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# **Merton Council**

## **Cabinet Agenda**

### **Membership**

#### **Councillors:**

Mark Allison (Chair)  
Agatha Mary Akyigyina OBE  
Tobin Byers  
Natasha Irons  
Rebecca Lanning  
Owen Pritchard  
Marsie Skeete  
Eleanor Stringer  
Martin Whelton  
Brenda Fraser

**Date: Monday 11 October 2021**

**Time: 7.15 pm**

**Venue: Council Chamber, Merton Civic Centre, London Road, Morden SM4 5DX**

This is a public meeting and will be livestreamed on the Council's Youtube channel

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

For more information about the agenda please contact [democratic.services@merton.gov.uk](mailto:democratic.services@merton.gov.uk) or telephone 0208 545 3357.

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## **Cabinet Agenda**

### **11 October 2021**

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| 1  | Apologies for absence  |              |
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| 7  | Automatic Number Plate Recognition (ANPR) Cameras and public space CCTV upgrade and Maintenance  | 49 - 64      |
| 8  | Financial Report 2021/22 - Period 4 July 2021  | 65 - 116     |
| 9  | Financial Report 2021/22 - Period 5 August 2021  |              |
| 10 | Exclusion of the public<br>To RESOLVE that the public are excluded from the meeting during consideration of the following report(s) on the grounds that it is (they are) exempt from disclosure for the reasons stated in the report(s). |              |
| 11 | Exempt Appendix - Item 7   | 117 -<br>118 |

#### **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](http://www.merton.gov.uk/committee).

## CABINET

6 SEPTEMBER 2021

(7.15 pm - 7.53 pm)

**PRESENT** Councillors Councillor Mark Allison (in the Chair),  
Councillor Agatha Mary Akyigyina, Councillor Tobin Byers,  
Councillor Eleanor Stringer, Councillor Martin Whelton and  
Councillor Brenda Fraser

**ALSO PRESENT** Councillor Peter Southgate

Louise Round (Managing Director, South London Legal  
Partnership and Monitoring Officer) and Amy Dumitrescu  
(Democracy Services Manager)

**ATTENDING  
REMOTELY** Councillor Natasha Irons, Councillor Rebecca Lanning,  
Councillor Marsie Skeete and Councillor Owen Pritchard.

Councillor Nick McLean

Hannah Doody (Chief Executive), Chris Lee (Director  
Environment and Regeneration), Jane McSherry (Director  
Children, Schools and Families), Caroline Holland (Director  
Corporate Services), John Morgan (Interim Director Community  
and Housing), James McGinlay (Head of Regeneration), Matt  
Burrows (Head of Customer Experience and Communications),  
Tara Butler (Programme Manager), Tom Procter (Head of  
Contracts and School Org) and Octavia Lamb (Policy and  
Research Officer – Labour Group)

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

No apologies were received. Councillors Irons, Lanning, Pritchard and Skeete attended remotely.

### 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 12 July 2021 are agreed as an accurate record.

### 4 CLARION ESTATE REGENERATION PROGRAMME SUPPORT (Agenda Item 4)

The Cabinet Member for Housing, Regeneration and the Climate Emergency presented the report and recommendations. The regeneration scheme would deliver

2550 homes with commercial and community space and outline planning permission had been granted by the Merton Council Planning Applications Committee in 2018. The first stages of the Ravensbury estate had been completed with the first stages of the High Path development to be completed shortly.

The Cabinet Member gave an overview of the recommendations with the report noting the amendments sought to the stock transfer agreement. If approved, Clarion would commit to progressing with design development and public and stakeholder engagement. The application for the first detail of the Eastfields estate would come forward later in the year if the report was approved as well as the third stage of the High Path regeneration.

The Cabinet Member thanked the Sustainable Communities Overview and Scrutiny Panel for the discussions on the report which had taken place the week prior to the Cabinet meeting. *(Post meeting note: This decision was subsequently called-in and will be heard at a call-in Scrutiny meeting on 19 October 2021).*

The Cabinet Member also thanked the Future Merton and Housing needs team for their work on the report.

The report would also be brought to the Council meeting on 15 September.

#### RESOLVED:

A. That Cabinet noted that the programme-level viability deficit of identified by Clarion Housing Group (Clarion) in April 2020 in relation to their proposed regeneration of the High Path, Ravensbury and Eastfields estates represents a significant barrier to delivery;

B. That Cabinet agreed that the Council remains supportive of Clarion's delivery of the Merton Estates Regeneration Programme (MERP) and the objectives of Merton's Estates Local Plan 2018 to improve the lives of existing residents and provide new homes;

C. That Cabinet agreed to support the proposed adjustment of the Sales Clawback mechanism in the Stock Transfer Agreement to suspend the Council's eligibility to the 5% Sales Clawback mechanism so long as MERP is in the course of being delivered and remains in a deficit position at programme-level. The mechanism will be triggered only if MERP's financial performance reaches or exceeds a break-even position.

D. That Cabinet agreed to support an amendment to the Stock Transfer Agreement to commit Clarion to delivering Decent Homes Standard upgrades linked to any failure to achieve regeneration delivery milestones to ensure these works are guaranteed to be delivered within a specified timeframe irrespective of the status of MERP;

E. That Cabinet agreed to support an amendment to the Stock Transfer Agreement to specific partnership working arrangements between Clarion and the Council to include open book business plan progress updates and monitoring and regular identification, management and mitigation of risks to viability and deliverability with forums to be established at operational (Officer) and strategic (Senior Officer and Member) levels with Clarion counterparts. This approach is proposed to ensure proactive management and monitoring of future risks.

F. That Cabinet delegated authority to the Director of Environment and Regeneration in consultation with the Cabinet Member for Housing Regeneration, and the Climate Emergency, to conclude any documentation, including, without limitation,

amendments to existing agreements between the Council and Clarion, necessary to implement the recommendations C-E above on the best terms which in their view are reasonably achievable .

G. That Cabinet agreed that the 2010 Nominations Rights Deed will be preserved and that the council will continue to receive 100% nominations to true voids but that a protocol between Clarion Housing Group and the council be drawn up so as to assist Clarion in meeting its regeneration ambitions and ensuring that the council can continue to discharge its statutory housing duties and protect the public interest. Any such protocol will be jointly prepared between the council and Clarion Housing Group and be delegated to the Director of Community and Housing in consultation with the Cabinet Member for Housing, Regeneration and the Climate Emergency.

H. That Cabinet asked officers to continue to consider options for a freehold asset to the Council that may reflect some value of the claw back suspension and, should a mutually agreeable asset transfer be agreed, to delegate authority to the Director of Environment and Regeneration, and the Director of Corporate Services to conclude that transfer in consultation with the Cabinet Member for Housing Regeneration, and the Climate Emergency and the Cabinet Member for Finance.

Cabinet also approved the recommendations within the exempt report.

## 5 EXPANSION OF MERTON MEDICAL EDUCATION SERVICES AND FUTURE OF LAVENDER NURSERY (Agenda Item 5)

The Cabinet Member for Education presented the report which followed a previous report and consultation. Following the consultation, amendments had been made to the previous proposals to deliver services at another site.

The Cabinet Member thanked officers for their work and to all who had responded to the consultations and discussions.

Following receipt of letters raising concerns in advance of the meeting, the Managing Director of the South London Legal Partnership advised that whilst a restrictive covenant was in place on the land this could be discharged and indemnity insurance would cover the event of any challenge and that the land was held by the Council in the capacity of a trustee of the charity.

The Director of Children, Schools and Families responded that there was no proposed reduction in the number of places provided for disadvantaged children and following responses to the previous consultation adjustments had been made to reflect those responses to ensure there was sufficient provision to meet local need.

The Leader thanked the staff at Lavender Nursery.

RESOLVED that Cabinet:

A. Agreed that the Lavender (London Road) Nursery building remains the most viable option to house Merton Medical Education Services and provide sufficient provision for the borough's growing number of children with medical needs, and officers should proceed to move the service into this building in early 2022.

B. Approved that the Lavender London Road Nursery full-time day care provision should move from January 2022 to Lavender Steers Mead in addition to providing the sessional places for children aged 2 that are funded through early education funding, thus maintaining the service in alternative premises within reasonable proximity to the current site.

6 EXPANSION OF MELROSE SCHOOL INTO WHATLEY AVENUE SW20  
(Agenda Item 6)

The Cabinet Member for Education presented the report outlining the proposals to provide additional places for children requiring special needs provision including those with Autism Spectrum Disorder in particular through the expansion of Melrose School following a statutory consultation. The Cabinet Member thanked officers and school staff and governors for their work on the proposals.

Following a question from the Cabinet Member for Partnerships, Public Safety and Tackling Crime, the Cabinet Member for Education responded that the capacity of the site would be at least 80 children.

The Leader welcomed Councillor Fraser to her first Cabinet meeting and thanked the staff and governors at Melrose School for their work.

RESOLVED that Cabinet:

A. Approved proposals to expand Melrose School by 80 additional places from 1 September 2022 through the use of an additional site - Whatley Avenue SW20 and to extend the official designation of Melrose School from “Children with Social, Emotional and Mental Health” to “Children with additional complex and varied needs including Autism Spectrum Disorder (ASD), Speech, Language and Communication Needs (SLCN) and Social, Emotional and Mental Health (SEMH)”

B. Noted that the reason for this decision is to provide places for pupils with special educational needs and disabilities (SEND) in the local area and the expansion of Melrose School through the use of an additional site provides good value for money. Melrose is rated by Ofsted as “Good” with “consistently strong teaching across the school” and the Council’s Director for of Children, Schools and Families is satisfied that the leadership of the school has the management capacity to continue to raise standards while the school expands

7 EXTENSION OF CONCESSION CONTRACT FOR THE PROVISION OF  
BUS SHELTERS, FREE STANDING UNITS AND ASSOCIATED 6 SHEET  
ADVERTISING WITHIN MERTON (Agenda Item 7)

The Cabinet Member for Housing, Regeneration and the Climate Emergency presented the report which proposed a two-year extension to the current 15 year contract and amend a previously agreed Cabinet report in 2019.

The Leader passed on thanks to the officers and all who had worked on the report.

RESOLVED:

A. That Cabinet approved the exercise of the right to extend the contract for a period of 2 of the potential 5 years available.

B. That Cabinet noted the contract award report dated 11 November 2019 had a minor administrative error included in it and mistakenly agreed to award a contract to JC Decaux for a term of 10 years with a potential extension of 5 years, whereas the intention of the Council and tender documentation had proposed a 15 year contract term with a potential extension of 5 years and the contract has been issued on that basis;and

C. That Cabinet retrospectively agreed the award of the contract for the originally intended period of 15 + 5 years;

## 8 FINANCIAL REPORT 2021/22 - PERIOD 3 JUNE 2021 (Agenda Item 8)

The Cabinet Member for Finance presented the report and thanked officers for their work on their report and officers across the Council for their work keeping on track with the budget. The continuing impact including lost income of the pandemic was shown within the report and it was noted that a net adverse variance was forecasted, however forecasting was difficult as income streams would depend on the ongoing Covid infection levels as well as resident behaviour and any increased demand on services.

The Director of Corporate Services noted that there were some significant additional pressures to come and it would remain a challenging period.

The Leader thanked the officers for their work and for the report and noted the impact of the pandemic and the challenges in financial forecasting.

### RESOLVED:

- A. That Cabinet noted the financial reporting data for month 3, June 2021, relating to revenue budgetary control, showing a forecast net adverse variance at yearend on net service expenditure of £4.74m, increasing to £7.452m when corporate and funding items are included.
- B. That Cabinet approved the virement of £242k revenue budget between the Housing to Adult Social being the transfer of budget and clients (care & support related) from Housing budget to the placement budget.
- C. That Cabinet noted the contents of Section 5 and Appendix 5b of the report and approve the adjustments to the Capital Programme in the Table below:

	Budget 2021-22	Budget 2022-23	Budget 2023-24	Narrative
	£	£	£	
<b><u>Corporate Services</u></b>				
Customer Contact Programme	(100,000)			Vired to a Specific Scheme
Customer Contact - Robotics Process Automation (RPA)	100,000			Vired from overall Programme
<b><u>Children, Schools and Families</u></b>				
William Morris - Capital Maintenance	(25,000)			Virements - projected spend capital maintenance
Hillcross - Capital Maintenance	55,000			Virements - projected spend capital maintenance
Sherwood - Capital Maintenance	77,000			Virements - projected spend capital maintenance
Harris Academy Wimbledon - New School	20,000			Virements - projected spend capital maintenance
Perseid Expansion	(20,000)			Virements - projected spend capital maintenance
Perseid - Capital Maintenance	(25,000)			Virements - projected spend capital maintenance
West Wimbledon - Capital Maintenance	50,000			Virements - projected spend capital maintenance

Unallocated Capital Maintenance Budget	35,000			£167k School Contributions - £132k virement to specific schemes
<b>Environment and Regeneration</b>				
Highways and Footways - Highways bridges & structures	(105,000)			Building Enhancements and Increased Capacity to Store initially funded by virement
Highways and Footways - Salt Barn Upgrade	105,000			
CCTV Investment - CCTV and Infrastructure Upgrade	(662,100)	107,630	554,470	Profiled in line with projected spend
Morden Regeneration - Morden Town Centre Imp	(300,000)	200,000		Profiled in line with projected spend - £100k to Revenue
<b>Total</b>	<b>(795,100)</b>	<b>307,630</b>	<b>554,470</b>	

## 9 EXCLUSION OF THE PUBLIC (Agenda Item 9)

The Cabinet agreed not to refer to the exempt information contained in items 4 and 7 during consideration of the items and therefore the meeting remained in public.



**Committee:** Cabinet

**Date:** 21 October 2021

Wards: All

**Subject:** Emissions Based Parking Charges Review

Lead officer: Chris Lee, Director of Environment & Regeneration

Lead member: Cllr Rebecca Lanning Cabinet Member for Adult Social Care and Public Health

Contact officer: Ben Stephens. Head of Parking Services

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## Recommendations:

- A. To agree to no longer proceed with the proposal to implement emissions based parking charges from October 2021.

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## 1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. In January 2021, the Council took the decision to implement an emissions based charging scheme (“The Scheme”), which was due for implementation from October 2021 ([Cabinet report](#)). The proposals comprised an additional charge for the most polluting vehicles parked on- and off-street.
- 1.2. The Council is recommending to no longer proceed with the scheme because it is recognised that many residents are, and will continue, to suffer economically as a result of the COVID-19 pandemic and other cost of living increases more generally. Travel patterns which shifted during the pandemic – including a reluctance to return to public transport – have continued longer than anticipated, with uncertainty as to when or whether they will return. Moreover, Merton has already observed a significant shift to cleaner, greener vehicles during the time emissions-based charging has been considered, potentially linked to London-wide policies such as the ULEZ charge, and borough initiatives implemented in Merton, including low traffic neighbourhoods and school safety zones, as well as the Air Quality Action Plan.
- 1.3. If the Council no longer proceeds with the scheme then the existing parking charges that are currently in force across the borough will remain unchanged.

## 2 DETAILS

### 2.1. Economic impacts

- 2.1.1 Since Cabinet first reviewed the potential implementation of an Emissions Based Charging scheme, there have been a number of significant economic

changes impacting residents that now need to be taken onto account to determine whether it would be appropriate for the current proposals, due to be implemented from October 2021, to go ahead. These are set out below:

- 2.1.2 The current furlough scheme will cease to exist from the end of September 2021, which may have a significant impact on the number of residents who find their incomes affected by reduced working hours or indeed, in some cases, redundancy.
- 2.1.3 The current additional payment of an extra £20 per week to Universal Credit payments will also cease to be paid from early October. This will affect the hardest hit families in the borough.
- 2.1.4 The recent price hikes and ongoing uncertainty regarding the increased prices in energy, alongside current inflation rates of 4.8%, will add an additional burden to hard-hit families from October 2021.
- 2.1.5 In addition, the Government has also announced a 1.5% increase to National Insurance from April next year.
- 2.1.6 Each of these factors need to be taken into consideration when balanced with additional financial burdens from other areas of policy e.g. Emissions Based Charging.

## 2.2. **Transport environmental factors.**

- 2.2.1 Traffic volumes in Merton have continued to increase over the last decade which contributes to a number of strategic challenges including: traffic congestion and parking dominance, road safety concerns; public health concerns associated with sedentary lifestyles and; vehicular emissions that contribute to local air pollution and climate change.
- 2.2.2 The Council acknowledges there is no one simple solution that will be effective in isolation to achieve these objectives, but that a comprehensive package of measures is required that offers better sustainable travel options, alongside measures to disincentivise car use.
- 2.2.3 The Council acknowledges the limitations of using local measures alone to fully achieve a reduction in emissions and recognises that national and regional policies and initiatives introduced by the Government and TfL will be required.

## 2.3. **Recent transport trends**

- 2.3.1 Data from residential permit holders in Merton shows a shift towards cleaner, greener vehicles has been taking place in this last 18 months, since this policy was being considered by Cabinet. The number of Electric Vehicles registered in Merton has already increased from 482 in the first quarter of 2020 to 824 in the first quarter of 2021. The table below shows there has been an overall shift of approximately 15% of residential permits into a lower emissions band. The table also shows that the move to lesser polluting vehicles is consistent across all areas of the borough and irrespective of the length of enforcement of any Controlled Parking Zone.

		Reduction in Residential Permit sales from band I to M to lesser polluting bands A to H between 2018/19 to 2020/2 data
<b>Tier 1</b>	<b>CPZ and respective tier level.</b>	
Long Enf Hrs	W3, W4	-15%
Medium Enf Hrs	2F, 3E, 3F, 4F, 5F, VC, VOn, VO <sub>s</sub> , VO <sub>t</sub> , W2, W5, W6, W7, P3	-15%
Short Enf Hrs	P1, P2 ,P2s	-12%
<b>Tier 2</b>	<b>CPZ and respective tier level.</b>	
LONG	CW5, MP4	-8%
Medium	CW, CW1, CW2, CW4, M1, M2, M3, MP1, MP2, MP3, S1, S2, S3, SW, SW1, A1, RP, RPE, RPN, RPS, H1, H2, VN, VSW, VSW2, W1, VNe, VN <sub>s</sub>	-14%
Short	RPW, RPC, RPC1, VSW1, VQ, CH.	-17%
<b>Tier 3</b>	<b>CPZ and respective tier level.</b>	
LONG	MTC, WB1	-13%
Medium	CW3, GC, GC1, GC2, GC3, WB2, MTC1, MTC2	-17%
Short	MT	-16%
	<b>All Area/CPZs</b>	<b>Reduction in Residential Permit sales from band I to M to lesser polluting bands A to H between 2018/19 to 2020/2 data</b>
		15%

2.3.2 It therefore appears that the package of policies and measures already implemented by Merton, TfL and the Government may have had a greater influence than anticipated on accelerating the transition to lower emissions vehicles. In particular, the proposed expansion of the Ultra-Low Emission Zone (ULEZ) in October 2021 to the South Circular within our neighboring boroughs of Wandsworth and Lambeth will affect some Merton residents that travel into this zone. TfL have reported that 4 in 5 vehicles in London are now compliant with the ULEZ emissions standards. In addition, the Government have set clear policy signals around a shift to more sustainable modes of travel and to lower polluting vehicles including proposals to end the sale of new petrol and diesel cars by 2030 as set out in their recently published [Decarbonising Transport Plan](#) .

2.3.3 Merton has already implemented and will continue to deliver a wide range of measures to support sustainable travel choices and to tackle climate change and air quality. The full range of actions the Council is taking are set out in [Transport Strategy \(LIP3\)](#), [Air Quality Action Plan](#), and the [Climate Strategy and Action Plan](#) and are summarised in the following sections.

## 2.4. Sustainable transport measures

- 2.4.1 In recent years, Merton Council has invested significant funding on delivering sustainable transport infrastructure schemes such as pedestrian crossings and cycle routes and complementary measures such as cycle training and school travel plans. Schemes successfully delivered include: the borough wide 20mph speed limit, the Raynes Park to New Malden cycle and pedestrian link, the Croydon Road cycle scheme, a number of bus priority schemes and major regeneration of Mitcham Town Centre. We are liaising with Transport regarding the new LIP4 and seek to increase cycling infrastructure in line with the ambition set out in Merton's Local Plan. The Council is also completing a major segregated cycle lane scheme on London Road / Bishopsford Road as part of the new Mitcham Bridge project.
- 2.4.2 In response to the COVID pandemic the Council took quick action to introduce additional schemes to support sustainable travel choices, including 5 additional low traffic neighbourhoods and 28 school streets. The Council also installed 20 secure cycle hangars in residential areas and segregated cycle routes on Merton High Street, Haydons Road bridge, Plough Lane and Church Road. As a result of the recent Active and Healthy Travel response to Covid, set out in the Council's Covid Transport Strategy; Merton Council is the top borough in London for the number of Schools located on School Streets.
- 2.4.3 Merton has the second highest score of all Outer London boroughs in the Healthy Streets Scorecard and its stand-out result is that 41% of its schools now a School Street, where traffic is restricted at arrival and departure times, which is the highest rate of any London borough.
- 2.4.4 Merton now has a 20mph speed limit on nearly all its streets which makes it the leading Outer London borough on this indicator. And it scores well on Low Traffic Neighbourhoods (LTNs) with 34% of suitable streets in an LTN
- 2.4.5 To support the transition to electric and plug-in hybrid vehicles, Merton has delivered a network of electric vehicle charge points, and is in the top 20% of local authorities for the number of public charging devices per 100,000 of population. In 2021 the Council installed 90 slow lamp column chargers around the borough to enable residents without off-street parking to charge vehicles overnight near their homes. The Council intends to bid for further rounds of Government funding to install additional lamp column chargers to further increase the density of charge points and facilitate the transition to electric vehicles expected over the coming decade.
- 2.4.6 However, it should be noted that Transport for London (TfL) investment in sustainable and active transport has been significantly reduced. Merton's indicative Local Investment Programme (LIP) of c£1.3 million in 2021/22 has been reduced to c£300k this year to fund staffing costs and existing projects that are 'in flight' and it is unclear when TfL will receive a funding package that allows boroughs to make the necessary investment in future sustainable transport initiatives.

