

Merton Council

Cabinet Agenda

Membership

Councillors:

Stephen Alambritis (Chair)
Mark Allison
Laxmi Attawar
Caroline Cooper-Marbiah
Edith Macauley MBE
Eleanor Stringer
Martin Whelton

Date: Monday 9 November 2020

Time: 7.15 pm

Venue: This will be a virtual meeting and therefore will not take place in a physical location, in accordance with s78 of the Coronavirus Act 2020.

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<https://www.youtube.com/user/MertonCouncil>.

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Cabinet Agenda

9 November 2020

1	Apologies for absence	
2	Declarations of pecuniary interest	
3	Minutes of the previous meeting	1 - 6
4	Reference to Cabinet from the Sustainable Communities Panel on the grounds maintenance performance	7 - 10
5	Allocation of Neighbourhood CIL Funding	To Follow
6	Melrose School Expansion - appointment of constructor	11 - 16
7	Council Tax Support Scheme 2021/22	17 - 22
8	Business Plan 2021-25	To Follow
9	Financial Monitoring report 2020/21 - September 2020	23 - 94
10	Exclusion of the public To RESOLVE that the public are excluded from the meeting during consideration of the following report on the grounds that it is exempt from disclosure for the reasons stated in the report.	
11	Melrose School expansion - appointment of constructor exempt appendix	To follow

Note on declarations of interest

Members are advised to declare any Disclosable Pecuniary Interest in any matter to be considered at the meeting. If a pecuniary interest is declared they should withdraw from the meeting room during the whole of the consideration of that matter and must not participate in any vote on that matter. For further advice please speak with the Managing Director, South London Legal Partnership.

Agenda Item 3

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

CABINET

12 OCTOBER 2020

(7.15 pm - 7.54 pm)

PRESENT: Councillors Stephen Alambritis (in the Chair), Mark Allison, Laxmi Attawar, Caroline Cooper-Marbiah, Eleanor Stringer and Martin Whelton

ALSO PRESENT: Councillor Edward Gretton, Daniel Holden, Nick McLean (Leader of the Conservative Group) and Peter Southgate (Leader of the Merton Park Ward Independent Residents Group)

Ged Curran (Chief Executive), Hannah Doody (Director of Community and Housing), Chris Lee (Director of Environment and Regeneration), Caroline Holland (Director of Corporate Services), Rachael Wardell (Director, Children, Schools & Families Department), Louise Round (Managing Director, South London Legal Partnership and Monitoring Officer), Tara Butler (Programme Manager - Strategic Policy and Research), James McGinlay (Assistant Director for Sustainable Communities) and Amy Dumitrescu (Democratic Services Officer)

1 APOLOGIES FOR ABSENCE (Agenda Item 1)

Apologies were received from Councillor Edith Macauley.

2 DECLARATIONS OF PECUNIARY INTEREST (Agenda Item 2)

There were no declarations of interest.

3 MINUTES OF THE PREVIOUS MEETING (Agenda Item 3)

RESOLVED: That the minutes of the meeting held on 7 September 2020 are agreed as an accurate record.

4 CONSULTATION ON DRAFT NEW LOCAL PLAN (Agenda Item 4)

The Cabinet Member for Regeneration, Housing and Transport presented the report which set out the proposed second round of consultation on the draft new Local Plan for Merton. The consultation would be digital and the software used would be interactive. He highlighted the policy changes section of the report and advised that the draft local plan would be closely reviewed in its final stages in light of any changes to legislation. He clarified that the local plan had not been changed following the publication of the Government's Planning for the Future white paper as the consultation on this was due to close at the end of October, and the Council would be submitting representations on that consultation. The local plan would also need to be in line with the London Plan, which was still to be finalised. The Cabinet

Member outlined the timetable for submitting the final plan to the Secretary of State and thanked all the officers involved for their work on the draft plan.

RESOLVED:

That, having considered the advice given by the Borough Plan Advisory Committee on 7th October 2020, Cabinet:

- A. Approve the public consultation to take place between 30th October 2020 and 11th January 2021 on Stage 2a of Merton's Local Plan.
- B. Delegate approval of the public consultation material to the Director of Environment and Regeneration, Chris Lee in consultation with the Cabinet Member for Housing, Regeneration and Transport, Councillor Martin Whelton.

5 ADOPTION OF FUTUREWIMBLEDON SUPPLEMENTARY PLANNING DOCUMENT (Agenda Item 5)

The Cabinet Member for Regeneration, Housing and Transport presented the report which set out the draft FutureWimbledon Supplementary Planning Document, which would provide guidance on the design of development and public space and a long term vision for the area, balancing the residential centre with the growth of a strong commercial and employment base. It would also be key in the recovery of the town centre following the covid-19 pandemic. He advised that the building heights plan would be amended for the report to Council to reflect that the St George's East block would be part 8, 10 and 12 stories to be consistent with the neighbouring buildings. He thanked all the officers involved in the formulation of the plan.

In response to Cabinet questions, the Cabinet Member advised that the SPD would allow a degree of flexibility in light of any changes brought about by the covid-19 pandemic.

The Cabinet welcomed the report and the engagement which had taken place with local residents.

Before moving to the recommendations, the Chair advised that the Cabinet Members had received comments from the Reverend of St Marks Church.

RESOLVED: That, having taken the advice from Borough Plan Advisory Committee, Cabinet:

- A. Agreed the Consultation Report (Appendix B), including comments, responses and where applicable, amendments to the SPD.
- B. Noted the Council has undertaken a screening exercise with relevant statutory bodies to confirm that a Strategic Environmental Assessment is not required to support the SPD.
- C. Noted that whilst the Council's constitution permits Cabinet to agree the Adoption of SPDs; in recognition of the cross-party political representation in Wimbledon wards, the decision will be presented to Council.
- D. That Cabinet recommended to Council;

- i. The adoption of the Future Wimbledon Supplementary Planning Document (Appendix A) in accordance with the Town & Country Planning (Local Planning) (England) Regulations 2012.
- ii. Delegate to the Director of Environment & Regeneration, in consultation with the Cabinet Member for Regeneration, Housing & Transport, the making of minor factual, editorial and image changes to the SPD prior to publication.

6 AIR QUALITY SUPPLEMENTARY PLANNING DOCUMENT (Agenda Item 6)

The Cabinet Member for Regeneration, Housing and Transport presented the report which set out a supplementary planning document to address air quality issues and ensure a consistent approach to development in the borough and would be key to tackling the climate emergency. In view of the importance of the document, the recommendation of the Borough Plan Advisory Committee to run the consultation alongside that of the local plan had been accepted. The Cabinet Member thanked all the officers involved in the development of the document.

RESOLVED

That, following recommendation from the Borough Plan Advisory Panel (BPAC) on 7th October 2020, Cabinet:

- A. Approved the amended recommendation to approve public consultation on the air quality SPD to align with the Local Plan consultation between 30th October 2020 and 11th January 2021.
- B. Delegated approval of the final consultation draft SPD to the Director of Environment and Regeneration in consultation with the Cabinet Member for Regeneration, Housing and Transport.

7 THE COUNCIL'S RESPONSE TO BLACK LIVES MATTER (Agenda Item 7)

The Cabinet Member for Women and Equalities presented the report which set out the Council's response to Black Lives Matter and how inequalities would be addressed, ensuring that the Council is representative of its BAME community and that BAME organisations in the Borough are properly engaged with and supported.

The Director of Children, Schools and Families assured Members that work in this area was progressing at pace and the co-chair and vice-chair of the BAME forum were due to be elected to coincide with Black History Month.

The Chair welcomed the brave efforts of the Black Lives Matter activist, Patrick Hutchinson, who helped one of the protestors at one of the marches. As Patrick worked in Merton and lived in Croydon, he would be working with the London Borough of Croydon to recognise that act of bravery.

RESOLVED:

A. That Cabinet noted and agreed on the Council's response to Black Lives Matter (BLM).

8 FINANCIAL MONITORING REPORT 2020/21 - AUGUST 2020 (Agenda Item 8)

The Cabinet Member for Finance presented the report which set out the Council's financial position for month five and thanked all staff involved in managing the budgets. Actions were being taken to keep costs to the Council down in light of the overspend brought about by the actions the Council had to take to respond to the covid-19 pandemic and support residents. Although the deficit had reduced, it was still at a high level and unless the Government properly funded the pandemic response undertaken by the Council on its behalf, significant savings would need to be found.

The Director of Corporate Services advised that the funding had been announced although it was not clear whether that was funding for current pandemic commitments or future commitments in the event of a second wave. Figures would be updated for the next Cabinet meeting. A process for residents on low income to apply for a subsistence grant in the event that they received a track and trace notification to self-isolate had gone live on the Council's website.

The Chair advised that he was working with other London Leaders to continue to lobby the Government to properly fund the pandemic response.

RESOLVED:

- A. That Cabinet noted the financial reporting data for month 5, August 2020, relating to revenue budgetary control, showing a forecast net adverse variance at year-end of £15.954m.
- B. That Cabinet noted the outcome of a review of the Capital Programme and the contents of Section 4 and Appendix 5B and approve the amendments to the Programme contained in the Table below:

	Budget 2020-21	Budget 2021-22	Narrative
<u>Corporate Services</u>			
Customer Contact	(500,000)	500,000	Re-profiled Budget
<u>Children, Schools and Families</u>			
Pollards Hill Digital Divide	10,000	170,000	SCIL Funding 20-21 Bidding Round
<u>Environment and Regeneration</u>			
Morden Rec Hockey Pitch	0	135,000	SCIL Funding 20-21 Bidding Round
Cycle Lane Works Plough Lane	220,000	0	SCIL Funding 20-21 Bidding Round
Morden TC Regen Match Funding	(150,000)	150,000	Re-profiling in line with projected spend

Total	(400,000)	955,000	
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- C. That finance officers will continue to work with budget managers to identify further re-profiling and savings throughout the approved capital programme 2020-24.
- D. That Cabinet approved a virement of £1,763k between heads of services within Community & Housing to align salaries budgets.

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Committee: Cabinet

Date: 9 November 2020

Wards: All

Subject: Reference from the Sustainable Communities Overview and Scrutiny Panel – Idverde Performance

Lead officer: Chris Lee, Director of Environment and Regeneration

Lead member: Councillor Natasha Irons, Chair of the Sustainable Communities Overview and Scrutiny Panel

Contact officer: Rosie Mckeever, Scrutiny Officer, 0208 545 4035

Recommendations:

1. The Sustainable Communities Overview and Scrutiny Panel recommends that Cabinet take into account its reference set out in paragraphs 2.8 to 2.18 below when making decisions on the Idverde grounds maintenance service.
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1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. At its meeting on 1 September 2020 the Sustainable Communities Overview and Scrutiny Panel received a performance update on the grounds maintenance service provided by Idverde. The Panel was asked to discuss and comment on the report.
- 1.2. The Panel agreed to make a reference to Cabinet, as set out in paragraphs 2.8 to 2.18 below.

2 DETAILS

2.1. Scrutiny process

- 2.2. The Panel received a detailed report setting out background information, seasonal issues and details of the performance and quality scores.
- 2.3. The Panel heard representations from the Independent Merton Green Spaces forum, John Innes Society and residents. IMGSF commented on the need for better basic horticultural knowledge for staff as well as a more regularly updated performance dashboard. One resident did praise Idverde for their helpfulness and speed when clearing up a public event.
- 2.4. Panel Members asked questions and sought responses to those concerns raised. Responses were provided by the Assistant Director for Public Spaces and the General Manager for Idverde.
- 2.5. Full details of points made in the discussion will be published in the minutes of the meeting.

2.6. Scrutiny response

- 2.7. Panel RESOLVED (eight votes for, none against) to make the following reference to Cabinet:

- 2.8. The Sustainable Communities Overview and Scrutiny Panel welcomes this opportunity to comment on the Idverde Grounds Maintenance service and to raise issues for consideration by Cabinet.
- 2.9. Panel would welcome the opportunity to undertake further process mapping work on the inspection and reporting methodology within the contract. In order to fully understand how the performance data is created and reported, the Panel requests further information, including but not limited to;
- a) Contract specifications / classification for different types of greens spaces.
 - b) Directory of standards/management plans for different classifications of green spaces
 - c) Findings represented by type
 - d) Types inspected in direct proportion to square meterage of that type within the borough.
 - e) Details on how the average is created
 - f) Ratio of inspections for those 'below standard' to how many are 'random'. Ideally there needs to be a 'random' to 're-inspection' ratio that forces those areas that have 'failed' to be re-inspected within a shorter amount of time.
- 2.10. Additionally, alongside this information, the Panel would like to undertake site visits to a sample of green spaces in Merton, with details of the reporting pro forma used by Client Officers when inspecting.
- 2.11. The Panel recommended that the Council's Tree Strategy is reviewed and updated to include how new trees are established and how all trees are maintained.
- 2.12. The Panel recommends that the Council create an overarching Green Spaces strategy in line with the Council's climate commitment and with a focus on community wellbeing.
- 2.13. The Panel recommends to Cabinet that the Council should consider developing a 'One Stop Shop' web based reporting system to make it easier for our residents to report any issues relating to parks, waste and public spaces in one place and bring an update on this to the Sustainable Communities Panel.
- 2.14. Further to this, a recommendation to display signage in parks informing residents on how to report issues and express their views would enable the Council to be fully aware of the resident experience of our green spaces.
- 2.15. The Panel recommended that a quarterly stakeholder meeting be held, made up of groups included within the independent greenspaces forum and other like-minded organisations.
- 2.16. For both Idverde's Annual Report and the Independent Green Spaces Forum annual report to come to the Sustainable Communities Panel.
- 2.17. The Panel requested quarterly written updates from Officers providing information and feedback on how the recommendations are being met and evidence that the service is improving. This work should also be underpinned by amending the data included within the performance monitoring framework to include both a monthly and quarterly measure.

- 2.18. Additionally the Panel also requested that Idverde return to the Sustainable Communities Panel in one year in order to carry out a review of the progress achieved.

3 ALTERNATIVE OPTIONS

- 3.1. None – Cabinet is required under the council’s constitution to receive, consider and respond to references from overview and scrutiny.

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. Invitations to provide submissions to the Panel were sent to a wide range of residents’ associations and local community organisations.

5 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 5.1. None for the purpose of this report.

6 LEGAL AND STATUTORY IMPLICATIONS

- 6.1. Cabinet is required under the council’s constitution to receive, consider and respond to references from overview and scrutiny. The Local Government and Public Involvement in Health Act 2007 requires Cabinet to respond to reports and recommendations made by scrutiny committees within two months of written notice being given.

7 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 7.1. There are no human rights, equalities and community cohesion implications as a result of this report.

8 CRIME AND DISORDER IMPLICATIONS

- 8.1. These are no crime and disorder implications as a result of this report.

9 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 9.1. There are no risk management and health and safety implications as a result of this report.

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

- None

11 BACKGROUND PAPERS

None

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Exempt or confidential report

The following paragraph of [Part 4b Section 10 of the constitution](#) applies in respect of information given in **Appendix 1** of this report and it is therefore exempt from publication. Members and officers are advised not to disclose the contents of this report:

Information relating to the financial or business affairs of any particular person (including the Authority holding that information)

Committee: Cabinet

Date: 9 November 2020

Agenda item:

Wards: Melrose School is located in Cricket Green Ward but serves a wider area

Subject: Expansion of Melrose School – contract award for construction works

Lead officer: Rachael Wardell - Director of Children, Schools and Families

Lead member: Cllr Eleanor Stringer – Cabinet Member for Education

Contact Officer: Tom Procter – Head of Contracts and School Organisation

Recommendations:

- A. The council award the contract for the school expansion construction works for Melrose School as outlined in the confidential appendix 1
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1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 Melrose School is a special school for children with Social, Emotional and Mental Health needs. The purpose of this report is for Cabinet to approve the contract award following a competitive tender process that will allow the expansion of the school including the provision of a primary department, as approved by Key Decision in August 2020.

2 DETAILS

- 2.1 Melrose School is a 'Good' special school with "consistently strong teaching across the school for children with Social, Emotional and Mental Health needs (SEMH).
- 2.2 The London Borough of Merton has a legal obligation to provide sufficient school places for its area and there is a significant increase in demand for special school places.
- 2.3 Melrose School provides value for money compared with non-maintained or independent special school provision and so meets the objective to provide suitable, high quality places to meet the growing number of SEND children.

- 2.4 The council completed the statutory process of expanding the school, and the following proposal was agreed by the Director of Children, Schools and Families in August 2020:
- To lower the age range from 11-16 years old to 4-16 years old through the introduction of 24 full time equivalent places in the primary phase for children aged 4 to 11 and to also increase the number of places in the secondary phase of the school to 54. The school would therefore have a total capacity for 78 pupils.
- 2.5 The proposed expansion will be enabled by a physical extension to the school in three distinct areas:
- A specific primary phase will be built with a dedicated entrance and site area
 - In the secondary phase the current, inadequate hall will be converted to become two classrooms. This will allow a distinct area for more vulnerable secondary SEMH pupils or SEMH girls, depending on the referrals and cohort
 - A new hall facility will be provided that can be timetabled to be used at separate times by primary age and secondary age children
- 2.6 The procurement of a constructor has been undertaken through an OJEU restricted tender process, with five firms short-listed following a Standard Selection Questionnaire (SQ) on the basis of quality, and then appointment is made in the ITT stage on the basis of price, based on itemised pricing schedules.
- 2.7 The process was undertaken through the ProContract London tenders portal E-tendering system. 21 responses were received and in addition to compliance questions, contractors were scored on a number of questions as follows:
- *Where sub-contract healthy supply chains with your sub-contractor(s)*
 - *Company's experience of working in a school environment.*
 - *Company's experience and approach to working in occupied school sties with nearby residents in close proximity.*
 - *Company's H&S management approach*
 - *Managing the Clients financial risk, and to managing contract cost variations.*
 - *Environmental management*
 - *Accurate contract programming.*
 - *Quality on site*
 - *Value Engineering*
 - *Environmental management policy*
- 2.8 This enabled the highest scoring five suitably experienced construction companies to be selected for an invitation to tender (ITT). The ITT selection was on the basis of compliance and lowest price.
- 2.9 The ITT confirmed tenders were required to include as a minimum:
- A priced version of the contract preliminaries document

- A priced pricing document
- A completed and signed Form of Tender / Non-Collusion declaration – see separate word document.
- A detailed project GANT chart programme

2.10 The ITT also confirmed that price evaluation was in accordance with the JCT Practice Note: Tendering 2016, with errors dealt with in accordance with Alternative 2.

2.11 The tender documents were issued to five companies on 11 September 2020 with a return date of 9 October 2020 that was extended to 16 October 2020 following representation from a number of the companies selected.

2.12 The confidential appendix details the tender returns.

3 ALTERNATIVE OPTIONS

3.1 The procurement approach was agreed following a report to the council's procurement board.

3.2 The issues on expanding the school and alternative options were considered in the school expansion Key Decision report agreed by the Director of Children, Schools and Families in August 2020.

4 CONSULTATION UNDERTAKEN OR PROPOSED

4.4 The expansion of the school was subject to a statutory consultation as outlined in the Key Decision report (see section 12 "Background Papers" of this report for a link to that report).

5 TIMETABLE

5.1 The works will commence shortly after this approval. It is planned to be completed for September 2021 to enable the school to vacate its temporary expansion provision.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

Finance

6.1 The capital budget implications are contained in the confidential appendix.

6.2 With regard to revenue funding for school placements, if this scheme does not proceed the council would still have a statutory obligation to provide a school place for the children and, without any places in its special schools, it would need to be Independent special school provision. The average cost per place for an Independent day-provision is significantly more than the cost for Melrose. There is therefore a significant financial incentive to provide sufficient in-house provision, in addition to the need to provide continuity for the children. School placement costs are currently charged to the Dedicated Schools Grant (DSG) which is a fixed government grant.

- 6.3 The council's General Fund needs to meet the cost of home to transport for children. Officers have demonstrated that this cost is considerably less expensive when transporting to a LB Merton state funded special school compared to an independent or out borough school. This expansion will therefore reduce the per child home to school transport costs from SEND children.

Property

- 6.4 The effective expansion of Melrose primary provision requires a small parcel of land adjacent to the school that was formerly a scout hut. This land will formally be transferred to be part of Melrose School.

7 LEGAL AND STATUTORY IMPLICATIONS

- 3.1 The contract value is below the OJEU threshold for works contracts and as such there is no requirement to observe a 10-day standstill period unless this has been stated in the procurement documents. Although the value is below the relevant threshold and therefore not subject to the full scope and extent of the Public Contracts Regulations 2015 (PCR), the procurement must still be compliant with the Council's standing order, principles of equality, transparency as required by treaty obligations relating to procurement.
- 3.2 It will be necessary to ensure that the relevant award notification is published on Contracts Finder in accordance with the PCR and on the Council's Contracts Register and Contracts Finder as required by CSO 19.2.4.
- 7.1 The Report describes a process that is compliant with the PCR and the Council's Standing Orders.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1 Additional school places at Melrose School will contribute to the Authority providing access to secondary school places for all its residents, including children with special educational needs (SEN).

9 CRIME AND DISORDER IMPLICATIONS

- 9.1 There are no specific crime and disorder implications

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1 Planning permission for the scheme was approved by Planning Applications Committee on 22 October 2020.
- 10.2 All capital schemes have a financial risk but the scheme is recommended to be awarded with a contingency.
- 10.3 Health and safety is being considered carefully to ensure there will be a clear separation between pupils, teachers and parents and construction works, especially in the context of a working school.
- 10.4 The project is being managed under project management methodology and a risk log is held and reviewed at project board meetings.

