cycle infrastructure on the A24 Colliers Wood High Street, part of TFL's network.

2.8. All of the phase 1 projects have been delivered and are now live. The projects are:

2.9. Short Term measures delivered

- Mitcham Fair Green (Footway widening)
- Merton High Street (Footway widening)
- Ashcombe Rd Bridge (One-way footways)
- Wimbledon Bridge (Footway widening)
- Haydons Rd Bridge (Cycle lanes)
- London Road, Mitcham (Cycle/Bus lanes)
- Wimbledon Village High Street West (part-time road closure)
- CS7 Colliers Wood High Street (TFL) cycle lane defenders
- Raleigh Gardens Mitcham, cycle lane defenders.
- Merton High Street (protected cycle lanes)
- Plough Lane West (mandatory cycle lanes)

School Streets

2.10. To help children to be safe from traffic and high levels of air pollution, we plan to expand the school streets programme.

2.11. School streets restrict access to vehicles at drop-off and pick up times and allow children to safely walk, cycle and scoot into school. Reducing vehicle journeys is important for improving air quality, climate change and will help to support a green recovery following restrictions resulting from the Covid-19 pandemic.

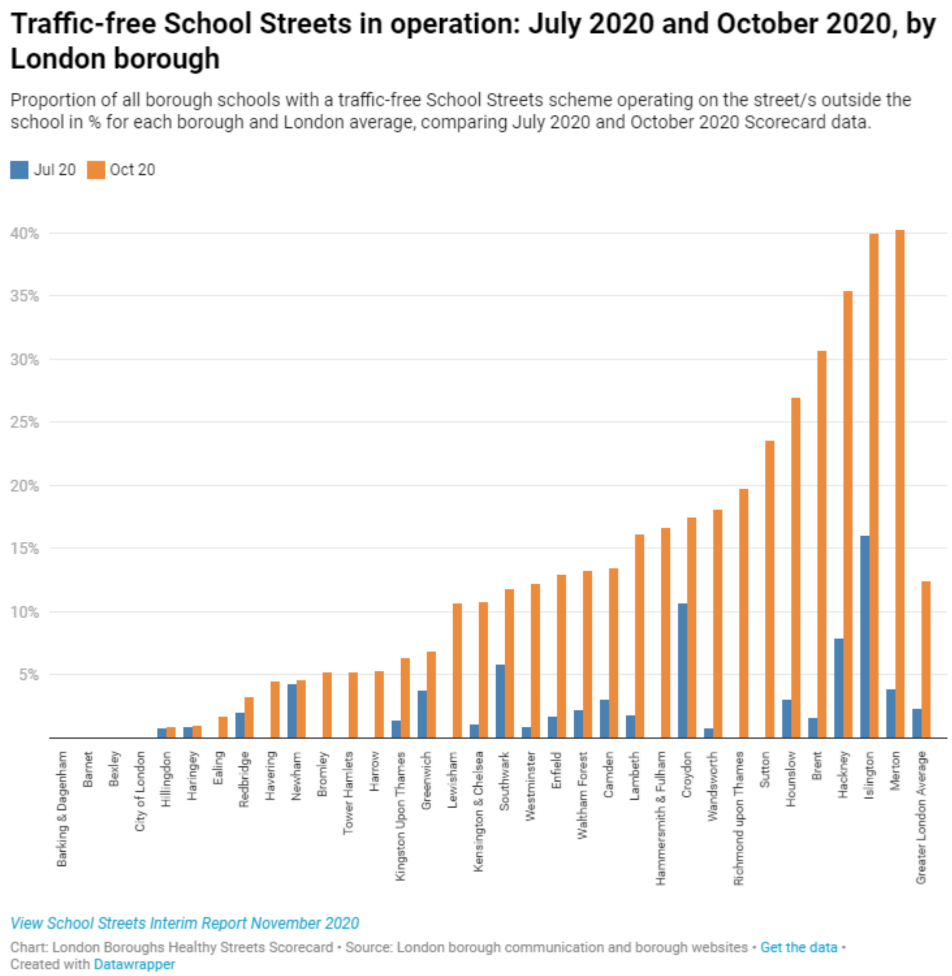
2.12. There were 3 school streets in operation in Merton and utilising our successful funding bids to TFL, and a further 25 were rolled out in September/October 2020.

2.13. The council's website has been updated for the school streets programme, all details can be found at https://www.merton.gov.uk/streets-parking-transport/traffic-management/school-streets-programme

2.14. The School Street experiments will run for up to 18 months and their operation will be reviewed by the end of 2021. Consultations are live on the council's website.