## 2.5. **Air quality in Merton**

- 2.5.1 Merton Council is committed to tackling air pollution, which remains a priority for the borough. For the past few years we have been implementing our Air Quality Action Plan (AQAP). The AQAP cuts across a number of important themes, all of which help to tackle the sources and impact of pollution.
- 2.5.2 In London and in Merton we have seen improving air quality specifically around Nitrogen Dioxide (NO<sub>2</sub>).
- 2.5.3 With the cleaning up of London's buses in 2020-21, the introduction and expansion of the ULEZ, and the tightening of the LEZ for freight and goods vehicles we anticipate that this will translate into further reductions especially around our town centres and focus areas.
- 2.5.4 Details of air quality monitoring trends and actions being taken are reported every year as part of or statutory duties and can be found in our Annual Status Reports.
- 2.5.5 Merton continue to lead on a number of projects that span beyond the borough boundaries including Cleaner Construction for London (NRMM) an award winning project in partnership with the GLA and London Boroughs to help clean up construction site equipment across London. This project works in partnership with the construction industry and has delivered significant direct air pollution reductions as well as shape and guide the standards of construction in the capital.
- 2.5.6 We have focused on schools and introduced school streets to improve air quality and safety around schools. We have monitored air pollution at every school in the borough and continue to do so at a number of schools in and around main roads. This has influenced our schools audit programme where we focus on individual schools and what they, and the council, can do to reduce pollution and its impact. Merton is ranked 1<sup>st</sup> of all London Boroughs with regards to school streets provision in the London Healthy Streets index.
- 2.5.7 Our new Air Quality Supplementary Planning Document went to consultation with our Local Plan and has now been agreed. This focuses on what the Council can require of new developments and how these contribute to reducing air pollution and gives officers greater powers to challenge developments in the borough.
- 2.5.8 We have one of the most comprehensive diffusion tube monitoring networks in London and have secured funding from the South London Partnership to introduce 68 new Breathe London monitors throughout the borough, as well as traffic/transport monitors. These monitors will capture PM<sub>10</sub> & 2.5s in detail and will help us identify and tackle causes of this pollutant over the coming years.
- 2.5.9 Merton actively works with community groups as part of our citizen science scheme to monitor air pollution with the community in key priority areas of the borough.
- 2.5.10 Our Healthy Streets Everyday (HSE) project has commissioned the building of Park-lets & Environmental Areas.
- 2.5.11 Anti-idling is also a priority for the borough and we are part of the London-wide Anti Idling project. We have trained CEOs in the borough and have

started to host events now that the engagement rules under COVID have relaxed. We want to host many more events and are reaching out to schools and community groups that want to play an active role, or can identify problem locations in the borough.

- 2.5.12 With our Public Health partners, we have started a Behaviour Insights project that looks specifically at anti-idling, this will be focusing on the level crossings in the borough and the assessment or interventions to promote switching off engines.
- 2.5.13 The Clean Air Village project at Wimbledon has entered its second year and we are focusing activities to help support businesses to tackle air pollution with a focus on cargo bikes and deliveries.
- 2.5.14 In 2022 we will start to refresh our new Air Quality Action Plan which will again be subject to full consultation and we welcome actively working with the community and partners.

### **3 ALTERNATIVE OPTIONS**

- 3.1. **Option 1:** Proceed with emissions based charges as planned (do nothing option).

Since Cabinet first reviewed the potential implementation of Emissions Based Charging there have been a number of significant external economic factors that now need to be taken onto account. Implementing this policy may have an additional detrimental impact on those on low incomes that are dependent on a vehicle.

- 3.2. **Option 2:** Review the emissions based charges proposals and revise the recommendations and charging structure.

This option could see an alternative form of emissions-based charges introduced at some point in the future. These would be intended to further increase the continued shift to cleaner, greener vehicles observed in the borough so far. While consultation has generally been negative, this option could also be designed to mitigate the financial impact that would still be placed on those most economically disadvantaged, particularly by the COVID-19 pandemic and other general cost of living increases.

- 3.3. **Option 3:** Recommended Option – No longer proceed with the proposal to implement emissions based parking charges.

This would provide residents with the reassurance that they will not be further financially disadvantaged. It would also allow the Council to monitor the ongoing improvements in air quality as a result of the shift to cleaner, greener vehicles and less of people using their vehicles less, which has already been evidenced.

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

Not applicable

## 5 TIMETABLE

- 5.1. If the decision is taken to no longer proceed with the scheme, then there will be no further action required. The revised emission based charging scheme has yet to be implemented.

## 6 FINANCE

### 6.1. Financial, resource and property implications

- 6.1.1 If the decision is taken not to implement emission based charging in 2021/22, the financial impact in year will be £964k. The net saving of £750k (reference ENV2021-04) in this financial year is a net saving figure after having allowed for additional ongoing revenue costs for the payment modernisation project which is still forecast to go ahead but will now not be covered by additional income if the emission based charging scheme is not implemented. The total impact in year is therefore greater than the £750k net saving target. If it is approved for the scheme to no longer go ahead the saving will require review as part of the MTFS planning, the saving currently incorporated into the MTFS increases from £750k to £1.5m in 2022/23, though the full pressure would be £1.684m due to continuing costs of the modernisation payment machines.
- 6.1.2 The pressures from the unachieved saving and additional costs for future years are summarised below:

	2022/23	2023/24	2024/25
Budget impact of emissions based charging taking into account income reduction and relevant costs	1,684,356	1,084,356	509,356

- 6.1.3 The additional £964k pressure in year has been reflected within the period 5 (August) financial monitoring report to Cabinet and included within the overall adverse variance forecast for 2021/22. At year end the overall adverse variance for the Council will require funding from the contingency budget.
- 6.1.4 The Financial Monitoring Report and the Business Plan Report elsewhere on this agenda reflect and address the impact in 2021/22 and the MTFS from 2022/23 – 2025/26

## 7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. The introduction of emissions based charging would have required an order to be made under the Local Authorities' Traffic Orders (Procedure) (England and Wales) Regulations 1996. In accordance with those regulations, a notice of proposals was published on 10 September 2020 but no order has formally been made. No objections were received to the proposals. Such a notice having been published, there is no obligation on the Council to proceed to make the order. In deciding whether or not to proceed, members should be

satisfied that there is a rational basis for not doing so and be cognisant of the financial consequences of their decision, bearing in mind their fiduciary duty to council tax payers.

7.2. If members decide not to implement emissions based charging at this stage but subsequently wish to proceed, it should be noted that unless it does so within 2 years of the notice of proposals (that is by 10 September 2022), that notice will in effect lapse. It would therefore be necessary to start the process of making the order afresh. This would involve consulting the statutory consultees and such other representative organisations as are considered appropriate.

### 7.3. **Decision-making: Public Sector Equality Duty (PSED)**

7.3.1 In reaching their previous decision to implement emissions based charging, members had regard to the need to:

- (i) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this act;
- (ii) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (iii) foster good relations between persons who share a relevant characteristic and persons who do not share it.

*\*(Public Sector Equality Duty (s.149 Equality Act 2010))*

7.3.2 Should members decide not to proceed with that policy then they should consider the equalities impact assessment accompanying this report to understand the implications of not doing so for people with protected characteristics.

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

8.1. The Council continues to be mindful of economic challenges facing many residents and visitors to the borough, particularly recent pressures on cost of living, including the reversal of the universal credit uplift and the National insurance increase. In light of these developments, introducing emissions based charging carries an increased risk of financial hardship, particularly for residents in CPZs on lower incomes who rely on a vehicle and for that reason the Council has concluded that it is not appropriate to implement the proposals.

8.2. No engagement at this time as been undertaken with Equality Groups for the drafting of this report, as responses had already been received in earlier consultations.

8.3. An equalities assessment EA accompanies this report as appendix 2

## 9 **CRIME AND DISORDER IMPLICATIONS**

There are no crime and disorder implications



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

There are no health and safety implications associated with this report at present.

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

- Appendix 1 – Detail of Residential Permit Sales by Category and Area
- Appendix 2 – Equalities Assessment (October 2021)

**12 BACKGROUND PAPERS**

### Detail of Residential Permits Sales by Category and by Area

The table below shows the percentage of drivers who have most recently purchased a Permit in bands A-H, but had originally bought a Permit in the higher bands I-M. The data shows that in 2018/19 51% of Permits were sold in bands I-M but this has now reduced to 37%.

2018/19 Data					2020/21 Data				
A-H	%A-H	I-M	%I-M	Total	A-H	%A-H	I-M	%I-M	Total
425	49%	444	51%	869	544	64%	303	36%	847
2391	47%	2656	53%	5047	3000	62%	1818	38%	4818
707	47%	782	53%	1489	881	60%	595	40%	1476
A-H	%A-H	I-M	%I-M	Total	A-H	%A-H	I-M	%I-M	Total
27	76%	9	24%	35	10	83%	2	17%	12
3423	51%	3307	49%	6730	4202	65%	2227	35%	6429
373	47%	427	53%	799	491	63%	283	37%	773
A-H	%A-H	I-M	%I-M	Total	A-H	%A-H	I-M	%I-M	Total
91	46%	107	54%	198	112	59%	79	41%	190
1027	45%	1243	55%	2270	1749	63%	1044	37%	2793
27	42%	36	58%	63	36	58%	26	42%	61
2018/19 Data					2020/21 Data				
A-H	%A-H	I-M	%I-M	Total	A-H	%A-H	I-M	%I-M	Total
8489	49%	9011	51%	17500	11024	63%	6376	37%	17400

The table below shows the locations of each of the CPZ.

Area	CPZ	CPZ	CPZ	CPZ	CPZ	CPZ	
Cannon Hill	CH						
Colliers Wood	CW5	CW5	CW2	CW4	CW1	CW3	
Copse Hill	VSW1	VSW	VSW2				
Haydons Road	H2	H1					
Merton Park	MP1	MP2	MP3				
Mitcham	MTC	MT					
Morden	M2	M1	M3				
Raynes Park	RPS	RPC	RPE	RP	RPN	RPW	RPC1
South Wimbledon	S1	S2	3F	S3	4F	SW	SW1
Tooting	GC2	GC	GC1				
West Barnes	WB2	WB1					
Wimbledon	3E	2F	VOn	VOt			
Wimbledon Chase	5F	A1					
Wimbledon Common	VC	VOs	VN	VQ			
Wimbledon Park	P2	P2S	P1	P3	VNe	VNs	
Wimbledon Town Centre	W4	W7	W1	W3	W2	W6	W5

## Emissions Based Parking Charges- Equalities Assessment (October 2021)

## Equality Analysis



Please refer to the guidance for carrying out Equality Assessments is available on the intranet	
What are the proposals being assessed?	The Council is recommending to no longer proceed with the Emissions Based Charging (EBC) scheme because It is recognised that there is and will continue to be a significant economic impact on hard pressed households.

Which Department/ Division has the responsibility for this?	Parking Services, Environment and Regeneration
---	--

Stage 1: Overview	
Name and job title of lead officer	Ben Stephens, Head of Parking
1. What are the aims, objectives and desired outcomes of your proposal? (Also explain proposals	<p><b>Background</b></p> <p>Since Cabinet first reviewed the potential implementation of Emissions Based Charging there have been a number of significant economic factors that now need to be taken onto account to determine whether the</p>

e.g. reduction/removal of service, deletion of posts, changing criteria etc.)

current proposals that were due to be implemented from October 2021 should still go ahead. These are set out in the bullet points below:

- The current furlough scheme will cease to exist from the end of September 2021 which may have a significant impact on the number of residents who may find their incomes affected by reduced working hours or indeed redundancy.
- The current additional payment of an extra £20 per week to Universal Credit payments will also cease to be paid from early October. This will affect the hardest hit families in the Borough.
- The recent price hikes and on-going uncertainty regarding the increased prices in energy, alongside current inflation rates of 4.8%, will also add an additional burden to hard hit families from October 2021.
- The Government has also recently announced a 1.5% increase to National Insurance from April next year.
- All of the above are important factors that need to be taken into consideration when balanced with additional financial burdens from other areas e.g. Emissions Based Charging.

The table below shows that 15% of Residential Permit holders have most recently bought a Permit, which is in a lower banded category than 2 years ago. The table also shows that the move to lesser polluting vehicles is consistent across all areas of the borough and irrespective of the length of enforcement of any Controlled Parking Zone.

	<table border="1"> <thead> <tr> <th></th> <th>CPZ and respective tier level.</th> <th>Reduction in Residential Permit sales from band I to M to lesser polluting bands A to H between 2018/19 to 2020/2 data</th> </tr> </thead> <tbody> <tr> <td><b>Tier 1</b></td> <td></td> <td></td> </tr> <tr> <td>Long Enf Hrs</td> <td>W3, W4</td> <td>-15%</td> </tr> <tr> <td>Medium Enf Hrs</td> <td>2F, 3E, 3F, 4F, 5F, VC, VOn, VOs, VOt, W2, W5, W6, W7, P3</td> <td>-15%</td> </tr> <tr> <td>Short Enf Hrs</td> <td>P1, P2 ,P2s</td> <td>-12%</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th></th> <th>CPZ and respective tier level.</th> <th>Reduction in Residential Permit sales from band I to M to lesser polluting bands A to H between 2018/19 to 2020/2 data</th> </tr> </thead> <tbody> <tr> <td><b>Tier 2</b></td> <td></td> <td></td> </tr> <tr> <td>LONG</td> <td>CW5, MP4</td> <td>-8%</td> </tr> <tr> <td>Medium</td> <td>CW, CW1, CW2, CW4, M1, M2, M3, MP1, MP2, MP3, S1, S2, S3, SW, SW1, A1, RP, RPE, RPN, RPS, H1, H2, VN, VSW, VSW2, W1, VNe, VN</td> <td>-14%</td> </tr> <tr> <td>Short</td> <td>RPW, RPC, RPC1, VSW1, VQ, CH.</td> <td>-17%</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th></th> <th>CPZ and respective tier level.</th> <th>Reduction in Residential Permit sales from band I to M to lesser polluting bands A to H between 2018/19 to 2020/2 data</th> </tr> </thead> <tbody> <tr> <td><b>Tier 3</b></td> <td></td> <td></td> </tr> <tr> <td>LONG</td> <td>MTC, WB1</td> <td>-13%</td> </tr> <tr> <td>Medium</td> <td>CW3, GC, GC1, GC2, GC3, WB2, MTC1, MTC2</td> <td>-17%</td> </tr> <tr> <td>Short</td> <td>MT</td> <td>-16%</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th></th> <th>All Area/CPZs</th> <th>Reduction in Residential Permit sales from band I to M to lesser polluting bands A to H between 2018/19 to 2020/2 data</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td>15%</td> </tr> </tbody> </table>		CPZ and respective tier level.	Reduction in Residential Permit sales from band I to M to lesser polluting bands A to H between 2018/19 to 2020/2 data	<b>Tier 1</b>			Long Enf Hrs	W3, W4	-15%	Medium Enf Hrs	2F, 3E, 3F, 4F, 5F, VC, VOn, VOs, VOt, W2, W5, W6, W7, P3	-15%	Short Enf Hrs	P1, P2 ,P2s	-12%		CPZ and respective tier level.	Reduction in Residential Permit sales from band I to M to lesser polluting bands A to H between 2018/19 to 2020/2 data	<b>Tier 2</b>			LONG	CW5, MP4	-8%	Medium	CW, CW1, CW2, CW4, M1, M2, M3, MP1, MP2, MP3, S1, S2, S3, SW, SW1, A1, RP, RPE, RPN, RPS, H1, H2, VN, VSW, VSW2, W1, VNe, VN	-14%	Short	RPW, RPC, RPC1, VSW1, VQ, CH.	-17%		CPZ and respective tier level.	Reduction in Residential Permit sales from band I to M to lesser polluting bands A to H between 2018/19 to 2020/2 data	<b>Tier 3</b>			LONG	MTC, WB1	-13%	Medium	CW3, GC, GC1, GC2, GC3, WB2, MTC1, MTC2	-17%	Short	MT	-16%		All Area/CPZs	Reduction in Residential Permit sales from band I to M to lesser polluting bands A to H between 2018/19 to 2020/2 data			15%
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2. How does this contribute to the council's corporate priorities?	<p>Whilst the recommendation proposes that the Council no longer proceeds with the introduction of the emissions based charging scheme, there is already evidence of a shift to lower polluting vehicles and these priorities must also be balanced in conjunction with the need to support families on low incomes, and continuing to deal with the ongoing effects of the COVID-19 pandemic.</p>																																																			
3. Who will be affected by this proposal? For example who are the external/internal customers,	<p>All residents, businesses, workers and visitors across the borough are potentially affected.</p> <p>By recommending to no longer proceed with the proposal to introduce emissions based parking charges, this has the potential to avoid further economic pressures that affect residents, businesses, workers and visitors to the borough, particularly across low socio-economic groups.</p>																																																			

<p>communities, partners, stakeholders, the workforce etc.</p>	
<p>4. Is the responsibility shared with another department, authority or organisation? If so, who are the partners and who has overall responsibility?</p>	<p>Responsibility is shared with the following departments, organisations and partners: Public Health, Future Merton, Planning, Environmental Health, Department for Transport, NHS, Mayor of London, TfL, Transport Operators.</p>

**Stage 2: Collecting evidence/ data**

**5. What evidence have you considered as part of this assessment?**

Provide details of the information you have reviewed to determine the impact your proposal would have on the protected characteristics (equality groups).

**Merton's profile:**

Merton has a diverse and growing population. Data from the housing-led population projections for London which are produced by GLA Demography estimate the future trajectory of London's population at local authority level. Merton has a projected resident population of 211,787 for 2020 which is projected to increase to 224,502 by 2030. The Female population slightly exceeds the male population, particularly in the over 75 age groups.



Date: 2020 Source: GLA

2020 population projection for all persons by 5 year age group are shown in the chart above.

Merton's 2020 projected ethnic makeup is shown in the following chart.



Date: 2020 Source: GLA

It is considered that those from low socio economic groups including the elderly and BAME community will be the most impacted from no longer proceeding with the emissions based charging scheme as these groups will have likely been the most disadvantaged by the effects of the COVID pandemic and are also the least likely to be able to easily change their vehicle type to a newer vehicle that would benefit from reduced parking charges. This is allied with an understandable reluctance to use public transport because they are statistically at an increased risk of transmission.

**Stage 3: Assessing impact and analysis**

**6. From the evidence you have considered, what areas of concern have you identified regarding the potential negative and positive impact on one or more protected characteristics (equality groups)?**

Page 22

Protected characteristic (equality group)	Tick which applies		Tick which applies		Reason Briefly explain what positive or negative impact has been identified
	Positive impact		Potential negative impact		
	Yes	No	Yes	No	
Age	X		X		<p><b>Positive Impact</b></p> <p>The elderly will have likely been one of the most impacted by the effects of the COVID pandemic as they have been unable to be as mobile because of the increased risk of transmission of COVID. The elderly are also potentially less likely to be able to easily change their vehicle type to a newer vehicle that would benefit from reduced charges. This is allied with an understandable reluctance to use public transport because they are statistically at an increased risk of transmission.</p> <p><b>Negative Impact</b></p> <p>The young may be more vulnerable to the transport issues associated with high levels of car use and emissions. In particular, young children are more vulnerable to the effects of air pollution and young adults suffer a disproportionately high level of road traffic accidents (TfL 2019).</p>



					Notwithstanding this, the body of the main report sets out the wider range of measures that the council has, and will, implement to reduce air quality emissions across the borough.
<b>Disability</b>	X		X		<p><b>Positive Impact</b></p> <p>This group will have likely been one of the most impacted by the effects of the COVID pandemic and are also less likely to be able to easily change their vehicle type to a newer vehicle that would benefit from reduced parking charges (assuming they have not acquired or are not eligible for a blue badge), particularly if the vehicle has been modified to accommodate the disability. This is allied with an increased difficulty in using public transport due to disabilities.</p> <p><b>Negative Impact</b></p> <p>This group may be more vulnerable to the transport issues associated with high levels of car use and emissions.</p> <p>Existing congestion and parking dominance can negatively affect accessibility within the street environment particularly for those in wheelchairs or with walking/mobility disabilities.</p> <p>Notwithstanding this, the body of the main report sets out the wider range of measures that the council has, and will, implement to reduce air quality emissions across the borough.</p>
<b>Gender Reassignment</b>		X		X	<p><b>Positive Impact</b></p> <p>None identified</p> <p><b>Negative Impact</b></p> <p>None identified</p>
<b>Marriage and Civil Partnership</b>		X		X	<p><b>Positive Impact</b></p> <p>None identified</p> <p><b>Negative Impact</b></p> <p>None identified</p>
<b>Pregnancy and</b>	X		X		<p><b>Positive Impact</b></p> <p>Pregnant and new parents are more likely to be dependent upon the use of a personal vehicle</p>

<b>Maternity</b>				<p>for transport mode, whilst potentially not being in a financial position to change the vehicle because of reduced or no income during maternity and also the additional cost of all items required for new babies.</p> <p><b>Potential Negative Impact</b></p> <p>Existing congestion and parking dominance can negatively affect accessibility within the street environment particularly for parents with pushchairs. According to a report by UNICEF babies and young children are particularly vulnerable to the effects of air pollution which can lead to or exacerbate respiratory illnesses in developing lungs. Notwithstanding this, the body of the main report sets out the wider range of measures that the council has, and will, implement to reduce air quality emissions across the borough.</p>
<b>Race</b>	X		X	<p><b>Positive Impact</b></p> <p>BAME groups have suffered more than most during COVID as not only are they more likely to catch the virus, the symptoms are also likely to be more severe, therefore they are at an increased risk when (forced) to use public transport. This is coupled with BAME groups often being more socio-economically disadvantaged and therefore negatively impacted by the current economic situation which is set to worsen with the ending of the furlough scheme and increases in cost of living due.</p> <p><b>Negative Impact</b></p> <p>Research has shown that poor air quality is more likely to affect those from BAME backgrounds. Notwithstanding this, the body of the main report sets out the wider range of measures that the council has, and will, implement to reduce air quality emissions across the borough.</p>
<b>Religion/ belief</b>		X	X	<p><b>Positive Impact</b></p> <p>Non identified</p> <p><b>Negative Impact</b></p> <p>None identified</p>
<b>Sex</b>		X	X	<b>Positive Impact</b>

<b>(Gender)</b>					None identified  <b>Negative Impact</b> None identified
<b>Sexual Orientation</b>		X		X	<b>Positive Impact</b> None identified <b>Negative Impact</b> None identified
<b>Socio-economic status</b>	X			X	<b>Positive Impact</b> The socio-economically disadvantaged have been the most negatively impacted by the current economic situation (due to COVID) which is set to worsen with the ending of the furlough scheme and increases in cost of living due. This group are less likely to be able to easily change their vehicle type to a newer vehicle that would benefit from reduced charges if emissions based charges were implemented.  <b>Negative Impact</b> The socio-economically disadvantaged are more likely to be implicated by the effects of air quality. Notwithstanding this, the body of the main report sets out the wider range of measures that the council has, and will, implement to reduce air quality emissions across the borough.

**7. If you have identified a negative impact, how do you plan to mitigate it?**

The mitigations for disability, age, race, socio-economic status, pregnancy and maternity status are set out in the Action Plan below.

**Stage 4: Conclusion of the Equality Analysis**

**8. Which of the following statements best describe the outcome of the EA (Tick one box only)**

Please refer to the guidance for carrying out Equality Assessments is available on the intranet for further information about these outcomes and what they mean for your proposal

- Outcome 1** – The EA has not identified any potential for discrimination or negative impact and all opportunities to promote equality are being addressed.
- Outcome 2** – The EA has identified adjustments to remove negative impact or to better promote equality.
- Outcome 3** – The EA has identified some potential for negative impact or some missed opportunities to promote equality and it may not be possible to mitigate this fully.
- Outcome 4** – The EA shows actual or potential unlawful discrimination.