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

11.1 Appendix 1 (exempt)

12. LINKED DOCUMENTS

12.1 Key Decision report for Prescribed alteration of the Melrose School:

<https://mertonintranet.moderngov.co.uk/ieDecisionDetails.aspx?id=1037&LLL=0>

13 BACKGROUND PAPERS

13.1 None

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Committee: Cabinet

Date: 9 November 2020

Wards: All

Subject: Council Tax Support Scheme 2021/22

Lead officer: Caroline Holland, Director of Corporate Services

Lead member: Councillor Mark Allison

Contact officer: David Keppler, Head of Revenues and Benefits

Recommendations:

-
1. That the uprating revisions for the 2021/22 council tax support scheme detailed in the report be agreed, in order to maintain low council tax charges for those on lower incomes and other vulnerable residents
 2. That Cabinet recommends to Council that it adopts the proposed revisions to the 2021/22 scheme.
-

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. This report details the proposed revisions to Merton's adopted council tax support scheme to ensure that the level of support awarded stays in line with the old council tax benefit scheme had it continued and therefore residents are not worse off due to the new scheme.
- 1.2. That Cabinet recommends to Council that it agrees to implement recommendation 1 and 2.

2 DETAILS

2.1. Council Tax Support Scheme 2021/22

- 2.2. As part of the Spending Review 2010, the Government announced that it intended to localise council tax benefit (CTB) from 1 April 2013 with a 10% reduction in expenditure. These plans were included as part of the terms of reference for the Local Government Resource Review and the then Welfare Reform Bill contained provisions to abolish CTB.
- 2.3. Following a formal consultation exercise full Council agreed on the 21 November 2012 to absorb the funding reduction and adopt the prescribed default scheme in order to maintain low council tax charges for those on lower incomes and other vulnerable residents. CTB was formally abolished with effect from 1 April 2013
- 2.4. Council have subsequently agreed to continue with the same scheme, subject to revisions on an annual basis for 2014/15, 2015/16, 2016/17, 2017/18, 2018/19, 2019/20 and 2020/21.
- 2.5. Each year the Government "uprate" the housing benefit scheme and the new council tax support scheme for pensioners. This is where state pensions and benefits are increased by a set percentage and the Government also increase the applicable amounts and personal allowances (elements that help identify how much income a family or individual requires each week before their

housing benefit starts to be reduced) and also non dependant deductions (the amount a non child who lives with the claimant is expected to contribute to the rent and/or council tax each week).

- 2.6. The Government have stated that under the new local council tax support scheme pensioners must not be worse off and that existing levels of support for them must remain and this protection will be achieved by keeping in place existing national rules, with eligibility and rates defined in Regulations broadly similar to those that previously existed. This is known as the Prescribed Pensioners scheme.
- 2.7. When full Council adopted the Governments default scheme in November 2012 it was not clear what would happen with regards to the uprating of the default scheme from April 2014 onwards. Advice received from the then Department of Communities and Local Government (DCLG) at the end of September 2013 stated that if a Council did not formally agree a revised scheme for the following financial year which would include any “uprating” then its local scheme for the previous year would automatically become its default scheme and as a consequence the “uprating” would not take place and many residents would face an increased council tax bill.
- 2.8. This means that if Merton wants to continue with its council tax support scheme which is broadly similar to the old council tax benefit scheme it would have to formally consult and agree on the revised “uprating” each year. Merton has subsequently agreed this approach in prior years and is now seeking agreement to the same for 2021/22.
- 2.9. It is estimated that if the uprating was not applied the expenditure of the scheme, if everything else remained constant, would be approximately cost neutral. Increases in payments for non-dependants living in households would not be applied and some residents receiving disability benefits or premiums could face higher council tax bills.
- 2.10. The Government will uprate the housing benefit scheme from the 1 April 2021 and the detail of this process is unlikely to be known until early December 2020. The Government will also uprate the prescribed pensioner scheme for council tax support from 1 April 2021, with the details announced in December 2020. Once the detailed information is known it is proposed to use the data from these to uprate the council tax support scheme.
- 2.11. In 2020/21, the Government introduced increases to disregarded earnings and grants and loans for the self-employed to support people during the COVID-19 pandemic. These resulted in increases to Universal Credit and other DWP benefits which reduced council tax support for our residents. The Council awarded the difference in the form of a hardship reduction as part of the Council Tax Hardship facility, however the Council was unable to amend the disregards set out in the Council Tax Support Scheme.
- 2.12. The proposal for the 2021/22 council tax support scheme is to allow any in-year changes to disregards or elements of the Housing Benefit scheme or Prescribed Pensioners scheme that will benefit residents.
- 2.13. These in year changes will be approved by the Section 151 officer of the council. However, the Council’s decision making process will be followed for any changes.

- 2.14. The uprating of the council tax support scheme will be effective from the 1 April 2021
- 2.15. A formal consultation exercise regarding the proposed revision of the scheme was undertaken between 1 September 2020 and 12 October 2020. Only 15 responses were received, 11 opted to apply the uprating and 4 opted not to apply the uprating. Only 13 responded to the question asking if the resident completing the consultation was in receipt of council tax support. Of these only 1 was in receipt of council tax support. One comment was received which was in favour of ensuring that the scheme should be changed to ensure residents did not lose out due to any covid changes. Although one comment stated that the scheme should not be changed.
- 2.16. This level of response is in contrast to the consultation exercise undertaken in the summer of 2012 when the Council first proposed to absorb the funding reduction and ensure that no Merton residents would be worse off due to the change in scheme. Then there were 1,007 responses of which 820 opted to retain the same level of support as council tax benefit and keep the level of contribution towards the council tax down for eligible applicants. Only 69 opted to implement a new council tax support scheme that's offers less assistance and means that certain groups of people would have to pay more council tax.
- 2.17. The Council has also consulted with our major precepting authority, the Greater London Authority (GLA).

3 ALTERNATIVE OPTIONS

- 3.1. The only alternative option for the Council Tax Support Scheme based on the consultation undertaken would be not to revise it and not uprate the scheme and continue with the existing scheme. This would result in some of the poorest residents facing increased council tax bills from April 2021

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. A consultation exercise has been undertaken and the results of this are detailed in 2.15 and 2.17 and 2.18 above

5 TIMETABLE

- 5.1. The key milestones for council tax support scheme are detailed below:

Task	Deadline
Consultation with public and precepting authority on proposed change to the scheme	1 September 2020 to 12 October 2020
Report to full Council for agreement to proposed change to the scheme	18 November 2020
Detailed analysis of the housing benefit and prescribed pensioner schemes uprating to establish exact parameters to be applied for the uprating of the council tax support scheme	December 2020– or as soon as the information is available from the DWP

Deadline for agreement of amended scheme	11 March 2021
Testing of IT software for amended scheme	February 2021
Implement amended scheme	1 April 2021

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. Based on levels of council tax support as at October 2020, it is estimated that £13.656 million will be granted in council tax support for 2021/22 assuming a 2% increase in council tax from April 2021. This figure includes the Greater London Authorities share of the scheme (£2.818 million), the cost for Merton is £10.837 million.
- 6.2. The council tax support expenditure for 2020/21 could further increase if there is an expected increase in claims when the furlough scheme ends.
- 6.3. The council has recently submitted its Council Tax Base Return (CTB) to Government. This is based as at October 2020 and incorporates the latest information on council tax support and discounts and exemptions. This will be used to calculate the Council Tax Base for 2021/22 and the MTF5 2021-25 will be updated as appropriate during the budget process
- 6.4. The impact of COVID-19 has resulted in an increase in the level of council tax support. This results in a reduction in the yield from council tax to support council services. 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%

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. Under the Local Government Finance Act 1992, as amended by the Local Government Finance Act 2012, ("the Act") every billing authority in England is required to make a Council Tax Reduction Scheme (CTRS). Merton refers to its CTRS as its Council Tax Support Scheme.
- 7.2. Each financial year every billing authority in England is required to consider whether to revise or replace its CTRS. The Act imposes certain procedural requirements which must be satisfied before a billing authority can make any

revisions, including a requirement to consult persons who are likely to have an interest in the operation of their CTRS.

- 7.3. The statutory consultation is intended to ensure public participation in the decision-making process. In determining what revisions the Authority should make to its CTRS, if any, it must have regard to the requirements of the Act, including the outcome of the consultation and the public sector equality duty referred to below. The outcome of the consultation is considered elsewhere in this report.
- 7.4. If the Authority's CTRS is to be revised as proposed the decision to do so must be made by Full Council no later than 11 March 2021 to enable the revisions to come into force on 1 April 2021.
- 7.5. As with any public law decision of the Authority it may be challenged by way of an application for judicial review.
- 7.6. If the revised scheme is not agreed by 11 March 2021 then the scheme the Council administered for the previous year (2020/21) would become the default scheme for 2021/22.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. A formal consultation exercise has been undertaken. The results of this are detailed in 2.15, 2.17 and 2.18 above.
- 8.2. Any changes to the council tax scheme which results in reductions of support will mean some residents facing an increase in their council tax bills. Some of these residents, due to the yearly uprating undertaken by the DWP, would not have previously been faced with increased council tax bills. In the past it has sometimes proved difficult in collecting council tax from residents who are on limited income and or benefits.

In considering the proposed revisions to the Council Tax Support Scheme, upon which the Authority is required to consult, the Cabinet must consider the Council's Public Sector Equality Duty under Section 149 of the Equalities Act 2010 and to have due regard to the need to:

- a) Eliminate unlawful discrimination, harassment and victimisation
- b) Advance equality of opportunity between persons who share a protected characteristic and persons who do not, and
- c) Foster good relations between people who share a protected characteristic and those who do not.

9 CRIME AND DISORDER IMPLICATIONS

- 9.1. None for the purpose of this report.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1. The Council will need to continue to closely monitor the cost of the council tax support scheme to ensure it is affordable for future years. Although in previous years we have not seen an increase in caseload, it is possible that the full impact of the welfare reform could result in more families located in

inner London moving into Merton which would result in an increase in council tax support expenditure

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

11.1 None

12 BACKGROUND PAPERS

Cabinet

Date: 9 November 2020

Subject: Financial Report 2020/21 – Period 6, September 2020

Lead officer: Roger Kershaw

Lead member: Mark Allison

Recommendations:

- A. That Cabinet note the financial reporting data for month 6, September 2020, relating to revenue budgetary control, showing a forecast net adverse variance at year-end of £10.7m.
- B. That Cabinet note the contents of section 4 of the report and approve the adjustments to the Capital Programme in Appendix 5b

That Cabinet note the contents of Section 4 and Appendix 5b of the report and approve the amendments to the Programme contained in the Table below:

	Budget 2020-21	Budget 2021-22	Budget 2023-24	Narrative
	£	£	£	
Corporate Services				
Invest to Save	(140,000)			Budget relinquished as struggling to spend
Community and Housing				
Disabled Facilities Grant	(187,000)		187,000	Re-profiled Budget
Children, Schools and Families				
Melrose Primary SEMH annexe 16	35,950	89,050		Virement from Harris Wimb & Fur. SEN Prov
Melrose S'dary SEMH 14 Places		125,000		Virement from Harris Wimb
Harris Academy Wimbledon		(150,000)		Virement to Prim & Sec SEMH
Further SEN Provision	(35,950)	(64,050)		Virement to Secondary SEMH
Environment and Regeneration				
Culverts	(258,120)	258,120		Budet re-profile to match projected spend
Merton Lost Rivers	(100,000)		100,000	Budet re-profile to match projected spend
Beddington Lane Cycle Scheme	104,000			Additional TfL Grant added to Section 106 Funding
ANPR Cameras Supporting Enforcement of School Streets	486,000			SCIL Funded Scheme
Street Lighting Wimbledon	150,000	670,000		SCIL Funded Scheme
Haydons Road Public Realm Improvements	50,000	350,000		SCIL Funded Scheme
Rowan Park Community Facility Match Funding	150,000			SCIL Funded Scheme
Bishopsford Bridge	802,800	512,000		SCIL Funded Scheme
Cycle Lane&Roadway Bishopsford Bridge	20,000	130,000		SCIL Funded Scheme
Morden Town Centre Improvements	100,000	200,000		NCIL Funded Scheme
Crown Creative Knowlwdge Rxchange	150,000			SCIL Funded Scheme
Total	1,327,680	2,120,120	287,000	

- C. That finance officers will continue to work with budget managers to identify further re-profiling and savings throughout the approved capital programme 2020-24.

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 This is the period 6 monitoring report for 2020/21 presented in line with the financial reporting timetable.

This financial monitoring report provides -

- The income and expenditure at period 6 and a full year forecast projection.
- An update on the financial impact of Covid-19
- An update on the capital programme and detailed monitoring information;
- An update on Corporate Items in the budget 2020/21;
- Progress on the delivery of the 2020/21 revenue savings,

2. THE FINANCIAL REPORTING PROCESS

2.1 The budget monitoring process for 2020/21 will focus on the financial impact of Covid-19. The Council's services are under pressure due to the need to support businesses and residents, particularly vulnerable groups in need of social care and there has been a major reduction in the Council's income which is expected to continue. The detrimental impact of Covid-19 exceeds the support that the Government has currently pledged to provide.

2.2 There are also significant pressures on the Dedicated Schools Grant (DSG) which are being monitored. The cumulative deficit at the end of 2019/20 was £12.7m and the deficit is forecast to continue to increase in 2020/21, now estimated to be £27.2m.

2.3 Chief Officers, together with budget managers and Service Financial Advisers are responsible for keeping budgets under close scrutiny and ensuring that expenditure within areas which are above budget is being actively and vigorously controlled and where budgets have favourable variances, these are retained until year end. Any final overall adverse variance on the General Fund will result in a call on balances; With the projected scale of the impact of the Covid-19 pandemic and the growing DSG deficit, in the absence of further funding, the call on reserves will use some of the general fund reserve.

3. 2019/20 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

Executive summary – At period 6 to 30th September 2020, the year-end forecast is a net adverse variance of £10.7m when all incremental Covid costs are included, after applying the remaining government emergency Covid-19 grant. If the Covid pressures hadn't arisen, the numbers suggest that we would be reporting a £3.5m favourable variance, however, there may be other impacts on services arising from Covid that are not apparent at this stage. This will be kept under review.

Summary Position as at 30th September 2020

	Current Budget 2020/21	Forecast Variance at year end (Sept)	Forecast Variance at year end (Aug)	Covid-19 Forecast	Outturn variance 2019/20

	£000s	£000s	£000s	£000s	£000s
Department					
Corporate Services	10,908	4,495	4,718	3,332	(490)
Children, Schools and Families	62,910	(1,229)	(1,226)	734	(241)
Community and Housing	68,656	-144	314	2,632	(319)
Public Health	-157	0	0	0	0
Environment & Regeneration	16,482	7,719	9,278	8,267	783
Overheads	0	0	0	0	120
NET SERVICE EXPENDITURE	158,800	10,841	13,084	14,965	(147)
Corporate Items					
Impact of Capital on revenue budget	11,190	(19)	(19)	0	(161)
Other Central budgets	(12,391)	604	650	0	(1,405)
Levies	962	0	0	0	(1)
TOTAL CORPORATE PROVISIONS	(239)	585	631	0	(1,567)
Covid-19		9,497	9,036	9,497	176
TOTAL GENERAL FUND	158,560	20,924	22,750	24,462	(1,714)
FUNDING					
Revenue Support Grant	-5,159	0	0	0	0
Business Rates***	(35,586)	2,077	2,529	2,077	(50)
Other Grants***	(18,245)	0	0	0	0
Council Tax and Collection Fund*	(97,713)	2,194	2,648	2,194	50
COVID-19	0	(14,467)	(11,973)	(14,467)	0
FUNDING	(156,703)	(10,196)	(6,796)	(10,196)	0
NET	1,858	10,728	15,954	14,266	(1,714)

*** The deficits on the Collection Fund relating to Business rates and Council Tax arising as a result of Covid-19 can be carried forward to the collection fund for accounting purposes over the next three year

The current level of GF balances is £13.778m and the minimum level reported to Council for this is £13.8M.

Covid-19 Financial Impact

The ongoing Covid-19 pandemic has had a profound impact on council finances. The Government announced emergency grant funding of £4.7 billion nationally to fund costs associated with the response to the COVID-19 pandemic. The Council's allocation is £14.5m in four tranches.

The government announced a scheme to reimburse Councils for lost income from sales, fees and charges. This will involve a 5% deductible rate, whereby the Council will absorb up to 5% and the government compensation will cover 75p in every pound of relevant loss thereafter. The first round has been submitted and we are waiting for the confirmation of the payment. This is excluded from the period 6 forecast position and will be included when confirmed, hopefully next month.

Merton, together with all London boroughs, moved from Tier 1 to Tier 2 (Covid high alert) from 17th October 2020 as infection rates continue to rise. Any new costs or additional loss of income from Tier 2 restrictions or a second wave have not been included in the period 6 forecast. Merton will be eligible for funding from the Contain Outbreak Management Fund(COMF) based on the population. Both the funding and associated expenditure are not included in this forecast.

At this time, the full financial impact of COVID-19 therefore continues to be uncertain, as does the extent to which the Government will mitigate the cost pressures on local government in this and many other areas. The effects will continue to be closely monitored and reported.

Covid Expenditure

Covid expenditure which is incremental is reported centrally and not included in the departmental summaries below. These are the incremental costs such as PPE, food banks and the community hub.

Income shortfall

Income budgets are included within departments and so the impact of Covid-19 is reflected in department forecasts.

Impact on savings

Departmental budgets are adjusted for the agreed savings targets for 2020/21 as part of the budget setting process. The savings which are now under pressure due to Covid-19 are included in the forecast of the department.

COVID-19 COST SUMMARY	September 2020/21 £000s
Department	-
Corporate Services	3,332
Children, Schools and Families	734
Community and Housing	2,632
Environment & Regeneration	8,267
TOTAL INCOME LOSS & SAVINGS UNACHIEVED	14,965
Corporate Items - Covid costs	
Corporate Services	705
Children, Schools and Families	1,086
Community and Housing	6,050
Environment & Regeneration	1,656
ADDITIONAL COVID EXPENDITURE	9,497
FUNDING	-
Business Rates***	2,077
Council Tax ***	2,194
TOTAL FUNDING LOSS	4,271
GROSS COST OF COVID-19	28,733
Covid-19 Emergency funding received	-10,383
Covid-19 Emergency funding - July 2020	-1,590
Covid-19 Emergency funding - October2020	-2,494
NET COST OF COVID-19	14,266

*** Covid-19 impact on the Collection Fund

Due to COVID-19 the amount of Council Tax and Business Rates collected will be less than budgeted for 2020/21 when the budget was approved by Council in March 2020. There is usually a small surplus or deficit which arises because the amount collected during the year will vary for different reasons such as new properties coming on stream during the year, or people and businesses arriving and leaving during the year.

Due to Covid-19 the level of collection is less than expected and will result in deficits in both Council Tax and Business Rates for the financial year 2020/21. However, as required by legislation any surplus/deficit on the Collection Fund would normally be funded in the following year of account so the expected deficit for 2020/21 would form part of the budget for 2021/22.

On 2 July 2020, the Secretary of State for Local Government announced a funding package for councils to help address the range of COVID-19 pressures they face. This package included changes so that local authorities can spread their tax deficits over three years rather than the usual one. In guidance supplied with the announcement it stated: -

- The Government's intention is for the deficit phasing to apply to all authorities, set at a fixed period of three years
- The phased amount will be the entire collection fund deficit for 2020-21 as estimated on the 15 January 2021 for council tax and in the 2021-22 NNDR1 for business rates
- The scheme will be prescribed in secondary legislation. Subject to parliamentary time, MHCLG would expect the necessary regulations to be laid in the early autumn.
- MHCLG is minded to put in place a scheme where the deficit will be phased across the financial years 2021-22, 2022-23 and 2023-24.
- MHCLG will continue to work with CIPFA and local government on the detailed operation of the scheme – including the accounting, audit and reporting implications – with a view to providing guidance to councils later in the year. We are still waiting for the legislation to be laid in the House of Commons.

As at 30 September 2020, Merton's share of estimated Council Tax and Business Rates deficits 2020/21 are:-

Council Tax	£2.194m
Business Rates	£2.077m

The estimated deficit will be incorporated into the MTFs in 2021/22 to 2023/24.

Cashflow

The Covid-19 outbreak created pressure on the council's cash flow which is likely to remain for the rest of the year. Through prudent treasury cash flow procedures, the Council has been able to meet its additional expenditure from its cash in balances in the bank and primarily from liquid cash balances held in Money Market Funds (MMF's).

In light of Government relief announcements, the Council will see a reduction in income going forward. Therefore, in order to meet its commitments going forward the decision was made to keep the bulk of the Council's available funds in cash/MMF's to maintain liquidity. This meant that as fixed short and medium term deposits matured they were placed in MMF's which is immediately callable. The Council has now increased its MMFs investment limits and the number of MMFs. This enable us to earn maximum interest income possible while maintaining liquidity.

Cash flow is monitored on a daily basis and the current forecast shows the Council has sufficient funds to meet its payment needs going forward over the medium term. However, if a cash short fall occurs, the Council has the option to borrow from the market in order to meet its needs.