2.15. Merton's roll-out of the School Streets programme has led to Merton becoming the top borough in London for the largest programme of School Streets and the highest proportion of schools located on a school street. Research in November 2020 by Healthy Streets Scorecard and Mums for Lungs shows:

2.16. Merton is the borough with the highest proportion of schools on school streets (40.3%), followed by Islington (40%) and Hackney (35.5%).



Low Traffic Neighbourhoods

2.17. A low traffic neighbourhood is a residential area, bordered by main roads (the places where buses, lorries, non-local traffic should be), where "through" motor vehicle traffic is discouraged or removed. Strategic road closures (like bollards or planters) prevent through traffic. Every street is still accessible by vehicle.

2.18. There are many ways to design a low traffic neighbourhood, but the main principle is that every resident can drive onto their street, get deliveries etc., but it's harder or impossible to drive straight through from one main road to the next.

2.19. The first phase of LTNs have now been delivered at;

- Seeley Rd – point closure
- Links Rd – point closure
- Commonside East / Grove Rd – point closure
- Sandy lane – point closure
- Botsford Rd – Banned turn.

2.20. Consultations on the experimental schemes is live and full details can be viewed online at https://www.merton.gov.uk/streets-parking-transport/covid-19-transport-projects

2.21. **Phase 2: December 2020 – April 2021**
DFT Active Travel Fund tranche 2.

2.22. A second tranche of DFT funding was expected in September 2020. The funding was delayed and passed to TFL to also assess and approve borough projects. In November, boroughs were asked to re-submit or clarify projects for tranche 2.
In late December 2020, Merton Council was awarded 100% of its bids to deliver a further 5 Low Traffic Neighbourhoods in 2021.

2.23. **School Streets**

2.24. No further school streets are planned for phase two and the ongoing consultation and monitoring of the phase 1 School Streets will continue.

2.25. Members should also note that to support residents, Merton Council has suspended ANPR enforcement of School Streets whilst lock-down measures are in place and schools are closed. This is to provide greater flexibility for people booking online deliveries and to reduce anxiety amongst relatives and carers who may have to visit or look after people in their support bubbles.

2.26. **Low Traffic Neighbourhoods**

2.27. The Council has received funding to deliver a second phase of LTNs.

2.28. Engagement with relevant local ward councillors has commenced and public consultations on the projects will commence in January 2021 prior to implementation in March 2021.

2.29. The LTNs proposed in Phase 2 are:

- Merton Park (Church Ln, Aylward Rd, Leafield Rd, Sheridan Rd)
- Haydon park (Haydon Park Rd, Cromwell Rd, Avondale Rd)
- Dundonald (Toynbee Rd, Burstow Rd, Fairlawn Rd)
- Cottenham Park (Cambridge Rd, Avenue Rd)
- South Wimbledon (Charles Rd, Rutlish Rd – completing the ’Australians’ existing LTN)

TFL LIP

2.30. All London boroughs are required to develop a Local Implementation Plan setting out how they are going to deliver the Mayor's Transport Strategy, its priorities and objectives at a local level.

2.31. Merton's Third Local Implementation Plan (LIP3) is the council's main transport strategy and sits alongside the council's Local Plan and other future strategies.

2.32. The LIP3 contains an overview of the challenges and opportunities in delivering the Mayors' Transport Strategy within Merton; a set of borough transport objectives; a short and longer term delivery plan and a series of targets set by Transport for London that we are working towards achieving.

2.33. LIP 3 can be viewed online at https://www.merton.gov.uk/streets-parking-transport/lip3

2.34. In March 2020, TFL suspended all borough's LIP funding allocations due to the pressure on TFL finances brought about by the pandemic. This decision has had a profound impact on the Council's ability to respond to road safety matters, promote active travel and deliver against the LIP 3 objectives.

2.35. In December 2020, a small portion of the LIP was allocated to Merton. The Future Merton team have re-prioritised the programme based on what would be deliverable by the March 2021 deadline. This alongside the DFT tranche 2 funding places greater pressure on the team to deliver a range of LTNs and other road safety schemes over the next quarter.

2.36. **Planned LIP priority schemes for 2021 include (subject to consultation outcomes)**

<u>Accessibility / Local Safety schemes</u>

- Footway widening – Grand Drive Rayne's Park Station southside.
- Footway improvement – ramp access on the footway grass verge within the vicinity of 254 / 252 Bishopsford Road – to accommodate wheelchair users and push chairs and those with mobility problems
- Middleton road cul de sacs – improvements for those with disabilities
- Montacute rd outside school – safeguard area immediately outside school gates to facilitate walking and queuing
- Accessibility – ramps / tactile paving
- · Merton Hall Road (junction narrowing to facilitate a wider footway)
    - Oxford Ave
    - Chaseside Ave
    - Chatsford Ave
    - Richmond Ave
    - Quinton Ave
- Dorset Road – zebra crossing
- Martin Way – zebra crossing
- Jubilee Way / Morden Road (TFL) – controlled pedestrian crossings

2.37. Cycle Schemes

- Wayfinding Signage for Northern extents of Western Road- signage and posts
- Lingfield Road contraflow cycle provision- signage and TMO required. This is part of the LIP proposals and visited with the Merton Cycling Campaign. Will require a safety audit & consultation
- Battle Roads and Bygrove Road – signs and footway improvements to prevent mopeds making illegal manoeuvres and facilitate enforcement.
- Burlington Rd –minor improvements to bus stop and cycle lane – in response to an accident involving a cyclist.