**Stage 5: Improvement Action Plan**

**9. Equality Analysis Improvement Action Plan template – Making adjustments for negative impact**

Negative impact/ gap in information identified in the Equality Analysis	Action required to mitigate	How will you know this is achieved? e.g. performance measure/ target)	By when	Existing or additional resources?	Lead Officer	Action added to divisional/ team plan?
<p><b>Age</b> This group may be more vulnerable to the transport issues associated with high levels of car use and emissions. In particular, young children are more vulnerable to the effects of air pollution and young adults suffer a disproportionately high level of road traffic accidents (TfL 2019).</p>	<p>The green shoots of a shift to cleaner, greener vehicles and the impacts of COVID have already impacted on how residents are choosing to travel.</p> <p>Merton has already implemented and will continue to deliver a wide range of measures to support sustainable travel choices and to tackle climate change and air quality. The full range of actions the Council is taking are set out in <a href="#">Transport Strategy (LIP3)</a>, <a href="#">Air Quality Action Plan</a>, and the <a href="#">Climate Strategy and Action Plan</a> and are summarised in the following sections.</p>	Targets	Current	Existing	Ben Stephens	Yes

<p><b>Pregnancy and Maternity</b></p> <p>Existing congestion and parking dominance can negatively affect accessibility within the street environment particularly for parents with pushchairs. According to a report by Unicef babies and young children are particularly vulnerable to the effects of air pollution which can lead to or exacerbate respiratory illnesses in developing lungs.</p>	<p>The green shoots of a shift to cleaner, greener vehicles and the impacts of COVID have already impacted on how residents are choosing to travel.</p> <p>Merton has already implemented and will continue to deliver a wide range of measures to support sustainable travel choices and to tackle climate change and air quality. The full range of actions the Council is taking are set out in <a href="#">Transport Strategy (LIP3)</a>, <a href="#">Air Quality Action Plan</a>, and the <a href="#">Climate Strategy and Action Plan</a> and are summarised in the following sections.</p>	Targets	Current	Existing	Ben Stephens	Yes
<p><b>Disability</b></p> <p>This group may be more vulnerable to the transport issues associated with high levels of car use and emissions.</p> <p>Existing congestion and parking dominance can negatively affect accessibility within the street environment particularly for those in wheelchairs or with walking/mobility disabilities.</p>	<p>The green shoots of a shift to cleaner, greener vehicles and the impacts of COVID have already impacted on how residents are choosing to travel.</p> <p>Merton has already implemented and will continue to deliver a wide range of measures to support sustainable travel choices and to tackle climate change and air quality. The full range of actions the Council is taking are set out in <a href="#">Transport Strategy (LIP3)</a>, <a href="#">Air Quality Action Plan</a>, and the <a href="#">Climate Strategy and Action Plan</a> and are summarised in the following sections.</p>	Targets	Current	Existing	Ben Stephens	Yes

<p><b>RACE</b>          BAME groups have suffered more than most during COVID as not only are they more likely to catch the virus, the symptoms are also likely to be more severe, therefore they are at an increased risk when (forced) to use public transport. This is coupled with BAME groups often being more socio-economically disadvantaged and therefore negatively impacted by the current economic situation which is set to worsen with the ending of the furlough scheme and increases in cost of living due.</p> <p>Research has shown that poor air quality is more likely to affect those from BAME backgrounds.</p>	<p>Positive and negative</p> <p>The green shoots of a shift to cleaner, greener vehicles and the impacts of COVID have already impacted on how residents are choosing to travel.</p> <p>Merton has already implemented and will continue to deliver a wide range of measures to support sustainable travel choices and to tackle climate change and air quality. The full range of actions the Council is taking are set out in <a href="#">Transport Strategy (LIP3)</a>, <a href="#">Air Quality Action Plan</a>, and the <a href="#">Climate Strategy and Action Plan</a> and are summarised in the following sections.</p>	<p>Targets</p>	<p>Current</p>	<p>Existing</p>	<p>Ben Stephens</p>	<p>Yes</p>
<p><b>Socio-economic status.</b>          The socio-economically</p>	<p>Positive and negative</p>	<p>Targets</p>	<p>Current</p>	<p>Existing</p>	<p>Ben</p>	<p>Yes</p>

<p>disadvantaged have been the most negatively impacted by the current economic situation (due to COVID) which is set to worsen with the ending of the furlough scheme and increases in cost of living due. This group are less likely to be able to easily change their vehicle type to a newer vehicle that would benefit from reduced charges if emissions based charges were implemented.</p> <p>The socio-economically disadvantaged are more likely to be implicated by the effects of air quality. Notwithstanding this, the body of the main report sets out the wider range of measures that the council has, and will, implement to reduce air quality emissions across the borough..</p>	<p>The green shoots of a shift to cleaner, greener vehicles and the impacts of COVID have already impacted on how residents are choosing to travel.</p> <p>Merton has already implemented and will continue to deliver a wide range of measures to support sustainable travel choices and to tackle climate change and air quality. The full range of actions the Council is taking are set out in <a href="#">Transport Strategy (LIP3)</a>, <a href="#">Air Quality Action Plan</a>, and the <a href="#">Climate Strategy and Action Plan</a> and are summarised in the following sections.</p>				Stephens	
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**Note that the full impact of the decision may only be known after the proposals have been implemented; therefore, it is important the effective monitoring is in place to assess the impact.**



## Stage 6: Reporting outcomes

### 10. Summary of the equality analysis

This section can also be used in your decision-making reports (CMT/Cabinet/etc.) but you must also attach the assessment to the report, or provide a hyperlink

This Equality Analysis has resulted in an Outcome **3** Assessment

**Please include here a summary of the key findings of your assessment.**

There are both negative and positive impacts identified by the EA.

Officers have reviewed the equity of the proposals and accept that there will be some residents who may be negatively impacted. However, in light of the mitigation set out above the level of impact is assessed as likely to be low. The council considers that the impact is proportionate to the legitimate aim sought to be achieved and that this will have a positive impact on residents.

#### **Positive Impact**

A significant proportion of residents and visitors from affected groups will financially benefit from no longer proceeding with emissions based parking charges and there has already been a significant shift to cleaner, greener vehicles and less car usage.

#### **Neutral Impact**

There are no implications for Blue Badge Holders or Carer's permits.

#### **Negative Impact**

Some groups will be affected as it may take slightly longer than anticipated to achieve air quality and reduction in pollution targets, although this is unconfirmed because of the change in travel patterns as a result of COVID and also the shift witnessed so far to cleaner, greener vehicles as a result of local and London wide initiatives.

### Monitoring

The EA Plan and the policy will be kept under review and representatives of the affected groups will be consulted with to assess ongoing impacts and further mitigations.

There is a commitment that the EA Plan will be reviewed in 12 months' time and will be published on the Council's website.

### **What course of action are you advising as a result of this assessment?**

Section 5 – Improvement Action Plan sets out the actions and timescales proposed to be undertaken.

### **Stage 7: Sign off by Director/ Head of Service**

<b>Assessment completed by</b>	Ben Stephens – Head of Parking Services	<b>Signature:</b> <i>Ben Stephens</i>	<b>Date:</b> 29/09/2021
<b>Improvement action plan signed off by Director/ Head of Service</b>	Chris Lee – Director of Environment and Regeneration	<b>Signature:</b> <i>Chris Lee</i>	<b>Date:</b> 30/09/2021

## **Committee: Cabinet**

**Date: 11<sup>th</sup> Oct 2021**

Wards: All

## **Subject: South London Waste Partnership Food and Garden Waste Processing Procurement**

Lead officer: John Bosley Assistant Director Public Space

Lead member: Cllr Natasha Irons

Contact officer: Charles Baker

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### **Recommendations:**

- A. Following the procurement process set out below, and subject to approvals through the relevant governance processes in LBs Croydon, Kingston, and Sutton, that Cabinet approve the South London Waste Partnerships (SLWP) recommendations for the RB Kingston (procuring authority on behalf of SLWP) to award Lot 1 to Bio Collectors, Lot 3.1 to Country Style, Lot 3.2 to Olleco, and Lots 5.1 and 5.2 to SUEZ
- B. If approved the contracts would be for an initial period of 4 years and 7 months commencing on 1 September 2022, with possible extensions up to 31 March 2030 for a total contract value of £16m for the full term.
- C. To delegate authority to the Director of Environment and Regeneration in consultation with the Cabinet Member to agree any future contract extension on behalf of LB Merton.

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

- 1.1. The purpose of this report is to recommend the award of four contracts for the handling, haulage and treatment of food and green garden wastes produced by residents in the four South London Waste Partnership boroughs: RB Kingston, and LBs Croydon, Merton and Sutton.
- 1.2. The South London Waste Partnership (SLWP) was formed in 2003 by the four London boroughs of Croydon, Kingston, Merton and Sutton. Their shared objective was to work together to provide improved and more cost-effective waste management services to the 4 boroughs and their residents.
- 1.3. In the 17 years since the Partnership was established, the boroughs have faced huge environmental and financial challenges. The SLWP has provided the boroughs with a platform to pool their resources and expertise when responding to these challenges, and has resulted in some particularly innovative solutions.
- 1.4. Since its inception, the South London Waste Partnership has consistently demonstrated that it can deliver high quality, environmentally and financially sustainable solutions to the boroughs; the waste treatment contract alone is forecast to save £200m. With the boroughs struggling to balance the books

in the face of unrelenting downward pressure on their finances, these sorts of savings have proven invaluable.

## **2 DETAILS**

- 2.1. The contracts used by the South London Waste Partnership to handle haul and treat food and green garden wastes expire at the end of August 2022. In relation to LBs Croydon, Merton and Sutton the incumbent contractor, Viridor, is not in a position to extend these contracts because planning permission for the receipt of these wastes at Beddington expires at the end of December 2022, and the company owns no suitable alternative site. In relation to RB Kingston, Viridor has confirmed that they do not wish to extend the contracts for the handling and treatment of these wastes at the Council's transfer station at Villiers Road.
- 2.2. Soft market testing indicated that there was limited commercial interest in these contracts in their current form. In particular there are limited commercial waste transfer stations in the Partnership area capable of receiving the type and quantities of food and green waste produced by residents. In order to increase competition the project team developed proposals for the refurbishment and recommissioning of the mothballed local authority waste transfer station at Factory Lane in Croydon. This transfer station has not been operational since 2008, and it is not in a condition currently to receive wastes. The cost of refurbishing the transfer station to make it fit for purpose was estimated using structural and electrical surveys and a desk-top modelling exercise.
- 2.3. In order to further increase competition, the project team structured the procurement in nine separate Lots: two lots relating to the collection and treatment of wastes received at Kingston's waste transfer station ('Villiers Road'); and seven lots relating to the receipt, handling, haulage and treatment of wastes produced by residents in Croydon, Merton and Sutton. This nine Lot structure had the effect of encouraging much wider market interest in the contracts on offer, including from specialist food treatment companies and farmers, as well as the anticipated major waste multinationals.
- 2.4. The seven Lots relating to Croydon, Merton, and Sutton were not each mutually exclusive. Instead the individual Lots proposed various different and overlapping ways of delivering the same services that the boroughs required. Consequently it was made clear in the Invitation to Tender that not all Lots could or would be awarded. The evaluation process would determine the most economically advantageous tender for each Lot, producing Winning Tenders, and the Council would subsequently determine which combination of these Winning Tenders would provide the optimal service coverage for the three Partnership boroughs. Consequently some tenders that were the Winning Tenders within their specific Lot were bound not to be awarded contracts.
- 2.5. The two Lots relating to RB Kingston (Lots 3.1 and 3.2) are independent of the other seven Lots, and this report recommends acceptance of the most economically advantageous tenders for each of the Kingston Lots.

- 2.6. In relation to the services required by Croydon, Merton, and Sutton, this report recommends the award of a contract to a specialist anaerobic digestion plant in Mitcham to receive up to 5,000 tonnes of food waste directly delivered by collection vehicles (Lot 1), with the remainder of the three boroughs' food and green garden wastes being delivered to a commercial waste transfer station (Lots 5.1 and 5.2).
- 2.7. If approved these contracts will provide the Partnership with a number of benefits, including the fuelling of some waste transport vehicles with biogas generated from food waste, haulage using vehicles accredited to FORS 'Silver' standard, and a corporate commitment to annual carbon management planning and greenhouse gas auditing.
- 2.8. CONTEXT
- 2.9. The food and green waste project is complex and high risk due to the shortage of local waste transfer station facilities capable of accepting food and green waste on behalf of Croydon Merton and Sutton. With limited local commercial transfer stations capable of serving the three boroughs, the Partnership faced poor competition at best, or an incomplete solution for the green and the food waste services. The worst case scenario being that the three boroughs would not receive a bid, and this risk carried an annual liability of £6m in additional food and green waste treatment costs.
- 2.10. Due to the risks identified for Merton Croydon and Sutton, a multiple lot tender was developed. The project team split the two waste streams and then designed 9 lots that would enable both the major operators in the area to bid as well as open-up this opportunity. This approach enabled the smaller AD operators to bid directly to collect and treat the food waste and allowed the farmers to bid directly for the collection and treatment of the green. This approach created a great deal of market interest and was very successful in creating competitive tension.
- 2.11. Two Lots were designed for the Royal Borough of Kingston, the first for the collection haulage and treatment of green waste from the Villiers Road Waste transfer station, and the second for the collection haulage and treatment of food waste from the same waste transfer station. A further seven lots designed for Merton Croydon and Sutton.
- 2.12. It is inevitable that, as a result of the structure of this Procurement Process not all Lots would be awarded.
- 2.13. The full list of Lots included in the Invitation to Tender is set out in the table below, together with a column showing how many tenders were received for each Lot.

LOTS	Description	Bids received
LOT 1	Direct delivery of food waste to a treatment facility – up to 5000 tonnes only	1
LOT 2.1	Collect green waste from Factory Lane transfer station and treat the waste at the contractor's nominated treatment facility(ies)	5
LOT 2.2	Collect food waste from Factory Lane transfer station and treat the waste at the contractor's nominated treatment facility(ies)	6

LOT 3.1	Collect green waste from Villiers Road transfer station and treat the waste at the contractor's nominated treatment facility(ies)	6
LOT3.2	Collect food waste from Villiers Road transfer station and treat the waste at the contractor's nominated treatment facility(ies)	5
LOT 4.1	Receive green waste at the contractor's nominated receipt point and haul it away for treatment at a local authority nominated facility	1
LOT4.2	Receive food waste at the contractor's nominated receipt point and haul it away for treatment at a local authority nominated treatment facility	1
LOT 5.1	Receive green waste at the contractor's nominated receipt point and haul it away for treatment at the contractor's nominated treatment facility(ies) 1	1
LOT 5.2	Receive food waste at the contractor's nominated receipt point and haul it away for treatment at the contractor's nominated treatment facility(ies)	1

- 2.14. The winning tenders for each LOT were as follows
- 2.15. Lot 1 Direct delivery of food waste to a treatment facility – up to 5000 tonnes only. A compliant bid for Lot 1 was received and evaluated and produced the 'Lot 1 Winning Tender' from Bidder A.
- 2.16. Lot 2.1 Collect green waste from Factory Lane transfer station and treat the waste at the contractor's nominated treatment facility (ies). A number of compliant bids were received for Lot 2.1. The bids were evaluated and produced the 'Lot 2.1 Winning Tender' from Bidder B.
- 2.17. Lot 2.2 Collect food waste from Factory Lane transfer station and treat the waste at the contractor's nominated treatment facility (ies). A number of compliant bids were received for Lot 2.2, the bids were evaluated and produced the 'Lot 2.2 Winning Tender' from Bidder C.
- 2.18. LOT 3.1 Collect green waste from Villiers Road transfer station and treat the waste at the contractor's nominated treatment facility (ies). A number of compliant bids were received for Lot 3.1. The bids were evaluated and produced the 'Lot 3.1 Winning Tender' from Bidder B.
- 2.19. LOT 3.2 Collect food waste from Villiers Road transfer station and treat the waste at the contractor's nominated treatment facility (ies). A number of compliant bids were received for Lot 3.2, the bids were evaluated and produced the 'Lot 3.2 Winning Tender' from Bidder C.
- 2.20. LOT 4.1 Receive green waste at the contractor's nominated receipt point and haul it away for treatment at a local authority nominated facility. A compliant bid for Lot 4.1 was received and evaluated and produced the 'Lot 4.1 Winning Tender' from Bidder D.
- 2.21. LOT 4.2 Receive food waste at the contractor's nominated receipt point and haul it away for treatment at a local authority nominated treatment facility. A compliant bid for Lot 4.2 was received and evaluated and produced the 'Lot 4.2 Winning Tender' from Bidder D.
- 2.22. LOT 5.1 Receive green waste at the contractor's nominated receipt point and haul it away for treatment at the contractor's nominated treatment facility

(ies). A compliant bid for Lot 5.1 was received and evaluated and produced the 'Lot 5.1 Winning Tender' from Bidder D.

2.23. LOT 5.2 Receive food waste at the contractor's nominated receipt point and haul it away for treatment at the contractor's nominated treatment facility (ies). A compliant bid for Lot 5.2 was received and evaluated and produced the 'Lot 5.2 Winning Tender' from Bidder D.

2.24. **The Lots to be awarded are recommended as follows:**

2.25. The SLWP considered the combination of lots from Winning Tenders and the recommendation is to award the following lots that together when combined provide the optimum overall service coverage for the partner boroughs.

2.26. As stated above, it is inevitable that, due to the structure of this Procurement Process not all Lots would be awarded.

LOT	Winning Tender	Recommendation
Lot 1 - Direct Delivery of Food	Bidder A	Bio Collectors
Lot 2.1 - Factory Lane Green Waste	Bidder B	No Award
Lot 2.2 - Factory Lane Food waste	Bidder C	No Award
Lot 3.1 - Villiers Road Green waste	Bidder B	Country Style
Lot 3.2 - Villiers Road Food Waste	Bidder C	Olleco
Lot 4.1 - Transfer and haul Green	Bidder D	No Award
Lot 4.2 - Transfer and haul Food	Bidder D	No Award
Lot 5.1 - Transfer, haul, treat Green	Bidder D	SUEZ
Lot 5.2 - Transfer, haul, treat Food	Bidder D	SUEZ

### 3 ALTERNATIVE OPTIONS

3.1. The separate collection and subsequent treatment of food and green garden wastes are essential features of modern, sustainable household waste management, making a significant contribution to the recycling rate in each of the Partnership boroughs. These wastes are transformed by treatment into new products, including biogas that displaces fossil fuels, compost, and soil conditioner for agriculture.

3.2. The following options were considered:

- 3.3. Option 1. Do nothing. This option would mean that as the current contract expired the food and green garden wastes collected would have to be disposed of through the Beddington Energy from Waste facility, at a greatly increased cost, and with a very substantial reduction in the boroughs' reported recycling rates. This is not a viable option and is not recommended.
- 3.4. Option 2. Bring the service in-house. The Factory Lane transfer station offered the boroughs a viable in-house waste transfer station solution. However, none of the Partnership boroughs have access to the large specialised articulated vehicle fleets required to transport these wastes in bulk, nor do they own facilities nor have the expertise subsequently to treat the wastes at either a composting or AD facility. A completely in-house service does not provide a complete solution and so therefore to bring all the services in-house is not a viable option and is not recommended.
- 3.5. Option 3. Make available an unlimited tonnage of food waste for treatment at a local anaerobic digestion facility. Given the considerable environmental and social value benefits associated with local treatment of food waste this would be an attractive option were it not for the constraints around access to the single local site that could offer this direct-deliver service, in addition to the impact of diverting all of the Partnership's fleet through this residential area leading up to this site. The Partnership's food waste collection vehicles cannot risk delays while waiting to weigh and tip their loads, the collection schedules would be seriously disrupted. The need for the rapid turnaround of collection vehicles imposes a limit on the maximum amount of food waste that can be handled through a tightly constrained site. However this option has been partly fulfilled by offering a limited tonnage of waste for treatment through Lot 1, with the environmental and social advantages set out above.
- 3.6. Option 4. Recommission Factory Lane waste transfer station in Croydon and award Lot 2. The reasons for not awarding this option are set-out in the report.
- 3.7. Option 5. Award contracts for hauling away and treating RB Kingston's food and green garden waste (Lot 3). Kingston's access to a centrally-located, local authority controlled waste transfer station has proven to be a considerable asset during this procurement. Two competitive and competent tenders from bidders B and C to haul and treat Kingston's food and garden waste respectively were evaluated as offering the most economically advantageous solutions for Kingston, with significant environmental benefits associated with the treatments proposed. The option of awarding contracts to these bidders is recommended.
- 3.8. Option 6. Award contracts for providing a waste transfer station to receive food and green garden waste from LBs Croydon, Merton, and Sutton, for subsequent treatment at facilities nominated by the Partnership (Lot 4). This option took advantage of the fact that, while the incumbent contractor could not offer waste receipt and transfer facilities beyond 2022, they were contractually obliged to offer a price for continuing treatment services. However the prices they proposed for treating food and green garden wastes were not competitive, and so despite the receipt of a compliant competitive bid from Bidder D to provide transfer services under Lot 4, this option cannot be recommended.



- 3.9. Option 7. Award contracts for providing a waste transfer station to receive food and green garden waste from LBs Croydon, Merton, and Sutton, for subsequent treatment at facilities nominated by the contractor (Lot 5). This option is recommended for the reasons set out in the report.
- 3.10. Option 8. Negotiate with tenderers. In the event, the most economically advantageous tenders for each Lot were clear, compliant, thorough, and no significant further clarifications were required. No variant bids were submitted. The prices offered are competitive and the project team does not consider that any advantage is likely to be gained by triggering the negotiation procedure with all 11 bidders. This option is not recommended.

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

- 4.1. This procurement was covered by a statutory duty to consult the GLA/Mayor of London, as set out in the Greater London Authority Act 1999. The project team gave the requisite 108 days minimum notice to the GLA before the Contract Notice was published, and subsequently engaged in a useful dialogue with the GLA's lead officer. The GLA's Deputy Mayor for Environment and Energy wrote to Cllr Gander in December 2020 confirming that the Partnership's plans were in general conformity with the Mayor of London's Environment Strategy.
- 4.2. To achieve conformity with the Mayor's Environment Strategy the Partnership notified neighbouring boroughs of its intention to place a Contract Notice.
- 4.3. Residents in the Partnership area were previously consulted on food and green waste services during collection service redesigns and procurement exercises that were undertaken in each of the partner boroughs. As the project outcomes mirror the current kerbside collection service, there are no proposed changes that will directly impact the public, and the purpose of this procurement is to facilitate a seamless continuation of existing collection services in exactly the same form as now.