4. DEPARTMENTAL SUMMARY OF CURRENT POSITION

Corporate Services

Division	2020/21 Current Budget £000	2020/21 Full year Forecast (Sept) £000	2020/21 Full Year Forecast Variance (Sept) £000	2020/21 Full Year Forecast Variance (August) £000	2020/21 Covid-19 Forecast Impact (Sept) £000	2019/20 Outturn Variance £000
Customers, Policy & Improvement	3,818	4,775	957	1,020	384	(169)
Infrastructure & Technology	12,185	12,502	317	283	231	(678)
Corporate Governance	2,168	2,116	(52)	(7)	82	(180)
Resources	5,550	7,741	2,191	2,327	2,045	95
Human Resources	2,083	2,250	167	218	0	187
Corporate Other	666	1,581	915	877	590	255
Total (Controllable)	26,470	30,965	4,495	4,718	3,332	(490)

Overview

At the end of period 6 (September) the Corporate Services (CS) department is forecasting an adverse variance of £4.495m at year end, of which £3.332m is due to the external impact of covid-19. The adverse forecast within CS has reduced by £222k compared with period 5.

Customers, Policy and Improvement - £957k adverse variance

The adverse variance in the division is mainly due to spend on the Customer Contact budget which is forecasting a £920k variance. This is made up of £172k for the cost of delays in light of the covid-19 pandemic and the remainder from the cost of contracts novated from the previous supplier which fall into the first months of 2020/21 and the estimated annual costs of the new systems.

The Registrars service is forecasting a £129k adverse variance and currently anticipating a 37% reduction in income compared to 2019/20, though this could be impacted further should there be a return to increased restrictions related to covid-19. Despite the significant impact on income for the first quarter of 2020/21, the Registrars service has recovered well, with monthly income on a par with 2019/20 for quarter 2. Other adverse variances within the division due to covid-19 include the Translations service (£33k) due to a reduced number of face to face interpretations being fulfilled. The Press and PR budget is also forecasting an adverse variance (£192k) mainly due to the use of agency staff covering the Head of Communications post pending the completion of a restructure within the division. There is a further adverse variance of £15k on Blue Badges as the saving (2019-20 CS02) to introduce charging has not yet been implemented.

Partly offsetting the above are various favourable variances including £88k in the AD budget and £44k in Continuous Improvement due to vacancies expected for part of the year. Other forecast variances from less than budgeted running costs are in Merton Link (£40k favourable), Cash Collections (£79k favourable) and Marketing and Communications (£60k favourable).

The forecast adverse variance overall for the division has reduced by £63k compared to period 5. This is due to revised forecasts around the timing of recruitment and agency assignments across various teams in the division, an improved outlook for the Registrars service and reduced estimate for various Customer Contact IT costs.

Infrastructure & Technology - £317k adverse variance

Many of the adverse variances within the division are due to reduced recharges as a result of the change in working arrangements surrounding the covid-19 pandemic. These adverse variances include £191k on the Corporate Print Strategy, £71k on the Print and Post room and £113k on the PDC (Chaucer Centre). Where these are internal recharges they have not been included in calculating the impact of covid-19 on the Council as they will positively impact other departments and are therefore not a net cost to LBM.

The FM External account is also forecasting a £130k adverse variance due to the lack of commissions being confirmed since lock-down began in March. There is a variance on Corporate Contracts (£24k adverse) due to savings for reducing cleaning in corporate buildings being unachievable within the current circumstances. £22k adverse variance is also forecast in the Business Systems Team mainly due to budget pressure on IT licenses, support and maintenance. The pandemic has added to this as some system licences have been extended due to the delay on IT projects.

Favourable variances within the division include £35k in Client Financial Affairs and £46k in Safety Services both from less than budgeted staffing costs, £22k on the Civic Centre from rental income over-achievement and £48k on Garth Road also from rental income. IT Service delivery also has a favourable variance of £23k mainly from IT licences, whilst the Transactional Services team have a £34k favourable variance from vacancies forecast for part of the year. There is a further £44k favourable variance on the Microsoft EA licences following a review by the supplier.

The forecast adverse variance in Infrastructure and Technology has increased by £34k compared to period 5. This is mainly due to the reduced internal income forecast for printing, reflecting the prolonged period of home working for many staff. Partly offsetting this is a reduced staffing forecast in the Business Systems, Client Financial Affairs and Transactional services teams reflecting the latest position on vacancies, secondments and use of agency staff.

Corporate Governance – £52k favourable variance

A £32k shortfall on the saving to merge Democracy and Electoral Services is expected due to the restructuring coming in to effect mid-year following the retirement of the Head of Democracy Services. This is, however, offset by various vacant hours and running cost budgets within both teams and the receipt of IER grant, resulting in a total £73k favourable variance across both services.

The Corporate Governance AD budget is forecasting a £8k favourable variance due to various running costs whilst the Information Governance team also have a favourable £12k variance due to various vacant hours held during the year.

The South London Legal Partnership (SLLp) is currently forecasting a £355k surplus, with £75k to be retained by LBM. The surplus relates mainly to additional chargeable hours being fulfilled.

Outside of SLLp, there is £115k of legal savings not forecast to be achieved in year.

The Corporate Governance favourable forecast has increased by £45k since period 5. This is mainly due to an increased surplus forecast in SLLp and reduced running costs within Democracy Services.

Resources - £2,191k adverse variance

Within Resources there are multiple budgets forecasting adverse variances due to covid-19. The Chief Executive's budget has a £112k adverse variance mainly due to an interim Head of Recovery being appointed as a result of the pandemic. The Bailiff Service ceased operations for the first 6 months of the year and is forecasting an adverse variance of £1,155k (including the shared service element). The Local Taxation Service is also showing an adverse variance of £815k mainly as a result of covid-19's impact on court cost income.

Other adverse variances within the division that are not covid-19 related include £127k in the Financial Information Systems (FIS) team due to salary budget pressure as well as system consultancy and support costs for the year. A £57k adverse variance in Insurance is due to property valuation fees incurred in preparation for the re-tendering of insurance contracts and the new contracts not commencing until mid-2020/21 resulting in a saving being unachieved in year. This is, however, partly offset by an overachievement anticipated on income. The Budget Management team also have an adverse variance (£82k) as a result of the use of agency staff covering vacancies in the team due to difficulties in recruiting. Corporate Accountancy are forecasting a £36k adverse variance due to proposed increases in audit fees and the use of agency staff which is, in part, offset with reduced banking costs.

Favourable variances in the department include £48k and £25k on the Director of Corporate Services and AD budgets respectively due to consultants and subscription budgets not forecast to be required in year. Within Revenues and Benefits the Benefits Administration and Support Teams are forecasting favourable variances of £102k and £28k respectively due to various running costs, vacancies and new burdens funding.

The forecast adverse variance in the division has reduced by £136k compared to period 5. This is largely due to improved forecasts for enforcement income in the Bailiffs service and court cost income as court hearings are expected to resume shortly. Partly offsetting the improved income forecast is a proposed increase in fees from LBM's external auditors which has been partially provided for in the forecast, pending the outcome of a review by PSAA (Public Sector Audit Appointments).

Human Resources – £167k adverse variance

The adverse variance in HR is mainly from the AD budget (£113k variance) as a result of the use of agency staff. Additionally, there is an adverse variance of £30k relating to the HR Transactions budget for the shared payroll system and iTrent client team charges from Kingston. HR Business Partnerships are also forecasting an adverse variance (£20k) mainly as a result of sickness cover required in the team.

The Occupational Health service is currently forecasting nil variance but will continue to be monitored through the year to review the impacts from covid-19 and changes to working arrangements.

The adverse forecast variance in HR has decreased by £51k since period 5 mainly as a result of a review of Learning and Development (L&D) which has identified reduced spend on external training and other running costs which is able to largely offset the use of agency staff within the L&D team which was previously causing a budget pressure.

Corporate Items - £915k adverse variance

The Housing Benefit Rent Allowances budget is forecasting a net adverse variance of £963k. This is due to a shortfall on the subsidy attracted by overpayments compared to the budgeted amount for 2020/21 and is inclusive of the £500k saving built in to the budget this year for improvement of

overpayment recovery and therefore reducing the bad debt provision budget which is now not expected to be achievable in light of covid-19.

There is also a one-off saving in 2020/21 for the recovery of old housing benefit debts which had previously been written off, due to new access to information from HMRC. There is a £90k adverse variance and shortfall on the saving as recovery has been significantly impacted by covid-19. On the Coroner’s Court budget there is an adverse variance of £32k, of which £25k relates to an adjustment for 2019/20 quarter 4 costs.

Partly offsetting the above are favourable variances on the corporately funded items budget of £107k due to budget not expected to be required in year and £69k on the added years pension budget.

Compared to period 5, the Corporate Items adverse variance has increased by £38k. This is mainly due to a reduced subsidy on HB overpayments being forecast, and in particular those relating to overpayments in prior years.

Environment & Regeneration

Environment & Regeneration	2020/21 Current Budget	Full year Forecast (Sept)	Forecast Variance at year end (Sept)	Forecast Variance at year end (Aug)	2020/21 Covid-19 Forecast Impact (Sept)	2019/20 Outturn Variance
	£000	£000	£000	£000	£000	£000

Public Protection	(15,451)	(9,720)	5,731	6,851	5,936	1,286
Public Space	15,500	17,161	1,661	2,039	1,486	(364)
Senior Management	1,360	1,251	(109)	(129)	0	81
Sustainable Communities	7,858	8,294	436	518	845	(220)
Total (Controllable)	9,267	16,986	7,719	9,279	8,267	783

Description	2020/21 Current Budget	Forecast Variance at year end (Sept)	Forecast Variance at year end (Aug)	2019/20 Variance at year end
	£000	£000	£000	£000
Regulatory Services	627	288	293	87
Parking Services	(17,094)	5,435	6,550	1,171
Safer Merton & CCTV	1,016	8	8	28
Total for Public Protection	(15,451)	5,731	6,851	1,286
Waste Services	14,296	340	583	72
Leisure & Culture	467	783	795	(334)
Greenspaces	1,441	689	689	(111)
Transport Services	(704)	(151)	(28)	9
Total for Public Space	15,500	1,661	2,039	(364)
Senior Management & Support	1,360	(109)	(129)	81
Total for Senior Management	1,360	(109)	(129)	81
Property Management	(2,990)	(154)	(120)	(251)
Building & Development Control	42	226	248	34
Future Merton	10,806	364	390	(3)
Total for Sustainable Communities	7,858	436	518	(220)
Total Excluding Overheads	9,267	7,719	9,279	783

Overview

The department is currently forecasting an adverse variance of £7,719k at year end. The main areas of variance are Regulatory Services, Parking Services, Waste Services, Leisure & Culture, Greenspaces, Building & Development Control, and Future Merton.

It should be noted that the forecasts do not include any impact arising from Merton recently being moved into tier two of the Government's three-tier Covid restrictions.

Public Protection

Regulatory Services adverse variance of £288k

The section has implemented agreed income savings of £210k over the last few financial years relating to potential commercial opportunities. However, the focus for the financial year 2019/20 needed to refocus from income generation to service improvement including a major IT project and restructure of the service. Key projects and staff vacancies has meant it has not yet been possible to achieve these savings targets. The IT transition Project is scheduled for completion by the end of the financial year at which point the section will be able to refocus their efforts on generating additional income, for example, through the provision of business advice.

In addition, Covid-19 has impacted on licensing income levels due to factors including street markets being closed and new Government guidelines being relaxed in areas such as pavement licences. Current forecasts estimate the financial impact to be in the region of £108k, leading to an adverse variance against budget of £93k.

Parking Services adverse variance of £5,435k

Covid-19 has affected parking revenue across the board including ANPR, PCNs as well as on and off street charges income. Further work is underway to fully understand the short and longer term impact of this but current forecasts show an adverse variance on PCN, P&D, and permit income of £2,383k, £1,915k, and £1,015k respectively.

Contributing to the PCN adverse variance is a 2020/21 saving (ENV1920-01) of £340k relating to an application to change Merton's PCN charge band from band B to band A, which is now not expected to be implemented until April 2021 at the earliest.

Covid-19 has also had an impact of other areas of income, namely skip licences and parking bay suspensions, contributing to adverse variances of £179k and £68k being forecast respectively.

It should be noted that the section has a £3,800k budget expectation relating to the review of parking charges, which commenced on the 14th January 2020. The new charges were designed to influence motorists' behaviour and reduce the use of the motor car. It is too early to tell exactly how behaviour has been affected, which is being compounded by the impact of Covid-19, but work has started to try and better understand this.

The section is also forecasting an adverse variance on Supplies & Services (£164k), mainly in relation to the planned placement of statutory notices around the borough on emissions based charging.

The adverse variance is being partially offset by an employee related favourable variance of £187k.

Public Space

Waste Services adverse variance of £340k

The section is forecasting an adverse variance on disposal costs of £98k. As a result of changes to our residents working arrangements we have seen a greater increase in the number of households now working from home following the current Government advice in relation to Covid-19. This has resulted in an increase in overall domestic waste across all kerbside collection services.

Covid-19 has had a significant impact on the Council's Environmental Enforcement services in respect of enforcing and issuing Fix Penalty Notices for littering which was temporarily suspended and the resource redeployed to support engagement and education in our Parks and Green spaces advising residents and visitors on Government guidelines on social distancing, resulting in a net adverse variance against budget of £87k.

An adverse variance of £155k is also being forecast in relation to the Household, Reuse, Recycling Centre (HRRC), mainly as a result of extending the current contract, via a contract variation, in order to both minimise future costs and to align the contract period with the other SLWP boroughs. The section is currently working with both the SLWP and our service provider to mitigate these increased costs, and an associated report will be presented in due course for Cabinet consideration.

An adverse variance of £41k is being forecast in relation to its waste collection and street cleansing

contract, due to recharges for additional services being undertaken by the service provider. The service continues to work with Veolia in finalising the annual review process and the additional impact of the unresolved commercial waste claim. As yet no agreement has been reached in regards to the commercial waste portfolio and impact this may have on the level of guaranteed income.

A favourable variance on employee related spend of £72k is partially mitigating the adverse variance.

Leisure & Culture adverse variance of £783k

Due to the Covid 19 pandemic, on the 21st March 2020 the Authority's Leisure Centres closed following central Government instruction. Since this request, officers have been working with our service provider, GLL, to consider how best to support them, whilst still ensuring that they maximise the Government benefits; minimise costs whilst keeping their previous customer base supported through such measures as 'free' online exercise classes, etc. until the phased reopening on 25th July.

However, it is clear from the continuous dialogue between the two parties that the GLL needs financial support from the council if they are going to survive. Following conversations with the industry, it is estimated that leisure centres might not be able to return to normal working practices until around January 2021. The contract requires that we forego the income due for this period, which equates to about £622k from the start of the year to the end of December 2020 (this may change depending on how the centres perform now they are open and the ability for them to remain open and/or operational).

During closure of the leisure centres, the Authority incurred lower utility costs at these premises, leading to a forecast favourable variance of £82k.

Covid-19 has also led to the temporary closure of the Wimbledon Sailing base from 20th March 2020. The site re-opened on the 15th June with much smaller programmes available, but due to the closure and social distancing measures a net adverse variance of £264k is being forecast, mainly as a result of reduced income.

Greenspaces adverse variance of £689k

The adverse variance is mainly as a result of most of this year's events in our parks and openspaces being cancelled due to Covid-19, which has led to a net variance of £365k.

In addition, an adverse variance of £181k is being forecasted in relation to the maintenance of the Authority's trees located on highways and in parks. This is due to the high number of trees requiring pollarding and maintenance and compliance with our management of public liability risk. We are now much clearer about the detailed maintenance regime and the costs, which should also help with our insurance claims going forward.

Further adverse variances are being forecast in relation to rental income (66k), and P&D within certain parks (£55k), whereby the original saving proposal to include charging on Saturdays was removed following consultation alongside a significant reduction in commuter (paid for) parking.

An adverse variance of £29k is being forecast in relation to the grounds maintenance contract, which assumes an expected contractual cemetery revenue share for 2018/19 and 2019/20 of £157k will be received. However, in tandem with the Phase C Waste Services (lot1) Annual Review process, a similar process is ongoing regarding the Grounds Maintenance contract (lot 2), which requires further discussion as the proposed solution was predicated on assumptions with the revenue income, barring Merton & Sutton Joint Cemetery activity. With the position so radically

changed due to Covid-19, further discussions with our service provider will need to commence again to determine the final outcome. To note, there has been no requirement or indication by the service provider for any relief event under the PPN provision.

Sustainable Communities

Building and Development Control adverse variance of £226k

Covid-19 has also had a significant impact reducing various types of building and development control applications being submitted, leading to the section forecasting an associated income shortfall of £354k.

This adverse variance is being partially reduced by a favourable variance on employee related spend (£141k).

Future Merton adverse variance of £364k

The section continues to incur staff and consultancy costs in relation to Bishopsford Bridge, for which there is no budget, leading to a forecast adverse variance of £259k. Increased costs include legal fees dealing with contractual issues, fees to divert utilities and the need to pay for access to third party land for the demolition and construction of the new bridge.

The section is also forecasting a net adverse variance of £177k in relation to the footways & highways reactive maintenance costs. Merton has a statutory duty to maintain its highway network in accordance with Section 41 of the Highways Act 1980. The safety inspections that are undertaken are designed to identify defects that meets the Council strict intervention criteria. Defects that require intervention legally need to be addressed.

Merton's policy (with regards to safety inspections) was updated in May 2019, to comply with the changes to the Well Managed Highway Infrastructure Code of Practice – Risk Based Approach, and Merton's intervention levels to repair are predominately the same throughout all London authorities. Unfortunately it is very difficult to forecast reactive spend on the highway network and this is due to nature of the street, the streets inspection regime, type of defect, and repair required.

A contributing factor for this adverse variance is the removal of investment/funding Merton has received via TfL on our Principal Road Network since 2018/19 where we would have received (£424k per annum), meaning we have had to use our own capital funding for resurfacing to repair 'A' roads (Principal Roads). The net impact is that Merton funding for non-principal road and unclassified roads have been stretched further (and unfortunately capital investment was reduced by £300k for 2020/21) and, together, this inevitably has resulted in an increase in reactive repairs over the past two financial years (2019/20 and 2020 to date). In short, a reduction in capital (planned maintenance) is leading to a faster deterioration of the network, requiring more (revenue) reactive repairs.

Covid-19 has also significantly affected the section's ability to generate income. Firstly, an adverse variance of £243k is being forecast in relation to the income received from the contract for the provision of bus shelters and free standing units advertising within Merton, partly due to the fact that JC Decaux have invoked the force majeure clause in the contract due to lack of demand for advertising due to C-19. This has been agreed by SLLP with a loss of the guaranteed minimum income for at least 4 months. In addition, it was previously hoped that increased guaranteed income from digital upgrades could be achieved towards the end of the financial year but, it is now clear, that these upgrades will not be installed until at least spring 2021, so this increase will not occur until next financial year.

Secondly, Vestry Hall was closed between 26th March 2020 and August resulting in a forecast

adverse variance of £190k in relation to room lettings and hall hiring's, and a total variance against budget of £132k. Vestry Hall can only re-open to the wider users on agreement from both Facilities Management and Public Health that the wider users Risk Assessment is acceptable, and approval for this is unlikely to happen before mid-November. In addition, Vestry Hall will be required to constantly monitor the number of people in the building at any one time to maintain the recommended social distancing required. Pre-Covid there could be 200+ people in the building, many are vulnerable residents who may not appreciate their responsibility to maintain a safe distance or follow the Health & Safety requirements.

These adverse variances are being partially mitigated by favourable variances on temporary traffic orders income (£110k), street work & permits income (£81k), and costs associated with CPZ consultation and implementation (£184k).

Children Schools and Families

Children, Schools and Families	2020/21 Current Budget £000	Full year Forecast Sept £000	Forecast Variance at year end (Sept) £000	Forecast Variance at year end (Aug) £000	2020/21 Covid-19 Forecast Impact £'000	2019/20 Variance at year end £000
Education	25,125	24,488	(637)	(671)	174	63
Social Care and Youth Inclusion	21,296	21,266	(30)	25	560	416
Cross Department budgets	893	869	(24)	(44)		(47)
PFI	8,730	8,240	(489)	(489)		(251)
Redundancy costs	1,927	1,878	(49)	(147)		(422)
Total (controllable)	57,971	56,741	(1,229)	(1,226)	734	(241)

Overview

At the end of September 2020, the Children Schools and Families directorate is forecasting a favourable £1.229m variance on local authority funded services, a favourable movement of £3k from last month.

£734k Covid-19 cost pressure has been identified relating to savings shortfalls. These have been included in the forecasted position. There remains considerable uncertainty about the likely level of increased costs due to Covid-19. It is expected that the impact of the lockdown on children and families will emerge in increased safeguarding referrals as the lockdown is lifted. It is too soon to forecast the likely increase in families who will need the support of our family wellbeing service, children in need, children on a child protection plan or children who become looked after as a result. We are monitoring the situation closely and expect the forecast to change as things become clearer by the end of October.

The Council has committed to cover the additional costs to schools of any food-related support provided over half term week (Monday 26 October to Friday 30 October) to families of children who would be eligible for Free School Meals during term time. The cost of this initiative is currently

estimated to be in the region of £100,000.