2.38. Lorry ban signs around Leopold Rd and Woodside / Wimbledon Hill Rd – to prevent illegal manoeuvres by HGVs

2.39. Speed activated signs for the main roads (Grand Drive, Parkside, Kingston Rd, Streatham Rd) that are now all subject to 20mph & replacing existing faulty signs and re-calibrating some signs from 30mph to 20pmh.

2.40. Air Quality - £20k linked to Mayors Air Quality Fund and school streets

2.41. Cycle hangers. Procurement of 20 hangers for on-street secured cycle storage

2.42. Training and Engagement

2.43. The Road Safety Officer will continue to engage with schools by sending teachers road safety film clips provided by Brake and TfL. High Schools have been offered information and video's on personal and travel safety.

2.44. School Travel Plans for Schools– Obtaining Stars accreditation has been extended to next year and we continue to have contact with schools by providing ideas for children and parents to stay active while at home. We have been providing zoom support sessions with School Travel Plan Champions to help them complete their Plans, and next month will start group sessions so STPC's can share ideas or problems within a group environment. Sustrans have supplied a link to activities called www.sustrans.org.uk/OutsideIn which is an extra-curricular resource for children to enjoy, focussed on active travel

2.45. Cycling – Training was provided between lock down periods but has now stopped. We are looking at possibly continuing some training with keyworkers children who are attending schools but this is to be confirmed with head teachers. We hope to provide more cycling sessions for schools and residents in the Easter and Summer holidays. This year we saw an increase in teenagers trained at commuter Level 3. Our web page has links to advice provided by TfL, and we are also promoting the Try Before You Bike scheme via social media, and will soon have details of the LCC cycling buddy scheme for novice cyclists.

3 ALTERNATIVE OPTIONS

3.1. None for the purpose of this report.

4 CONSULTATION UNDERTAKEN OR PROPOSED

4.1. Consultations will be conducted on an individual scheme basis as the programmes roll-out.

5 TIMETABLE

5.1. None for the purpose of this report.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

6.1. Allocated funding includes:

- £100,000 DFT Active Travel Phase 1 (Spent in phase 1)
- £340,000 TFL Streetspace for London (Spent in phase 1)
- £390,000 DFT Active Travel Phase 2 (in delivery)
- £390,000 TFL LIP- excl staff resources (in delivery)
- £100,000 LBM CIL funding for Active Travel (for 2021/22 projects)

7 LEGAL AND STATUTORY IMPLICATIONS

7.1. Any measures, particularly changes to the highway, must be carefully considered and sit within the existing policy framework and legislations, including our approach to road safety and in response to the Covid-19 public health emergency.

7.2. Although the various highway and traffic legislations continue to apply, certain alternatives are being permitted to enable speedy implementation of the necessary social distancing and active travel measures.

7.3. The use of Experimental Orders, temporary Orders and emergency Orders has been recommended in phase one of project delivery. There is now greater flexibility on this matter for phase 2 and the Council intends to consult prior to implementing schemes. Additionally, in terms of how the Council can communicate its intentions during the statutory consultation, publication of notices in the local newspapers will continue as well as the erection of notices on lamp columns in affected areas and information on the council’s website.

7.4. However, since Deposited documents (Traffic Orders) cannot be inspected at libraries and at the civic centre, the Council is now permitted to have the Deposited documents available on the Council’s website.

7.5. There is no legal requirement for door to door newsletters, however the council intends to provide newsletters as part of any informal consultation process. The Council is still responsible to consult all statutory bodies such as emergency services

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

8.1. None for the purpose of this report. COVID-19 has disproportionately affected vulnerable populations, including those living in more deprived areas. Those living in more deprived areas are already more likely to be impacted by exposure to higher levels of air pollution and road danger.

8.2. Low-income households are also more likely to work in frontline key-worker roles, which mean they cannot work from home and are less likely to be car owners, so will be most affected by the reduced capacity on public transport.

8.3. This plan seeks to provide safe space for walking and cycling and enables social distancing on public transport for those who need to use it most. Providing additional space for walking and cycling will help support those who are less mobile and those who may be new to cycling.