#### **5 TIMETABLE**

- 5.1. The timescale is set out in the table below, showing both the tasks that have been completed and those still to come:

Pre-tender market engagement	Completed Sept 2020
Specification agreed & tender documentation approved	Completed Nov 2020
Issue Invitation to Tender	18 November 2020
Tender return deadline	10 May 2021
Tender evaluation	Completed 27 May 2021
Cabinet	11 <sup>th</sup> Oct 2021
Contract award	October 2021 (TBC)
Contract Mobilisation	Oct 2021 - Aug 2022

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

- 6.1. If approved the contracts would be for an initial period of 4 years and 7 months commencing on 1 September 2022, with possible extensions up to 31 March 2030 for a total contract value of £16m for the full term.
- 6.2. The council is operating in an increasingly challenging financial environment. Merton faced a number of financial challenges in the medium to longer term - even before the COVID-19 outbreak, which has further added to these challenges. The economic and financial consequences of the pandemic, growing demand for services, and limited government grant funding make it difficult to find adequate funds to meet the borough's needs.
- 6.3. Brexit also created uncertainty and financial challenges for the waste management industry. However, the food and green waste composting industries are now reasonably well developed in the UK and so these specific markets are less exposed to risks associated with Brexit than markets for non-organic recyclates, which are more heavily reliant on trade agreements and movement of materials around Europe.
- 6.4. The future of local government finance faces a significant level of uncertainty. The impact of the Fair Funding Review and a future review of business rates is currently unknown, and the lasting effects of COVID-19 on our residents, local businesses and the Council itself remain uncertain.
- 6.5. Despite these challenges the council has a drive and commitment to ensure it is doing the best for residents and communities and the aim of this project has been to seek the best financial solution for Merton Council and the Partnership by going out to tender with a range of options that maximised the opportunities for service providers to submit proposals.
- 6.6. The estimated annual value of the services being procured on behalf of all boroughs combined was just over £3m per annum in 20/21.
- 6.7. The annual cost of the service based on current cost inflated to 2022/23 estimates are set out in the table below. Please note that this excludes any increase in waste volumes.

MERTON	Green	Food	Total
Current cost *	£272,694	£314,814	£587,508
New contract cost	£262,681	£106,585	£369,267
Cost avoidance	-£10,013	-£208,228	-£218,241

\*All costs are based on estimated tonnes and the current contract charges inflated to 22/23 rates in order to compare 'like for like' .

- 6.8. The reduced costs are achieved through lower processing gate fees and the avoidance of Bulking and Haulage cost through direct delivery into the contractors facilities.
- 6.9. The reduced rates will enable Merton to manage the costs within existing budgets. However it should be noted that due to increasing volumes our disposal budgets across all waste streams are under pressure and as such the service is not in a position to offer this reduction up as a saving at this point in time.

## **7 LEGAL AND STATUTORY IMPLICATIONS**

- 7.1. The project team was advised by Browne Jacobson LLP and supported by the Partnership's legal lead officer.
- 7.2. This procurement has been operated pursuant to the Public Contracts Regulations 2015 (as amended) under a compliant procurement exercise on which detailed legal and specialist procurement assurance has been sought as appropriate.
- 7.3. The Council has the power and authority to enter into the contracts pursuant to (amongst other provisions) the General Power of Competence provided by the Localism Act 2011.
- 7.4. Under section 358 of the Great London Authority Act 1999, a waste authority must give a minimum of 56 days' notice to the Mayor of London before it amends an existing waste contract or enters into a new one.
- 7.5. The partner Boroughs have substantially agreed an inter-authority agreement which regulates their respective rights and obligations pursuant to the contract.

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

- 8.1. The Equalities Manager has been consulted and is sighted on this procurement. The Equalities Impact Assessment Form B has been completed and agreed with the Equalities Manager. The advice he gave the project team was incorporated into the specification and evaluation criteria.
- 8.2. The quality of each bidders' health and safety policies and risk assessments was given a significant weighting within the tender evaluation scheme, focusing on issues such as safety accreditation, risk assessments, safety training, and the bidders' history of and response to enforcement action by the HSE. The recommended bidders all provided responses that were evaluated as "good" with only a few minor omissions that can easily be remedied through the contract management process.
- 8.3. As part of the Standard Selection Questionnaire (SSQ) all bidders had to provide satisfactory details of their response to and planning for pandemics on the scale of COVID 19. All bidders passed this part of the SSQ.

## **9 CRIME AND DISORDER IMPLICATIONS**

- 9.1. None for the purposes of this report

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

- 10.1. The risk assessment of the current stage of the procurement is set out in the table below:

RISK	RISK RATING	MITIGATION
Risk of challenge	Low	The tendering exercise is compliant with PCR 2015 and the Council's Contract Regulations
Mobilisation	Low	These are essential

		front line services, and without the right receipt points ready to receive green and food waste the collection services will be severely Impacted. The recommended option is an existing Commercial facility with minimal upgrades required in order to receive contract waste and so this risk is deemed low.

10.2.

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

- Appendix 1 Tender evaluation

**12 BACKGROUND PAPERS**

- 12.1. Inter Authority Agreement (IAA Food and Green waste)
- 12.2. Procurement specification and tender documents

## Food and Green Waste - Procurement Outcome and Evaluation Summary

### Summary of Procurement Outcome

The full list of Lots included in the Invitation to Tender is set out in the table below, together with a column showing which bidders tendered for the Lots on offer, their ranking based on the finance and quality evaluation, and the Winning Tender for each Lot.

It can be seen from this table that recommissioning Croydon's Factory Lane waste transfer station and including this within the procurement (Lot 2) really galvanised the market and created competitive tension in a situation where the project team had feared no such tension might exist.

### Rationale for the award of Lots

As above in the main body of the report, the documents state that the Authority reserves the right not to award any one or more Lots. Indeed it is inevitable that, as a result of the structure of this Procurement Process that not all Lots will be awarded.

The combination of Lots could generate a range of potential outcomes and so the procurement documents set-out the following principles for the evaluation and the subsequent award of the Lots:

The Authority will calculate the combined price and quality score for each Lot independently and will take forward the highest scoring Tender for each, resulting in one winning (highest scoring) Tender in relation to each Lot (**'Winning Tender'**).

The Authority will consider the Winning Tenders, and determine to which it will award Lots. The Authority intends to award Lots to Winning Tenders so as to provide the optimum overall service "coverage". As noted above, the Authority is under no obligation to award any specific Lot, or any combination of Lots. However, the Authority will only award Lots to Winning Tenders.

### Combination Matrix Output

The 7 lots designed for Merton, Croydon and Sutton created 18 potential ways or 'combinations' that could deliver the entire service when combined, so in order to ascertain the optimum overall service "coverage", using only the Winning Tenders from each Lot, the project team placed each of the Winning Tenders into a matrix which mapped out the combined quality and finance scores for each of the 18 combinations - this the project termed the 'Combination Matrix'. The full Combination

Matrix output can be found below as PART B - Appendix 2 - Combination Matrix Output.

The three combinations that provided complete coverage of service were as follows:

Combination 1:

LOTS	Description	Winning Tender
LOT 2.1	Factory Lane - Green Waste Collect and Treat	Country Style Collectiing all Green waste from Factory
LOT 2.2	Factory Lane - Food Waste Collect and Treat	Olleco collecting food waste from Factory

Combination 2:

LOTS	Description	Winning Tender
LOT 1	Treatment Facility Direct Delivery - Food Waste Only	BioCollectors in Merton receive direct delivery of 5,000 tonnes
LOT 2.1	Factory Lane - Green Waste Collect and Treat	Country Style Collectiing all Green waste from Factory
LOT 2.2	Factory Lane - Food Waste Collect and Treat	Olleco collecting remining food waste from Factory Lane

Combination 3:

LOTS	Description	Winning Tender
LOT 1	Treatment Facility Direct Delivery - Food Waste Only	BioCollectors in Merton receive direct delivery of 5,000 tonnes
LOT 5.1	Nominated Receipt Point - Receive, Haul and Treat Green Waste	SUEZ - Receive, handle, haul and treat all green waste
LOT 5.2	Nominated Receipt Point - Receive, Haul and Treat Food Waste	SUEZ - Receive, handle, haul and treat remaining food waste

## Appraisal of Combinations

### Combination 1:

Combination 1 consists of Lots 2.1 and 2.2 which require the refurbishment and recommissioning of the mothballed local authority waste transfer station at Factory Lane in Croydon. The key benefits are; it secures the site as waste infrastructure for a further 4-8 years, and it offers the Council the robust future proof solution that we need, however, there are a number of challenges with this combination option, as follows:

**Erosion of Savings** - The financial outcome offered by this solution is not guaranteed. The transfer station has not been operational since 2008, and it is not in a condition currently to receive waste. The cost of refurbishing the transfer station to make it fit for purpose was estimated using structural and electrical surveys and a desk-top modelling exercise. This estimated figure is subject to 'opening up', and so therefore could increase, eroding what is already a relatively small saving.

**Strategic Planning** - The Factory Lane waste transfer station and wider site features within an ongoing property infrastructure review being conducted by LB Croydon that takes a longer-term consideration of the site afforded by a greater commissioning lead-in time, and potentially a complete redesign of the site at Factory lane. This has the potential to deliver a much wider range of services and a far greater operational and financial benefit. Essentially, the site may ultimately have a greater long term strategic value to Croydon, and possibly to the Partnership, than can be achieved if its use is confined to the receipt and handling of just food and garden wastes.

**Timescales** - There is also a tight deadline to ensure that the site is in a fit state to receive food and green garden wastes by September 2022. Whilst this is not

insurmountable, and project planning has already started in order to mitigate this risk wherever we can, the site has been mothballed for a significant length of time and so presents some unknown re-commissioning risks, and a risk around completion to an acceptable standard by September 2022.

### **Combination 2:**

This combination scored more on quality when compared to Combination 1. This solution uses Lots 2.1, 2.2 and it also has the added benefit of including the use of an anaerobic digestion (AD) plant located within the Partnership area - Lot 1, which has a number of benefits.

**Environmental benefits** - The Lot 1 solution offers the treatment of local food waste at a local facility to create biogas to feed into the gas grid, supported by ambitious plans to offer biogas to other local vehicle fleets and to capture CO<sub>2</sub> from biogas and supply it to industrial users. The facility already supplies its own electricity generated from food waste, and exports surplus electricity to the grid.

**Local Green Employment** - The bidder also offers credible social value benefits, such as a commitment to employing 80% of its workforce from Partnership boroughs, 3 new jobs associated with the contract, new apprenticeships, paid volunteering days for its workforce, and a community engagement fund.

**Operational benefits** - Partnership collection vehicles would be able to make direct deliveries of food waste to this plant, without the need to tip the food at a transfer station first. This AD plant offered exceptionally good environmental benefits to the Partnership, such as using biogas generated from food waste to run its haulage vehicles.

However, as this combination also uses Lots 2.1 and 2.2, Factory lane, it includes the same challenges as detailed above.

### **Combination 3:**

Combination 3 includes Lot 1 as well as Lot 5.1 and 5.2, which offer the use of an existing commercial waste transfer station facility for green and food respectively, which again scored highly on quality.

As above, the Lot 1 solution offers the treatment of local food waste at a local facility to create biogas to feed into the gas grid, supported by ambitious plans to offer biogas to other local vehicle fleets and to capture CO<sub>2</sub> from biogas and supply it to industrial users. The facility already supplies its own electricity generated from food waste, and exports surplus electricity to the grid. The bidder also offers credible social value benefits, such as a commitment to employing 80% of its workforce from Partnership boroughs, 3 new jobs associated with the contract, new apprenticeships, paid volunteering days for its workforce, and a community engagement fund.

The Lot 5 bidder is an industry leader with a local base, offering an exceptionally professional approach to important technical issues such as; waste acceptance, responsibility on receipt of waste, the reduction of contamination within the

Partnership's organic wastes, and thorough health and safety risk assessments. Very detailed proposals were made concerning the prioritisation of Partnership vehicles to minimise waiting times at the transfer station.

The lot 5 bidder offered a convincing mobilisation plan based on a commitment to close communication with the Partnership, together with an impressive understanding of how to satisfy the Partnership's requirements for audited data and for regular, frequent checks on the final destination of treated food and garden wastes. The bidder also offered to work with the Partnership to create apprenticeships, routes back to work for those at risk of exclusion from the jobs market, and work experience opportunities.

### **Conclusion for rationale for Lots awarded:**

Combination 3 is the recommended combination that is made of Winning Tenders from the selected lots that the Council will award to - Lots 1, 5.1 and 5.2.

Good competitive bids were submitted for Lot 5 that were comparable and market tested against the other lots, and will provide a reliable, deliverable and complete service for handling and treating both types of organic waste.

Summary table of Lots to be awarded:

<b>Lot</b>	<b>Winning Tenderer</b>	<b>Recommendation</b>
Lot 1 - Direct Delivery of Food	BioCollectors	Award to BioCollectors
Lot 2.1 - Factory Lane Green Waste	CountryStyle	No Award
Lot 2.2 - Factory Lane Food waste	Olleco	No Award
Lot 3.1 - Villiers Road Green waste	CountryStyle	Award to Countrystyle
Lot 3.2 - Villiers Road Food Waste	Olleco	Award to Olleco
Lot 4.1 - Transfer and haul Green	SUEZ	No Award
Lot 4.2 - Transfer and haul Food	SUEZ	No Award
Lot 5.1 - Transfer, haul, treat Green	SUEZ	Award to SUEZ
Lot 5.2 - Transfer, haul, treat Food	SUEZ	Award to SUEZ



## Finance:

The recommendations in this report will reduce the rate per tonne paid by each borough to handle and treat food and green garden wastes.

The total required spend for these Contracts and services are in direct proportion to the tonnages of these wastes presented by each borough's residents, and so whilst the costs per tonne associated with the recommended tenders are less than those being paid to the incumbent contractor, due to the impacts of COVID19 and the resultant increase in the cost of waste treatment and disposal, it is likely that this saving in the rate per tonne will not result in a budget saving but will rather bring down the increased costs relating to COVID and bring the boroughs back into existing budgets.

Lot	Winning Tenderer	Total Contract Value (Including ext)
Lot 1 - Direct Delivery of Food	BioCollectors	£0.2m
Lot 3.1 - Villiers Road Green waste	CountryStyle	£1.8m
Lot 3.2 - Villiers Road Food Waste	Olleco	-£0.5m
Lot 5.1 - Transfer, haul, treat Green	SUEZ	£11.1m
Lot 5.2 - Transfer, haul, treat Food	SUEZ	£3m

Financial details of tenders recommended for award are set out below.

**Evaluation Assumptions** - Please note that in order to compare '*like for like*' these finance figures use the current contract rates multiplied up to 22/23 rates (assumed 2.5% RPI), and compares these rates to the new prices that are tendered and fixed for the same financial year, 22/23. Both of these 22/23 rates are then multiplied against the assumed tonnes. The assumed tonnes are calculated using 2019/20 data uplifted to assumed 22/23 tonnes. The evaluation does not use 2020/21 tonnage data due to the significant variation in tonnes collected within the boroughs during the year of the COVID19 pandemic.

So, while the procurement successfully achieved savings against the current rates paid per tonne, this is off-set by the increase in tonnes collected, so caution is advised when reflecting these savings in budgets.

**Impact on Contract Management Resources** - Due to the procurement design and the necessary carve-up of the services into smaller more accessible Lots, if the recommendations made here are approved the services will now be delivered through **four contracts** with four contractors, as opposed to the previous model in

which a single contractor managed the services using a number of subcontractors. This may have Contract Management resource implications.

## Legal Implications:

The project team was advised by Browne Jacobson LLP and supported by the Partnership’s legal lead officer.

The lots into which the Procurement is structured cannot all be awarded. The decision on those lots to be awarded is not based on an arithmetic calculation or objective, additional scoring criteria. Instead, it has been made at the discretion of the Partnership based on the optimum operational coverage and value provided by the highest scoring tenders.

The risk of a challenge to this approach has been reduced by stating this position very clearly in the procurement documents. Accordingly, and provided that the procurement was otherwise operated in accordance with the Partnership’s public sector and statutory duties, the risk of a successful challenge on the basis only that some lots are not being awarded (and/or that the decision on which lots to award has been taken by the Partnership based on a range of “non-arithmetic” factors) is low.

We would also note that the alternative approach (to set out in advance, in objective terms, which lots would be awarded) was considered, but discounted on the basis that it would be excessively complex and could result in a sub-optimum position for the Partnership.

## Risk Assessment

The risk assessment of the current stage of the procurement is set out in the table below:

<b>Risks</b>	<b>Risk Rating</b>	<b>Mitigations</b>
Mobilisation	Low	These are essential front line services, and without the right receipt points ready to receive green and food waste the collection services will be severely impacted.  The recommended option is an existing commercial facility with minimal upgrades required in order to receive contract waste and so this risk is deemed low.
Risk of Challenge	Low	The tendering exercise is compliant with PCR 2015 and the Council’s Contract Regulations

## Committee: Cabinet

**Date: 11 October 2021**

Wards: All

**Subject:** Public Space CCTV and ANPR procurement

Lead officer: Cathryn James, Assistant Director Public Protection  
Merton Council

Lead member: Agatha Akyigyina, Cabinet Member for Partnerships, Public Safety and Tackling Crime

Contact officer: Adrian Rutkowski, CCTV Manager, Merton Council

### ***Exempt or confidential report***

*The following paragraph of [Part 4b Section 10 of the constitution](#) applies in respect of information within the appendix and it is therefore exempt from publication:*

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

*Members and officers are advised not to disclose the contents of the appendix.*

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### **Recommendations:**

- A. To approve the award of a contract for CCTV and ANPR upgrade including maintenance to the successful bidder identified in Appendix 1 for a term of four years with the option to extend for a further 12 or 24 months.
- B. To delegate authority to exercise the option to extend this contract to the Director of Environment and Regeneration.

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

- 1.1 This report summarises the procurement and evaluation process followed to secure a provider to deliver a borough wide public safety CCTV camera and network upgrade, including maintenance cover for both CCTV and ANPR<sup>1</sup> and the purchase of additional ANPR cameras. It contains the options for going forward as well as the financial implications of going ahead with awarding the contract to the bidder with the highest score.

## **2. DETAILS**

- 1.2 Merton CCTV service based in Public Protection and Safer Merton, commenced in 1994 with a mere four cameras, one operator and was operational 14 hours a day. Through the ongoing investment made by the council, we now have some 212 public space cameras, and 7 CCTV operators supported by a CCTV

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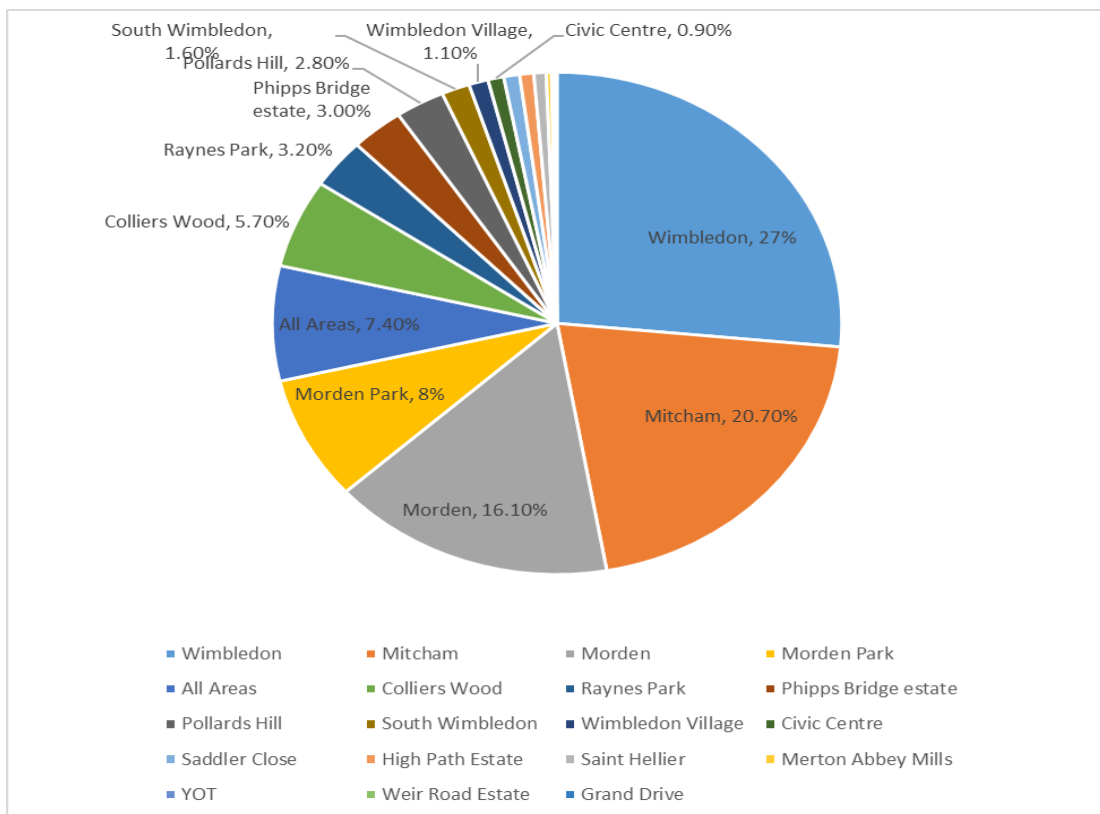
<sup>1</sup> ANPR – Automated Number Plate Recognition cameras used for parking enforcement and traffic contraventions

manager. The cameras are proactively monitored 24/7, 365 days a year. In order to further, improve the technology and the quality of Merton's Public Safety CCTV the council have agreed to invest a further £1.2million to upgrade the cameras and the supporting transmission system.

1.3 CCTV supports partners and the council to secure evidence of anti-social behaviour, crime and environmental crime. Operators have assisted in alerting the police of crimes taking place and then further supported them to catch the individuals involved. CCTV presence has also assisted in providing reassurance to the community and increasing the feeling of safety. Requests for the installation of CCTV remain high where the community and members see CCTV as a key response to crime and ASB.

1.4 Between 1st of April 2021 and 23rd of August 2021, the CCTV service has captured 1,909 incidents. Chart 1 below shows a breakdown of where these incidents captured took place.

Chart 1: Break down of CCTV incidents captured



1.5 In addition to the Public Safety CCTV Cameras that are fixed in permanent locations, Safer Merton also, have 13 mobile cameras to respond to anti-social behaviour and fly-tipping hotspots. Although the mobile camera assets will be maintained under this new contract, this commission does not include the purchase of these mobile deployable cameras. The funding of the mobile cameras are subject to a separate capital-funding bid.

1.6 Merton public safety CCTV cameras are an aging stock, with cameras over 10 years old, some are over 20 years old. This has resulted in the need for further

council investment to upgrade the cameras and to improve the network transmission, bringing the CCTV system up to a level comparable with other London boroughs and to improve the quality of images and an improvement on the technical capability.

- 1.7 The age and lack of available spares for these obsolete items will result in increased levels of failure, protracted downtime and increased maintenance cost. The network system also uses rented circuits (hard fibre) that come with an annual rental charge, although reliable, the ongoing revenue costs are high in comparison with other transmission methods.
- 1.8 The council has therefore agreed to invest £1.2 million to upgrade the cameras the supporting network, maintenance and software, which is also part of this tender.
- 1.9 The CCTV upgrade project will be delivered in three phases. Phase 1 will be maintaining the current assets and designing the new network and CCTV system; phase 2 will see the upgrade of the network and phase 3 will be the upgrade of the cameras. Below is the description of the project requirements.

#### **ANPR cameras**

Requirements for provision and implementation of:

- 18 ANPR cameras for school streets enforcement, via approved CIL funding in year 1 of the contract.
- 53 replacement ANPR cameras to replace the existing cameras
- Provision within the terms of the contract to purchase additional ANPR cameras for Moving Traffic Contraventions (MTC) or other environmental purposes.
- If required, this contract will also allow the provision of software and other associated technologies for the processing of PCNs and relevant data.