The period 6 forecast favourable position is mainly due to a number of factors including:

- the Schools PFI forecast of £489k favourable variance. This is due to an overachievement of Schools Contribution Income, due to higher pupil numbers, which is greater than budgeted for;
- an ongoing review of the Unaccompanied Asylum Seekers and other CSC budgets;
- underspend on the SEN transport budget of £426k resulting from lower than expected costs when schools were closed;
- Other Education underspends across a number of areas including £66k in Departmental Business Support, £175k in Education Inclusion and £100k in Procurement and School Organisation.

Despite an increasing population, Merton has managed to hold steady our number of children in care through a combination of actions, which are detailed in the management action section below. EHCP numbers have increased from 2,011 in March, to 2,176 in August, an increase of 126 finalised EHCPs as at the end of September 2020.

The CSF department has received £3.847m growth for 2020/21. £1.756m has been allocated across Children's Social Care and £2,091m across Education.

Local Authority Funded Services

The table below details the significant budget variances identified to date:

Description	Budget £000	Sept Var £000	Aug Var £000	2019/20 £000
Procurement & School Organisation	890	(100)	(97)	(306)
SEN transport	6,198	(426)	(357)	1,289
Early Years services	4,203	(27)	(98)	(314)
Education Inclusion	1,700	(175)	(154)	(350)
Internal legal hard charge	493	0	0	(105)
LSCB	77	30	30	(65)
Other over and underspends	11,564	61	5	(86)
Subtotal Education	25,125	(637)	(671)	63
Fostering and residential placements (Access)	8,379	(369)	(290)	(98)
Un-accompanied asylum seeking children (UASC)	271	(18)	(6)	33
No Recourse to Public Funds (NRPF)	172	(14)	(14)	132
MASH & First Response staffing	1,667	530	530	257
CWD team staffing	562	(12)	(16)	(67)
CWD Placements	634	125	99	(58)
Legal Counsel	129	129	129	72
Other over and underspends	9,482	(401)	(407)	145
Subtotal Children's Social Care and Youth Inclusion	21,296	(30)	25	416

£2.091m growth is attributed to; £1.496m SEN Transport, £400k SEN Team Staffing and £195k Education Psychology.

The procurement and school organisation budget is showing a favourable variance of £100k, £80k of which relates to lower revenue spend on capital projects. Capital programmes contain some expenditure which is not eligible for capitalisation and is affected by slippage of capital schemes. The majority of this is used for temporary classrooms usually required due to rising pupil demand when it is not viable to provide permanent buildings.

The SEN transport budget is forecasting £426k underspend, this budget has become increasingly difficult to forecast given COVID-19 and the variability of schools' wider opening and the impact of social distancing requirements on transport commissioning. This is our current best estimate based on the information available at the end of September. An increase in underspend of £69k from August, resulting from a review of the transport personal budgets, where a high number of parents have declined to use a personal budget for transport and want commissioned services i.e. taxi or bus. If budgets are not used they are clawed back.

The current estimated cost includes COVID-19 relief for our existing suppliers and approx. 8-10% increase in our weekly cost based on pre-covid spend pattern. Buses are also still being used to transport young people, but this is a moving target with no real way of predicting what will happen since we don't know what will occur in September and beyond. The position at the end of the summer term is that we are starting to transport more clients – rising from only around a quarter to nearly a half of the normal client base in recent weeks - but in many cases not full time. That being said, if all pupils were to return in the autumn term (before allowing for new applications), we could expect a significant increase in cost. To support the existing cost pressure in this area, £1.496m growth was allocated in 2020/21, but this does not reflect the Covid-19 impact, which was not known at the time.

The Early Years' service is reporting an under spend of £27k which is a reduction from period 5 (£98k). This movement relates primarily a decline in forecast income from Lavender Nursery.

Education Inclusion is reporting a £174k favourable variance primarily due to staffing underspends within the Youth Service, Education, Employment & Training and Children's Activities teams. This is a c. £20k increased in underspend on period 5.

LSCP has reported an adverse variance of £30k due to agency staff cost. A restructure is planned but timescales are uncertain at the moment because Covid-19 has delayed restructure activity.

Children's Social Care and Youth Inclusion Division

At the end of September, Merton had 155 looked after children and 113 care leavers. The numbers of looked after children in Merton remain relatively stable and we continue to maintain relatively low levels of children in care as detailed in the table below.

Overview	2015/16	2016/17	2017/18	2018/19	2019/20
Number of children in care as at 31st March	163	152	154	160	154
Of which UASC	22	20	28	34	28
Rate per 10,000	35	33	33	34	33
London Rate	51	50	49	Tbc	Tbc
England Rate	60	62	64	Tbc	Tbc

£1.61m growth across Children’s Social Care has been attributed to ART Placements (£604k), ART Supported Housing (£92k), Community Placement (£200k), and UASC placements and previous USAC that are now Care Leavers (£710k).

The table below provides an analysis of some key elements of this budget:

Service	Budget £000	Sept Forecast spend £000	Variance		Placements	
			Sep £000	Aug £000	Sep No	Aug No
Residential Placements	1,822	1079	(380)	(201)	3	10
Residential-SEN Placements	-	61	-	-	4	-
Residential-Respite Placements	-	302	-	-	3	-
Independent Agency Fostering-LAC	1,974	2051	118	111	41	44
Independent Agency Fostering-Care leavers	-	41	-	-	1	-
In-house Fostering-LAC	1,421	1474	264	227	63	80
In-house Fostering-Care leavers	-	211	-	-	9	-
Secure accommodation	245	349	104	0	2	2
Parent and Baby	105	381	276	45	6	5
Supported Housing/Lodging -LAC	1,850	466	(84)	(162)	17	61
Supported Housing/Lodging –Care leavers	-	1300	-	-	43	-
Total	7,417	7715	298	20	192	202

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

Placement costs have been forecast based on known placements as well as an estimated cost (Average no of placements for 2019/20) for movement in placements, including new cases, expected during the year. The demand-led nature of placements makes forecasting difficult but the assumptions will be reviewed and updated each month and estimates adjusted accordingly to provide our best estimate of full year costs.

- Residential placements reported a favourable variance of £380k at the end of September. This has been offset by pressures within agency and in-house fostering. We currently have 10 placements in total. 3 placements in Residential Homes, 3 in Respite and 4 placed by SEN in Residential Schools.
- Independent Agency Fostering reported an adverse variance of £118k. We currently have 42 placements.

- In-house Foster carer reported a £264k adverse variance. We currently have 73 placements. However, as our strategy is to have as many children as possible placed with in-house provision, rather than independent, the movement in the adverse variance should be seen as positive.
- Youth Justice secure accommodation expenditure reported to the budget. We currently have 2 placements. We have made adjustment in anticipation of increase in numbers and expenditure over this financial year which will be updated as part of budget monitoring throughout the year.
- Parent and Baby Fostering placement reported a £276k adverse variance. We currently have 5 Fostering and 3 residential parent and baby placements.
- Semi- Independent expenditure reported a favourable variance of £84k. We currently have 60 placements in September. This is inclusive of 11 non- term time placements.
- At the end of September, UASC placements and previous UASC that are now Care Leavers have reported a favourable variance of £667k.

The table below provides an analysis of some key elements of the budget for this service:

Service	Budget £000	Sept Forecast- spend £000	Variance		Placements	
			Sept £000	Aug £000	Sept No	Aug No
Independent Agency Fostering- LAC	383	350	(33)	296	7	10
Independent Agency Fostering- Care Leavers	710	94	(616)	-	3	
In-house Fostering-LAC	208	399	191	351	14	27
In-house Fostering-Care leavers	169	365	196	-	15	
Supported lodgings/housing -LAC	229	153	(76)	(35)	7	34
Supported lodgings/housing-Care leavers	464	609	145	-	30	
UASC grant	(1,200)	(1,674)	(474)	(618)		
Total	963	296	(667)	(6)	76	71

At the end of September, we have 76 USAC placements, 28 under 18 and 48 over 18. Of the 28 under 18 clients, 21 were placed in foster care and 7 in semi-independent accommodation. The administration's commitment (in line with other London Labour Councils) for Merton is to have the capacity to accommodate 38 unaccompanied asylum-seeking children (equivalent of 0.08% of the child population), this has been achieved. We receive UASC grant towards these placements although

it is not sufficient to cover the full cost of placement, subsistence and social work intervention.

Merton had 48 young people aged 18+ who were formerly UASC in our care at the end of September, 18 in foster care, 30 in semi-independent accommodation. Once UASC young people reach age 18, we retain financial responsibility for them as Care Leavers until their immigration status is resolved.

A review of the UASC growth £710k and the above favourable variance forecast of £667k will take place shortly to ensure the budgets are aligned correctly to reflect the true expenditure for Unaccompanied minors across the service, including the increased rates, rather than just the placements budgets.

Placements

We continue to use the Panel processes to ensure that spending on IFAs instead of in-house placements can be justified, as well as continuing our scrutiny on residential children's home placements.

Our ART Fostering Recruitment and Assessment team is continuing to recruit new foster carers who will offer locally based placements with a campaign targeted at attracting foster carers for teenagers and UASC young people. Changes in the fostering recruitment budget from the corporate communications team has reduced the range of recruitment activity.

We have recruited 9 new foster carers (3 of these are connected persons & 6 are mainstream carers) this year so far. The target for this financial year is to recruit 20 new mainstream foster carers.

Our aim is to slow down the increase in more expensive agency foster placements. In addition, we are implementing actions to retain our experienced existing foster carers such as increasing the support offer to them through the trauma-based training and support to enable them to accept and retain children with more challenging behaviours in placement and by implementing the Mockingbird Model. We are also targeting our recruitment to increase our number of in-house parent and child foster placements.

Our ART Placement service is working with providers to establish more local provision and offer better value placements to the Council. We continue to convene the Semi-Independent Accommodation (SIA) Panel which will record costs incurred. We are working to identify our Housing Benefit payments and what we should be getting and what are the actuals received. This work is continuing with the aim to further reduce under-achievement of housing benefits during this year.

We continue to review all options to secure better value independent accommodation for our care leavers and expect to be able to procure further placements in 2020/21 which will help us reduce costs in this area.

We have updated our Staying Put policy for young people aged 18+ to enable them to remain with their foster carers in line with statutory requirements and as recommended by Ofsted in our inspection. However, the increased use of Staying-Put for young people aged 18+ impacts on available placements for younger teenagers, therefore highlighting again the need for targeted recruitment for foster carers for teenager and UASC young people. We continue to focus our foster carer recruitment on carers for teenagers to mitigate these potential additional costs.

Schools PFI

Schools PFI is forecasting a £490k favourable variance. This is due to an overachievement of Schools

Contribution Income compared with the sums budgeted for.

Dedicated Schools Grant (DSG)

DSG funded services are forecasting an adverse £14.445m variance. The DSG had a cumulative overspend of £12.750m at the end of 2019/20. The over spend in the current financial year will be adding to this balance, currently estimated at just over c£27m. There was a separate report on the DSG Deficit Recovery Plan to Cabinet in January 2020. The DfE met with us on 11 February 2020 to discuss this recovery plan, and they will return to assess our progress in November, alongside an updated DSG Deficit Recovery plan.

There has been a reduction of £306k on the DSG allocation, this is as a result of the import/export adjustment. This adjustment is calculated based on the data inputs relating to the resident population.

The main reason for the variance relates to a £8.009m adverse variance on Independent Day School provision. The reason for the significant overspend is due to the high number of placements.

Based on past years' experience, we are expecting the number of placements within Independent day school provision to increase in the year. At this stage it is difficult to predict how many EHCPs' will be issued, or the type of education provision they will require. However, we note an increase of 144 to the end of the second quarter, and this therefore shows no slowing down, or plateauing of requirements. Requests for EHCPs go through assessment and a decision about issuing a plan and the type of provision is made once all the professional advice is received and reviewed by the SEND Panel.

We are seeking to increase the number of local maintained special school places in the borough, which have been built into the future forecasts on the deficit, in order to reduce these costs, but it will take time to bring these additional places on stream. At present the annual increase in the number of EHCPs significantly exceeds the number of additional special school places we are able to create in the borough. Based on the number of new EHCPs still being awarded following assessment, we would expect this cost to still increase towards year-end and the c£27m cumulative deficit to increase further.

Other adverse variances include £1.892m on EHCP allocations to Merton primary and secondary schools, £1.934m on EHCP allocations to out of borough maintained primary, secondary and special schools, and £1.670m on one-to-one support, OT/SLT and other therapies as well as alternative education.

Since period 1 we have seen an increase from 2032 finalised EHCPs to 2,176 EHCPs in period 6 which is an increase this financial year of 144 finalised EHCPs. As at early October we currently have 180 EHC Needs assessments being undertaken at various weeks within the 20 week statutory timescale. It should be noted that since COVID we have seen a significant increase in referrals for an EHC Needs assessments.

At period 6 the post 16 provision has seen an increase due to high cost placements in the Independent/Further Education colleges. We are still awaiting high needs funding requests for those pupils who have started in FE colleges in September 2020. We have received some requests for some pupils who started in September, however, colleges will continue to review and then apply for funding over the coming months. As previously mentioned an audit of EHCP's and where pupils are attending takes place between November and December when the next revised forecast will be made.

The table below shows the increase in number of EHCPs over the past 4 years since the entitlement changed following the implementation of the Children and Families Act. At the end of September 2020 there were 2,176 EHCPs.

Type of Provision	Jan 2016 Total Statements and EHCPs		Jan 2017 Total Statements and EHCPs		Jan 2018 Total Statements and EHCPs		Jan 2019 Total Statements and EHCPs		Jan 2020 Total Statements and EHCPs	
	No	%								
Early Years (incl. Private & Voluntary Settings)	0	0%	1	0%	7	0%	7	0%	7	0%
Mainstream Schools (incl. Academies, Free and Independent)	422	39%	461	37%	526	35%	584	34%	707	37%
Additional Resourced Provision	110	10%	111	9%	116	8%	125	7%	125	6%
State Funded Special Schools	358	33%	388	31%	416	27%	440	26%	474	25%
Independent Special Schools	132	12%	153	12%	176	12%	228	13%	280	15%
Post 16 College and traineeships	25	2%	93	7%	183	12%	212	12%	199	10%
Post 16 Specialist	10	1%	25	2%	44	3%	37	2%	35	2%
Alternative Education (incl. EOTAS, Hospital Schools and	15	1%	10	1%	22	1%	28	2%	61	3%

EHE)										
No placement (including NEET)	3	0%	0	0%	28	2%	51	3%	40	2%
Total	1075	100%	1242	100%	1518	100%	1712	100%	1928	100%
Change over previous year				16%		22%		13%		11%

We continue to keep abreast of proposed changes to the National Funding Formula, especially in relation to risks associated with services currently funded by de-delegated elements of the DSG. We are also working with other authorities on the DSG deficit issue.

The Early Years block of the DSG is normally adjusted in the July following the end of the financial year as it is based on January census information. For 2019/20 this additional grant was £260k.

Merton was required to return to the DfE a Deficit Recovery Plan for the DSG, which is a 5-year plan, taking us up to 2023/24. A full update was included in a separate report on the DSG which went to Cabinet in January 2020 and is in the process of being updated.

In addition to the pressures on the high needs block, which are clear from the budget monitoring figures highlighted above and which continue into 2020/21 and beyond, some schools are also having trouble in setting balanced budgets with the funding provided to them through the funding formula. The Finance Service monitors this closely, and before any deficit budget is agreed, work is undertaken with the school to ensure they are maximising every opportunity to reduce costs and spend wisely. The number of schools setting deficit budgets has reduced from 13 in 2019/20 to 10 in 2020/21. There are various reasons for schools requiring to set deficit budgets, increased costs relating to children that require additional support but do not meet statutory thresholds for additional funding, reduction in pupil numbers, reduced levels of reserves that schools would previously have used to balance their budgets and loss of income due to Covid-19. Total school balances, including capital balances, did slightly increase last year.

Merton has been working in conjunction with Association of Directors for Children's Services (ADCS), Society for London Treasurers (SLT), London Councils and the Children's Commissioner to lobby Central Government for additional funding. All commissioned analysis shows that the funding shortfall is a national issue that requires additional grant funding.

Management action

Staffing report

We continue to reduce the use of agency by imposing a three-month recruitment drag, where appropriate, for non-social work posts. We continue to prioritise meeting our statutory duties when determining whether recruitment drag may be applied to any vacant post. Children's Social Care and Youth Inclusion are currently reviewing the distribution of social work staffing to ensure workloads in the MASH and First Response Service are at a level that supports recruitment and retention of permanent staff.

Placements

We continue to use the Panel processes to ensure that spending on IFAs instead of in-house placements can be justified, as well as continuing our scrutiny on residential children's home placements.

Our aim is to slow down the increase in more expensive agency foster placements. In addition, we are implementing actions to retain our experienced existing foster carers such as increasing the support offer to them through the trauma based training and support to enable them to take and retain children with more challenging behaviours in placement and implementing the Mockingbird Model. We are also targeting our recruitment to increase our number of in-house mother and child foster placements.

Children with additional needs

We are working with colleagues in CCGs through the tripartite process in order to secure appropriate health contributions to funding for children with complex needs, particularly through continuing healthcare (CHC) funding. This is an area we need to improve with closer working with the CCG a focus going forward. This will mainly affect the CWD budget as many of the children discussed will be placed at home with shared packages of care. Details of any arrangements made will be recorded and reflected in budget returns.

We have tried to reduce costs associated with SEND transport through a number of strategies but this is a continuing challenge with the increasing numbers of children eligible for this service. Strategies introduced include: the introduction of a dynamic taxi purchasing system; the re-provisioning of taxi routes to ensure best value for money; the introduction of bus pick up points where appropriate; promotion of independent travel training and personal travel assistance budgets where this option is cheaper. Some cost-saving measures linked to consolidation of routes or shared travel arrangements may not be possible in the light of Covid-19 restrictions

We have a multi-agency SEND panel providing strategic oversight of the statutory assessment process to ensure that at both request-for-assessment stage and the agreement of a final EHCP, criteria and thresholds are met and the best use of resources is agreed.

To limit the increased costs to the DSG High Needs block of the increased number of children with EHCPs we have expanded existing specialist provision including the expansion of Cricket Green special school completed in early 2020, and the opening of an Additionally Resourced Provision (ARP) at Stanford Primary School. There is further expansion of provision in the capital programme, including the expansion of Melrose School (for children with Social, Emotional and Mental Health), which is currently at the statutory consultation and planning application stage. Additional local provision should also assist with minimising increases to transport costs.

New burdens

Following changes introduced through the Children & Social Work Act, local authorities took on new responsibilities in relation to children in care and care leavers. Local authorities are required to offer support from a Personal Adviser to all care leavers to age 25. There has been no on-going funding for the additional work required.

Other unfunded burdens include:

- The increase in the age range of EHCPs, particularly for those young people aged 18-25, due to legislation changes, which is causing cost pressures in both the general fund (in education psychology and SEN transport) and the DSG (High Needs Block costs relating to most EHCP services);

- New statutory duties in relation to children missing from education have increased the cases dealt with by the Education Welfare Service by 79% (from 290 in the 6 months from September to March 2016 to 519 in the same 6 months the following year and the level of referrals has remained at this level).
- SEND tribunals will cover all elements of children’s care packages, not just education.
- New requirement of social work visits to children in residential schools and other provision.

Community and Housing

Overview

Community and Housing is forecasting a favourable variance of £144k as at September 2020. This is a movement of £458k since August. This is made up of forecasted favourable variances in Adult Social Care of £1m, and unfavourable variances in Housing of £663k, and Libraries of £239k. Public Health and Merton Adult Learning continue to forecast a breakeven position.

Community and Housing is working with partners to plan for winter and expected surges in both COVID and non-COVID demand. Non-COVID demand is likely to include the impact of the backlog of healthcare, other winter outbreaks and the consequences of high rent arrears on demand for homelessness support.

During the first wave the service experienced a significant level of one-off costs which were largely met by the main COVID grant and NHS funding. There has been no further general funding for local authorities for one off costs and the NHS support for hospital discharges is now more limited. These costs are therefore more likely to impact on the general fund position.

Current priorities include implementing the outbreak control plan, developing a better understanding on the impact of COVID on our communities, supporting former rough seekers into next steps accommodation, and planning for surges in demands. The department is likely to be running a hybrid of elements of business as usual and emergency response for the remainder of the year.

Community and Housing Summary Position

Community and Housing	2020/21 Current Budget	2020/21 Full Year Forecast Sept'20	2020/21 Full Year Forecast Variance Sept'20	2020/21 Full Year Variance Aug'20	2020/21 Covid-19 Forecast Sept'20	2019/20 Outturn Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Adult Social Care	60,028	58,982	(1,046)	(456)	2,377	(717)
Libraries and Heritage	2,353	2,592	239	253	155	70
Merton Adult Learning	(5)	(5)	0	0	0	0

Housing General Fund	2,105	2,768	663	517	100	328
Public Health	(157)	(157)	0	0	0	0
Total	64,324	64,180	(144)	314	2,632	319

The forecast above is prepared on the basis of our current understanding of activity and income and placement data as at September 2020. The COVID impact in the second last column of the table above.

In addition, the department is estimating gross expenditure of £8.8m which is one-off costs for COVID 19, this includes infection control, and test and track expenditure. Of this £8.8m, £4m has been committed to support care providers.