8.4. Any interventions to support walking and cycling are designed holistically to ensure that everyone can move around in safety. When making any changes to street layouts, officers will use existing guidance and best practice to ensure that these changes don't detract from current accessibility levels and enhance them wherever possible.

9 CRIME AND DISORDER IMPLICATIONS

9.1. None for the purpose of this report. In Section 17 of the Crime and Disorder Act both TfL and boroughs are to consider how to reduce the risk of crime, including acts of terrorism, in their plans, projects and activities. Design of temporary streetscape measures will have regard to protecting people in public space and mitigating risks of danger.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

10.1. None for the purpose of this report – see Cabinet Report 15 June 2020.

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

1. None

12 BACKGROUND PAPERS

12.1. Covid-19 Transport Projects webpage

https://www.merton.gov.uk/streets-parking-transport/covid-19-transport-projects

12.2. Sustainable Communities Overview and Scrutiny meeting 1 September 2020 (Active and Healthy Travel response to Covid-10)

https://democracy.merton.gov.uk/ieListDocuments.aspx?CId=157&MId=3725&Ver=4

12.3. Cabinet Report. 15 June 2020.
(Merton's Active & Healthy Travel Response to Covid-19)

https://democracy.merton.gov.uk/ieListDocuments.aspx?CId=146&MId=3689&Ver=4

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E&R Public Protection performance report

Dept.	PI Code & Description	Nov 2020					2020/21				
		Value	Target	Status	Short Trend	Long Trend	Value	Target	Status	Short Trend	Long Trend
Parking	CRP 044 Parking services estimated revenue (Monthly)	1,243,424	1,808,645				8,891,019	14,469,160			
Parking	SP 258 Sickness- No of days per FTE from snapshot report	1.29	0.67				9.7	5.32			
Parking	SP 509 % of Permits applied/processed online (Monthly)	98%	55%				97%	55%			
Parking	SP 510 % of PCN Appeals received online (Monthly)	84%	55%				82.25%	55%			
Parking	SP 511 Blue Badge Inspections - cumulative (Monthly)	0	63				0	63			
Parking	SP 512 Total cashless usage against cash payments at machines (Monthly)	74%	60%				71.63%	60%			
Parking	SP 513 Percentage of cases 'heard' and won at ETA	Quarterly					76.5%	73%			
Regulatory Services	CRP 120 / SP 562 NEW FOR 2020-21 % of Regulatory Services service requests with an initial response within the "defined timescale" (Quarterly)	Quarterly					91.68%	90%		N/A	N/A
Regulatory Services	CRP 121 / SP 565 NEW FOR 2020-21 Number of monitoring stations that meet annual Particulate air quality objectives	Annual					N/A	Awaiting target	N/A	N/A	N/A
Regulatory Services	CRP 122 / SP 566 NEW FOR 2020-21 Number of monitoring stations measuring below the Nitrogen Dioxide air quality objectives (Annual)	Annual					N/A	Awaiting target	N/A	N/A	N/A
Regulatory Services	DATA 010 Safeguarding older people - number of cases investigated and intervene in cases of residents being targeted by financial scams and abuse (Quarterly)	Quarterly					39	N/A		N/A	N/A
Regulatory Services	DATA 011 Number of new high risk massage and special treatment premises inspections carried out within 20 working days of the premises being ready to trade	Quarterly					6	N/A		N/A	N/A
Regulatory Services	DATA 012 Number of Air Quality Audits (using GLA toolkit) of schools, prioritising those in the highest pollution areas	Quarterly					2	N/A		N/A	N/A

Dept.	PI Code & Description	Nov 2020					2020/21				
		Value	Target	Status	Short Trend	Long Trend	Value	Target	Status	Short Trend	Long Trend
Regulatory Services	SP 521 Total % compliance of non-road mobile machinery on major construction sites with GLA emissions standards	Annual					N/A	85%	N/A	N/A	N/A
Regulatory Services	SP 561 NEW FOR 2020-21 Percentage of alcohol and regulated entertainment licences issued within 10 working days of the conclusion of the 28 day consultaiton period, excluding those that are subject to a licensing hearing	Quarterly					77.85%	95%		N/A	N/A
Regulatory Services	SP 563 NEW FOR 2020-21 Safeguarding young people - carry out age restricted sales physical interventions for knives, alcohol, foreworks, tobacco and e-cigarettes	Annual					N/A	Awaiting target	N/A	N/A	N/A
Regulatory Services	SP 564 NEW FOR 2020-21 High risk A & B and non-compliant C-rated food establishments due for inspection completed (Annual)	Annual					N/A	100%	N/A	N/A	N/A