#### **CCTV upgrade and maintenance**

- 1.10 CCTV camera upgrade – upgrading of 150 public safety CCTV cameras from analogue to High Definition (HD) quality and maintaining the assets. Upgrading the transmission method by introducing a hybrid fibre-wireless solution to improve service delivery and lead to reduced fibre transmission costs. The annual rental cost of the fibre network is approx. £80k for 77 fibre lines. The contract will be for an initial term of, commencing on 5th of November 2021, with the option to extend for a further two years (24 months).
- 1.11 On 24 June 2021, an Invitation to Tender (ITT) was published on the London Tenders portal and was made available to all those suppliers expressing an interest in the opportunity.
- 1.12 By the submission deadline of 5pm on 26 July 2021, one tender submission was received and deemed compliant.
- 1.13 Ten potential suppliers opted out of bidding. Of these, four said that they had insufficient resources to perform the contract at this time. Three stated they were unable to meet our requirements, and three were unable to meet the timescales set out in the Invitation to Tender.

1.14 The procurement documents states that the contract award is based on the most economically advantageous tender to the Council, based on a 40% Quality: 60% Price split.

1.15 The bids were evaluated against the following Quality criteria:

- i. Please describe your approach to managing the maintenance element of this contract, including Contract Maintenance, Planned Preventative Maintenance and Chargeable Maintenance
  - ii. Please detail how you intend to carry out reactive and preventative maintenance visits for all locations given in the specification
  - iii. Please provide details of how your organisation will record, maintain and share accurate asset information. Your response should include an explanation of how you will ensure information is current and relevant
  - iv. Please provide a full functional specification of the proposed systems to meet the requirement of Section 10 of the specification
  - v. Describe how your organisation will comply with the New Roads and Street Works Act 1991 and Highway Authorities and Utilities Committee (HAUC) standards whilst undertaking works on this contract.
  - vi. Provide your organisations Health and Safety method statements and risk assessment for the works detailed in Section 10 of the specification
  - vii. A scenario has been set [Specification - Section 10], to deliver a camera and system upgrade, the project is of a time critical nature. For this scenario, please provide a detailed project management methodology.
  - viii. For the scenario to deliver the camera and system, upgrade. [Specification - Section 10], please provide a Factory Acceptance Test (F.A.T) & Site Acceptance Test (S.A.T) document
  - ix. Provide details of your organisations dedicated management and operational team highlighting their skills, experience, and professional attributes. Give details on how you intend to structure your delivery and how you ensure the ongoing professional development of all staff.
- 1.16 A panel of officers from Safer Merton, Parking Services, IT Department, and the councils commissioned external CCTV consultant carried out the tender evaluation.
- 1.17 Each member of the evaluation panel individually evaluated the compliant tender. Comments on how well each of the award criteria was addressed were noted on the evaluation sheets.

- 1.18 A moderation meeting was held on 10<sup>th</sup> August 2021 where the panel met to discuss individual scores and comments for each question in order to arrive at an agreed, moderated score.
- 1.19 The individual scores across the panel were consistent, and therefore it was relatively easy to agree the final score across the panel. The panel discussed areas where there were some discrepancies in the scores and collectively moderated the score.
- 1.20 The names of the tenderer and their respective scores are included in Appendix 1. Officers therefore recommend the award of the contract to the highest scoring tenderer.

### 3. ALTERNATIVE OPTIONS

Table 1: Options considered, benefits and risks

	Options	Benefits	Risks
1	<p><b>Award to the successful bidder, all parts of the contract as set out in the specification:</b></p> <p>a) ANPR Maintenance b) CCTV Maintenance c) Upgrade of cameras and transmission</p> <p><b>(Recommended option)</b></p>	<ul style="list-style-type: none"> <li>• Awarding this new contract to a single provider will ensure the upgrade, maintenance and purchase of cameras is co-ordinated and seamless.</li> <li>• Minimal impact on the current system and procedures – no need to invest in new GUI (graphic user interface).</li> <li>• No need for lengthy mobilisation period, therefore, able to start the technical design process, maintenance and purchase of cameras funded by the capital investment, ensuring we stay on track to spend the allocated capital funding.</li> <li>• Maintenance of the camera and related assets will be in place.</li> </ul>	<p>If a new contractor is not appointed, there is a risk that the cameras may stop working and increase the risk to the community through a reduced camera provision.</p>
2	<p><b>Do nothing i.e. not award the contract and either</b></p>	<p>a) Should the current provider agree to extend the current contract at the current</p>	<p>a) Extending current contract</p> <ul style="list-style-type: none"> <li>• The current provider may not wish to enter</li> </ul>

<p>(a) extend the current maintenance contract</p> <p>(b) not extend the current maintenance contract</p> <p><b>(Not recommended)</b></p>	<p>costs, the annual maintenance cost will remain the same, therefore no increase in the annual cost of maintenance.</p> <p><b>b)</b> If there is no maintenance contract in place for both ANPR and the Public Safety CCTV Cameras the maintenance cost for the council will be zero</p>	<p>into an extension, putting the council at risk of having no maintenance cover for ANPR and CCTV</p> <ul style="list-style-type: none"> <li>• The current provider may not agree to keep the costs at the same level as the current contract</li> <li>• There is no provision for us to further extend the current contract for a further period as we have already extended the contract – procurement implications</li> <li>• The current contract has no provision for the provider to deliver the camera and network upgrade required leaving the council with outdated cameras and a risk of high camera down time due to failure and/or less active cameras in the borough as they are not replaceable. The quality of the camera images will remain poor and not to the standard required for evidential purposes.</li> </ul> <p>b) not extend the current contract maintenance :</p> <ul style="list-style-type: none"> <li>• Cameras will not have preventative or reactive maintenance in place resulting in the borough having camera's that do not work or at risk of failure.</li> <li>• The contract also includes the provider</li> </ul>
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			<p>taking down and putting up cameras – the cameras will either remain up or not replaced, this would be a reputational risk to the council and potential breach of the Surveillance Commissioners code of conduct</p> <ul style="list-style-type: none"> <li>• There is no provision in the current contract for CCTV transmission upgrades, which means that we would still have to rely on expensive rented fibre, limiting our ability to use more advanced cameras</li> <li>• No maintenance contract for ANPR cameras would result in camera failures not addressed with the potential of not being able to enforce.</li> <li>• ANPR impact on the revenue streams for environmental upgrades and works as set out in the Road Traffic Act 1984 and negative reputational impact.</li> </ul>
3	<p><b>Only award the upgrade of the cameras and not award the maintenance part of the contract (parts (a) and (b) listed in option 1)</b></p> <p><b><i>(Not recommended)</i></b></p>	<ul style="list-style-type: none"> <li>• The upgrade of the system would continue as planned i.e. the purchase and the replacement of the cameras and the upgrade of the network.</li> </ul>	<ul style="list-style-type: none"> <li>• Cameras will not have preventative or reactive maintenance in place resulting in the borough having camera's that do not work or at risk of failure. The life of the asset will not be extended.</li> <li>• The maintenance contract also includes the provider taking down and putting up cameras – the cameras will either remain up or not replaced, this would be a reputational risk to the</li> </ul>

			<p>council and potential breach of the Surveillance Commissioners code of conduct</p> <ul style="list-style-type: none"> <li>• No provider will be in place to maintain the new cameras, network and control room resulting on the risk of increased camera down time</li> <li>• Reputational risk</li> <li>• No maintenance contract for ANPR cameras would result in camera failures not being addressed with the potential of not being able to enforce which could also impact on the revenue streams for environmental upgrades and works as set out in the Road Traffic Act 1984 and negative reputational impact.</li> </ul>
4	<p><b>Award the maintenance and not the upgrade part of the contract</b> <i>(Not recommended)</i></p>	<ul style="list-style-type: none"> <li>• The existing CCTV and ANPR cameras and network will have maintenance cover in place</li> </ul>	<ul style="list-style-type: none"> <li>• The quality of the images as a result of the outdated network and cameras will be poor</li> <li>• The faulty camera will be irreparable and not replaceable</li> <li>• Increased maintenance costs as a result of the aging and out of warranty camera assets</li> <li>• A failing CCTV service causing reputational risk to the council</li> <li>• Loss of the £1.3 capital secured to upgrade and maintain the CCTV system.</li> </ul>
5	<p><b>Award the public safety CCTV maintenance and the upgrade and</b></p>	<ul style="list-style-type: none"> <li>• The annual revenue costs for the ANPR maintenance will either remain the same (if the existing provider</li> </ul>	<ul style="list-style-type: none"> <li>• No proactive or reactive maintenance in place for the ANPR cameras resulting in a high risk of</li> </ul>

<p><b>not the ANPR maintenance</b> <b>(Not recommended)</b></p>	<p>agrees to extend the current arrangements) or there will be zero annual maintenance costs for the ANPR cameras (if the current provider does not agree to extend the contract)</p>	<p>cameras failing or camera down time</p> <ul style="list-style-type: none"> <li>• ANPR Camera down time having a detrimental impact on the ability for Parking services to carry out their enforcement function</li> <li>• ANPR Camera down time impacting on the income generated by the ANPR cameras – any income which in turn will reduce the investment back into council services supported by this income provides</li> <li>• Should the procurement of the ANPR maintenance costs be conducted separately, the delay in this would cause all the risks listed above and also the risk of duplicated costs and therefore overall increased costs and not value for money for the council</li> </ul>
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#### 4. CONSULTATION UNDERTAKEN OR PROPOSED

1.21 Colleagues in Parking, Commercial Services and ITSD have been consulted and involved in the project. A specialist CCTV consultant was engaged to write the tender specification.

## 5. TIMETABLE

Table 2: Timetable of steps to take prior to contract award

	<b>Task Description/milestone</b>	<b>Date</b>
1	<b>Cabinet Meeting</b>	<b>11 October 2021</b> Cabinet meeting
2	<b>Post Cabinet call in period ends</b>	<b>Thursday 14<sup>th</sup> October (Midday)</b>
3	<b>Writing to bidders</b>	<b>14<sup>th</sup> October 2021</b>
4	<b>Alcatel ends standstill</b>	<b>25<sup>th</sup> October 2021</b>
5	<b>Final award of contract</b>	<b>Tuesday 26<sup>th</sup> October 2021</b>

## 6. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1 The financial implications span both capital and revenue spend to the council and cover associated budgets in the Safer Merton and Parking teams.
- 6.2 The contract covers the procurement of 150 new cameras (over the next 4 years) to replace the ageing CCTV Public Space cameras, the upgrade to the existing CCTV network and the on-going maintenance of the existing and new assets. In addition, the contract combines the cost of the purchase of new ANPR Parking cameras and their associated on-going maintenance over the life of the contract.

### ANPR Cameras

- 6.3 The purchase of new cameras, which may include the maintenance package, would look to extend the life of the asset. 7 years is the average expected life of a camera. A combined maintenance package seeks to extend the working life of each asset.
- 6.4 There is a commitment to purchase 18 new ANPR cameras in Year 1 for School Streets enforcement at a cost of £468k and will be separately funded from CIL. This is shown in table 3 below.

### **ANPR and School Streets Cameras**

Table 3: Financial comparison of current costs compared to the bid submitted

<b>Parking Services</b>	<b>Outturn 2021</b>	<b>Proposed cost in bid (Maintenance unit price £3,258)</b>	<b>Variance to outturn</b>
<b>Existing 71 ANPR</b> 47 MTC, 2016 6 x School enforcement (keep clear PTZ) (Feb 2019) 2 x LTN (March 2021)	<b>£87,448</b>		
<b>School Streets</b> 5 x School Safety Zones (2019) and 11 x (March 2021)	<b>£135k.</b>		
<b>Total Existing infrastructure budget</b>	<b>£222,448k</b>	<b>£231,331</b>	<b>£9k.</b>
<b>Proposed purchase</b> 18 ANPR School Streets (CIL £468k). £26k per camera inc install) (2022) Following proposed purchase of 18 School Street ANPR cameras there will be a total of 34.	Annual maintenance budget for additional 18 cameras is £58,644. 6 years = £351,864.		
<b>Total included proposed additional 18 ANPR School Streets</b>			

- 6.5 The annual on-going maintenance cost of the 18 new ANPR cameras is £58,644. The total maintenance cost for the contract term is £351,864 for a 6-year contract. These ANPR cameras will produce a compliance income stream to the council, which will surpass the maintenance costs as each camera is forecasted to result in additional income.
- 6.6 The contract price for the on-going maintenance of the existing 71 ANPR cameras is £231,331 per annum. This is an increased cost against current arrangements of £9k per year.

CCTV – Public Space

6.7 The cost to purchase 150 new cameras will be fully funded from the current CCTV upgrade capital budget of circa £1.2 million. The table below sets out how many new cameras will be purchased each year over the life of the contract subject to the results of the upgrade survey and the corresponding maintenance costs. The cost to purchase 150 cameras at approximately £3k per camera will be £450,000

6.8 The current cost of maintaining the public space CCTV cameras is £52,283 per annum or £313,698 over 6 years. In the new contract, the supplier has quoted for both maintaining the existing cameras (most of which are ten years old) and a new maintenance cost that will be applied each time a new camera is procured. The table below shows the existing cost over the next 6 years compared to the new costs in line with the replacement profiles anticipated. The revised cost of maintenance over the six-year period is approximately £443,470 an overall net increase of £129,772 over 6 years, averaging £74k per annum.

Table 4: Maintenance cost of the Public Safety CCTV

	21/22	22/23	23/24	Ongoing annual maintenance cost of all 212 cameras for the remainder of the contract once the 150 cameras have been upgraded			
				24/25	25/26	26/27	27/28
Cameras Upgraded	Nil	50	100	Nil	Nil	Nil	Nil
Maintenance Cost *If proposed reduction of maintenance cost as per bidder submission is £60 per camera	£22k	*£77,725 (50 cameras @ £320.78 each, 162 cameras @ £380.78 each)	*£71,725 (150 cameras @£320.78 and 62@£380.78)	£68,005	£68,005	£68,005	£68,005

6.9 The capital costs associated with the network upgrade will be funded from the current capital pot of circa £1.2 million. It is difficult to estimate the final upgrade cost at this stage as this will be subject to a technical survey as part of this project. Once the technical survey has been completed, a revised costing will be provided.

6.10 The ongoing revenue implications associated with the upgrade are set out in the table below over the next 6 years. This is similar to the camera replacement in

that the on-going revenue cost of the new network will decrease as elements are upgraded.

Table 5: Network Transmission Cost

	<b>21/22</b>	<b>22/23</b>	<b>23/24</b>	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>	<b>27/28</b>
Network Transmission Costs	33k	65k	65k	40k	40k	40k	40k

- 6.11 The total cost of the upgraded network transmission costs over 6 years is £323,000, compared to a cost of £480k over 6 years at the current rate of £80k per annum. The net benefit over 6 years is £157k.
- 6.12 When all elements of the CCTV public space on-going revenue costs are taken into account, there is an overall net saving compared to current cost of £27k over 6 years.

**Upgrade Public Space CCTV project**

- 6.13 The budget envelope secured through capital funding and SCIL is £1.2 million. The bidder awarded this contract will be required to work with the council on the technical design for the borough wide network and CCTV camera upgrades and ensure the package includes the maintenance and purchase of cameras and other supporting equipment.
- 6.14 Prior to this procurement and as part of the work to develop the specification, the council commissioned an external consultant specialising and an expert in public safety CCTV systems and networks to conduct a technical review of the council’s current systems and provide recommendations as to the improvements required as part of the upgrade. The consultant was also part of the tender evaluation panel and supported the council in drafting the technical specification required for the tender and market testing the prices provided to ensure the council achieves best value.

**CREDIT CHECK**

- 6.15 A credit check was carried out and the recommended credit limit is £5,000,000. There was no recommendation for a limit to the total value of all contracts awarded to the supplier.

**7. LEGAL AND STATUTORY IMPLICATIONS**

- 7.1 The procurement as described in this report is in accordance with the Council’s procurement obligations as set out in the Public Contracts Regulations (2015) (PCR) and the Council’s Contract Standing Orders (CSOs).
- 7.2 The Council must comply with its obligations to:

- Observe a ten day period prior to entering into the contract as required by regulation 87 of the PCR;
- Give notification to bidders and candidates as stated in regulation 57 of the PCR;
- Issue a contract award notice under regulation 50 of the PCR;
- Published the information on Contracts Finder as required by regulation 108 of the PCR.

7.3 Once awarded the Council must enter the contract on the Council's contracts register in accordance with the CSOs.

7.4 In deploying and managing the CCTV cameras the Council must comply with the Surveillance Camera Code of Practice issued by the Home Office and any updated versions thereof.

(Jonathan Miller, Procurement & Information Team, South London Legal Partnership).

## **8. PROCUREMENT IMPLICATIONS**

8.1 The procurement process was carried out in accordance with the relevant provisions of the Public Contracts Regulations and CSOs and the sole compliant bid was evaluated in detail to ensure compliance with the specification, which was drafted for the Council by an expert consultant.

8.2 The potential suppliers that opted out of bidding were either unable to meet the specification (likely attributable to the need for a B2B agreement with Siemens) or were unable to deliver due to competing resource requirements and the project timescales. Further feedback will be requested from non-bidders to inform future re-procurements.

8.3 The Council has undertaken significant due diligence on the sole compliant bid to assess value for money and benchmark against other similar contracts. Although having only a single bid is not ideal in terms of competition this must be weighed against the impact of abandoning the procurement and re-publishing the tender with an amended specification, e.g. by separating the ANPR and public space CCTV elements.

8.4 The benefits of having a single supplier for both camera estates set out in the Gateway 1 report still hold true and separating them now would lead to duplication of costs, e.g. paying two engineers to carry out PPM visits. Unless we decide to entirely replace the Siemens enforcement camera system (which would incur significant additional capital expenditure) we consider it unlikely that the current offer could be improved upon by starting again.

8.5 Accordingly, we recommend that this contract is awarded, subject to the business areas confirming it can be funded.

(Tom Davis, Category Advisor, Commercial Services Merton Council)



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

9.1 A Data Protection Impact Assessment was completed and approved prior to the publication of the tender. The key areas covered by the DPIA are as follows:

Table 6: DPIA assessment summary

1	Information Systems	<p>The ANPR and CCTV system will be supplied by a third party supplier that will have access to vehicle registration and CCTV footage whilst performing the maintenance. They will only be granted access when required to conduct maintenance of the system, fix problems or conduct upgrades.</p> <p>Staff accessing the system will require a username and password to access the ANPR system to review evidence packs. Citizens will be able to view evidence online using the Penalty Charge Notice (PCN) issued, the charge number and the vehicle registration noted on the PCN.</p> <p>Public signage will be displayed where there is an ANPR camera or a CCTV Public Safety Camera.</p>
2	Records management	<p>This procurement does not include the handling of records. All record management is handled by the council where documents are scanned to ensure they are held in a way that preserves their integrity.</p>
3	Security	<p>The ANPR system is password protected and restricted to authorised users only.</p> <p>The public safety CCTV system lies outside of the council network and is password protected to authorised users only. The CCTV control room is also a secured area with restricted access.</p> <p>The ANPR software and data is held on the council internal server and therefore secured as per the wider council security of servers.</p> <p>The CCTV viewing software is not connected to the internet and cannot be accessed by a third party.</p>
4	Personal data handling	<p>Personal data will not be linked to other data sets and we are satisfied that Merton will be able to meet the obligations in respect of file access requests.</p>
5	Multiple organisations systems	<p>Merton is the data controller for both ANPR and CCTV. This procurement does not change the way information is shared with other parties such as the police and insurance companies. Relevant information sharing</p>

		protocols are in place where this is required. The data is not linked to any other systems.
6	Data Quality	This procurement does not change the way the data is handled. CCTV has a 31-day retention period after which time it is automatically overwritten. Data shared with the police is held for a maximum of 2 years in a secure video locker on Merton controlled servers with restricted access.
7	Information Governance	Data will be held in line with the council policies.

## 10. CRIME AND DISORDER IMPLICATIONS

- 10.1 Awarding of the contract ensures continued support and maintenance of the public safety cameras, which are used to tackle crime and ASB incidents. The camera upgrade project will improve the camera performance allowing for better coverage of the borough and improvement the quality of evidence secured. The CCTV service is working closely with other council departments and with external partners such as the police to ensure that the Merton remains one of the safest boroughs in London.

## 11. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

TABLE 7: RISKS

RISK	RISK RATING	MITIGATION
Risk of challenge	Low	The tendering exercise is compliant with PCR 2015 and the Council's Contract Regulations
Mobilisation	Low	The maintenance part of this contract is required to be ongoing and commence on day 1 of this contract. Given the outcome of this procurement and the bidder we are proposing the contract to be awarded to the risks are minimal.

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

Appendix 1 – Details of the successful bidder and scoring

## 13. BACKGROUND PAPERS

NONE

## Cabinet

Date: 11 October 2021

**Subject: Financial Report 2021/22 – Period 4 July 2021**

Lead officer: Roger Kershaw

Lead member: Councillor Tobin Byers

### Recommendations:

- A. That Cabinet note the financial reporting data for month 4, July 2021, relating to revenue budgetary control, showing a forecast net adverse variance at year end on net service expenditure of £5.095m, increasing to £8.027m when corporate and funding items are included.
- B. That CMT note the contents of Section 5 and approve the adjustments to the Capital Programme contained in Appendix 5b  
That Cabinet note the contents of Section 5 and Appendix 5b of the report and approve the adjustments to the Capital Programme in the Table below:

	Budget 2021-22	Budget 2022-23	Narrative
	£	£	
<b><u>Corporate Services</u></b>			
Business Systems - Revenues and Benefits	(400,000)	400,000	Re-profiled in line with projected spend
<b><u>Children, Schools and Families</u></b>			
Merton Abbey - Capital Maintenance	5,000		Virements - projected spend capital maintenance
Abbotsbury - Capital Maintenance	33,000		Virements - projected spend capital maintenance
Malmesbury - New School	5,000		Virements - projected spend capital maintenance
Sherwood - Capital Maintenance	57,000		Virements - projected spend capital maintenance
William Morris - Capital Maintenance	(57,000)		Virements - projected spend capital maintenance
Raynes Park - Capital Maintenance	15,390		Virements - projected spend capital maintenance
Rutlish - Capital Maintenance	(16,000)		Virements - projected spend capital maintenance
Ricards Lodge - Capital Maintenance	16,000		Virements - projected spend capital maintenance
Unallocated Capital Maintenance Budget	(58,390)		Virements - projected spend capital maintenance
<b><u>Environment and Regeneration</u></b>			
Fleet Vehicles - Replacement of Fleet vehicles	(251,000)	251,000	Re-profiled in line with projected spend
<b>Total</b>	<b>(651,000)</b>	<b>651,000</b>	

## 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 This is the period 4 monitoring report for 2021/22 presented in line with the financial reporting timetable.

This financial monitoring report provides -

- A full year forecast projection as at period 4.
- 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 2021/22;
- Progress on the delivery of the 2021/22 revenue savings

## **2. THE FINANCIAL REPORTING PROCESS**

- 2.1 The budget monitoring process for 2021/22 continues to focus on the ongoing financial impact of Covid-19. The Council's services remain 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 for some time. The detrimental impact of Covid-19 is being monitored closely as the situation evolves with lifting of restrictions.
- 2.2 There are also significant pressures on the Dedicated Schools Grant (DSG) which are being monitored. The cumulative deficit at the end of 2020/21 was £24.981m and the deficit is forecast to continue to increase in 2021/22, the cumulative deficit is now estimated to be £37.338m by the end of this financial year.
- 2.3 Chief Officers, together with budget managers with support from 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.