This year's savings forecast remains the same as August which is achieved £1.46m of the £2.46m savings target for 2020/21. The Department continues to work towards achieving the outstanding savings and maintain a balanced budget this year. We are reviewing outstanding savings against current activity levels to identify offsetting reductions in spend but could prove difficult if budget pressures increase due to COVID. However with the current anticipation of the second wave the department expects costs to increase as more is demanded from the Local Authority.

Adult Social Care

The cost of placements to September is showing a small reduction but due to the second wave of the pandemic it will be foolhardy to regard this as a favourable movement because it will change. There is some uncertainty surrounding what the CCG will fund and for what length of time under the second wave plus the likelihood that customers will present with more complex needs which may require high packages on care thus results in future budget pressures.

The net favourable variance of £1m reflects the reduction in care packages, community equipment expenditure and increase in forecasted income as at September. The department expectations of income in this area has reduced due to the pandemic and this is particularly so in the older people cohort of customers as a result of the number of deaths in April and May of this year. Please note that this will reduce further during the second wave of the COVID pandemic.

The arrangements whereby health met the costs of all COVID discharges ended on the 31st August. The forecast allows for the likely transfer of costs of those currently paid for by health who will be eligible for social care funding. Work is ongoing to ensure that the packages of support are appropriate and good value.

From the 1st September, whilst health will continue to manage all COVID discharges, whether short or long term, they will only meet the first six weeks of care costs and will be at nil cost to the customer. Anyone placed in this way will need to be assessed for continuing healthcare, adult social care or identified as self-funders.

Modelling has now been received from London ADASS which we are working through to try to forecast the impact of expected surges in demand. This will help us plan the capacity we will need to respond as well as to understand the potential financial impact.

The department has reconvene its weekly 'Sit Rep' meetings to monitor activity, staff, provider markets and PPE levels.

The service has not had to make use of the Care Act easements enabled by emergency legislation and continues to act in accordance with the Care Act 2014. The focus has naturally been on supporting borough residents and the NHS, as well as contributing to the cross-council work on shielding, the community hub and the food hub.

The national shielding programme has been suspended, but we continue to work with the voluntary sector to support those who had been shielding who need ongoing support. We have plans in place to re-commence a shielding service if we need to do so. The service is currently working on a plan to reactive the community hub in order to meet any potential demands. Even if a national or regional shielding programme is not re-commenced, it is likely that we will need to mobilise to support more people who are self-isolating due to their increased vulnerability.

Direct Provision remains in a position of an overall underspend. The Supported Living and Eastways' day centre forecast was updated with new information to reflect a number of issues including tenants increasingly returning to community activities, two tenants returning after living with family, and more day service staff returning to their usual posts after working in this service.

The department received the second tranche of the infection control grant and is awaiting guidance on how funds should be disbursed.

Library & Heritage Service

This service is currently forecasting an unfavourable variance of £239k, which is a reduction of £14k since August. This is mainly due to an increase in forecasted letting income due to all 7 libraries now being open to the public. However it should be noted if there is a return to the COVID restrictions then income will decline.

The current years unfavourable forecast is mainly due to library closures during lockdown and the impact on visitor figures that is still being experienced due to the current pandemic restrictions, which has had an impact on income. The overspend also includes a one-off old business rates recharge of £66k and additional costs incurred on the current security contract which is inclusive of the Living Wage and inflation increases.

Adult Learning

Adult Learning is currently forecasting a breakeven position. During lockdown and over the summer providers worked hard to move their course content online and deliver things in new ways due to restrictions in place regarding physical courses. As of September all providers are providing some classroom based activities with a high proportion of online and blended learning provision also available. As all of the courses planned could not go ahead the GLA and ESFA, who fund the adult learning provision for the borough, have confirmed that they will provide the borough with the full funding allocation for the year and this will be paid proportionately across agreed spend levels to providers.

Adult Learning has successfully bid for £540k funding over two years from the GLA to expand the skills offer and to respond to changes in the job market to assist with reskilling residents. Part of the bids is aimed at improving access to IT for those without it so that they can both benefit from online learning and improve their IT skills.

Housing General Fund

This service is currently forecasting an unfavourable variance of £663k which is an increase of £147k since August. This is due to reduction in forecasted Housing Benefit income, a reduction in subsidy shortfall, extension of a temporary post to March 2021 and an amendment of income in housing environmental services. The service is also affected by the pandemic restrictions in that it prevents the service from chasing unpaid debt. This is reflected in the 21% reduction in customer contributions in temporary accommodations as compared to September 2019.

During the pandemic the supply of housing association homes to which the council has nomination rights reduced dramatically, although work is underway with partners to obtain access to those dwellings. However the lack of housing supply has been impacted by the lack of movement from temporary accommodation and the increase in numbers. There has been fewer moves out of temporary accommodation, including evictions from temporary accommodation for reasons such as rent arrears, anti-social behaviour and refusal of offers of accommodation.

As a result, as at the end of September 2020 there were 211 households in temporary accommodation which represents an increase of 1 since August, which is 15 leavers and 14 arrivals.

The moratorium on evictions was initially extended to the 30th September but it seems that a ban on evictions is likely to be in place until March 2021. This will create a rise in expenditure to support and to prevent homelessness in line with our duties under the Homelessness Reduction Act 2017. Due the delays in the courts a rise in evictions is expected to take several months or years.

The service is working with former rough sleepers to move them on from temporary to move-on accommodation. This includes input from mental health and drug & alcohol services. Only 12 of the original 52 remains of which 6 are still sleeping rough and 6 received an offer of accommodation but turned it down.

The department's bid revenue from the MHCLG was successful and awaiting confirmation of the capital bid. The revenue bid will be utilised to offset the costs of the move-on accommodation that exceeds existing grants and provides for further support with mental health and substance misuse issues, and to try to ensure that these former rough sleepers remain accommodated. The capital bid is to purchase and convert two adjacent properties to provide six units of accommodation for rough sleepers in line with the Next Steps Accommodation Programme.

Analysis of Housing and Temporary Accommodation Expenditure

The table below shows the analysis of housing expenditure to September 2020

Housing	Budget 2020-21	Forecast (Sept'20)	Forecast Variances (Sept'20)	Forecast Variances (Aug'20)	Outturn Variances (March'20)
	£000	£'000	£'000	£000	£000
Temporary Accommodation- Expenditure	2,403	3,830	1,427	1,462	1,002
Temporary Accommodation- Client Contribution	(140)	(359)	(219)	(223)	(321)

Temporary Accommodation-Housing Benefit Income	(2,005)	(2,818)	(813)	(926)	(535)
Temporary Accommodation-Subsidy Shortfall	322	1,310	988	1,043	793
Temporary Accommodation-Grant	0	(929)	(929)	(943)	(766)
Subtotal Temporary Accommodation	580	1,034	454	414	173
Housing Other Budgets	1,525	1,734	209	103	155
Total Controllable (Favourable)/Adverse Variance	2,105	2,768	663	517	328

Table below shows number of households in Temporary Accommodation to September 2020.

Temporary Accommodation	Numbers IN	Numbers OUT	Total for the Month	
Mar'17	-	-	186	
Mar'18	16	16	165	
Mar'19	15	11	174	
Mar'20	12	6	199	
			2020/21	2019/20
Apr'20	5	8	196	178
May'20	18	10	204	177
June'20	21	12	213	170
July'20	13	14	212	175
Aug'20	13	15	210	168
Sept'20	15	14	211	169

The number of customers in temporary accommodation is increasing and it is expected that as the second wave of the pandemic progresses that these numbers will increase further. However in these uncertain times one would have expected the numbers to much higher than the 25% increase since September 2019.

Public Health

Public continues to report a breakeven position.

The above current forecast includes funding of £71k for Sexual Health (HIV Pre-Exposure Prophylaxis) to meet costs to the end of this financial year. It is assumed at this stage that most consultations will take place in clinics.

The Commissioner is still liaising with London Programme Board to ensure allocation is adequate to cover potential costs.

Potential Cost pressures:-

- CLCH has indicated the contract is underfunded – that is a risk that has been shared and is significant. An initial meetings occurred recently to discuss access to the relevant finance data through an open book process ahead of the one year contract extension required.

The division is involved in a number of COVID – 19 government initiatives to contain the pandemic.

Additionally the team, together with public protection, is leading on LBM's outbreak control plan. A ring-fenced grant of £965k for Track and Trace is fully committed

Corporate Items

The details comparing actual expenditure up to 30 September 2020 against budget are contained in Appendix 2. COVID-19 corporate expenditure is again shown on a separate line:-

Corporate Items	Current Budget 2020/21 £000s	Full Year Forecast (Sep.) £000s	Forecast Variance at year end (Sep.) £000s	Forecast Variance at year end (Aug.) £000s	Outturn Variance 2019/20 £000s
Impact of Capital on revenue budget	11,190	11,171	(19)	(19)	(161)
Investment Income	(707)	(753)	(46)	0	(704)
Pension Fund	340	340	0	0	(104)
Pay and Price Inflation	2,535	3,085	550	550	(100)
Contingencies and provisions	19,268	19,368	100	100	(154)
Income Items	(1,963)	(1,963)	0	0	(343)
Appropriations/Transfers	(8,513)	(8,513)	0	0	0
Central Items	10,961	11,565	604	650	(1,405)
Levies	962	962	0	0	(1)
Depreciation and Impairment	(23,351)	(23,351)	0	0	0
TOTAL CORPORATE PROVISIONS	(239)	346	585	631	(1,567)
COVID-19 Emergency expenditure	0	9,497	9497	9,258	176

Since August there has been one small change to the forecast following the second quarter review of investment income where it is now anticipated that there will be a small favourable variance of £46k against the budget at year end.

4 Capital Programme 2020-24

4.1 The Table below shows the movement in the 2020/24 corporate capital programme since the last monitoring report:

Depts	Current Budget 20/21	Variance	Revised Budget 20/21	Current Budget 21/22	Variance	Revised Budget 21/22	Original Budget 2022-23	Variance	Revised Budget 22/23	Original Budget 2023-24	Variance	Revised Budget 23/24
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Corporate Services	22,242	(174)	22,068	18,413	0	18,413	3,220	0	3,220	14,674	0	14,674
Community & Housing	1,551	(187)	1,364	1,828	0	1,828	1,429	0	1,429	425	0	425
Children Schools & Families	4,950	0	4,950	6,850	0	6,850	1,900	0	1,900	1,900	187	2,087
Environment and Regeneration	15,473	1,793	17,266	12,822	2,175	14,997	8,382	0	8,382	7,416	100	7,516
TOTAL	44,217	1,432	45,649	39,914	2,175	42,089	14,931	0	14,931	24,415	287	24,702

4.2 Strategic Community Infrastructure Levy (SCIL)

As part of new Regulations and Government guidance that came into effect on 1st September 2019 introducing transparency requirements a formal bidding process has been introduced for Strategic CIL (SCIL) bids which is overseen by the Capital Programme Board. Although, SCIL allows greater flexibility than Section 106 it must deliver a component of infrastructure designed to provide new or better infrastructure/functionality/service or service new customers. SCIL funding can be used on both capital and revenue items and the results of the bidding process will be progressed through Cabinet (and Council as necessary) in phases. The second phase is being progressed as part of this report.

4.3 The table below summarises the position in respect of the 2020/21 Capital Programme as at September 2020. The detail is shown in Appendix 5.

Capital Budget Monitoring - September 2020

Department	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2020/21	Full Year Variance
Corporate Services	768,583	2,345,500	(1,576,917)	22,068,190	21,814,553	(253,637)
Community and Housing	171,153	379,900	(208,747)	1,364,000	1,364,000	0
Children Schools & Families	868,358	1,721,670	(853,312)	4,950,420	4,950,421	1
Environment and Regeneration	2,787,254	4,308,643	(1,521,389)	17,266,030	17,014,031	(251,999)
Total	4,595,348	8,755,713	(4,160,365)	45,648,640	45,143,006	(505,634)

- a) Corporate Services – All budget managers are projecting a full spend against budget apart from Customer Contact which is currently forecasting a favourable variance of £254k. There have been three adjustments to budgets this month:
- Invest to Save - £140k of this year's budget is being relinquished, block allocations for subsequent financial years remain unchanged at £300k
 - Environmental Asset Management – the remaining in year budget of £7k is being relinquished
 - Mosaic Group Working – the remaining in year budget of £27k is being relinquished.
- b) Community and Housing – Budget managers are projecting a full year spend on all budgets. One adjustment is being made to Disabled Facilities Grants with £187k of budget being re-profiled to 2023-24.
- c) Children, Schools and Families – Officers are currently projecting a full spend against budgets. The follow adjustments have been made to departmental budgets:

		Budget 2020-21	Budget 2021-22	Narrative
		£	£	
Dundonald Primary School Maintenance Budget		45,000	0	Virement from Unallocated Budget
Wimbledon Chase Primary School Maintenance Budget		18,000	0	Virement from Unallocated Budget
Sherwood Primary School Maintenance Budget		14,000	0	Virement from Unallocated Budget
Unallocated Maintenance Budget		(77,000)	0	Virement from Unallocated Budget
Melrose Primary SEMH annexe 16	(1)	35,950	89,050	Virement from Harris Wimb & Fur. SEN Prov
Melrose S'dary SEMH 14 Places	(1)		125,000	Virement from Harris Wimb
Harris Academy Wimbledon	(1)		(150,000)	Virement to Prim & Sec SEMH
Further SEN Provision	(1)	(35,950)	(64,050)	Virement to Secondary SEMH
Total		0	0	

(1) Requires Cabinet approval

d) **Environment and Regeneration** – Officers are projecting full spend on all budgets apart from favourable variances on three schemes:

- Car Park Upgrades are currently showing a favourable variance of £125k. This projection only includes essential Fire Safety Works at St Georges Car Park, all other works as part of this scheme are under review
- Paddling Pools Option 2 are currently showing a favourable variance of £113k. The programme currently contains both options for Paddling Pools only one option will be progressed following a consultation process.
- Alley Gating is currently showing a favourable variance of £14k

In addition, the following adjustments have been made to the approved departmental programme this month:

Environment and Regeneration		Budget 2020-21	Budget 2021-22	Budget 2022-23	Budget 2023-24	Narrative
		£	£	£	£	
School Part Time Road Closure		27,000	0	0	0	TfL Funded purchase of Cameras
Culverts	(1)	(258,120)	258,120			Budget re-profile to match projected spend
Merton Lost Rivers	(1)	(100,000)			100,000	Budget re-profile to match projected spend
Beddington Lane Cycle Scheme	(1)	104,000				Additional TfL Grant added to Section 106 Funding
ANPR Cameras Supporting Enforcement of School Streets	(1)	486,000				SCIL Funded Scheme
Street Lighting Wimbledon	(2)	150,000	670,000			SCIL Funded Scheme
Haydons Road Public Realm Improvements	(1)	50,000	350,000			SCIL Funded Scheme
Rowan Park Community Facility Match Funding	(1)	150,000				SCIL Funded Scheme
Bishopsford Bridge (a)	(1)	802,800	512,000			SCIL Funded Scheme
Cycle Lane&Roadway Bishopsford Bridge	(1)	20,000	130,000			SCIL Funded Scheme
Street Cleansing Sub Depot - Mitcham Area			55,000			SCIL Funded Scheme
Comm Arts Venue Cric Green Sch		(20,460)				NCIL Funded moved to revenue
Morely Park Enhancemnts		27,780				Section 106 Funded Scheme
Morden Town Centre Improvements	(1)	100,000	200,000			NCIL Funded Scheme
Crown Creative Knowlwdge Rxchange	(1)	150,000				SCIL Funded Scheme
Plough Lane Enhancement (Eastside Footpath Only)		52,000				SCIL Funded Scheme
Lamp Column Chargers		52,000				SCIL Funded Scheme
Total		1,793,000	2,175,120	0	100,000	

(1) Requires Cabinet approval and (2) Requires Council Approval (a) Budget to be kept under review

4.4 The table below summarises the movement in the Capital Programme for 2020/21 since its approval in March 2020 (£000s):

Depts.	Original Budget 20/21	Net Slippage 2020/21	Adjustments	New External Funding	New Internal Funding	Re-profiling	Revised Budget 20/21
Corporate Services	22,100	2,000	(1,044)	4,079		(5,067)	22,068
Community & Housing	2,004	189				(829)	1,364
Children Schools & Families	4,566	480		1,034		(1,130)	4,950
Environment and Regeneration	18,530	1,061	(1,996)	3,520	47	(3,896)	17,266
Total	47,199	3,730	(3,041)	8,634	47	(10,921)	45,649

4.5 The table below compares capital expenditure (£000s) to September 2020 to that in previous years':

Depts.	Spend To September 2017	Spend To September 2018	Spend to September 2019	Spend to September 2020	Variance 2017 to 2020	Variance 2018 to 2020	Variance 2019 to 2020
CS	1,182	2,401	1,131	769	(413)	(1,633)	(362)
C&H	340	411	414	171	(169)	(240)	(243)
CSF	2,673	2,850	4,752	868	(1,805)	(1,981)	(3,884)
E&R	4,598	6,380	2,851	2,787	(1,811)	(3,593)	(64)
Total Capital	8,793	12,043	9,148	4,595	(4,198)	(7,448)	(4,552)

Outturn £000s	32,230	31,424	26,960	
Budget £000s				45,649
Projected Spend September 2020 £000s				45,143
Percentage Spend to Budget				10.07%

% Spend to Outturn/Projection	27.28%	38.32%	33.93%	10.18%
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Monthly Spend to Achieve Projected Outturn £000s 6,425

4.6 September is half way through financial year and departments have spent just under 10.2% of the budget. Spend to date lower than all three previous financial years shown and is in part due to the impact of Covid 19

Department	Spend To August 2020 £000s	Spend To September 2020 £000s	Increase £000s
CS	635	769	134
C&H	120	171	51
CSF	464	868	405
E&R	2,057	2,787	730
Total Capital	3,275	4,595	1,320

4.7 During September 2020 officers spent just over a £1.3 million, to achieve year end spend officer would need to spend approximately £6.4 million each month to year end. Finance officers will continue to review in detail the projected outturn with budget managers as part of October Monitoring.

4.8 Appendix 5C summarises the impact of the changes to the Capital Programme on funding.

5. DELIVERY OF SAVINGS FOR 2020/21

Department	Target Savings 2020/21	Projected Savings 2020/21	Period 6 Forecast Shortfall	Period Forecast Shortfall (P6)	Period 5 Forecast Shortfall	2021/22 Expected Shortfall
	£000	£000	£000	%	£000	£000
Corporate Services	2,718	1,746	972	35.8%	968	595
Children Schools and Families	2,969	2,235	734	24.7%	734	400
Community and Housing	2,460	1,460	1,000	40.7%	1,000	500
Environment and Regeneration	3,927	812	3,115	79.3%	3,115	0
Total	12,074	6,253	5,821	48.2%	5,817	1,495

6. Appendix 6 details the progress on unachieved savings from 2020/21 by department and the impact on the current year and next year.

Progress on savings 2019/20

Department	Savings Target 2019/20	Shortfall 2019/20	Projected Shortfall 2020/21	Projected Shortfall 2021/22
	£000	£000	£000	£000
Corporate Services	1,484	100	70	0
Children Schools and Families	572	0	0	0
Community and Housing	1,534	118	0	0
Environment and Regeneration	2,449	837	2,065	0
Total	6,039	1,055	2,135	0

Appendix 7 details the progress on unachieved savings from 2019/20 by department and the impact on the current year and next year.

6. CONSULTATION UNDERTAKEN OR PROPOSED

6.1 All relevant bodies have been consulted.

7. TIMETABLE

7.1 In accordance with current financial reporting timetables.

8. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

8.1 All relevant implications have been addressed in the report.

9. LEGAL AND STATUTORY IMPLICATIONS

9.1 All relevant implications have been addressed in the report.

10. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

10.1 Not applicable

11. CRIME AND DISORDER IMPLICATIONS

11.1 Not applicable

12. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

12.1 The emphasis placed on the delivery of revenue savings within the financial monitoring report will be enhanced during 2019/20; the risk of part non-delivery of savings is already contained on the key strategic risk register and will be kept under review.