E&R Public Spaces

Dept.	PI Code & Description	Nov 2020					2020/21				
		Value	Target	Status	Short Trend	Long Trend	Value	Target	Status	Short Trend	Long Trend
Waste Management & Cleansing	CRP 097 / SP 065 % Household waste recycled and composted (Monthly in arrear)	39.35%	48%				40.68%	48%			
Waste Management & Cleansing	CRP 103 / SP 454 % of fly-tips removed within 24 hours (Monthly)	87%	95%				91.63%	95%			
Parks and Green Spaces	CRP 119 / SP 558 NEW FOR 2020-21 Average Performance Quality Score (Litter and Cleansing Standards) (Quarterly)	Quarterly					4.91	5		N/A	N/A
Waste Management & Cleansing	CRP 123 / SP 567 NEW FOR 2020-21 % of sites surveyed on local street inspections for litter that meet the required standard (Monthly) and quarterly in line with NI 195 reporting	85.03%	87%			N/A	N/A	87%		N/A	N/A

Dept.	PI Code & Description	Nov 2020					2020/21				
		Value	Target	Status	Short Trend	Long Trend	Value	Target	Status	Short Trend	Long Trend
Waste Management & Cleansing	CRP 124 / SP 568 NEW for 2020-21 % of street reports rectified within the contract standard time frame (Monthly)	99%	90%			N/A	N/A	90%		N/A	N/A
Waste Management & Cleansing	CRP 125 / SP 570 NEW FOR 2020-21 % of sites surveyed that meet the required standard for detritus (Quarterly)	Quarterly					78.75%	80%		N/A	N/A
Waste Management & Cleansing	CRP 126 / SP 573 NEW FOR 2020-21 Number of refuse collections including recycling and kitchen waste (excluding garden waste) missed per 100,000 (Monthly)	72	65			N/A	578	520		N/A	N/A
Waste Management & Cleansing	DATA 013 Number of street cleansing site inspections undertaken by Client team (target 868 per month, 10,416 per year) (Monthly)	1,555	N/A			N/A	N/A	N/A		N/A	N/A
Waste Management & Cleansing	DATA 014 Number of waste collection site inspections undertaken by Client team (Monthly)	0	N/A			N/A	N/A	N/A		N/A	N/A
Waste Management & Cleansing	DATA 015 Number of spot checks undertaken re Health & Safety compliance (Phase C Lot 1 Services) (Monthly)	0	N/A			N/A	N/A	N/A		N/A	N/A
Waste Management & Cleansing	DATA 016 Number of Environmental Enforcement incidents formally (NOT formerly) processed (Monthly)	59	N/A				591	N/A		N/A	N/A
Waste Management & Cleansing	SP 064 % Residents satisfied with refuse collection (Annual) (ARS)	Annual					N/A	73%	N/A	N/A	N/A
Waste Management & Cleansing	SP 066 Residual waste kg per household (Monthly in arrear)	45.9	39.5				45.9	39.5			
Waste Management & Cleansing	SP 067 % Municipal solid waste sent to landfill (waste management & commercial waste) (Monthly in arrear)	4%	10%				4%	10%			

Dept.	PI Code & Description	Nov 2020					2020/21				
		Value	Target	Status	Short Trend	Long Trend	Value	Target	Status	Short Trend	Long Trend
Waste Management & Cleansing	SP 262 % Residents satisfied with recycling facilities (Annual) (ARS)	Annual					N/A	72%	N/A	N/A	N/A
Waste Management & Cleansing	SP 269 % Residents satisfied with street cleanliness (Annual) (ARS)	Annual					N/A	57%	N/A	N/A	N/A
Waste Management & Cleansing	SP 354 Total waste arising per households (KGs) (Monthly in arrear)	75.67	75				528.55	600			
Waste Management & Cleansing	SP 407 % FPN's issued that have been paid (Monthly)	70%	70%				70%	70%			
Waste Management & Cleansing	SP 485 No. of fly-tips in streets and parks recorded by Contractor (Monthly)	1,457	1,075				10,795	8,600			
Waste Management & Cleansing	SP 569 NEW for 2020-21 % of sites surveyed that meet the required standard for weeds (Quarterly)	Quarterly					90.75%	90%		N/A	N/A
Waste Management & Cleansing	SP 571 NEW FOR 2020-21 % of sites surveyed that meet the required standard for graffiti (Quarterly)	Quarterly					94%	98%		N/A	N/A
Waste Management & Cleansing	SP 572 NEW FOR 2020-21 % of sites surveyed that meet the required standard for flyposting (Quarterly)	Quarterly					99.05%	97%		N/A	N/A
Waste Management & Cleansing	SP 574 NEW FOR 2020-21 Resident satisfaction with the Household Re-use and recycling facility (Garth Road) (Annual)	Annual					N/A	75%	N/A	N/A	N/A
Parks and Green Spaces	SP 026 % of residents who rate parks & green spaces as good or very good (Annual) (ARS)	Annual					N/A	77%	N/A	N/A	N/A
Parks and	SP 027 Young peoples % satisfaction with parks & green spaces	Annual					N/A	85%	N/A	N/A	N/A