## **3. 2021/22 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA**

**Executive summary** – At period 4 to 31 July 2021, the year end forecast is a net adverse variance of £8.03m when all incremental Covid costs are included, after applying known government grant funding.

**Summary Position as at 31st  
July 2021**

	Current Budget 2021/22 £000s	Forecast Variance at year end (July) £000s	Forecast Variance at year end (June) £000s	Covid-19 Forecast Variance £000s	Outturn variance 2020/21 £000s
<b>Department</b>					
Corporate Services	11,820	1,463	1,392	1,020	3,746
Children, Schools and Families	62,821	260	206	714	(2,971)
Community and Housing	69,453	(1,027)	(1,074)	858	(2,264)
Public Health	(0)	0	0	0	(18)
Environment & Regeneration	14,633	4,399	4,214	5,755	10,689
Overheads	0	0	0	0	0
<b>NET SERVICE EXPENDITURE</b>	<b>158,727</b>	<b>5,095</b>	<b>4,738</b>	<b>8,347</b>	<b>9,182</b>
<b>Corporate Items</b>					
Impact of Capital on revenue budget	11,157	(145)	(145)	0	(27)
Other Central budgets	(6,481)	(43)	(43)	0	2,151
Levies	959	0	0	0	0
<b>TOTAL CORPORATE PROVISIONS</b>	<b>5,635</b>	<b>(188)</b>	<b>(188)</b>	<b>0</b>	<b>2,124</b>
<b>Covid-19</b>	<b>0</b>	<b>864</b>	<b>848</b>	<b>864</b>	<b>176</b>
<b>TOTAL GENERAL FUND</b>	<b>164,362</b>	<b>5,771</b>	<b>5,398</b>	<b>9,211</b>	<b>11,306</b>
<b>FUNDING</b>					
Revenue Support Grant	(5,187)	0	0	0	0
Business Rates*	(34,339)	2,256	1,596	2,256	0
Other Grants*	(16,949)	0	0	0	(382)
Council Tax and Collection Fund	(98,434)	0	458	0	4
COVID-19 emergency funding	(6,811)	0	0	0	0
Income compensation for SFC	(2,643)	TBC	TBC	TBC	
<b>FUNDING</b>	<b>(164,363)</b>	<b>2,256</b>	<b>2,054</b>	<b>2,256</b>	<b>(378)</b>
<b>NET</b>	<b>(0)</b>	<b>8,027</b>	<b>7,452</b>	<b>11,467</b>	<b>10,928</b>

The current level of GF balances is £14.0m and the minimum level reported to Council for this is £14.0m.

**Covid-19 Financial Impact**

The government announced a scheme to reimburse Councils for lost income from sales, fees and charges. This involves a 5% deductible rate, whereby the Council absorbs up to 5% and the government compensation covers 75p in every pound of relevant loss thereafter. The scheme has been extended for the first quarter of 2021/22 but it's not yet confirmed if any further extension will be made. Amounts expected from the income compensation scheme will be included in the forecast tables as and when they are confirmed, subject to clarification as to whether any excess may need to be repaid upon completion of the scheme. At the time of writing, the estimated claim for April to June 2021 under the scheme is c.£2.2m, though the full guidance for the extended scheme claim is yet to be published.

The ongoing situation with high levels of uncertainty continues to make forecasting difficult for the year ahead as it's unclear when some service areas will see activity return to pre-covid levels now restrictions have been lifted.

### Covid Expenditure

Covid expenditure which is incremental is reported centrally on Corporate items – Covid costs. These are the incremental costs not covered by specific covid grants, such as additional cleaning costs and the community hub.

### Income shortfall

Income budgets are included within departments so the impact of Covid-19 on lost income is reflected in departmental forecasts.

### Savings unachieved

Departmental budgets are adjusted for the agreed savings targets for 2021/22 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 departments. This is inclusive of 2020/21 savings which remain under pressure.

#### Covid-19 Summary

<b>COVID-19 COST SUMMARY</b>	<b>Forecast as at July 2021 2021/22 £000s</b>	<b>Forecast as at June 2021 2021/22 £000s</b>
<b>Department</b>	-	-
Corporate Services	1020	1152
Children, Schools and Families	714	714
Community and Housing	858	858
Environment & Regeneration	5,755	5,002
<b>TOTAL INCOME LOSS &amp; SAVINGS UNACHIEVED</b>	<b>8,347</b>	<b>7,726</b>
<b>Corporate Items - Covid costs</b>	-	-
Corporate Services	220	204
Children, Schools and Families	150	150
Community and Housing	198	197.5
Environment & Regeneration	296	296
<b>ADDITIONAL COVID EXPENDITURE</b>	<b>864</b>	<b>848</b>
<b>FUNDING</b>	-	-
Business Rates	2,256	1,596
Council Tax	0	458
<b>TOTAL FUNDING LOSS</b>	<b>2,256</b>	<b>2,054</b>
<b>GROSS COST OF COVID-19</b>	<b>11,467</b>	<b>10,628</b>
<b>Covid general funding</b>	<b>-6,811</b>	<b>-6,811</b>
<b>Income compensation for sales, fees &amp; charges</b>	<b>TBC</b>	<b>TBC</b>
<b>NET COST OF COVID-19</b>	<b>4,656</b>	<b>3,817</b>

### Covid-19 impact on the Collection Fund

Due to COVID-19 the amount of Business Rates collected will be less than budgeted for 2021/22 when the budget was approved by Council in March 2021. 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 businesses arriving and leaving during the year.

Due to Covid-19 the level of collection is less than expected and will result in a deficit in Business Rates for the financial year 2021/22.

## Cashflow

The Covid-19 outbreak created pressure on the council's cash flow but the position is starting to settle down in 2021-22. 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 (MMFs).

In light of Government relief announcements made last year, the Council continues to see a reduction in income. 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/MMFs to maintain liquidity. This approach helped the council meet its cash flow needs and avoided any short term unplanned borrowing. The Council has now increased its MMFs investment limits and the number of MMFs to maintain a healthy liquid position. However, as we can now see the signs of the UK economy returning to some sense of normality and the confidence provided by the vaccine we expect the Council's cash flow to stabilise going forward. This will help us to place any excess cash in suitable short term fixed term deposits and earn improved returns.

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, but there remains a concern over the longer term in the context of the DSG deficit. However, if a cash shortfall 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	Current Budget £000	Full year Forecast (July) £000	Full Year Forecast Variance (July) £000	Full Year Forecast Variance (June) £000	Covid-19 Forecast Impact (July) £000	Outturn Variance 2020/21 £000
Customers, Policy & Improvement	5,497	5,405	(92)	(104)	45	915
Infrastructure & Technology	12,478	12,686	207	164	176	(51)
Corporate Governance	2,009	2,027	19	(21)	22	(88)
Resources	5,695	6,389	693	762	657	1,811
Human Resources	1,903	2,094	191	190	120	102
Corporate Other	710	1,154	444	402	0	1,057
<b>Total (Controllable)</b>	<b>28,292</b>	<b>29,755</b>	<b>1,463</b>	<b>1,392</b>	<b>1,020</b>	<b>3,746</b>

## **Overview**

At the end of period 4 (July) the Corporate Services (CS) department is forecasting an adverse variance of £1.463m at year end, of which £1.02m is due to the external impact of covid-19. The adverse variance has increased since period 3 (June) by £71k.

## **Customers, Policy and Improvement - £92k favourable variance**

The favourable variance in the division is mainly due to various vacancies expected to be held for part of the year, such as in the AD and Programme Office budgets. Additional favourable variances include £44k due to an over-achievement of income forecast against the cash collection saving and £45k against the Voluntary Sector Coordination budget. The Registrars services is also forecasting a favourable variance of £37k due to the strong recovery of income levels following the easing of covid restrictions earlier this year. The forecast income in this service is cautious at this stage but will be kept under review as uncertainty remains around the level of demand for services this financial year following the lifting of covid restrictions.

Partly offsetting the above is the Press and PR budget which is forecasting a £89k adverse variance owing to the use of agency staff to cover the Head of Communications post pending the completion of a restructure. There is also a £61k adverse variance in the Translations services due to under-achievement against the income budget as external demand remains low and a £24k adverse variance in the Policy and Strategy team partly due to the use of agency staff earlier in the year.

The forecast favourable variance in the division has reduced by £12k since June. This is due to various small changes across multiple teams.

## **Infrastructure & Technology - £207k 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 £214k on the Corporate Print Strategy and £104k on the PDC (Chaucer Centre). These will be reviewed throughout the year and may improve depending on the level of staff returning to the office. 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 £85k adverse variance due to the lack of commissions since the pandemic began, though the forecast is significantly improved on the outturn position for 2020/21. There is a variance on Corporate Contracts (£31k adverse) due to 2020/21 savings for reducing cleaning in corporate buildings remaining unachievable within the current circumstances. A further £46k adverse variance is within the Client Financial Affairs team, mainly relating to the unachieved saving (reference 2019-20 CS23) relating to the introduction of a charging scheme.

There are also multiple favourable variances within the division, such as on the Microsoft EA (Enterprise Agreement) which is forecast less than budgeted and £74k in Safety Services due to recruitment lag being forecast as well as contingency not expected to be required in year. The Business Systems Team is also forecasting a £22k favourable variance due to vacancies in the team and there is a favourable £51k variance forecast for Garth Road from rental income.

The overall forecast adverse variance within Infrastructure and Technology has increased by £44k since June. This is due to multiple appointments made to vacancies within the Business Systems team and the transfer of salary budget from Client Financial Affairs to the C&H department following a small restructuring.



### **Corporate Governance – £19k adverse variance**

The adverse variance within Corporate Governance is a result of prior year unachieved savings totalling £115k within the Legal service. This will continue to be reviewed and reported as part of the progress on savings for Corporate Services.

Various favourable variances within the division are partly offsetting the unachieved savings, including £26k within Democracy Services from IT costs and Mayor's allowances spend being less than budgeted, £7k across Electoral Services largely from less than budgeted canvass pay, £35k in Information Governance reflecting a restructure coming into effect mid-year and £48k within the South London Legal Partnership (SLLp). SLLp is currently forecasting a £231k surplus overall, £48k is forecast to be LBM's share. The variance in SLLp is largely due to reduced running costs as staff largely continue to work remotely and less than budgeted staffing costs.

The forecast variance for the division has a £40k movement since June, from a favourable £21k to an adverse £19k. This is mainly due to a reduced SLLp surplus being forecast as well as an updated forecast of the reimbursement receivable for the GLA election held in May 2021.

### **Resources - £693k adverse variance**

Within Resources there are multiple budgets forecasting adverse variances due to covid-19. The Chief Executive's budget has a £178k adverse variance mainly due to the use of an interim Head of Recovery as a result of the pandemic, as well as additional communications spend. Also due to covid is an adverse variance forecast in the Bailiffs service of £466k (inclusive of the shared service element) as a result of unachieved income which will be monitored as the circumstances around the pandemic improve and the service is able to operate more fully. Covid's impact on income also extends to the Local Taxation Service which has a £79k favourable variance overall due to additional funding from the GLA and new burdens income from DWP, however this masks an expected shortfall of £70k against court costs income.

The Corporate Accountancy service is forecasting a £113k adverse variance which includes an increase in fee proposed by the Council's external auditors, EY, though confirmation of the fee increase is still outstanding. A further adverse variance of £118k is forecast on insurance premiums though an updated projection is expected in the coming months when the impact on the cost of insurance premiums as a result of six schools leaving the insurance SLA arrangement is confirmed with our insurance provider. The Financial Systems Team is forecasting a £49k adverse variance owing to salary budget pressure as well as revenue costs for upgrading the financial system planned for later this year. The Budget Management Team is forecasting a £31k adverse variance due to the use of agency staff.

Favourable variances within Resources include £17k each on the Director of Corporate Services and AD budget due to consultants and subscription budgets not required in year. The Capital and Strategy team and the Support team within Revenues and Benefits have £9k and £16k favourable variances respectively, mainly against staffing costs. Within the Benefits Administration service a £104k favourable variance is largely due to receipts from DWP.

The adverse variance forecast within Resources has reduced by £69k since June. This is mainly due to an improved income position within the Bailiffs Team and Local Taxation service, partly offset by an increased agency forecast for the Budget Management team due to the requirement for a short-term additional resource to support ongoing DSG deficit recovery work.

### **Human Resources – £191k adverse variance**

The adverse variance in HR is made up of the AD budget (£62k variance) and Learning and Development budget (£43k variance) as a result of the use of agency staff. Additionally, there is an adverse variance of £127k relating to the HR Transactions budget for the shared payroll system and iTrent client team charges from Kingston. This is reflective of a saving not expected to be achieved in year as new contract negotiations were delayed as a result of covid during 2020/21.

The Payroll service is anticipating a £23k favourable variance across various staffing and running costs as well as overachievement of income.

The adverse variance forecast within HR has increased by £1k since June.

### **Corporate Items - £444k adverse variance**

The Housing Benefit Rent Allowances budget is forecasting a net adverse variance of £680k. This is due to a shortfall on the subsidy attracted by overpayments compared to the budgeted amount for 2021/22 and is inclusive of £100k allowance for topping up the bad debt provision at year end in line with the level of top-up required in each of the past two financial years.

Partly offsetting the above are favourable variances on the corporately funded items budget of £146k due to budget not expected to be required in year, £50k on the added years pension budget and £45k net income forecast for the recovery of old Housing Benefits debts previously written off.

The adverse forecast variance for Corporate Items has increased by £42k since June. This is due to an increased spend forecast for corporately funded items, largely related to legal costs.

### **Environment & Regeneration**

<b>Environment &amp; Regeneration</b>	<b>2021/22 Current Budget</b>	<b>Full year Forecast (July)</b>	<b>Forecast Variance at year end (July)</b>	<b>Forecast Variance at year end (June)</b>	<b>2021/22 Covid-19 Forecast Impact (July)</b>	<b>2020/21 Outturn Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Public Protection	(16,773)	(13,079)	3,694	3,051	4,352	8,973
Public Space	16,254	16,898	644	857	546	2,003
Senior Management	1,043	855	(188)	(197)	0	(134)
Sustainable Communities	8,327	8,576	249	503	857	(153)
<b>Total (Controllable)</b>	<b>8,851</b>	<b>13,250</b>	<b>4,399</b>	<b>4,214</b>	<b>5,755</b>	<b>10,689</b>

Description	2021/22 Current Budget	Forecast Variance at year end (July)	Forecast Variance at year end (June)	2020/21 Variance at year end
	£000	£000	£000	£000
Regulatory Services	625	242	232	194
Parking Services	(18,414)	3,379	2,748	8,804
Safer Merton & CCTV	1,016	73	71	(25)
<b>Total for Public Protection</b>	<b>(16,773)</b>	<b>3,694</b>	<b>3,051</b>	<b>8,973</b>
Waste Services	14,602	621	651	875
Leisure & Culture	549	202	385	764
Greenspaces	1,832	(113)	(113)	525
Transport Services	(729)	(66)	(66)	(161)
<b>Total for Public Space</b>	<b>16,254</b>	<b>644</b>	<b>857</b>	<b>2,003</b>
Senior Management & Support	1,043	(188)	(197)	(134)
<b>Total for Senior Management</b>	<b>1,043</b>	<b>(188)</b>	<b>(197)</b>	<b>(134)</b>
Property Management	(2,637)	(240)	(36)	(381)
Building & Development Control	(15)	288	257	281
Future Merton	10,979	201	282	(53)
<b>Total for Sustainable Communities</b>	<b>8,327</b>	<b>249</b>	<b>503</b>	<b>(152)</b>
<b>Total Excluding Overheads</b>	<b>8,851</b>	<b>4,399</b>	<b>4,214</b>	<b>10,689</b>

## Overview

The department is currently forecasting an adverse variance of £4,399k at year end. The main areas of variance are Regulatory Services, Parking Services, Waste Services, Leisure & Culture, Property Management, Development & Building Control, and Future Merton.

## Public Protection

### **Regulatory Services adverse variance of £242k**

The section has implemented agreed income savings of £210k over recent years relating to potential commercial opportunities. However, the focus for the financial year 2020/21 needed to refocus from income generation to service improvement including a major IT project. The IT transition Project is scheduled for completion by the end of the calendar year but the section will look to focus efforts on generating additional income, for example, through the provision of business advice and identification of unlicensed businesses prior to the completion of this project.

Covid-19 continues to impact licensing income due to continually changing business restrictions resulting in a reduction of temporary event notices (TENS) and income from hair & beauty premises which remained closed during the early part of the financial year. As step 3 of the government roadmap continued some hospitality premises reopened with limited capacities which marginally improved income. The shift to Step 4 from the 19<sup>th</sup> July may improve income further through an increase in TENS income, but this will not resolve the loss of income for the first four months of the financial year. Current forecasts estimate an adverse variance against budget of £44k.

### **Parking Services adverse variance of £3,379k**

Covid-19 continues to affect parking revenue across the board including ANPR, PCNs as well as on and off street charges income. Analysis to better understand the short and longer term impact of this is ongoing, but current forecasts show the adverse variance on PCN, P&D, and permit income of £1,331k, £1,262k, and £1,177k respectively.

Contributing to the PCN adverse variance is a 2020/21 and 2021/22 saving (ENV1920-01) of £680k 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 October 2021. This results in an estimated shortfall against saving of £340k at this stage.

It should be noted that the section has a £3,800k budget expectation relating to the review of parking charges, which commenced on the 14<sup>th</sup> 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 continues to try and better understand this.

### **Public Space**

#### **Waste Services adverse variance of £621k**

The section is forecasting an adverse variance on disposal costs of £399k. 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. In order to mitigate this cost, the service is currently supporting SLWP in the planning of the re-procurement of both Food and Garden waste processing services which currently expire in 2022.

An adverse variance of £190k is being forecast in relation to its waste collection and street cleansing contract, as a result of agreed and necessary services being undertaken on our behalf by the service provider.

An adverse variance of £164k is also being forecast in relation to the Household, Reuse, Recycling Centre (HRRC), mainly as a result of extending the current contract during 2020/21, via a contract variation, in order to both minimise future costs and to align the contract period with the other SLWP boroughs. The service is currently exploring alternative access for residents to neighbouring sites along with implementing improvements to the current booking system which has contributed to the management of waste volumes. To date there are no planned service changes and we note that any significant change to the provision of this service will first be presented to Cabinet for consideration.

A favourable variance on employee related spend of £112k is partially mitigating these adverse variances.

#### **Leisure & Culture adverse variance of £202k**

Due to the ongoing impact of Covid-19 the Authority continues to support our service provider, GLL, and forego the guaranteed income due. Recovery forecasts estimate income returning in October 2021, which equates to an income shortfall of about £418k. However, during this time the Authority has been incurring lower utility costs at these premises, leading to a forecast favourable variance of £80k.

The continuation of Covid-19 related restrictions at the Wimbledon Sailing Base has also led to programmes with less attendees being available, resulting in a net adverse variance of £45k being forecast.

A favourable variance on one-off reimbursement costs of £100k, and employee related spend of £89k is partially mitigating these adverse variances.

## **Sustainable Communities**

### **Property Management favourable variance of £240k**

The principal reason for the favourable variance relates to exceeding the commercial rental income expectations by £455k, which includes £167k of one-off income from conducting the backlog of rent reviews in line with the tenancy agreements.

This is being partially offset by an adverse variance of £112k on premises related expenditure, for example, utility and repairs & maintenance costs, and £102k on supplies & services related expenditure, for example, on employment of consultants to progress rent reviews due to lack of internal resource, and valuations to support asset valuations and potential disposals.

### **Building and Development Control adverse variance of £288k**

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 against budget of £321k.

This adverse variance is being partially reduced by a favourable variance on supplies & services spend (£30k).

### **Future Merton adverse variance of £201k**

The section continues to incur staff and legal costs in relation to Bishopsford Bridge, for which there is no budget, leading to a forecast adverse variance of £146k.

The section is also forecasting a net adverse variance of £125k 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 c£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 as agreed, capital investment was reduced by £300k for 2020/21

onwards) and, together, this has resulted in an increase in reactive repairs since 2019/20. In short, TFL's withdrawal of funding for their network, coupled with a planned 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 £185k 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, due to delays in the installation of digital advertising panels following covid related delays in gaining planning consent, and the rejection of approximately one-third of proposed locations.

The section also implemented a £100k saving during 2019/20 in relation to providing services to Merantun Development Limited (MDL). However, this saving can no longer be achieved due to MDL's closure, so an alternative saving will need to be presented to Cabinet in due course.

These adverse variances are being partially mitigated by favourable variances on street work & permits activity (£193k), costs associated with CPZ consultation and implementation (£64k), and temporary traffic orders income (£40k).

## **Children Schools and Families**

<b>Children, Schools and Families (£000's)</b>	<b>2021/22 Current Budget</b>	<b>Full Year Forecast</b>	<b>Forecast Variance July</b>	<b>Forecast Variance June</b>	<b>2021/22 Covid Forecast Impact</b>
<b>Education</b>					
Education Budgets	£ 17,035	£ 16,932	-£ (103)	£ 29	£ 274
Depreciation	£ 9,801	£ 9,801	£ -	£ -	£ -
Other Education Budgets	£ 127	£ 127	£ -	£ -	£ -
Education Services Grant	-£ (1,062)	-£ (1,062)	£ -	£ -	£ -
<b>Education Sub-total</b>	<b>£ 25,901</b>	<b>£ 25,798</b>	<b>-£ (103)</b>	<b>£ 29</b>	<b>£ 274</b>
<b>Other CSF</b>					
Child Social Care & Youth Inclusion	£ 21,012	£ 21,236	£ 224	-£ (44)	£ 440
Cross Department	£ 908	£ 956	£ 48	£ 48	£ -
PFI Unitary Costs	£ 8,168	£ 8,275	£ 107	£ 107	£ -
Pension and Redundancy Costs	£ 1,592	£ 1,575	-£ (16)	£ 67	£ -
<b>Other CSF Sub-total</b>	<b>£ 31,680</b>	<b>£ 32,042</b>	<b>£ 363</b>	<b>£ 178</b>	<b>£ 440</b>
<b>Grand Total</b>	<b>£ 57,581</b>	<b>£ 57,840</b>	<b>£ 260</b>	<b>£ 207</b>	<b>£ 714</b>

## **Overview**

At the end of July 2021, the Children Schools and Families directorate is forecasting an adverse variance against budget of £0.260m on local authority funded services. This is a small adverse movement since period 3. Since period 3 we have started to see a return to more normal levels of activity, including a spike in high cost placements and we are reflecting this in the forecast. Alongside this, we are planning on a return to more normal levels of education activity (including transport from September). There has been an increase in the number of pupils being educated at home but overall the number is still small as a proportion of overall pupils.