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

Appendix 1-	Detailed Corporate Items table
Appendix 2 –	Pay and Price Inflation
Appendix 3 –	Treasury Management: Outlook
Appendix 5A –	Current Capital Programme
Appendix 5B -	Detail of Virements
Appendix 5C -	Summary of Capital Programme Funding
Appendix 6 –	Progress on savings 2020/21
Appendix 7 –	Progress on savings 2019/20
Appendix 8-	Debt Report

14. BACKGROUND PAPERS

14.1 Budgetary Control files held in the Corporate Services department.

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APPENDIX 1

3E. Corporate Items	Original Budget 2020/21 £000s	Current Budget 2020/21 £000s	Year to Date Budget (Sep.) £000s	Year to Date Actual (Sep.) £000s	Full Year Forecast (Sep.) £000s	Forecast Variance at year end (Sep.) £000s	Forecast Variance at year end (Aug.) £000s	Outturn Variance 2019/20 £000s
Cost of Borrowing	11,190	11,190	3,158	2,640	11,171	(19)	(19)	(161)
Impact of Capital on revenue budget	11,190	11,190	3,158	2,640	11,171	(19)	(19)	(161)
Investment Income	(707)	(707)	(354)	(544)	(753)	(46)	0	(704)
Pension Fund	340	340	170	0	340	0	0	(104)
Corporate Provision for Pay Award	2,231	585	293	0	1,235	650	650	0
Corporate Provision for National Minimum Wage	1,500	1,500	750	0	1,500	0	0	0
Provision for excess inflation	450	450	225	0	350	(100)	(100)	(100)
Pay and Price Inflation	4,181	2,535	1,268	0	3,085	550	550	(100)
Contingency	1,500	487	244	0	487	0	0	(500)
Single Status/Equal Pay	100	100	50	0	100	0	0	0
Bad Debt Provision	500	500	250	0	600	100	100	1,304
Loss of income arising from P3/P4	400	0	0	0	0	0	0	(100)
Loss of HB Admin grant	34	23	12	0	23	0	0	(34)
Apprenticeship Levy	450	450	225	37	450	0	0	(22)
Revenuisation and miscellaneous	3,384	1,698	849	177	1,698	0	0	(802)
Growth - Provision against DSG	16,009	16,009	8,005	0	16,009	0	0	0
Contingencies and provisions	22,378	19,268	9,634	214	19,368	100	100	(154)
Other income	0	0	0	18	0	0	0	(186)
CHAS IP/Dividend	(1,963)	(1,963)	(982)	(922)	(1,963)	0	0	(157)
Income items	(1,963)	(1,963)	(982)	(904)	(1,963)	0	0	(343)
Appropriations: CS Reserves	(908)	(948)	(474)	(40)	(948)	0	0	0
Appropriations: E&R Reserves	(317)	(513)	(256)	0	(513)	0	0	0
Appropriations: CSF Reserves	(360)	(448)	(224)	(88)	(448)	0	0	0
Appropriations: C&H Reserves	(104)	(104)	(52)	0	(104)	0	0	0
Appropriations: Public Health Reserves	(1,200)	(1,200)	(600)	0	(1,200)	0	0	0
Appropriations: Corporate Reserves	(8,386)	(5,300)	(2,650)	(5,300)	(5,300)	0	0	0
Appropriations/Transfers	(11,275)	(8,513)	(4,256)	(5,428)	(8,513)	0	0	0
Depreciation and Impairment	(23,351)	(23,351)	0	0	(23,351)	0	0	0
Central Items	793	(1,201)	8,638	(4,022)	(616)	585	631	(1,566)
Levies	962	962	481	560	962	0	0	(1)
TOTAL CORPORATE PROVISIONS	1,754	(239)	9,119	(3,462)	346	585	631	(1,567)
COVID-19 Emergency Exp.	0	0	0	4,251	9,497	9,497	9,036	176
Sub-total: COVID-19 Expenditure	0	0	0	4,251			9,036	176
TOTAL CORPORATE EXPENDITURE inc. COVID-19	1,754	(239)	9,119	789		9,497	9667	(1,391)

Appendix 2

Pay and Price Inflation as at September 2020

In 2020/21, the budget includes 2.0% for increases in pay and 1.5% for increases in general prices, with an additional amount, currently £0.450m, which is held to assist services that may experience price increases greatly in excess of the inflation allowance provided when setting the budget. With CPI inflation currently at 0.2% and RPI at 0.5% and the Council's overall revenue budget under extreme pressure, this budget will be retained as cover and only released in exceptional circumstances.

Pay:

As previously reported the final pay award has now been agreed at 2.75% but provision of 2% was included in the MTFs agreed in March. The impact of a 2.75% pay increase on the Council's budget will increase employee costs in 2020/21 by c.£0.650m for and these will be ongoing and subject to increase for future pay awards.

Prices:

The latest statistics have been affected by COVID-19. However, the number of CPIH items that were unavailable to UK consumers in September remained at eight from August; one item was reintroduced, however, because of updated travel restrictions, another item is no longer available to consumers. These account for 1.1% of the CPIH basket by weight and made a small downward contribution of 0.01 percentage points to the change in the CPIH 12-month rate; the number of unavailable items is down from 12 for July and a high of 90 for April; for August, for September, the ONS have collected a weighted total of 90.2% of comparable coverage collected previously (excluding unavailable items).

The Consumer Prices Index (CPI) 12-month rate was 0.5% in September 2020, up from 0.2% in August.

The largest contribution to the 12-month inflation rate in September 2020 came from recreation and culture (0.31 percentage points). Transport costs, and restaurant and café prices, following the end of the Eat Out to Help Out scheme, made the largest upward contributions (of 0.23 and 0.21 percentage points, respectively) to the change in the 12-month inflation rate between August and September 2020.

This was partially offset by smaller downward contributions from furniture, household equipment and maintenance; games, toys and hobbies; and food and non-alcoholic beverages.

The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 0.7% in September 2020, up from 0.5% in August 2020.

The RPI rate for September 2020 was 1.1%, which is up from 0.5% in August 2020.

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 2020, 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 16 September 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.

In the minutes to the MPC meeting ending on 16 September the MPC indicate that the key influences acting on the economic outlook in the short term are the impact of Covid-19 and the Brexit negotiations and how businesses and individuals in the UK react to these. It states that “Twelve-month CPI inflation fell from 1.0% in July to 0.2% in August, consistent with temporary impacts on inflation from the Government’s Eat Out to Help Out scheme and the cut in VAT for hospitality, holiday accommodation and attractions. This triggers the exchange of open letters between the Governor and the Chancellor published alongside this monetary policy announcement. CPI inflation is expected to remain below 1% until early 2021, albeit slightly higher than expected at the time of the August Report. The path of growth and inflation will depend on the evolution of the pandemic and measures taken to protect public health, as well as the nature of, and transition to, the new trading arrangements between the European Union and the United Kingdom. It will also depend on the responses of households, businesses and financial markets to these developments. The path of growth and inflation would depend on the evolution of the pandemic and measures taken to protect public health, as well as the nature of, and transition to, the new trading arrangements between the European Union and the United Kingdom. It would also depend on the responses of households, businesses and financial markets to these developments.”

The next MPC decision on the Bank Base Rate will be on 5 November 2020.

In the Monetary Policy Report for August 2020 the MPC made the following assumptions for the 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: Forecasts for the UK Economy

Source: HM Treasury - Forecasts for the UK Economy (October2020)			
	Lowest %	Highest %	Average %
2020 (Quarter 4)			
CPI	(0.1)	1.8	0.6
RPI	0.1	2.2	1.2
LFS Unemployment Rate	5.0	12.7	7.7
2021 (Quarter 4)			
CPI	0.4	3.3	1.9
RPI	0.9	4.8	2.7
LFS Unemployment Rate	5.0	9.6	6.9

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

Treasury Management: Outlook

On 12 August 2020 the ONS published “Coronavirus and the impact on output in the UK economy: June 2020”. In this article the ONS summarise the overall position as:-

- “The economy is in a technical recession after Quarter 2 (Apr to June) 2020 saw a record fall of 20.4%, following a significant shock since the start of the coronavirus (COVID-19) pandemic; this follows a fall of 2.2% during Quarter 1 (Jan to Mar) 2020.
- Monthly gross domestic product (GDP) rose by 8.7% during June 2020 but is 17.2% below February 2020 levels.
- Analysis of our Monthly Business Survey (MBS) returns and external data, including comments from over 10,000 businesses, has shown that businesses are increasing output as demand has increased following the easing of social distancing and lockdown measures; businesses are striving to maximise output while working within official guidelines.
- Services experienced widespread growth in June 2020, where the easing of lockdown measures, most notably in England, had the most positive impact, with nearly half of growth from the wholesale and retail trade; repair of motor vehicles and motorcycles sector.
- Manufacturing and construction saw widespread growth during June 2020, primarily because of increased demand and the recommencement of work, as businesses managed to operate while adhering to social distancing measures.”

At its meeting ending on 16 September 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 note that the outlook is being impacted upon by both Covid-19 and uncertainty over the Brexit negotiations although “Indicators of global activity have been broadly in line with the Committee’s expectations at the time of the August MPC meeting. The sterling exchange rate index has fallen by around 2%, in part reflecting recent Brexit developments.”

It was confirmed in the minutes to the MPC’s meeting that it will continue to monitor the situation closely and is prepared to adjust monetary policy accordingly to meet its remit to set monetary policy to meet the 2% inflation target and in a way that helps to sustain growth and employment. The MPC state that it will “keep under review the range of actions that could be taken to deliver its objectives. The Committee did not intend to tighten monetary policy until there was clear evidence that significant progress was being made in eliminating spare capacity and achieving the 2% inflation target sustainably.”

The next MPC decision on the Bank Base Rate will be on 5 November 2020.

Negative Interest Rates As mentioned in the monitoring report for July, it was highlighted that the MPC had discussed its policy toolkit, and the effectiveness of negative policy rates in particular, in the August Monetary Policy Report, in light of the decline in global equilibrium interest rates over a number of years. In this respect the MPC minutes state that “subsequently, the MPC had been briefed on the Bank of England’s plans to explore how a negative Bank Rate could be implemented effectively, should the outlook for inflation and output warrant it at some point during this period of low equilibrium rates. The Bank of England and the Prudential Regulation Authority will begin structured engagement on the operational considerations in 2020 Q4.”

In its August 2020 Monetary Policy report the MPC has used the following projections implied by current data trends:-

	Projections (August 2020)			
	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

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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

Capital Budget monitoring- September 2020

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Capital	4,595,348	8,755,713	(4,160,365)	45,648,640	45,143,005	(505,635)
Corporate Services	768,583	2,345,500	(1,576,917)	22,068,190	21,814,553	(253,637)
Customer, Policy and Improvmen	118,260	0	118,260	500,000	246,363	(253,637)
Customer Contact Programme	118,260	0	118,260	500,000	246,363	(253,637)
Facilities Management Total	98,148	598,890	(500,742)	1,305,370	1,305,370	0
Works to other buildings	100,346	311,690	(211,344)	701,690	701,690	0
Civic Centre	0	87,200	(87,200)	268,680	268,680	0
Invest to Save schemes	(2,198)	200,000	(202,198)	335,000	335,000	0
Infrastructure & Transactions	552,175	1,246,610	(694,435)	2,636,610	2,636,610	0
Business Systems	126,786	335,670	(208,884)	873,500	873,500	0
Social Care IT System	40,050	123,100	(83,050)	246,190	246,190	0
Planned Replacement Programme	385,339	787,840	(402,501)	1,516,920	1,516,920	0
Corporate Items	0	500,000	(500,000)	17,626,210	17,626,210	0
Multi Functioning Device (MFD)	0	0	0	270,000	270,000	0
Westminster Ccl Coroners Court	0	0	0	460,000	460,000	0
Compulsory Purchase Orders	0	0	0	4,079,460	4,079,460	0
Housing Company	0	500,000	(500,000)	12,816,750	12,816,750	0
Community and Housing	171,153	379,900	(208,747)	1,364,000	1,364,000	0
Housing	172,004	375,900	(203,896)	990,000	990,000	0
Disabled Facilities Grant	172,004	375,900	(203,896)	640,000	640,000	0
Major Projects - Social Care H	0	0	0	350,000	350,000	0
Libraries	(851)	4,000	(4,851)	374,000	374,000	0
Library Enhancement Works	(851)	0	(851)	0	0	0
Major Library Projects	0	0	0	350,000	350,000	0
Libraries IT	0	4,000	(4,000)	24,000	24,000	0

Capital Budget monitoring- September 2020

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Children Schools & Families	868,358	1,721,670	(853,312)	4,950,420	4,950,421	1
Primary Schools	473,398	565,030	(91,632)	2,335,580	2,335,581	1
Hollymount	(356)	0	(356)	0	0	0
West Wimbledon	0	39,350	(39,350)	39,350	39,350	0
Hatfeild	34,031	8,910	25,121	54,910	54,910	0
Hillcross	(3,836)	24,790	(28,626)	83,290	83,290	0
Dundonald	45,900	23,200	22,700	124,500	124,500	0
Garfield	36,597	42,620	(6,023)	42,620	42,620	0
Merton Abbey	(530)	0	(530)	0	0	0
Poplar	8,453	8,510	(57)	24,010	24,010	0
Wimbledon Chase	77,501	18,990	58,511	99,990	99,990	0
Wimbledon Park	425	10,000	(9,575)	40,000	40,000	0
Abbotsbury	88,071	77,200	10,871	137,200	137,200	0
Malmesbury	0	10,000	(10,000)	35,000	35,000	0
Morden	(2,219)	0	(2,219)	0	0	0
Bond	6,092	6,030	62	6,030	6,030	0
Cranmer	0	8,000	(8,000)	34,000	34,000	0
Gorringe Park	24,700	32,650	(7,950)	86,650	86,650	0
Haslemere	(68)	0	(68)	0	0	0
Liberty	(487)	16,640	(17,127)	33,640	33,640	0
Links	3,110	77,000	(73,890)	170,000	170,000	0
St Marks	14,250	55,000	(40,750)	165,000	165,000	0
Lonesome	33,680	36,740	(3,060)	46,740	46,741	1
Sherwood	109,852	66,200	43,652	215,200	215,200	0
Stanford	(1,768)	0	(1,768)	0	0	0
William Morris	0	3,200	(3,200)	53,200	53,200	0
Unlocated Primary School Proj	0	0	0	844,250	844,250	0

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Secondary School	(43,243)	160,010	(203,253)	260,010	260,010	0
Harris Academy Merton	0	34,170	(34,170)	34,170	34,170	0
Raynes Park	0	5,590	(5,590)	5,590	5,590	0
Ricards Lodge	0	5,580	(5,580)	5,580	5,580	0
Rutlish	0	19,000	(19,000)	19,000	19,000	0
Harris Academy Wimbledon	(43,243)	95,670	(138,913)	195,670	195,670	0
SEN	264,776	763,580	(498,804)	1,990,260	1,990,260	0
Perseid	10,667	128,250	(117,583)	285,970	285,970	0
Cricket Green	94,320	197,190	(102,870)	366,150	366,150	0
Melrose	149,207	340,590	(191,383)	1,106,540	1,106,540	0
Secondary School Autism Unit	0	0	0	50,000	50,000	0
Unlocated SEN	(9,417)	84,210	(93,627)	168,260	168,260	0
Melbury College - Smart Centre	20,000	13,340	6,660	13,340	13,340	0
CSF Schemes	173,427	233,050	(59,623)	364,570	364,570	0
CSF IT Schemes	(1,353)	0	(1,353)	0	0	0
Devolved Formula Capital	174,780	233,050	(58,270)	349,570	349,570	0
Children's Centres	0	0	0	5,000	5,000	0
Youth Provision	0	0	0	10,000	10,000	0

Appendix 5a

Capital Budget monitoring- September 2020

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Environment and Regeneration	2,787,254	4,308,643	(1,521,389)	17,266,030	17,014,031	(251,999)
Public Protection and Developm	0	168,736	(168,736)	450,340	325,340	(125,000)
On Street Parking - P&D	0	40,000	(40,000)	100,000	100,000	0
Off Street Parking - P&D	0	68,600	(68,600)	200,000	75,000	(125,000)
CCTV Investment	0	60,136	(60,136)	150,340	150,340	0
Public Protection and Developm	0	0	0	0	0	0
Street Scene & Waste	(117,973)	172,800	(290,773)	604,630	590,630	(14,000)
Fleet Vehicles	0	163,200	(163,200)	542,200	542,200	0
Alley Gating Scheme	1,200	9,600	(8,400)	24,000	10,000	(14,000)
Waste SLWP	(119,173)	0	(119,173)	38,430	38,430	0
Sustainable Communities	2,905,227	3,967,107	(1,061,880)	16,211,060	16,098,061	(112,999)
Street Trees	20,756	26,400	(5,644)	126,000	126,000	0
Raynes Park Area Roads	0	10,444	(10,444)	26,110	26,110	0
Highways & Footways	2,213,241	1,567,558	645,683	7,203,570	7,203,571	1
Cycle Route Improvements	128,841	52,956	75,885	456,390	456,390	0
Mitcham Transport Improvements	52,552	38,644	13,908	96,610	96,610	0
Unallocated Tf	0	0	0	0	0	0
Colliers Wood Area Regeneratio	6,838	6,000	838	15,000	15,000	0
Mitcham Area Regeneration	146,705	915,020	(768,315)	3,064,590	3,064,590	0
Wimbledon Area Regeneration	70,459	315,320	(244,861)	1,071,920	1,071,920	0
Morden Area Regeneration	0	0	0	300,000	300,000	0
Borough Regeneration	18,550	188,220	(169,670)	705,630	705,630	0
Morden Leisure Centre	9,693	14,670	(4,977)	55,000	55,000	0
Wimbledon Park Lake and Waters	28,812	86,500	(57,689)	329,500	329,500	0
Sports Facilities	32,511	81,340	(48,829)	458,840	458,840	0
Parks	176,271	664,035	(487,764)	2,301,900	2,188,900	(113,000)

Virement, Re-profiling and New Funding - September 2020

Appendix 5B

		2020/21 Budget	Virements	Funding Adjustments	Reprofiling	Revised 2020/21 Budget	2021/22 Budget	Movement	Revised 2021/22 Budget	Narrative
		£	£		£	£	£		£	
Corporate Services										
Invest to save schemes	(1)	400,000		(140,000)		260,000	300,000		300,000	Budget relinquished as struggling to spend
Environmental Asset Management		7,200		(7,200)		0	0		0	Relinquished Budget as Scheme Complete
Mosaic Group Work		26,680		(26,680)		0			0	Relinquished Budget
Community and Housing										
Disabled Facilities Grant	(1)	827,000			(187,000)	640,000			0	Re-profiled Budget
Children, Schools and Families										
Dundonald Primary School Maintenance Budget		79,500	45,000			124,500			0	Virement from Unallocated Budget
Wimbledon Chase Primary School Maintenance Budget		81,990	18,000			99,990	0		0	Virement from Unallocated Budget
Sherwood Primary School Maintenance Budget		201,200	14,000			215,200	0		0	Virement from Unallocated Budget
Unallocated Maintenance Budget		921,250	(77,000)			844,250	0		0	Virement from Unallocated Budget
Melrose Primary SEM Hannexe 16	(1)	836,610		35,950		872,560	750,000	89,050	839,050	Virement from Harris Wimb & Fur. SEN Prov
Melrose S'dary SEM H 14 Places	(1)	200,000				200,000	750,000	125,000	875,000	Virement from Harris Wimb
Harris Academy Wimbledon	(1)	195,670				195,670	150,000	(150,000)	0	Virement to Prim & Sec SEM H
Further SEN Provision	(1)	35,950		(35,950)		0	250,000	(64,050)	185,950	Virement to Secondary SEM H
Environment and Regeneration										
School Part Time Road Closure		0		27,000		27,000	0		0	TfL Funded purchase of Cameras
Culverts	(1)	372,120			(258,120)	114,000	250,000	258,120	508,120	Budet re-profile to match projected spend
Merton Lost Rivers	(1)	100,000			(100,000)	0	100,000		100,000	Budet re-profile to match projected spend
Beddington Lane Cycle Scheme	(1)	60,000		104,000		164,000	0		0	Additional TfL Grant added to Section 106 Funding
ANPR Cameras Supporting Enforcement of Sci	(1)	0		486,000		486,000	0		0	SCIL Funded Scheme
Street Lighting Wimbledon	(2)	0		150,000		150,000	0	670,000	0	SCIL Funded Scheme
Haydons Road Public Realm Improvements	(1)	0		50,000		50,000	0	350,000	350,000	SCIL Funded Scheme
Rowan Park Community Facility Match Funding	(1)	0		150,000		150,000	0		0	SCIL Funded Scheme
Bishopsford Bridge	(1)	1,776,880		802,800		2,579,680	690,000	512,000	1,202,000	SCIL Funded Scheme
Cycle Lane&Roadway Bishopsford Bridge	(1)	0		20,000		20,000	0	130,000	130,000	SCIL Funded Scheme
Street Cleansing Sub Depot - Mitcham Area		0				0	0	55,000	55,000	SCIL Funded Scheme
Comm Arts Venue Cric Green Sch		49,480		(20,460)		29,020	0		0	NCIL Funded moved to revenue
Morely Park Enhancemnts		0		27,780		27,780			0	Section 106 Funded Scheme
Morden Town Centre Improvements	(1)	0		100,000		100,000	0	200,000	200,000	New NCIL Scheme
Crown Creative Knowlwdge Rxchange	(1)	0		150,000		150,000	0		0	SCIL Funded Scheme
Lamp Column Chargers		0		52,000		52,000	0		0	SCIL Funded Scheme
Plough Lane Enhancement (Eastside Footpath Only)		0		52,000		52,000	0		0	SCIL Funded Scheme
Total		6,171,530	0	1,977,240	(545,120)	7,603,650	3,240,000	2,175,120	4,745,120	
(1) Requires Cabinet approval	(2) Requires Council Approval									

Virement, Re-profiling and New Funding - September 2020

Appendix 5B

		2022/23 Budget	Movement	Revised 2022/23 Budget	2023/24 Budget	Movement	Revised 2023/24 Budget	Narrative
		£	£	£	£		£	
<u>Community and Housing</u>								
Disabled Facilities Grant	(1)	827,000		827,000	280,000	187,000	467,000	Re-profiled Budget
<u>Environment and Regeneration</u>								
Merton Lost Rivers	(1)	100,000		100,000	0	100,000	100,000	Budget re-profile to match projected spend
Total		927,000	0	927,000	280,000	287,000	567,000	
(1) Requires Cabinet approval	(2) Requires Council Approval							