Dept.	PI Code & Description	Nov 2020					2020/21				
		Value	Target	Status	Short Trend	Long Trend	Value	Target	Status	Short Trend	Long Trend
Green Spaces	(Annual) (ARS)										
Parks and Green Spaces	SP 032 No. of Green Flags (Annual)	Annual					N/A	6	N/A	N/A	N/A
Parks and Green Spaces	SP 318 No. of outdoor events in parks (Monthly)	0	3				5	136			
Parks and Green Spaces	SP 514 Income from outdoor events in parks (Annual)	Annual					N/A	£540,000	N/A	N/A	N/A
Parks and Green Spaces	SP 515 Average Performance Quality Score (Grounds Maintenance Standards) (Annual)	Annual					N/A	5	N/A	N/A	N/A
Parks and Green Spaces	SP 517 Number of street trees planted (Annual)	Annual					N/A	235	N/A	N/A	N/A
Parks and Green Spaces	SP 557 NEW FOR 2020-21 Average Performance Quality Score (Grass Verge Standards) (Quarterly)	Quarterly					4.22	5		N/A	N/A
Parks and Green Spaces	SP 559 NEW FOR 2020-21 % of tree works commissions completed within SLA (30 days) (Quarterly)	Quarterly					90%	85%		N/A	N/A
Parks and Green Spaces	SP 560 NEW FOR 2020-21 Number of friends and similar groups volunteering within Merton's parks and open spaces (Annual)	Annual					N/A	40	N/A	N/A	N/A
Transport	SP 136 Average % time passenger vehicles in use (transport passenger fleet) (Annual)	Annual					N/A	85%	N/A	N/A	N/A
Transport	SP 137 % User satisfaction survey (transport passenger fleet)	Annual					N/A	97%	N/A	N/A	N/A
Transport	SP 271 In-house journey that meet timescales (transport passenger fleet) (Annual)	Annual					N/A	85%	N/A	N/A	N/A
Transport	SP 526 % of Council fleet using diesel fuel (Annual)	Annual					N/A	80%	N/A	N/A	N/A
Transport	SP 456 Average days lost to sickness absence - Transport (Monthly)	2.15	0.79				16.7	6.34			
Leisure	SP 251 Income from Watersports Centre (Monthly)	£154	£4,000				£81,171	£377,500			
Leisure	SP 349 14 to 25 year old fitness centre participation at leisure	0	7,450				15,102	69,920			

Dept.	PI Code & Description	Nov 2020					2020/21				
		Value	Target	Status	Short Trend	Long Trend	Value	Target	Status	Short Trend	Long Trend
	centres (Monthly)										
Leisure	SP 405 No. of Leisure Centre users (Monthly)	0	86,000				132,822	729,000			
Leisure	SP 406 No. of Polka Theatre users (cumulative) (Quarterly)	Quarterly					553	15,000			

E&R Sustainable Communities

Dept.	PI Code & Description	Nov 2020					2020/21				
		Value	Target	Status	Short Trend	Long Trend	Value	Target	Status	Short Trend	Long Trend
Development and Building Control	CRP 045 / SP 118 Income (Development and Building Control) (Monthly)	147,802	157,166				1,048,667	1,271,706			
Development and Building Control	CRP 051 / SP 114 % Major applications processed within 13 weeks (Monthly)	75%	68%				84.62%	68%			
Development and Building Control	CRP 052 / SP 115 % of minor planning applications determined within 8 weeks (Monthly)	64%	71%				71.78%	71%			
Development and Building Control	CRP 053 / SP 116 % of 'other' planning applications determined within 8 weeks (Development Control) (Monthly)	88.1%	82%				77.38%	82%			
Development and Building Control	DATA 007 /SP 414 Volume of planning applications (Monthly)	424	N/A				2,467	N/A			
Development and Building Control	SP 040 % Market share retained by LA (Building Control) (Monthly)	61.69%	54%				59.09%	54%			