£714k Covid-19 cost pressure has been identified relating to savings shortfalls from the last financial

year. These have been included in the forecast position. There remains considerable uncertainty about the likely level of increased costs due to Covid-19. We are currently reviewing two of the larger savings for this year as one is unachievable as it relates to a saving from Public Health commissioning that has not been achieved and one relating to the PFI that requires additional modelling by the service and finance jointly. The impact of the pandemic is emerging in increased safeguarding referrals and this coupled with delays in the family courts mean that some children's plans cannot be progressed quickly enough which has increased the number of children on child protection plans open to the service, placing pressure on social worker's caseloads. An additional project team has been secured to help with the increased demand. An additional £100k covid19 related loss of income have also been forecast for this year although significant uncertainty currently surrounds this estimate.

It remains difficult to forecast the patterns of demand across all services as families, communities and services return to normal life. We continue to monitor the situation closely and respond in a timely way to changes. It is likely that the current forecast will change as the situation becomes clearer.

### Local Authority Funded Services

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

Local Authority Funded Services (£000's)	Budget	July Variance	June Variance
<b>Child Social Care and Youth Inclusion</b>			
Adolescent & Family Services	£ 2,113	-£ (213)	-£ (29)
Asylum Seeker Costs (14+)	£ 137	£ 198	£ 46
Asylum Seeker Costs (ART)	£ 306	£ 86	-£ (75)
Children Cntrl Social Wrk Serv	£ 4,285	-£ (270)	-£ (270)
Head of ChildSoclCare& YthIncl	£ 213	-£ (45)	£ 8
Mash & Child Protection Serv	£ 2,643	-£ (152)	-£ (207)
Safeguarding, Stndrds & Train	£ 1,322	-£ (159)	-£ (165)
Senior Management	£ 274	-£ (4)	-£ (62)
Children In Care and Resources	£ 9,719	£ 783	£ 709
<b>CSC &amp; Youth Incl Total</b>	<b>21,012</b>	<b>224</b>	<b>-45</b>
<b>Education</b>			
Contracts, Proc & School Org	£ 7,425	-£ (46)	£ 32
Early Years & Children Centres	£ 4,232	£ 114	£ 114
Education - School Improvement	£ 3	£ 50	£ 48
Education Inclusion	£ 1,684	-£ (25)	-£ (25)
Schools Delegated Budget	£ -	£ -	£ -
SEN & Disability Integrat Serv	£ 2,093	-£ (116)	-£ (374)
Senior Management	£ 864	-£ (131)	£ 120
Policy, Planning & Performance	£ 523	£ 95	£ 113
Departmental Business Support	£ 211	-£ (43)	£ -
<b>Education Total</b>	<b>£ 17,035</b>	<b>-£ (103)</b>	<b>£ 28</b>

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

The majority of the movement from period 2 to period 3 related to the Children in Care service and this has increased slightly and is now recording an adverse forecast of £783k compared with budget. To note, the full £400k Public Health saving which was predicated on recommissioning integrated services, which has not taken place, (referred to in the overview section above) has all been put against this budget. This savings option is now no-longer achievable and C&H are currently reviewing

other options which will be reported later in the year. This service has until now had relatively few high cost residential placements. We continue to look in detail at this budget but there has been an increase in placements of children with complex needs as outlined in Period 3 and children 14 plus needing placements. High cost placements continue to be reviewed weekly by the Head of Service to ensure that they remain appropriate and to explore other options.

Work is currently underway with this service to focus on a number of areas:

- ensure that Merton receives a fair contribution for cases through the tri-partite process with health;
- improve commissioning and procurement activity to ensure best value is obtained through a more systemised purchasing approach;
- a move to more activity based forecasting across the division as a whole.

The impact of these actions will be reflected within future monitoring updates.

The Division overall is forecasting an adverse variance against budget of £224k at period 4.

### **Education Division**

The Education Division forecast is based on a spend situation returning to more normal levels. The period 4 budget shows a slight positive movement from period 3 and we continue to monitor this carefully.

The Division overall is forecasting a favourable variance against budget of £103k

### **Schools PFI**

Initial work in this area is forecasting an adverse position of £107k to budget. Further work re-modelling this area will be undertaken in the coming months.

### **Dedicated Schools Grant (DSG)**



Dedicated Schools Budget (£000's)	Budget	July Variance	June Variance
<b><u>Education</u></b>			
Contracts, Proc & School Org	£ 286	£ 3	£ 9
Early Years & Children Centres	£ 16,335	-£ (156)	-£ (156)
Education - School Improvement	£ 1,107	-£ (86)	-£ (86)
Education Inclusion	£ 1,468	£ 42	£ 51
SEN & Disability Integrat Serv	£ 17,468	£ 11,046	£ 11,046
<b>Sub-total</b>	<b>£ 36,664</b>	<b>£ 10,849</b>	<b>£ 10,863</b>
<b><u>CSC &amp; Youth Inclusion</u></b>			
Adolescent & Family Services	£ 43	-£ (2)	-£ (4)
<b>Sub-total</b>	<b>£ 43</b>	<b>-£ (2)</b>	<b>-£ (4)</b>
<b><u>Schools Delegated Budget</u></b>			
DSG Reserve	£ -	£ -	£ -
Retained Schools Budgets	£ 2,841	-£ (1,806)	-£ (1,823)
Schools Delegated Budget	-£ (39,784)	£ 3,316	£ 3,378
<b>Sub-total</b>	<b>-£ (36,943)</b>	<b>£ 1,510</b>	<b>£ 1,555</b>
<b>DSG Total</b>	<b>-£ (236)</b>	<b>£ 12,357</b>	<b>£ 12,414</b>

DSG funded services are forecasting an overspend of £12.357m.

The DSG had a cumulative overspend of £24.981m at the end of 2020/21.

Merton has been selected as one of the LAs to take part in the 'safety valve' intervention programme with the DfE as it has one of the highest percentage deficits in the country as at the end of 2020/21. The programme aims to agree a package of reform to our high needs system that will bring the DSG deficit under control. We have confirmed participation in this programme and are providing a draft updated plan to the DfE by August 18th.

The main reason for the adverse forecast variance from budget relates to a £8.519m adverse variance on Independent Day School provision. The reason for the significant overspend is due to the high number of placements. The forecast this month has increased by 17 pupils with an average cost of £48k per placement.

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. 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 £24.981m cumulative deficit to increase further. The current additional pressure of the DSG is forecast to be £12.4m for 2021/22.

Other adverse variances include £2.542m on EHCP allocations to Merton primary and secondary schools, £2.104m on out of borough maintained primary, secondary and special school payments, post 16 provision is forecasting a pressure of £662k.

Between Periods 1-3 we have seen an increase from 2032 finalised EHCPs to 2214 EHCPs which is an increase this financial year of 182 finalised EHCPs. As at period 3 we had 197 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.

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.

In addition to the pressures on the high needs block, which are clear from the budget monitoring figures highlighted above and which continue into 2021/22 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. 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.

## **Community and Housing**

### **Overview**

Community and Housing is currently forecasting a favourable variance of £1.03m as at July 2021. This is made up of forecasted favourable variances in Adult Social Care of £1.4m, and unfavourable variances in Housing of £232k, and Libraries of £132k. Public Health and Merton Adult Learning are forecasting a breakeven position.

### **Community and Housing Summary Position**

The forecast reflects the uncertainty surrounding the impact of the pandemic on the departments' budgets.

Community and Housing	2021/22 Current Budget £'000	2021/22 Full Year Forecast July'21 £'000	2021/22 Full Year Forecast Variance July'21 £'000	2021/22 Full Year Forecast Variance June'21 £'000	2021/22 Covid-19 Forecast July'21 £'000	2020/21 Outturn Variance £'000
Adult Social Care	58,564	57,173	(1,391)	(1,419)	899	(2,947)
Libraries and Heritage	2,475	2,607	132	91	120	195
Merton Adult Learning	0	0	0	0	0	0
Housing General Fund	3,575	3,807	232	253	0	489
Public Health	(163)	(163)	0	0	0	0
<b>Total Favourable/Unfavourable</b>	<b>64,451</b>	<b>63,424</b>	<b>(1,027)</b>	<b>(1,075)</b>	<b>1,019</b>	<b>(2,263)</b>

## Adult Social Care

Adult Social Care is forecasting a favourable variance of £1.4m as at July 2021, compared to £2.9m at year end 2020/21 demonstrates that the one off covid-19 impacts are dissipating. The current position reflects an increase of £336k in placements between May to July, revised salary forecast and updated forecasts on the department's recovery plans.

The current placement forecast is based on July's data for expenditure and income. The current position includes a net increase as at July of 35 care packages as demonstrated in the diagram below and at a higher cost in than those leaving the service.

Month	New Customers	Deceased Customers	Customers No Longer Receiving a Service	Net Movement
April'21	48	-9	-13	26
May'21	31	-16	-18	-3
June'21	32	-17	-22	-7
July'21	45	-13	-13	19
<b>Total to Date</b>	<b>156</b>	<b>-55</b>	<b>-66</b>	<b>35</b>

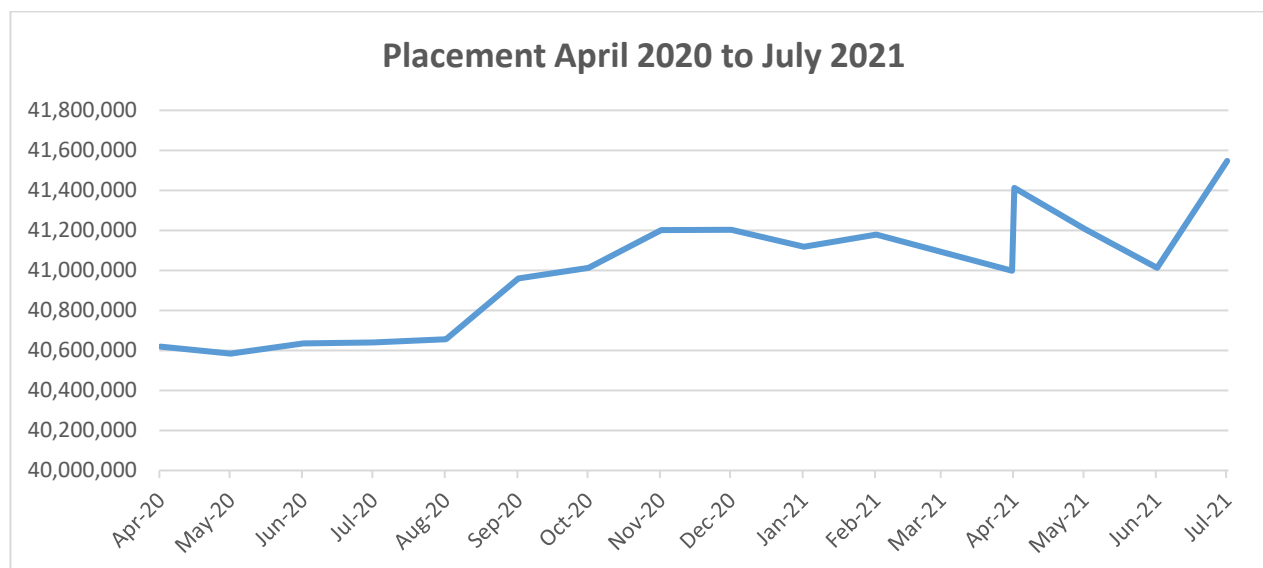
The continuing hospital discharge and community support process based on the national discharge policy via the NHS continues for quarter 1 & 2 to assist with post discharge recovery and reablement following discharge from hospital. Whereby the rules differ for April to June where up to six weeks of

care will be funded and from the July to September only up to four weeks of care will be funded. It is expected that the scheme will continue in some form from October, but the latest information is that no decision will be made on how this is funded until late September. It could be funded by government, fall on the Better Care Fund or the CCG's existing allocation, or a combination of all three.

Hospital discharges by pathway has increase by 35% for 2021/22 and already averaging 44 discharges a week compared with 28 throughout 2020/21. Significantly there is a >50% increase seen in discharge pathway 1 referrals, of which the majority will come to the local authority via reablement. Pathway 2 & 3 figures also show increases, and we can anticipate some of those costs coming to us for placements, in a 'worst case scenario' those costs could be significant.

The service continues to receive referrals of customers discharged from hospital and NHS funded discharge care during 2021/22 however the total cost of this potential pressure is still uncertain at this stage. The forecast reflects the best understanding of the risk. It is expected that some customers are expected to qualify for Continuing Health Care (CHC) or will be self-funders. The service will continue to monitor the data of likely discharges into social care. Many boroughs around the country are experiencing an increase in demand for care, increase in care packages, and carer's exhaustion which could be due to the impact of covid-19, as well as the complexity of long Covid-19 cases. Thus, the department expects an influx of additional customers during 2021/22 with a variety of covid-19 related conditions which will place pressure on its\_ placements and staffing budgets.

Thus, the trend line in the graph below demonstrates an expected increase in placements after the prolonged period reduction, followed by a plateau which is due to not only an aging population, impact of the covid-19 pandemic and increase in customers with complex needs.



The current favourable variance also includes vacant posts that are in the process of being recruited to so that the department have the necessary capacity for winter to meet the anticipated demands.

### **Adult Social Care Internal Provision – Unfavourable Variance - £79k**

This service unfavourable variance of £79k has improved since June. However, the unfavourable variance is mainly due to a loss of income across the services caused by the loss of income from Mascot from a drop in individual customers and several housing associations changing their contract arrangements.

This is further compounded by the partial closure of day centres at the beginning of the year and the subsequent reduction of the daily intake leading up to 'Freedom Day'. These reductions will continue as we will be unable to increase numbers until Public Health guidance changes, which will not happen while case numbers for COVID remain high.

At present the service cannot take out of borough customers into day services so are predicting a continued loss of income. The service is also losing income from letting its buildings to the community for various activities.

The service is having a number of staff absences including maternity leave and some long-term sick cases which are being worked through.

### **Library & Heritage Service- Unfavourable Variance - £132k**

This service as at the end of July is showing an unfavourable variance of £132k is due to revised salary forecast.

The unfavourable position is due to loss of income from libraries of £120k as a result of the pandemic. There is also a £28k overspend on the security services due to an increase in the contract value due to the Living Wage and inflation.

In terms of recovery the libraries returned to pre-pandemic levels of opening hours from 19 July 2021. Safety measures remain in place including increased cleaning and face mask wearing. It will also maintain its enhanced online offer, which has seen a significant increase during the pandemic.

### **Adult Learning- Breakeven position**

Adult Learning continues to forecast a breakeven position. Merton Adult Learning is fully funded by external grants from the GLA (Greater London Authority) and ESFA (Education and Skills Funding Agency).

During the summer term the service has continued to increase physical courses alongside pre-existing online courses and new curriculum provision is planned from September onwards. New curriculum areas focus on developing resident skills for the job market and digital skills.

### **Housing General Fund- Unfavourable variance - £232k**

This service is currently forecasting an unfavourable variance of £232k. This service is a demand and statutory led service and expects to see the impact of the removal of the moratorium on evictions and the enactment of the Domestic Abuse Act. However, it is difficult to predict at this stage the potential financial impact to the service but based on previous experience of national changes or directive takes time to have an impact on the local budget.

However, notwithstanding the challenges of predicting demand upon the TA (Temporary Accommodation) budget there is also the need to be mindful of the effects to TA subsidy, HB (Housing Benefit) contributions and client contributions which are all factors which shape the service's predictions. The rough estimate assuming an increase in demand of 15 new customers, based on an average night rate for a three-bed home for 32 weeks to March 2022 will cost £225k gross (excluding housing benefit, subsidy, and customer contributions), and £xx net. The ban on eviction was lifted recently and xx families with dependent children were evicted but these were assured short-hold tenancies where a notice to quit was issued before the eviction ban but to date none presented to LBM. The service expects that other evictions due to mortgage repossessions due to loss of employment, and societal deprivations could lead to an increase in demand but to date the service is not overwhelmed with such cases.

Nationally there is a debate regarding asylum seekers and their housing needs. Whilst asylum status is being assessed the housing duty sits with the Home Office but after a positive decision and the ending of section 95 accommodation the individual could make an application to LBM and service will be under a legal duty to assess that application which may include the provision of accommodation.

The recent agreement with Capital Letters will not fix the shortfall of affordable accommodation available but it will help.

#### Analysis of Housing and Temporary Accommodation Expenditure to July 2021

Housing	Total Budget 2021/22	Forecast (July'21)	Forecast Variances (July'21)	Forecast Variances (June'21)	Outturn Variances (March'21)
	£000	£'000	£'000	£'000	£000
Temporary Accommodation-Expenditure	2,439	3,303	864	865	1,286
Temporary Accommodation-Client Contribution	(140)	(350)	(210)	(210)	(253)
Temporary Accommodation-Housing Benefit Income	(2,087)	(2,590)	(503)	(547)	(931)
Temporary Accommodation-Subsidy Shortfall	322	1,168	846	880	1,029
Temporary Accommodation-Grant	0	(935)	(935)	(935)	(851)

<b>Subtotal Temporary Accommodation</b>	<b>534</b>	<b>596</b>	<b>62</b>	<b>52</b>	<b>280</b>
Housing Other Budgets	3,041	3,211	170	201	209
<b>Total Controllable (Favourable)/Adverse Variance</b>	<b>3,575</b>	<b>3,807</b>	<b>232</b>	<b>253</b>	<b>489</b>

Table below shows number of households in Temporary Accommodation to July 2021.

Temporary Accommodation	Numbers In	Numbers Out	Net Movement	Previous Year
Mar'17	-	-	186	Position as at March for previous financial years ←
Mar'18	16	16	165	
Mar'19	15	11	174	
Mar'20	12	6	199	
Mar'21	11	7	197	
			<b>2021/22</b>	<b>2020/21</b>
Apr'21	12	10	199	196
May'21	16	17	198	204
June'21	9	16	191	213
July'21	24	8	207	212

Temporary accommodation numbers show a net increase of 16 as at July which is lower than July'20 but higher than July'19 which was 175. The current increase is partly due to an increase of bailiffs warrants issued to customers that required accommodation.

### Public Health –Breakeven positions

The service continues to forecast a breakeven position as at July 2021.

### Potential Cost pressures: -

The service continues to seek a resolution with NHS provider CLCH for both the children's contract (health visitors and school nurses) and for sexual health. The provider is currently involved in an open-book exercise.

The government has announced a 3% pay increase for NHS staff on Agenda for Change effective from April this year. This applies to 2 PH staff and those on our CLCH contacts. Funding confirmation is still pending.

The team, together with public protection, is leading on outbreak management and Covid-19 resilience, implementing the refreshed Local Outbreak Management Plan (LOMP) which includes

provision of local contact tracing, support for community testing with Lateral Flow Tests (LFTS) and surge testing in cases of outbreaks and variants of concern.

LOMP implementation costs will be covered by control outbreak management fund, or directly charged to DHSC (Department of Health & Social Care) where there is a variant of concern.

#### 4. Corporate Items

The details comparing actual expenditure up to 31 July 2021 against budget are contained in Appendix 1. COVID-19 corporate expenditure is again shown on a separate line:-

Corporate Items	Current Budget 2021/22 £000s	Full Year Forecast (July) £000s	Forecast Variance at year end (July) £000s	Forecast Variance at year end (June) £000s	Outturn Variance 2020/21 £000s
<b>Impact of Capital on revenue budget</b>	<b>11,157</b>	<b>11,012</b>	<b>(145)</b>	<b>(145)</b>	<b>(27)</b>
<b>Investment Income</b>	<b>(387)</b>	<b>(430)</b>	<b>(43)</b>	<b>(43)</b>	<b>(141)</b>
Pension Fund	86	86	0	0	2,646
Pay and Price Inflation	3,338	3,338	0	0	(250)
Contingencies and provisions	25,955	25,955	0	0	331
Income Items	(2,223)	(2,223)	0	0	7,413
Appropriations/Transfers	(7,656)	(7,656)	0	0	(7,848)
<b>Central Items</b>	<b>19,112</b>	<b>19,069</b>	<b>(43)</b>	<b>(43)</b>	<b>2,151</b>
Levies	959	959	0	0	0
Depreciation and Impairment	(25,593)	(25,593)	0	0	0
<b>TOTAL CORPORATE PROVISIONS</b>	<b>5,635</b>	<b>5,447</b>	<b>(188)</b>	<b>(188)</b>	<b>2,124</b>
COVID-19 Emergency expenditure	0	864	864	848	5,356
<b>TOTAL CORPORATE EXPENDITURE inc. COVID-19</b>	<b>5,635</b>	<b>6,311</b>	<b>676</b>	<b>660</b>	<b>7,480</b>

Based on expenditure to 31 July 2021, a favourable variance of £188,000 is forecast for corporate items. There has been no change since the June 2021 forecast.



## 5 Capital Programme 2021-25

5.1 The Table below shows the movement in the 2021/25 corporate capital programme since the last monitoring report:

Depts	Current Budget 21/22	Variance	Revised Budget 21/22	Current Budget 22/23	Variance	Revised Budget 22/23	Original Budget 2023-24	Variance	Revised Budget 23/24	Original Budget 2024-25	Variance	Revised Budget 24/25
Corporate Services	10,655	(400)	10,255	6,968	400	7,368	5,245		5,245	13,534		13,534
Community & Housing	1,068	(50)	1,018	2,450	50	2,500	752		752	480		480
Children Schools & Families	8,416		8,416	4,240		4,240	1,900		1,900	1,900		1,900
Environment and Regeneration	19,055	(251)	18,804	9,127	251	9,378	7,918		7,918	7,324		7,324
<b>Total</b>	<b>39,194</b>	<b>(701)</b>	<b>38,493</b>	<b>22,784</b>	<b>701</b>	<b>23,485</b>	<b>15,815</b>	<b>0</b>	<b>15,815</b>	<b>23,238</b>	<b>0</b>	<b>23,238</b>

5.2 The table below summarises the position in respect of the 2021/22 Capital Programme as at July 2021. The detail is shown in Appendix 5.

### Capital Budget Monitoring - July 2021

Department	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2020/21	Full Year Variance
Corporate Services	462,728	1,116,834	(654,106)	10,255,040	10,155,040	(100,000)
Community and Housing	259,153	202,484	56,669	1,017,820	1,017,820	(0)
Children Schools & Families	1,192,653	172,816	1,019,837	8,415,690	8,310,690	(105,000)
Environment and Regeneration	3,563,477	5,199,632	(1,636,155)	18,804,440	18,727,170	(77,270)
<b>Total</b>	<b>5,478,012</b>	<b>6,691,766</b>	<b>(1,213,754)</b>	<b>38,492,990</b>	<b>38,210,720</b>	<b>(282,270)</b>

- a) Corporate Services – After the re-profiling of £400k for Business Systems – Revenue and Benefits to 2022-23 budget managers are currently forecasting one underspend on Customer Contact of £100k.
- b) Community and Housing – There is one budget adjustment this month for Major Projects - Social Care H - LD Housing where £50k is being re-profiled into 2022-23. After this adjustment budget managers are projecting full spend against budgets.
- c) Children, Schools and Families – After the virements in the table below there are five forecast variances shown on the Schools Capital Maintenance (projected underspend £105k). These reflect the outcome of the tendering processes undertaken over the spring these budgets are not being adjusted yet to allow for any cost variances during delivery.