Capital Programme Funding Summary 2020/21

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Proposed August Monitoring	31,037	13,179	44,217
<u>Corporate Services</u>			
Invest to Save	(140)	0	(140)
Environmental Asset Management	(7)	0	(7)
Mosaic Group Work	(27)	0	(27)
<u>Community and Housing</u>			
Disabled Facilities Grant	0	(187)	(187)
<u>Environment and Regeneration</u>			
School Part Time Road Closure	0	27	27
Culverts	(258)	0	(258)
Merton Lost Rivers	(100)	0	(100)
Beddington Lane Cycle Scheme	0	104	104
ANPR Cameras Supporting Enforcement of School Streets	486	0	486
Street Lighting Wimbledon	150	0	150
Haydons Road Public Realm Improvements	50	0	50
Rowan Park Community Facility Match Funding	150	0	150
Bishopsford Bridge	803	0	803
Cycle Lane&Roadway Bishopsford Bridge	20	0	20
Street Cleansing Sub Depot - Mitcham Area	0	0	0
Comm Arts Venue Cric Green Sch	(20)	0	(20)
Morely Park Enhancemnts	28	0	28
Morden Town Centre Improvements	100	0	100
Crown Creative Knowlwdge Rxchange	150	0	150
Lamp Column Chargers	52	0	52
Plough Lane Enhancement (Eastside Footpath Only)	52	0	52
Proposed September Monitoring	32,525	13,123	45,649

Capital Programme Funding Summary 2021/22

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Proposed August Monitoring	32,744	7,171	39,914
<u>Environment and Regeneration</u>			
Culverts	258	0	258
Street Lighting Wimbledon	670	0	670
Haydons Road Public Realm Improvements	350	0	350
Bishopsford Bridge	512	0	512
Cycle Lane&Roadway Bishopsford Bridge	130	0	130
Street Cleansing Sub Depot - Mitcham Area	55	0	55
Morden Town Centre Improvements	200	0	200
Proposed September Monitoring	34,919	7,171	42,089

Capital Programme Funding Summary 2023/24

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Proposed June Monitoring	21,215	3,200	24,415
<u>Community and Housing</u>			
Disabled Facilities Grant	187	0	187
<u>Environment and Regeneration</u>			
Merton Lost Rivers	100	0	100
Proposed June Monitoring	21,502	3,200	24,702

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APPENDIX 6

Department	Target Savings 2020/21	Projected Savings 2020/21	Period 6 Forecast Shortfall	Period Forecast Shortfall (P6)	Period 5 Forecast Shortfall	2021/22 Expected Shortfall
	£000	£000	£000	%	£000	£000
Corporate Services	2,718	1,746	972	35.8%	968	595
Children Schools and Families	2,969	2,235	734	24.7%	734	400
Community and Housing	2,460	1,460	1,000	40.7%	1,000	500
Environment and Regeneration	3,927	812	3,115	79.3%	3,115	0
Total	12,074	6,253	5,821	48.2%	5,817	1,495

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2020-21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Achieved £000	Shortfall	RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	2021/22 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Unders pend? Y/N
SUSTAINABLE COMMUNITIES											
ENV1920-03	Property Management: Realign rental income budgets to better reflect current levels of income being achieved from conducting rent reviews in line with tenancy agreements	300	300	0	G	300	0	G	James McGinlay	Currently expecting to achieve saving, but it remains to be seen how C-19 will impact the viability of businesses.	N
ENV1920-06	Future Merton: Highways advertising income through re-procurement of the advertising contract for the public highway.	40	0	40	R	40	0	G	James McGinlay	Covid-19 estimated to impact on saving, due to JC Decaux requesting to remove Q2 guaranteed income payment due to LBM.	Y
ALT1920-01	Property Management: Increased income already being achieved from conducting rent reviews in line with tenancy agreements	70	70	0	G	70	0	G	James McGinlay	Currently expecting to achieve saving, but it remains to be seen how C-19 will impact the viability of businesses.	N
PUBLIC PROTECTION											
ENV1819 - 02	Parking: Operational efficiencies. Parking services manage a high level of transactional applications, for PCN, Permit and general enquiries. Through improved use of technology and a review of practices, including the development of self service transactions by customers opposed to back office staff processing, efficiency savings can be made.	57	57	0	G	57	0	G	Cathryn James		N
ENV1819-03	Parking: The objective of the proposal is to support the delivery of key strategic council priorities including public health, air quality and sustainable transportation, in addition to managing parking, kerbside demand and congestion. Whilst implementation of the proposals will have the incidental effect of generating additional revenue, it is difficult to assess the level of change in customer behaviour and any subsequent financial impact arising from the changes. This will be monitored after implementation and any resulting impacts will be considered during the future years' budget planning cycles. The above will be subject to the outcome of the consultation process in 2019.	1,900	0	1,900	R	1900	0	A	Cathryn James	The new charges were implemented on 14th January 2020. Early analysis shows a reduction in sales of Permits, including scratch cards, and a greater number of 6 month permits being sold than 12 month permits against historic trends, which is even more evident in the case of diesel cars Permits. Unfortunately Covid 19 began only approximately 2 months after the introduction of the new charges, resulting in a significant change in Permit sales, which has made projections very difficult. Following the introduction of On Street charges, data showed expected income was being achieved, but off street showed a slight under recovery on estimated. Unfortunately, Covid 19 began only approximately 2 months after the introduction of the new charges, resulting in a reduction in parking activity, which makes analysis against budget projection near on impossible.	Y
ENV1819 - 04	Parking: Reduction in the number of pay & display machines required.	13	13	0	A	13	0	G	Cathryn James		N
ENV1920-01	Parking: Application to change Merton's PCN charge band from band B to band A. To effect this a full business case will need to be presented to Full Council. Following this, an application will be made to the London Councils Transport, and Environment Committee. Depending on the outcome at the Committee, the Mayor will also be required to ratify the application and the Secretary of State has final sign off. This 'saving' reflects the impact on estimated revenue until motorist compliance takes full effect .The objective is to reduce non-compliance but if the band change is implemented it is likely that there will be a short term increase in revenue. The purpose of PCN parking charges is to dissuade motorists from breaking parking restrictions and charges must be proportionate. The income from charges must only be used in accordance with the Road Traffic Regulation Act 1984. These purposes are contained within the Council's traffic management and other policy objectives.	340	0	340	R	340	0	A	Cathryn James	This saving will not be achieved in 2020/21. The consultation process has been extended to 28th June 2020 to allow further time for responses to be received due to the Covid 19 emergency. It is expected that, If the finding is to approve the policy, the application will be put before London Council in the summer. However, due to Covid 19 it is unknown when this application will be heard. Awaiting confirmation from London Councils. If approved at London councils, and by Secretary of State thereafter, an April/May 2021 may be possible. Any delay in statutory body approval will result in a delayed implementation. Or if the application is rejected this saving will not be met.	Y
ENV1920-02	Parking: Compliance rates for ANPR Moving Traffic Offences have not decreased significantly or as estimated since the implementation of the ANPR cameras and as a consequence the PCN revenue remains above original estimations. This 'saving' recognises revenue currently being received by the Council rather than any estimated increase. The purpose of PCN parking charges is to dissuade motorists from breaking parking restrictions and charges must be proportionate. The income from charges must only be used in accordance with the Road Traffic Regulation Act 1984. These purposes are contained within the Council's traffic management and other policy objectives.	300	0	300	R	300	0	A	Cathryn James	Since mid-March 2020 there has been an unprecedented reduction in traffic on our roads. This has resulted in the number of PCNs being issued by ANPR to drop to less than 10% of normal activity for April/May 2020. Although numbers are starting to increase, due to this change in activity as a result of Covid 19, this saving projection will not be met in 2020/21, whilst the longer term impact is being analysed.	Y

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2020-21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Achieved £000	Shortfall	RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	2021/22 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Unders pend? Y/N
ALT1920-02	Parking: The use of ANPR to enforce moving traffic contraventions has been operational since July 2016. The number of cameras has increased and the locations varied over this period and the number of PCNs remains above initial estimates.	337	0	337	R	337	0	A	Cathryn James		
PUBLIC SPACE											
E3	Leisure: Polka Theatre Grant Reduction	30	30	0	G	30	0	G	John Bosley	Polka are aware of this revenue saving, however are delayed in opening their theatre which in turn increases financial pressures on their business.	N
ENV1920-04	Waste: The service change in October 2018 has had a significant impact on waste arisings and recycling levels. Residual waste volume has reduced by c12% whilst recycling levels have increased from c34% to c45% . Whilst we have already built £250k into the MTFS we believe that this can be added to.	250	250	0	A	250	0	G	John Bosley	The service has maintained a high recycling rate in 2019/20 and recycled 43% of all domestic waste and delivered significant (above target) savings in the disposal cost. This budget is now under pressure due to the sudden growth in domestic waste following the National impact of COVID 19 and residents now self isolating and working from home. The volume of general waste has stabilised following the increase in Quarter 1 however, the service continues to see a sustained increase in both Dry Recycling and Food waste. This is being monitored closely and financial forecast will be amended accordingly if the current trend changes.	N
ENV1920-05	Waste: The Kingdom environment enforcement contract is due for reprocurement and renewal in Spring 2020. This provides an opportunity for it to be broadened and also to ensure that its operation is as effective as possible for the Council .	50	50	0	G	50	0	G	John Bosley	Between April - July 2020 the service has been redeployed to support enforcement activities in our Parks and Green spaces along with weekly support to the Mobile Testing Unit (MTU) in Morden for Covid 19. As such the level of FPNs issued has reduced. We are currently reviewing the deployment arrangements with our service provider with the aim of returning to a BAU approach our town centres re open and the level of footfall increases at our transport hubs.	N
ALT1920-03	Leisure: Increased income from Leisure Centres Management Contract	10	0	10	R	10	0	G	John Bosley	This amount is already included in the income target for this year and going forward, but with Covid 19 changing the uses of leisure centres this will not be achieved this year	Y
ALT1920-04	Waste Services: Increase level of Environmental Enforcement activities of both internal team & service provider - ensuring the operational service is cost neutral	150	26	124	R	150	0	G	John Bosley	Between April - July 2020 the service has been redeployed to support enforcement activities in our Parks and Green spaces along with weekly support to the Mobile Testing Unit (MTU) in Morden for Covid 19. As such the level of FPNs issued has reduced. We are currently reviewing the deployment arrangements with our service provider with the aim of returning to a BAU approach our town centres re open and the level of footfall increases at our transport hubs. The commissioning and procurement of a new enforcement contract along with the wider Public Space restructure scheduled for late 20/21	N
ALT1920-05	Waste Services: Reduction in external training budget.	6	6	0	G	6	0	G	John Bosley	Completed - all new training and development requirement will be assessed and managed in line with the corporate L&D team.	N
ALT1920-06	Greenspaces: Reduction in grant to Deen City farm as part of agreement involving capital investment	10	10	0	G	10	0	G	John Bosley		N
ALT1920-07	Greenspaces: Realign budgets to better reflect current levels of income from outdoor events.	64	0	64	R	64	0	G	John Bosley	Many events due for 2020/21 have been cancelled due to Covid-19.	Y
Total Environment and Regeneration Savings 2018/19		3,927	812	3,115		3,927	0				

Updated for September 2020		No Change						APPENDIX 6			
DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2020/21											
Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Achieved £000	Shortfall	RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	21/22 RAG	Responsible Officer	Comments	R / A Included in Forecast Over/Unders pend? Y/N
Adult Social Care											
CH72	Deferred Savings - Transport	100	100	0	G	100	0	G	John Morgan	Although the implementation of the review has been delayed, there has been a drop in transport activity, particularly taxis, due to C19. There is also a projected underspend on concessionary fares	
CH76	OPMH Staffing	100	0	100	R	0	100	R	John Morgan	We need to review the demand for MH services with the trust due to C19. We are expecting demand to rise making this saving no longer achievable	
CH87	Mascot Income	100	0	100	R	100	0	A	Andy Ottaway-Searle	MASCOT income has fallen due to cancelled services	
CH88	Home Care Monitoring System: -The aim of this proposal is to roll out a home care monitoring system for all home care providers to ensure that we can monitor the delivery of home care visits.	78	78	0	G	0	0	G	Phil Howell	This reflects ASC placement spend as at period 4	
CH89 / 83 /	Out of Area Placements	1,100	343	757	A	757	0	A	John Morgan	This reflects ASC placement spend	
CH91	Supported Living / Residential review	400	400	0	G	0	400	A	John Morgan	This reflects ASC placement spend	
CH92	Mobile Working	50	7	43	A	50	0	G	John Morgan	C19 has prompted a major move towards mobile working. Public transport costs are down £7k, other recharges awaited	
CH96	Home Care Monitoring	32	32	0	G	0	0	G	John Morgan	The project has been delayed by actions necessary due to C19	
CH99	Placements	500	500	0	G	500	0	G	John Morgan	There has been a reduction in gross costs of care forecast as at period 2. Placements are subject to continued senior management scrutiny	
Subtotal Adult Social Care		2,460	1,460	1,000		0	1,507	500			

Updated for September 2020		No Change						APPENDIX 6			
DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2020/21											
Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Achieved £000	Shortfall	RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	21/22 RAG	Responsible Officer	Comments	R / A Included in Forecast Over/Unders pend? Y/N
	Total C & H Savings for 2020/21	2,460	1,460	1,000		1,507	500				

DEPARTMENT: CORPORATE SERVICES SAVINGS PROGRESS 2020/21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Forecast £000	Shortfall	RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	21/22 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Under spend? Y/N
Customers, Policy & Improvement											
CS2016 -06	Merton Link - efficiency savings	30	30	0	G	30	0	G	Sean Cunniffe		
2019-20 CS02	Charge for Blue Badges	15	0	15	R	15	0	A	Sean Cunniffe	Charges not yet in place - to be reviewed.	Y
2019-20 CS28	cash collection reduction	12	12	0	G	12	0	G	Sean Cunniffe		
2020-21 CS5	Reduction in various running costs across the division	20	20	0	G	20	0	G	CPI AD		
2020-21 CS6	Community engagement - reduction in running costs	8	8	0	G	8	0	G	Kris Witherington		
Resources											
2018-19 CS06	Miscellaneous budgets within Resources	17	17	0	G	17	0	G	Resources Senior Management		
2018-19 CS07	Retender of insurance contract	50	0	50	R	13	37	A	Nemashe Sivayogan	New contract comes into place mid 2020/21. Insurance premiums cost will be reduced but variance remains adverse due to historic budget pressure. This will be offset in part during 2020/21 and fully during 2021/22 by an overachievement on income	Y
2018-19 CS08	Increase in income from Enforcement Service	20	0	20	R	20	0	A	David Keppler	Not achievable in light of covid-19 circumstances. Bailiff service is currently not operational.	Y
2019-20 CS06	Revs and Bens reduction in staffing	146	146	0	G	146	0	G	David Keppler		
2019-20 CS07	Treasury - increase in investment income	20	20	0	G	20	0	G	Nemashe Sivayogan		
2019-20 CS08	Insurance reduction in staffing	15	15	0	G	15	0	G	Nemashe Sivayogan		
2020-21 CS1	Right sizing charge to Pension Fund for Pension Manager time	24	24	0	G	24	0	G	Nemashe Sivayogan		
2020-21 CS2	Savings in Insurance Fund top up budget	70	70	0	G	70	0	G	Nemashe Sivayogan		
2020-21 CS3	Increase in Investment Income	100	100	0	G	100	0	G	Nemashe Sivayogan		
2020-21 CS15	Miscellaneous savings (eg. Subscriptions)	39	39	0	G	10	0	G	Resources Senior Management	Part of this is a one-off saving - there is only £10k saving built in for 2021/22	
2020-21 CS16	Saving in Consultancy costs	20	20	0	G	20	0	G	Resources Senior Management		
CSREP 2020-21 (1)	Savings in Insurance Fund top up budget	30	30	0	G	30	0	G	Nemashe Sivayogan		
Corporate Governance											
2018-19 CS12	SLLp - reduction in legal demand	50	0	50	R	50	0	A	Louise Round	Saving to be reviewed to determine level of achievability and if replacement may be required	Y
2019-20 CS14	impose criminal litigation cap at 20k	20	0	20	R	20	0	A	Louise Round	Saving to be reviewed to determine level of achievability and if replacement may be required	Y
2019-20 CS15	reduce civil litigation legal support by 50%	45	0	45	R	45	0	A	Louise Round	Saving to be reviewed to determine level of achievability and if replacement may be required	Y
2019-20 CS27	merge democracy services and electoral services	70	38	32	A	70	0	G	Louise Round	Post holder retiring mid-year, shortfall in year offsets with other underspends within the services	Y

DEPARTMENT: CORPORATE SERVICES SAVINGS PROGRESS 2020/21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Forecast £000	Shortfall	RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	21/22 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Under spend? Y/N
2020-21 CS13	Corp Gov AD - Running Costs	24	24	0	G	24	0	G	Louise Round		

DEPARTMENT: CORPORATE SERVICES SAVINGS PROGRESS 2020/21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Forecast £000	Shortfall	RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	21/22 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Under spend? Y/N
2020-21 CS14	Information governance - reduction in consultancy spend	10	10	0	A	10	0	G	Karin Lane	Expected to be achieved but will be dependent upon the number of complaints	N
	Human Resources										
2019-20 CS24	Realignment/redesign of HR services to provide services to the organisation and mitigate associated risks	50	47	3	A	47	3	A	Liz Hammond	Restructure of HR staffing completed to reduce staffing structure cost by £47k	Y
2019-20 CS25	Charge for voluntary sector payroll	7	7	0	G	7	0	G	Liz Hammond		
	Infrastructure & Technology										
2019-20 CS19	Reduction in the Repairs and Maintenance budgets for the corporate buildings.	100	17	83	A	100	0	G	Edwin O'Donnell	Worked carried out to buildings in light of covid-19	Y
2019-20 CS20	Reduction in the energy 'Invest to Save' budget for the corporate buildings.	100	100	0	G	100	0	G	Edwin O'Donnell		
2019-20 CS22	Reduction in the frequency of the cleaning within the corporate buildings	25	0	25	R	0	25	A	Edwin O'Donnell	Not achievable in light of covid-19 circumstances	Y
CSD7	Restructure Post & Print section and delete 2 FTE posts	47	47	0	G	47	0	G	Keith Bartlett		
CS2015-03	Review of Transactional Services team	100	100	0	G	100	0	G	Pamela Lamb		
2018-19 CS03	Adjust current Local Authority Liaison Officer (LALO) arrangements to require Assistant Directors to undertake the duties as part of their job description.	33	33	0	G	33	0	G	Adam Viccari	Nil shortfall as this has effectively been replaced by growth added to the safety services budget from 2020/21	
2020-21 CS8	A further £100k reduction of the repairs and maintenance budget for corporate buildings.	100	100	0	G	100	0	G	Edwin O'Donnell		
2020-21 CS9	Reduction in the frequency of the cleaning within the Councils corporate buildings.	30	0	30	R	0	30	A	Edwin O'Donnell	Not achievable in light of covid-19 circumstances	Y
2020-21 CS12	Cancel lease on two Council vans	5	0	5	R	5	0	R	Edwin O'Donnell/ Richard Warren	Expenditure elsewhere in the division reduced to offset this unachieved saving.	Y
	Corporate										
2019-20 CS09	CHAS dividend	460	460	0	G	460	0	G	Ian McKinnon	CHAS revenue is being maintained at a good level so far during the covid-19 pandemic which would allow for this dividend payment	
2019-20 CS10	Recharges to Merantun Developments	75	71	4	A	75	0	G		Overheads set at £71k for 2020/21	Y
2019-20 CS11	Amend discretionary rate relief policy	75	75	0	G	75	0	G	David Keppler		
2019-20 CS12	Increase in Empty Homes Premium for long term empty properties	36	36	0	G	36	0	G	David Keppler		
2019-20 CS13	Improved collection of HB overpayments and reduce Bad Debt Provision	500	0	500	R	0	500	A	David Keppler	Not achievable due to covid-19	Y
2020-21 CS4	Housing benefit written off debt recovery (one off)	120	30	90	A			N/A	David Keppler	Reduced recovery due to covid-19. One-off saving not built in for 2021/22	Y
	Total CS Savings for 2020/21	2718	1746	972		1974	595	0			

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 20-21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Expected £000	Shortfall	20/21 RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
Education											
CSF2017-07	Review schools trade offer, raise charges or consider ceasing services from 2020.	60	60	0		60	0		Jane McSherry	Delivered in Full	
CSF2018-08	Review Early Years service: radically reduce some services and/or consider withdrawing the Early Years offer.	150	150	0		150	0		Jane McSherry	Delivered in Full	
CSF2019-08	Review of school premises and contracts staffing structure	45	45	0		45	0		Jane McSherry	Delivered in Full	
CSF2019-09	Repurposing of some posts in education inclusion service	150	150	0		150	0		Jane McSherry	Delivered in Full	
CSF2019-10	Reduced contribution towards the MSCB	44	10	34		44	0		Jane McSherry	Won't be able to deliver more than approx £10k if reorganisation is undertaken in 3rd quarter.	
CSF2019-21	Review and reshaping of Short Break provision across CWD	200	60	140		200	0		Jane McSherry	This is progressing, but slowly (discussion with parent reps 20/5). Need to engage with parents and providers of short breaks. Hard to do during Covid. Won't secure full year effect. Currently paying for commissioned services not being delivered in line with government advice. There may, in due course, be additional expenses as a result. Increased provision for shielded children. Maximum of £60k deliverable, and only if it's possible to initiate the consultation in 3rd quarter. (May be able to secure some savings against this line by coding some additional activity	
CSF2019-22	SEND Travel	50	0	50		50	0		Jane McSherry	Likely to have to spend more against this budget because of Covid-related distancing requirements in our transport options. Will also need to delay the start of this review because of the consultation requirements.	
CSF2019-20	Revenue costs of capital projects	200	200	0		200	0		Jane McSherry	Delivered in Full	
CSF2019-03	Early help re-design	100	100	0		100	0		Jane McSherry	Delivered in Full	
CSF2019-21	Legal Hard Charging	75	75	0		75	0		Jane McSherry	Delivered in Full	
Children Social Care & Youth Inclusion											
CSF2017-03	Delivery of preventative services through the Social Impact Bond	45	45	0		45	0		EI Mayhew	This saving should be set against the placements budget. Effective MST avoids entry to care and new placement costs	
CSF2017-05											