Dept.	PI Code & Description	Nov 2020					2020/21				
		Value	Target	Status	Short Trend	Long Trend	Value	Target	Status	Short Trend	Long Trend
Development and Building Control	SP 113 No. of planning enforcement cases closed (Monthly)	21	43				115	346			
Development and Building Control	SP 117 % appeals lost (Development & Building Control) (Quarterly)	Not measured for Months					10%	35%			
Development and Building Control	SP 380 No. of backlog planning enforcement cases (Monthly)	620	500				620	500			
Future Merton	CRP 096 / SP 020 New Homes (Annual)	Not measured for Months					N/A	918	N/A	N/A	N/A
Future Merton	CRP 101 / SP 389 Carriageway condition - unclassified roads, % not defective (annual)	Not measured for Months					N/A	75%	N/A	N/A	N/A
Future Merton	CRP 108 / SP 475 Number of publically available Electric Vehicles Charging Points available to Merton Residents (Annual)	Not measured for Months					N/A	145	N/A	N/A	N/A
Future Merton	DATA 008 Streetworks - number of utility works overrun incidents (FPN issued) (Monthly)	1	N/A			N/A	N/A	N/A		N/A	N/A
Future Merton	DATA 009 £ fines from Streetworks FPNs (Monthly)	7,080	N/A			N/A	N/A	N/A		N/A	N/A
Future Merton	SP 327 % Emergency callouts attended within 2 hours (traffic & highways) (Monthly)	100%	98%				100%	98%			
Future Merton	SP 328 % Streetworks permitting determined (Monthly)	100%	98%				100%	98%			
Future Merton	SP 391 Average number of days taken to repair an out of light street light (Quarterly)	Not measured for Months					1.04	3			
Future Merton	SP 476 Number of business premises improved (Annual)	Not measured for Months					N/A	10	N/A	N/A	N/A
Future Merton	SP 508 Footway condition - (% not defective, unclassified road) (Annual)	Not measured for Months					N/A	75%	N/A	N/A	N/A
Property	SP 024 % Vacancy rate of property owned by the council (Quarterly)	Not measured for Months					1%	3%			

Dept.	PI Code & Description	Nov 2020					2020/21				
		Value	Target	Status	Short Trend	Long Trend	Value	Target	Status	Short Trend	Long Trend
Property	SP 025 % Debt owed to LBM by tenants inc businesses (Quarterly)	Not measured for Months					4.05%	7.5%			
Property	SP 386 Property asset valuations (Annual)	Not measured for Months					N/A	150	N/A	N/A	N/A
Property	SP 518 Number of completed Rent Reviews (Quarterly)	Not measured for Months					0	8			

Sustainable Communities Work Programme 2020/21

This table sets out the Sustainable Communities Overview and Scrutiny Panel Work Programme for 2020/21 that was agreed by the Commission at its meeting on 24 June 2020**.**

This slimmed down work programme has been designed so that it can be regularly reviewed and adjusted during the pandemic. It will be considered at every meeting of the Commission to enable it to respond to issues of concern or to request new pre-decision items ahead of their consideration by Cabinet/Council.

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

Chair: Cllr Aidan Mundy
Vice-chair: Cllr Daniel Holden

Scrutiny Support

For further information on the work programme of the Sustainable Communities Scrutiny Panel please contact: -
Rosie McKeever, Scrutiny Officer
Tel: 020 8545 4035; Email: rosie.mckeever@merton.gov.uk

For more information about overview and scrutiny at LB Merton, please visit www.merton.gov.uk/scrutiny

~~**Meeting date:** 1 September 2020 (***Deadline for papers**: 12pm, 21 August 2020*)~~

Scrutiny category	Item/issue	How	Lead member and/or lead officer	Intended outcomes
Holding the executive to account	Idverde	Written report	Representatives from Idverde will be invited to attend the session and answer member questions. Plus MIGSF and friends groups	Update on performance of the service
Holding the executive to account	Waste, recycling and street cleaning	Written update report:	John Bosley, Assistant Director, Public Space Scott Edgell, Veolia	To receive feedback on recommendations (plus include fly tipping strategy update).
Holding the executive to account	Bishopsford Road Bridge	Brief update	Chris Lee, Director of Environment and Regeneration	
Holding the executive to account	Climate Strategy and Action Plan	Brief update	Chris Lee, Director of Environment and Regeneration	
Holding the executive to account	Covid-19 Transport Strategy	Brief update on Merton's Active & Healthy Travel Response to Covid-19.	Chris Lee, Director of Environment and Regeneration	Implementation update prior to November Council
Performance management	Performance monitoring	Basket of indicators plus verbal report	Chris Lee, Director of Environment and Regeneration	To highlight any items of concern and/or request additional information
Setting the work programme	Work programme 2020/21	Written report	Rosie McKeever, Scrutiny Officer	To agree the work programme.

~~**Meeting date:** 2 November 2020 (***Deadline for papers***: *12pm, 23 October 2020*)~~

Scrutiny category	Item/issue	How	Lead member and/or lead officer	Intended outcomes
Budget scrutiny	Budget/business plan scrutiny (round 1)	Written report	Caroline Holland, Director of Corporate Services	To discuss and refer any comments to the O&S Commission
External scrutiny	Clarion Housing Group: repairs and maintenance	Verbal update, including feedback from the working group	Representatives from Clarion Housing Group will be invited to attend the session and answer member questions.	This session will be used to focus on repairs and maintenance work
Holding the executive to account	Housing Strategy	Written update report	Steve Langley, Head of Housing Needs and Strategy; James M	
Scrutiny reviews	Support for private renters	Written update report	Steve Langley, Head of Housing Needs and Strategy	
Performance management	Performance monitoring	Basket of indicators plus verbal report	Chris Lee, Director of Environment and Regeneration	To highlight any items of concern and/or request additional information
Setting the work programme	Work programme 2020/21	Written report	Rosie McKeever, Scrutiny Officer	Standing item

~~**Meeting date:** 8 December 2020 (***Deadline for papers***: *12pm, 30 November 2020*)~~

Scrutiny category	Item/issue	How	Lead member and/or lead officer	Intended outcomes
Holding the executive to account	Emissions Based Charging Consultation	Written report	Chris Lee, Director of Environment and Regeneration; Cathryn James, AD Public Protection	To comment on the proposals and make any recommendations to Cabinet
Performance management	Performance monitoring	Basket of indicators plus verbal report	Chris Lee, Director of Environment and Regeneration	To highlight any items of concern, make recommendations and/ or request additional information
Setting the work programme	Work programme 2020/21	Written report	Rosie McKeever, Scrutiny Officer	Standing item

Meeting date: 19 January 2021 (***Deadline for papers**: 12pm, 11 January 2021)*

Scrutiny category	Item/issue	How	Lead member and/or lead officer	Intended outcomes
Budget scrutiny	Budget and business planning (round 2)	Report	Caroline Holland, Director of Corporate Services	To comment on the budget and business plan proposals at phase 2 and make any recommendations to the Commission
Holding the executive to account	Roadworks/Utilities programme	Written report	Chris Lee, Director of Environment and Regeneration	
Scrutiny review	Lorries/HGV's	Written report	Chris Lee, Director of Environment and Regeneration	Potential rapporteur review?
Scrutiny review	Sustainable Travel / Transport Strategy update	Written report	Paul McGarry	
Performance management	Performance monitoring	Basket of indicators plus verbal report	Chris Lee, Director of Environment and Regeneration	To highlight any items of concern and/or request additional information
Setting the work programme	Work programme 2020/21	Written report	Rosie McKeever, Scrutiny Officer	Standing item

Meeting date: 23 February 2021 (***Deadline for papers***: *12pm, 15 February 2021)*

Scrutiny category	Item/issue	How	Lead member and/or lead officer	Intended outcomes
External scrutiny	Clarion Housing Group: regeneration	Presentation	Representatives from Clarion Housing Group will be invited to attend the session and answer member questions.	This session will be used to focus on Clarion's estates regeneration.
Holding the executive to account	Design Review Panel	Written report	Paul McGarry, Head of *futureMerton*	
Holding the executive to account	Morden Town centre redevelopment	Presentation	Paul McGarry, Head of *futureMerton*	Progress update
Performance management	Performance monitoring	Basket of indicators plus verbal report	Councillor Ben Butler Chris Lee, Director of Environment and Regeneration	To highlight any items of concern, make recommendations and/ or request additional information
Setting the work programme	Work programme 2020/21	Written report	Rosie McKeever, Scrutiny Officer	Standing item

Meeting date: 29 March 2021 (***Deadline for papers**: 12pm, 19 March 2021)*

Scrutiny category	Item/issue	How	Lead member and/or lead officer	Intended outcomes
Holding the executive to account	Idverde	Written report	Representatives from Idverde will be invited to attend the session and answer member questions	To review progress against recommendations.
Holding the executive to account	Merton Adult Education	Written report	Anthony Hopkins, Head of Library, Heritage and Adult Education Service	Update on performance of the service
Holding the executive to account	Libraries and heritage annual report	Written report	Anthony Hopkins, Head of Library, Heritage and Adult Education Service	Update on performance of the service
Holding the executive to account	GLL Leisure	Written report	Christine Parsloe, Leisure and Culture Development Manager	Review of Covid-19 effect on service
Performance management	Parking	Written report	Cathryn James	Update on implementation of charges
Performance management	Performance monitoring	Basket of indicators plus verbal report	Chris Lee	To highlight any items of concern
Setting the work programme	Topic suggestions 2021/22	Written report	Rosie McKeever, Scrutiny Officer	To seek suggestions from the Panel to inform discussions about the Panel's 2021/22 work programme