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 20-21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Expected £000	Shortfall	20/21 RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Undersp end? Y/N
CSF2019-15	South London Family Drug and Alcohol Court commissioning	45	15	30		45	30		EI Mayhew	South London Family Drug and Alcohol Court contract has been decommissioned. Plan is to deliver savings from practice changes supported by the wider CSC & YI reorganisation. The reorganisation is delayed due to coronavirus alternative operating measures. Subject to approval process, reorganisation consultation planned to start in Q3 with mobilisation in Q4 2020/21. Will deliver no more than £15k if consultation can take place in 3rd quarter of financial year. Some mitigating activity through temporary recruitment to posts likely to be impacted in the reorganisation.	
CSF2019-02	Establish more cost effective Merton independent living provision	400	200	300		400	300		EI Mayhew	This savings work has been significantly impacted by Covid-19 and the need to re-direct aspects of the transformation resource (Graduate Management Trainee) to Ofsted preparation. The transformation resource leaves CSC & YI in September 2020. Unlikely to achieve savings in 2020/21. Proposed CSC reorganisation creates recourse for this savings work to be delivered in 2021/22.	
CSF2019-04	Deliver the 14+ leaving care service through personal advisors rather than social workers	60	20	40		60	0		EI Mayhew	Part of wider CSC reorganisation which is delayed due to coronavirus alternative operating measures. Subject to approval process, reorganisation consultation planned to start in Q3 with mobilisation in Q4 2020/21 Will deliver no more than £20k, if consultation can take place in 3rd quarter of financial year.	
CSF2019-05	Full year effect of transfer of adoption service to Adopt London South	30	30	0		30	0		EI Mayhew	Delivered in full. However, additional costs have emerged in relation to both retained functions and increased costs of service delivery passed on by ALS. Future funding for ALS will be based on demand and use. Early indications are that ALS costs are rising.	
CSF2019-06	Review of safeguarding and social work training budgets	60	60	0		60	0		EI Mayhew	Delivered in full	
CSF2019-07	Reduction of Central recruitment cost budget	30	30	0		30	0		EI Mayhew	Delivered in full	

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 20-21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Expected £000	Shortfall	20/21 RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
CSF2019-13	Review of current Adolescent and Family service	100	30	70		100	70		EI Mayhew	Part of wider CSC reorganisation which is delayed due to coronavirus alternative operating measures. Subject to approval process, reorganisation consultation planned to start in Q3 with mobilisation in Q4 2020/21. Will deliver no more than £30k, if consultation can take place in 3rd quarter of financial year. Some mitigating activity - vacancies being held and only recruited to on a fixed term basis.	
CSF2019-15	Development of Family Network Co-Ordinators Service	45	15	0		45	0		EI Mayhew	DfE funding withdrawn. Part of wider CSC reorganisation which is delayed due to coronavirus alternative operating measures. Subject to approval process, reorganisation consultation planned to start in Q3 with mobilisation in Q4 2020/21. Unlikely to achieve savings in 2020/21	
CSF2019-17	Culture change and clarification of financial support entitlement for care leavers	50	0	50		50	0		EI Mayhew	Financial payments to care leavers have increased due to the impact of Covid-19 restrictions and requirement to match DWP Covid-19 increase in benefit rates - some of this will be set against the Covid-19 cost centre. Timing not appropriate to shift funding culture where continued Covid-19 situation impacts on external resources and progression of other agencies decision-making i.e. Home Office ^{asylum decisions}	
CSF2019-18	Implementation of the DfE National Minimum rate	20	0	20		20	0		EI Mayhew	Covid-19 restrictions have impacted on foster carer recruitment and approval. Older age demographics of in-house carers increases risk of reduced capacity due to increased likelihood of Covid-19 health complications. This savings work would likely have resulted in short term impact on in-house fostering capacity - this risk is too high in current context. Plan to revisit this savings work when Covid-19 situation stabilises.	
CSF2019-19	Increased use of in-house foster carers	20	20	0		20	0		EI Mayhew	DfE Covid-19 guidance requires local authorities to increase placement sufficiency. Recruitment campaign building on Covid-19 'community spirit' in motion.	

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 20-21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Expected £000	Shortfall	20/21 RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Undersp end? Y/N
CSF2019-01	Review of CSF admin structure	200	200	0		200	0		EI Mayhew	Business Support restructure completed in July 2019. There are no additional savings arising from this.	
	<u>Commissioning</u>			0							
CSF2019-11	Review of centralised commissioning budgets	90	90	0		90	0			Delivered in full	
	<u>CSF Other</u>			0		0	0				
CSF2019-22	PFI Unitary charges	400	400	0		400	0				
CSF2019-23	Pension and Redundancies charges	300	300	0		300	0				
	Total Children, Schools and Families Department Savings for 2020/21	2,969	2,305	734		2,969	400				

Department	Savings Target 2019/20	Shortfall 2019/20	Projected Shortfall 2020/21
	£000	£000	£000
Corporate Services	1,484	100	70
Children Schools and Families	572	0	0
Community and Housing	1,534	118	0
Environment and Regeneration	2,449	837	2,065
Total	6,039	1,055	2,135

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 19-20

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Achieved £000	Shortfall	RAG	2020/21 Expected Shortfall £000	20/21 RAG	2021/22 Expected Shortfall £000	21/22 RAG	Responsible Officer	Comments
	Infrastructure & Technology										
2018-19 CS14	M3 support to Richmond/Wandsworth	20	0	20	R	20	A	0	A	Clive Cooke	This is dependent on agreement with RSP, may be at risk if they don't migrate to M3 system.
	Resources										
2018-19 CS05	Reduction in permanent staffing	30	0	30	R					Roger Kershaw	Saving replaced from 2020/21.
CSREP 2019-20 (3)	Increase in income from Enforcement service	50	0	50	R	50	R	0	A	David Keppler	The service is not currently operational in light of the covid-19 circumstances.
	Total Corporate Services Department Savings for 2019/20	100	0	100		70		0			

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2019-20

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Achieved £000	Shortfall	RAG	2020/21 Savings Expected £000	2020/21 Expected Shortfall £000	2020/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underpend? Y/N
ENV1819-05	Highways advertising income through re-procurement of the advertising contract for the public highway. New contract due to be in place by last quarter of 2019/20.	55	10	45	R	0	55	R	James McGinlay	Covid-19 estimated to impact on saving, due to JC Decaux requesting to remove Q2 guaranteed income payment due to LBM.	Y
E1	Investigate potential commercial opportunities to generate income from provision of business advice. This follows on from the expansion of the RSP to include Wandsworth from November 2017, and increased resilience.	60	0	60	R	0	60	R	Cathryn James	This saving is conditional on income being generated from chargeable business advice/consultancy. The focus for the financial year 2019/20 needed to refocus from income generation to service improvement including a major IT project and restructure of the service. Key projects and staff vacancies has meant it has not been possible to achieve the savings targets set for this financial year.	Y
ENR4	Charge local business' for monitoring of their CCTV	100	0	100	R				Cathryn James	Alternative saving has been agreed for 2020/21.	N
ENV1819-03	The objective of the proposal is to support the delivery of key strategic council priorities including public health, air quality and sustainable transportation, in addition to managing parking, kerbside demand and congestion. Whilst implementation of the proposals will have the incidental effect of generating additional revenue, it is difficult to assess the level of change in customer behaviour and any subsequent financial impact arising from the changes. This will be monitored after implementation and any resulting impacts will be considered during the future years' budget planning cycles. The above will be subject to the outcome of the consultation process in 2019.	1,900	662	1,238	R	0	1900	R	Cathryn James	The new charges were implemented on 14th January 2020. Early analysis shows a reduction in sales of Permits, including scratch cards, and a greater number of 6 month permits being sold than 12 month permits against historic trends, which is even more evident in the case of diesel cars Permits. Unfortunately Covid 19 began only approximately 2 months after the introduction of the new charges, resulting in a significant change in Permit sales, which has made projections very difficult. Following the introduction of On Street charges, data showed expected income was being achieved, but off street showed a slight under recovery on estimated. Unfortunately, Covid 19 began only approximately 2 months after the introduction of the new charges, resulting in a reduction in parking activity, which makes analysis against budget projection near on impossible.	Y
ALT3	Reduction in the number of pay & display machines required.	14	0	14	R	14	0	A	Cathryn James		N
ENR9	Waste: Increase level of Enforcement activities of internal team ensuring the operational service is cost neutral	200	165	35	R				John Bosley	Alternative saving has been agreed for 2020/21.	N
E2	Waste: Thermal Treatment of wood waste from HRRC	30	0	30	R				John Bosley	This saving was replaced from 2020/21 by the underspend in residual waste disposal costs following the October 2018 service change.	N
E5	Letting of remaining vacant facilities in Greenspaces	50	0	50	R	0	50	R	John Bosley	One vacant property recently let, but saving impacted by C-19.	Y
E6	Increased tenancy income in Greenspaces	40	0	40	R				John Bosley	Alternative saving has been agreed for 2020/21.	Y
Total Environment and Regeneration Savings 2018/19		2,449	837	1,612		14	2,065				

Updated to September 2020											APPENDIX 7
DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2019/20											
Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Achieved £000	Shortfall	RAG	2020/21 Savings Expected £000	2020/21 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Unders pend? Y/N
	Adult Social Care										
CH89	Older People Day Care Activities: -As less people are choosing to attend these formal day centre we currently having increasingly vacancies within these provisions which are not been utilised. The proposal seeks to assess and analyse the demand and supply of activity aimed at supporting older people to access community activity. This will objectively look at the supply of building based and non-building based activity, its utilisation and the limitations on providing what people expect and need within the current model. It is envisaged that this will include a rationalisation and reduction of the current level of building based 'day centre' activity. This is based on current demand statistics and will include consideration of the effect of 2018/19 reductions in contracted day centre services; which is covered in a separate EIA for that specific proposal.	236	118	118	R	236	0	G	Richard Ellis	Engagement with the new owner has established an agreed timeline that means that the majority of savings will not be achieved until the new year. The work is underway to ensure that delivery	Y
	Subtotal Adult Social Care	236	118	118		236	0				

Appendix 8

Subject: Miscellaneous Debt Update September 2020

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

- 1.1 A breakdown of departmental net miscellaneous debt arrears, as at 30 September 2020, is shown in column F of the table below.
- 1.2 Please note that on the 6 February 2017 the new financial computer system E5 went live and this included the raising and collection of invoices and the debt recovery system.

Sundry Debtors aged balance – 30 September 2020 – not including debt that is less than 30 days old (Please note the new system reports debt up to 30 days whereas previously we reported up to 39 days)

Department a	30 days to 6 months b	6 months to 1 year c	1 to 2 years d	Over 2 years e	Sept 20 arrears f	June 20 arrears g	Direction of travel
	£	£	£	£	£	£	
Env & Regeneration	2,173,844	1,957,688	628,897	300,314	5,060,743	3,927,486	↑
Corporate Services	400,979	65,075	80,406	119,216	665,676	1,557,920	↓
Housing Benefits	322,104	701,078	841,387	3,216,068	5,080,637	5,140,971	↓
Children, Schools & Families	282,702	91,912	133,394	395,137	903,145	1,495,531	↓
Community & Housing	789,931	870,701	923,366	2,372,596	4,956,594	6,586,994	↓
Chief Executive's					-	-	-
CHAS 2013	77,919	22,874	1,166	-2,077	99,882	61,264	↑
Total	4,047,479	3,709,327	2,608,616	6,401,255	16,766,678	18,770,166	↓

- 1.3 Since the position was last reported on 30 June 2020, the net level of arrears, i.e. invoices over 30 days old, has reduced by £2,003,488.
- 1.4 Since last reported at the end of September, Environmental and Regeneration has increased by £1,133,257. Commercial rents debt has increased by £143,000 and Community Infrastructure debt by £1,382,000.

- 1.5 There has been an increase in CIL debt due to a number of large invoices being raised in September 20. As at the 30 September there is £4.6 million in outstanding invoices, this includes debt under 30 days so will not reconcile with the data in the above table. However, £1.3 million of this debt is less than 30 days old. In many instances although the invoices have been raised within E5, due to the agreements on CIL debts, the payments are not due until future dates.
- 1.6 In September 20, 4 invoices for just over £0.8 million were raised for the redevelopment of Plough Lane. The payments dates due on these invoices range from 12 December 20 to 14 April June 21. These amounts will show on the aged debt reports but will not actually be due to the council.
- 1.7 In total, of the £4.6 million debt for CIL, £0.8 million is due after the 1 October and a further £441,000 of debt has been deferred under the new deferral scheme.
- 1.8 In the March 20 update it was reported that one CIL debt for £823,000 had been referred to legal to pursue. There has been ongoing communication between legal services and the finance director and they have been given a further two months to re-finance with their bank.
- 1.9 The debt recovery team continue to work closely with the Future Merton team to ensure a joined up approach to collecting all CIL debts.

2 IMPACT OF COVID19

- 2.1 Towards the end of March 20, all recovery action for council tax, business rates, sundry debt, parking PCN's and enforcement work ceased.
- 2.2 The new years council tax and business rates bills had already been distributed to residents and businesses in the borough.
- 2.3 **Council Tax**
- 2.4 From early April residents who contacted the service were offered advice on claiming welfare benefits and deferral of council tax instalments to June or July. The yearly debt was not reduced but the amount due spread over the remaining months of the year. Approximately 2,700 residents have had instalments deferred.
- 2.5 Recovery action for non-payment of council tax re-commenced in May with reminders and SMS being issued. Recovery action has continued although we have not yet issued summonses for non-payment.

- 2.6 The Council is still waiting for confirmation from the Court Service that remote Liability Order Hearings can be re-commenced. An action plan and risk assessment has already been undertaken. As soon as the Court Service give the go-ahead the issuing of summonses will re-commence.
- 2.7 When last reported at the end of June, the forecasted shortfall in council tax income for the year was £3.88 million, Merton's share of this shortfall would be £3.06 million.
- 2.8 At the end of September, the forecasted shortfall in council tax income for the year had reduced to £2.77 million, Merton's share of this shortfall would be £2.19million.
- 2.9 **Business Rates**
- 2.10 From early April businesses who contacted the service were offered advice on government support and grants and offered the deferral of business rates instalments to June or July. The yearly debt was not reduced but the amount due spread over the remaining months of the year. Approximately 750 businesses have had instalments deferred
- 2.11 The government introduced new reliefs for many businesses. Over £44.7 million in expanded retail, hospitality and leisure relief has been granted to businesses. In addition, a further £829,000 relief has been awarded to nurseries
- 2.12 At the beginning of the year the net debt for all business rates was £95 million. Following the award of the reliefs mentioned above the net debt now being collected is £49 million
- 2.13 An analysis of outstanding debt showed many businesses that should be able to pay their rates had not paid. This included large supermarket retailers, delivery companies and large institutions. There were also many businesses that were not be in a position to pay due to the impact of covid19. Reminder notices for non-payment were issued in August 20. Businesses were asked to contact the team if they were having difficulty paying and in these instances we have further deferred payments and spread payment arrangements into 2021/22.
- 2.14 When last reported at the end of June, the forecasted shortfall in business rates income for the year had reduced to £10.333 million, Merton's share of this shortfall would be £3.1 million.
- 2.15 At the end of September, the forecasted shortfall in business rates income for the year had reduced to £6.92 million, Merton's share of this shortfall would be £2.07 million.
- 2.16 **Sundry Debt**

- 2.17 Invoices have continued to be issued since April. Commercial rent clients have had their first quarter invoice deferred and payments spread across the remainder of the year
- 2.18 Issuing of letters for non-payment was recommenced in early June although not for Commercial rent clients
- 2.19 As detailed in the table above in 2.2, debt older than 30 days for all departments has increased reduced since June 20 by just over £2 million.
- 2.20 Recovery action has continued on existing long term cases although the team have not been able to undertake visits and the legal service recovery has been affected with reduced court access.
- 2.21 Although not reported in June, Adult Social Care debt has reduced from £4.65 million at the end of March 20 to £4.3 million at the end of September 20. A reduction of £300,000 over the past six months.
- 2.22 **Housing Benefit Overpayments**
- 2.23 Invoices have continued to be issued for new debts but no other recovery action has re-commenced.
- 2.24 Although not reported in June, Housing Benefit overpayment debt has reduced from £7.76 million in June 20 to £7.61 million at the end of September 20.
- 2.25 The external company undertaking the work on the old debt had stopped with engaging with clients and as a result the monthly payments received from them reduced. They recommenced this work in mid-September.
- 2.25 **Parking Debts**
- 2.26 Where parking enforcement has continued the service have progressed cases to Charge Certificate stage.
- 2.27 There are currently 4,991 cases waiting to be progressed to Debt Registration stage and then progressed to the enforcement team where the debts remain unpaid. Two batches of 300 cases are progressed each week and where the debts remain unpaid the files will be passed to the enforcement team. It is estimated that the first cases will come from week commencing 10 November 20.
- 2.28 **Enforcement service (bailiffs)**
- 2.29 Enforcement agents ceased visits in March before the government formally announced a stop to enforcement work.

- 2.30 In May 20, Councillors agreed to re-engagement by letter and text with existing debtors with a more customer focused approach offering welfare advice and longer term arrangements.
- 2.31 In June 20, the enforcement admin team were furloughed by agreement of the Shared Enforcement Service Board.
- 2.32 Re-engagement letters were issued in late September 20 and the in house team re-commenced enforcement visits on 6 October 20 for Merton and Sutton parking debts only.
- 2.33 Risk assessments, new working procedures, refresher training have all been completed. All enforcement agents have been provided with PPE and have been instructed on undertaking covid-19 assessments within their work.
- 2.33 A review of progress will be held in late October with the aim of re-commencing enforcement work for council tax in early November.

3. TOTAL DEBT DUE TO MERTON

The total amount due to Merton as at 30 September 2020 is detailed in the table below.

Total debt outstanding as at 30 September 2020 and compared with previous periods over the past 15 months

	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20
	£	£	£	£	£	£
Miscellaneous sundry debt Note 1	16,803,235	16,459,168	12,584,544	15,997,460	18,485,599	15,943,871
Housing Benefit debt	7,893,055	7,823,641	7,653,539	7,644,804	7,758,894	7,611,691
Parking Services	4,535,378	3,848,876	4,183,930	3,489,345	3,645,037	3,967,251
Council Tax Note 2	7,215,847	6,825,605	6,496,094	8,755,512	8,182,271	7,721,592
Business Rates Note 3	2,586,876	2,474,270	1,941,014	3,661,859	3,725,128	3,689,921
Total	39,034,391	37,431,560	32,859,121	39,548,980	41,796,929	38,934,326

Note 1 The amount shown against miscellaneous sundry debt above differs from the amount shown in table 1 as it shows all debt, including debt which is less than 30 days old and table 1 only includes debt over 30 days old and also includes housing benefit overpayments which is shown separate in the table above.

Note 2 Council tax debt now includes unpaid council tax for 2019/20 in March 20 figures hence the increase.

Note 3 Business rates debt now includes unpaid business rates for 2019/20 in March 20 figure hence the increase.

3.1 The overall debt outstanding has reduced by £2,862,603 since last reported at the end of June 2020. There has been an increase in parking debt of just over £320,000. All other debts have reduced.

3.2 A more relevant comparison is between September 2019 and September 2020. The changes in outstanding debt are as follows

Overall £1,502,000 increase
 Sundry debt £515,000 decrease
 Housing Benefit £212,000 decrease
 Council Tax £896,000 increase
 Parking £119,000 increase
 Business Rates £1,785,000 increase

3.3 The increase in previous years debts for council tax and business rates is very likely due to the fact that we have not issued any summonses for non-payment. Hopefully, this may improve once we get agreement by the Courts Service for remote hearings.

3.4 Detailed breakdowns of the Council Car Parking figures are shown in the table below:

**Car Parking Aged Debtors – 30 September 2020
 (They show the impact of Covid19)**

Age of Debt	Outstanding £	Number of PCNs	Average Value £
0-3 months	£1,059,530	10,776	£98
3-6 months	£400,140	2,618	£153
6-9 months	£539,570	3,169	£170
9-12 months	£682,651	3,948	£173
12-15 months	£540,200	3,178	£170
Older than 15 months	£745,160	4,203	£176
Total	£3,967,251	27,892	£142

Total June 2020 £3,645,037 24,701

Increase/-decrease £322,214 3,191