	Budget 2021-22	Narrative
<b>Children, Schools and Families</b>	£	
Merton Abbey - Capital Maintenance	(1) 5,000	Virements - projected spend capital maintenance
Abbotsbury - Capital Maintenance	(1) 33,000	Virements - projected spend capital maintenance
Malmesbury - New School	(1) 5,000	Virements - projected spend capital maintenance
Sherwood - Capital Maintenance	(1) 57,000	Virements - projected spend capital maintenance
William Morris - Capital Maintenance	(1) (57,000)	Virements - projected spend capital maintenance
Raynes Park - Capital Maintenance	(1) 15,390	Virements - projected spend capital maintenance
Rutlish - Capital Maintenance	(1) (16,000)	Virements - projected spend capital maintenance
Ricards Lodge - Capital Maintenance	(1) 16,000	Virements - projected spend capital maintenance
Unallocated Capital Maintenance Budget	(1) (58,390)	Virements - projected spend capital maintenance
<b>Total</b>	<b>0</b>	

(1) Requires Cabinet approval

d) Environment and Regeneration – After the re-profiling of £251k for Fleet Vehicles – Replacement of Fleet Vehicles to 2022-23 budget managers are projecting the following variance to budget:

- Officers are projecting a £6k underspend on Alley Gating
- Officers are showing an underspend on one of the Paddling Pool options, as both options are currently contained in the programme – the current forecast assumes the SCIL funded scheme is unspent as this has the least impact on funding. The outcome of any consultation in relation to paddling pools is not yet known
- Officers are projecting a £155k overspend on the Canons Parks for the People Scheme (split £55k within Mitcham Area Regeneration and £100k within Parks Investment. Officers will be bidding for Strategic CIL to fund this projected shortfall.

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

Depts.	Original Budget 21/22	Net Slippage 2021/22	Adjustments	New External Funding	New Internal Funding	Re-profiling	Revised Budget 21/22
Corporate Services	11,205	1,123			153	(2,226)	10,255
Community & Housing	1,132	135				(250)	1,018
Children Schools & Families	9,050	432	135	1,139		(2,340)	8,416
Environment and Regeneration	19,408	3,141	(443)	30	22	(3,353)	18,804
<b>Total</b>	<b>40,795</b>	<b>4,831</b>	<b>(308)</b>	<b>1,169</b>	<b>175</b>	<b>(8,169)</b>	<b>38,493</b>

5.4 The table below compares capital expenditure (£000s) to July 2021 to that in previous years':

Depts.	Spend To July 2018	Spend To July 2019	Spend to July 2020	Spend to July 2021	Variance 2018 to 2021	Variance 2019 to 2021	Variance 2020 to 2021
CS	1,527	400	407	463	(1,064)	63	56
C&H	264	262	81	259	(5)	(3)	178
CSF	1,553	3,016	148	1,193	(361)	(1,824)	1,045
E&R	4,023	903	1,561	3,563	(460)	2,660	2,002
<b>Total Capital</b>	<b>7,368</b>	<b>4,582</b>	<b>2,198</b>	<b>5,478</b>	<b>(1,890)</b>	<b>896</b>	<b>3,280</b>

Outturn £000s	31,424	26,960	15,123	
Budget £000s				38,493
Projected Spend July 2021 £000s				38,211
Percentage Spend to Budget				14.23%

% Spend to Outturn/Projection	23.45%	16.99%	14.53%	14.34%
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Monthly Spend to Achieve Projected Outturn £000s	3,842
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5.5 July is one third into the financial year and departments have spent just over 14.2% of the budget. Spend to date is higher than two of the last three previous financial years

Department	Spend To June 2021 £000s	Spend To July 2021 £000s	Increase £000s
CS	123	463	339
C&H	184	259	75
CSF	849	1,193	344
E&R	2,220	3,563	1,343
<b>Total Capital</b>	<b>3,376</b>	<b>5,478</b>	<b>2,102</b>

5.6 During July 2021 officers spent £2.1 million, to achieve year end spend officer would need to spend approximately £3.8 million each month to year end. Finance officers will continue to review in detail the projected outturn with budget managers.

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

## 6 DELIVERY OF SAVINGS FOR 2021/22

### Progress on savings 2021/22

Department	Target Savings 2021/22 £000	Projected Savings 2021/22 £000	Period 4 Forecast Shortfall £000	Period Forecast Shortfall (P4) %	2022/23 Expected Shortfall £000
Corporate Services	1,322	1,090	232	17.5%	95
Children Schools and Families	1,460	410	1,050	71.9%	400
Community and Housing	2,541	1,557	984	38.7%	860
Environment and Regeneration	1,580	955	625	39.6%	0
<b>Total</b>	<b>6,903</b>	<b>4,012</b>	<b>2,891</b>	<b>41.9%</b>	<b>1,355</b>

Appendix 6 details the progress on unachieved savings from 2021/22 by department and the impact on the current year and next year.

Progress on savings 2020/21

Department	Target Savings 2020/21	Shortfall 2020/21	Projected Shortfall 2021/22 (July)	Projected Shortfall 2022/23 (July)
	£000	£000	£000	£000
Corporate Services	2,718	883	213	658
Children Schools and Families	2,969	664	500	0
Community and Housing	2,460	128	128	128
Environment and Regeneration	3,927	3,373	2,837	0
<b>Total</b>	<b>12,074</b>	<b>5,048</b>	<b>3,678</b>	<b>786</b>

Appendix 7 details the progress on unachieved savings from 2020/21 by department and the impact on the current year and next year.

**7. CONSULTATION UNDERTAKEN OR PROPOSED**

7.1 All relevant bodies have been consulted.

**8. TIMETABLE**

8.1 In accordance with current financial reporting timetables.

**9. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

9.1 All relevant implications have been addressed in the report.

**10. LEGAL AND STATUTORY IMPLICATIONS**

10.1 All relevant implications have been addressed in the report.

**11. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

11.1 Not applicable

**12. CRIME AND DISORDER IMPLICATIONS**

12.1 Not applicable

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

13.1 The risk of part non-delivery of savings is already contained on the key strategic risk register and will be kept under review.

**14. 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 2021/22
- Appendix 7 – Progress on savings 2020/21

**15. BACKGROUND PAPERS**

15.1 Budgetary Control files held in the Corporate Services department.

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**APPENDIX 1**

<b>3E. Corporate Items</b>	<b>Council 2021/22 £000s</b>	<b>Current Budget 2021/22 £000s</b>	<b>Year to Date Budget (July) £000s</b>	<b>Year to Date Actual (July) £000s</b>	<b>Full Year Forecast (July) £000s</b>	<b>Forecast Variance at year end (July) £000s</b>	<b>Forecast Variance at year end (June) £000s</b>	<b>Outturn Variance 2020/21 £000s</b>
Cost of Borrowing	11,157	11,157	2,789	1,645	11,012	(145)	(145)	(27)
<b>Impact of Capital on revenue budget</b>	<b>11,157</b>	<b>11,157</b>	<b>2,789</b>	<b>1,645</b>	<b>11,012</b>	<b>(145)</b>	<b>(145)</b>	<b>(27)</b>
<b>Investment Income</b>	<b>(387)</b>	<b>(387)</b>	<b>(97)</b>	<b>(113)</b>	<b>(430)</b>	<b>(43)</b>	<b>(43)</b>	<b>(141)</b>
<b>Pension Fund</b>	<b>86</b>	<b>86</b>	<b>86</b>	<b>2,900</b>	<b>86</b>	<b>0</b>	<b>0</b>	<b>2,646</b>
<b>Pay and Price Inflation</b>	<b>3,338</b>	<b>3,338</b>	<b>834</b>	<b>0</b>	<b>3,338</b>	<b>0</b>	<b>0</b>	<b>(250)</b>
Contingency	1,500	1,500	375	12	1,500	0	0	(365)
Bad Debt Provision	1,500	1,500	375	0	1,500	0	0	388
Loss of income arising from P3/P4	400	400	100	0	400	0	0	0
Loss of HB Admin grant	23	23	6	0	23	0	0	(23)
Apprenticeship Levy	450	450	113	(105)	450	0	0	(80)
Revenuisation and miscellaneous	8,005	8,005	2,001	18	8,005	0	0	411
Growth - Provision against DSG	14,078	14,078	3,520	0	14,078	0	0	0
<b>Contingencies and provisions</b>	<b>25,955</b>	<b>25,955</b>	<b>6,489</b>	<b>(75)</b>	<b>25,955</b>	<b>0</b>	<b>0</b>	<b>331</b>
Other income	0	0	0	(5)	0	0	0	7,413
CHAS IP/Dividend	(2,223)	(2,223)	(556)	(60)	(2,223)	0	0	0
<b>Income items</b>	<b>(2,223)</b>	<b>(2,223)</b>	<b>(556)</b>	<b>(65)</b>	<b>(2,223)</b>	<b>0</b>	<b>0</b>	<b>7,413</b>
Appropriations: CS Reserves	(1,656)	(1,656)	(414)	0	(1,656)	0	0	0
Appropriations: E&R Reserves	(50)	(331)	(83)	0	(331)	0	0	0
Appropriations: CSF Reserves	(303)	0	0	0	0	0	0	0
Appropriations: C&H Reserves	(104)	(104)	(26)	0	(104)	0	0	0
Appropriations: Public Health Reserves	(93)	(93)	(23)	0	(93)	0	0	0
Appropriations: Corporate Reserves	(5,472)	(5,472)	(1,368)	0	(5,472)	0	0	(7,848)
<b>Appropriations/Transfers</b>	<b>(7,678)</b>	<b>(7,656)</b>	<b>(1,914)</b>	<b>0</b>	<b>(7,656)</b>	<b>0</b>	<b>0</b>	<b>(7,848)</b>
<b>Depreciation and Impairment</b>	<b>(25,593)</b>	<b>(25,593)</b>	<b>(25,593)</b>	<b>0</b>	<b>(25,593)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Central Items</b>	<b>4,654</b>	<b>4,676</b>	<b>(17,961)</b>	<b>4,292</b>	<b>4,488</b>	<b>(188)</b>	<b>(188)</b>	<b>2,124</b>
<b>Levies</b>	<b>959</b>	<b>959</b>	<b>240</b>	<b>959</b>	<b>959</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL CORPORATE PROVISIONS</b>	<b>5,614</b>	<b>5,635</b>	<b>(17,722)</b>	<b>5,251</b>	<b>5,447</b>	<b>(188)</b>	<b>(188)</b>	<b>2,124</b>
<b>COVID-19 Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>682</b>	<b>864</b>	<b>864</b>	<b>848</b>	<b>5,356</b>
<b>TOTAL CORPORATE EXPENDITURE inc. COVID-19</b>	<b>5,614</b>	<b>5,635</b>	<b>(17,722)</b>	<b>5,933</b>	<b>6,311</b>	<b>676</b>	<b>660</b>	<b>7,480</b>

**Pay and Price Inflation as at July 2021**

In 2021/22, the budget includes 1.5% for increases in pay and 1.5% for increases in general prices, with an additional amount 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 2.1% and RPI at 3.3% 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 advised, in February 2021, unions submitted a pay claim of 10% plus other requirements but on 14 May 2021 the National Employers made a pay offer of 1.5% to the NJC unions.

On 27 July 2021, the National Employers made a "final offer" as follows:

- With effect from 1 April 2021, an increase of 2.75 per cent on NJC pay point 1
- With effect from 1 April 2021, an increase of 1.75 per cent on all NJC pay points 2 and above
- Completion of the outstanding work of the joint Term-Time Only review group

The employers also considered non-pay elements of union proposals and hope joint discussions can begin on the basis of the following:-

- A national minimum agreement on homeworking policies for all councils

In response the unions UNISON, GMB and Unite are urging local government employers to rethink their revised pay offer of a 1.75% pay rise (with 2.75% for those on the bottom pay point) for 2021/22 by "awarding an increase that will properly and fairly reward council and school support staff".

With 1.5% provided for a pay award in 2021/22, if unions accept the 1.75% offer it will require additional budget of c.£0.225m in 2021/22 and future years. (a 1% increase costs c.£0.9m per year).

**Prices:**

The latest statistics have been affected by COVID-19 but this is now minor. As a result of the easing of coronavirus (COVID-19) restrictions, the number of CPIH items identified as unavailable in July 2021 fell to one, accounting for 0.04% of the basket by weight; the ONS collected a weighted total of 87.2% of the comparable coverage collected before the first lockdown in 2020 (excluding unavailable items). Around 0.2 percentage points of the easing in the CPIH rate between June and July 2021 came from base effects, specifically from items that became available again in July 2020 at the end of the first coronavirus (COVID-19) lockdown.

The Consumer Prices Index (CPI) rose by 2.0% in the 12 months to July 2021, down from 2.5% to June; on a monthly basis, CPI was unchanged in July 2021, compared with a rise of 0.4% in July 2020.

The largest upward contribution to the 12-month inflation rate came from transport (0.85 percentage points). Clothing and footwear, and a variety of recreational goods and services made the largest downward contributions to the change in the 12-month inflation rate between June and July 2021. Price rises for second-hand cars, compared with falls a year ago, resulted in the largest, partially offsetting, upward contribution to change.

The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 2.1% in the 12 months to July 2021, down from 2.4% in the 12 months to June.

The RPI rate for July 2021 was 3.8%, which is down from 3.9% in June 2021.

#### 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 4 August 2021, the Committee judged that the existing stance of monetary policy remained appropriate. The MPC voted unanimously to maintain Bank Rate at 0.1%. The Committee voted unanimously for the Bank of England to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £20 billion. The Committee voted by a majority of 7-1 for the Bank of England to continue with its existing programme of UK government bond purchases, financed by the issuance of central bank reserves, maintaining the target for the stock of these government bond purchases at £875 billion and so the total target stock of asset purchases at £895 billion. The next MPC decision on the Bank Base Rate will be published on 23 September 2021.

The MPC's decision drew strongly on updated projections for activity and inflation as set out in the August Monetary Policy Report. They assume that, despite the spread of the Delta variant, the impact of Covid on the UK economy fades further over time. They are also conditioned on the market path for interest rates. In the minutes to the MPC meeting they state that "twelve-month CPI inflation rose to 2.5% in June, above the MPC's 2% target and 0.8 percentage points higher than expected in the May Report. Core CPI inflation has also risen further, to 2.3%, as building global input cost pressures have been passed through to some consumer goods prices and, to a lesser degree, the reopening of the economy has led to a pickup in some consumer services and goods prices. CPI inflation is projected to rise temporarily in the near term, to 4% in 2021 Q4, owing largely to developments in energy and other goods prices, before falling back to close to the 2% target. The Committee's central expectation is that current elevated global and domestic cost pressures will prove transitory. Nonetheless, the economy is projected to experience a more pronounced period of above-target inflation in the near term than expected in the May Report. And, alongside temporary constraints on supply, the rapid recovery in demand has eroded spare capacity such that the economy is projected to have a margin of excess demand for a period. In the medium term, conditioned on the market path for interest rates, inflation is projected to fall back to close to the 2% target, and demand and supply are expected to return broadly to balance."

In terms of the outlook for inflation the MPC say that there is little evidence to suggest that higher expectations will add to the persistence of the near-term overshoot in inflation they will continue to monitor these indicators closely. In summary the MPC "expects CPI inflation to rise temporarily to around 4% in the near term, before falling back towards 2%. In the MPC's projection, inflation rises temporarily to around 4% in the near term, largely driven by energy and goods prices. Inflation starts to decline in 2022, and returns to the 2% target in late 2023. The expected decline in inflation reflects less upward pressure from energy prices, which is likely to be transitory. Goods price inflation is also expected to fall back, reflecting an easing of supply chain disruptions and the rotation of spending away from goods and back towards services. Consistent with that, import prices are expected to fall back somewhat over time. Domestic price pressures are expected to



strengthen, as the MPC expects a margin of excess demand to emerge temporarily. But that is eroded subsequently, in part as temporary frictions affecting supply dissipate, and so those pressures fade towards the end of the forecast period. There are two-sided risks around this central path. Key uncertainties include whether global demand for goods remains robust, the response of global supply, the path of UK import prices and how spare capacity and domestic price pressures evolve.”

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 (July 2021)			
	Lowest %	Highest %	Average %
2021 (Quarter 4)			
CPI	1.7	3.5	2.6
RPI	3.3	5.1	4.0
LFS Unemployment Rate	4.9	6.5	5.6
2022 (Quarter 4)			
CPI	1.0	5.1	2.1
RPI	2.0	6.4	3.0
LFS Unemployment Rate	4.3	5.9	4.9

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 (May 2021)					
	2021	2022	2023	2024	2025
	%	%	%	%	%
CPI	1.6	2.3	2.1	2.1	2.0
RPI	2.5	3.1	3.0	3.0	2.9
LFS Unemployment Rate	5.4	5.4	4.7	4.4	4.3

## Treasury Management: Outlook

The Bank's Monetary Policy Committee (MPC) sets monetary policy to keep inflation low and stable, which supports growth and jobs. Subject to maintaining price stability, the MPC is also required to support the Government's economic policy. The Government has set the MPC a target for the 12-month increase in the Consumer Prices Index of 2%.

The MPC currently uses two main monetary policy tools.

1. setting the interest rate that banks and building societies earn on deposits, or 'reserves', placed with the Bank of England — this is Bank Rate.
2. buying government and corporate bonds, financed by the issuance of central bank reserves — this is asset purchases or quantitative easing.

At its meeting ending on 4 August 2021, the Committee judged that the existing stance of monetary policy remained appropriate. The MPC voted unanimously to maintain Bank Rate at 0.1%. The Committee voted unanimously for the Bank of England to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £20 billion. The Committee voted by a majority of 7–1 for the Bank of England to continue with its existing programme of UK government bond purchases, financed by the issuance of central bank reserves, maintaining the target for the stock of these government bond purchases at £875 billion and so the total target stock of asset purchases at £895 billion.

The Monetary Policy Committee's (MPC's) core approach is summarised in the minutes as they note that "The MPC has had policy guidance in place specifying that it does not intend to tighten monetary policy at least until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% inflation target sustainably. Some members of the Committee judge that, although considerable progress has been made in achieving the conditions of that guidance, the conditions are not yet met fully. The other members judge that the conditions of the guidance have been met fully, but note that the guidance made clear that these have only ever been necessary not sufficient conditions for any future tightening in monetary policy. All members confirm that in judging the appropriate stance of monetary policy, the Committee will, as always, focus on the medium-term prospects for inflation, including medium-term inflation expectations, rather than factors that are likely to be transient. In particular, the Committee will not put undue weight on capacity pressures that are frictional in nature and likely to be temporary. The Committee will be monitoring closely the incoming evidence regarding developments in the labour market, and particularly unemployment, wider measures of slack and underlying wage pressures. In addition, there remain two-sided risks around the central path for inflation in the medium term. Risk management considerations continue to have some force. The Committee judges that, should the economy evolve broadly in line with the central projections in the August Monetary Policy Report, some modest tightening of monetary policy over the forecast period is likely to be necessary to be consistent with meeting the inflation target sustainably in the medium term."

The MPC has set out its projections in the August Monetary Policy report. It states that "the outlook for the economy remains uncertain. It is dependent on the evolution of the pandemic and the measures taken to protect public health. It will also depend on how governments, households, businesses and financial markets respond to those developments. Many Covid restrictions were lifted across the UK over the past few months, and the MPC's projections are conditioned on an assumption that significant, widespread restrictions on economic activity are not reimposed."

The August 2021 Monetary Policy Report makes the following assumptions:-

- the impact of Covid on the economy continues to fade over time.
- Fiscal policy supports demand in the near term.
- The market path for interest rates is broadly similar to three months ago; the sterling exchange rate has appreciated a little further since the May Report.
- Risky asset prices are at a similar level to May, while household credit conditions have eased.
- Global GDP continues to rise in the near term as Covid vaccination programmes progress.
- Global inflationary pressures are forecast to remain strong in the near term, but are expected to be transitory and wane as supply and demand imbalances ease.
- UK GDP grows by 4% over the first year of the forecast, with the pace of expansion slowing over time.
- Supply growth is estimated to have been strong, but somewhat less rapid than demand growth, in part reflecting frictions in the labour market.

In the August 2021 Monetary Policy report the MPC has used the following projections implied by current data trends:-

	Projections (August 2021)			
	2021 Q.3	2022 Q.3	2023 Q.3	2024 Q.3
GDP	7.7	4.0	1.3	1.3
CPI Inflation	2.7	3.3	2.1	1.9
LFS Unemployment Rate	4.7	4.4	4.2	4.2
Excess Supply/Excess Demand	0.0	0.5	0	-0.25
Bank Rate	0.1	0.2	0.4	0.5

The conclusions that the MPC reach in the August 2021 Monetary Policy Report are supported by the following Key Judgements:-

Key judgement 1: global inflationary pressures are strong in the near term – reflecting the continued recovery in world demand, higher commodity prices, and temporary supply bottlenecks – and should subside thereafter.

Key judgement 2: UK activity continues to recover in the near term, as the impact of Covid continues to wane and policy stimulus supports demand, with the pace of expansion slowing as those effects dissipate

Key judgement 3: the economy’s supply capacity continues to recover in the near term as the impact of Covid wanes; in the medium term, supply growth returns to around longer-term trend rates.

Key judgement 4: inflation rises further above the target in the near term, largely reflecting the impact of transitory factors; in the medium term, supply and demand are broadly in balance and inflation is around the target.

Capital Budget Monitoring- July 2021

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2021/22	Full Year Variance
<b>Capital</b>	<b>5,478,012</b>	<b>6,691,766</b>	<b>(1,213,754)</b>	<b>38,492,990</b>	<b>38,210,720</b>	<b>(282,270)</b>
<b>Corporate Services</b>	<b>462,728</b>	<b>1,116,834</b>	<b>(654,106)</b>	<b>10,255,040</b>	<b>10,155,040</b>	<b>(100,000)</b>
<b>Customer, Policy and Improvmen</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>350,000</b>	<b>250,000</b>	<b>(100,000)</b>
Customer Contact Programme	0	0	0	350,000	250,000	(100,000)
<b>Facilities Management Total</b>	<b>93,940</b>	<b>831,604</b>	<b>(737,664)</b>	<b>2,272,500</b>	<b>2,272,500</b>	<b>0</b>
Works to other buildings	70,593	223,736	(153,143)	1,118,680	1,118,380	(300)
Civic Centre	0	0	0	60,000	60,300	300
Invest to Save schemes	23,347	607,868	(584,521)	1,093,820	1,093,820	0
<b>Infrastructure &amp; Transactions</b>	<b>168,788</b>	<b>85,230</b>	<b>83,558</b>	<b>2,171,350</b>	<b>2,171,350</b>	<b>0</b>
Business Systems	36,455	30,000	6,455	868,020	868,020	0
Social Care IT System	15,240	0	15,240	157,180	157,180	0
Planned Replacement Programme	117,093	55,230	61,863	1,146,150	1,146,150	0
<b>Corporate Items</b>	<b>200,000</b>	<b>200,000</b>	<b>0</b>	<b>5,461,190</b>	<b>5,461,190</b>	<b>0</b>
Acquisitions Budget	200,000	200,000	0	200,000	200,000	0
Westminster Ccl Coroners Court	0	0	0	460,000	460,000	0
Compulsory Purchase Orders	0	0	0	4,801,190	4,801,190	0
<b>Community and Housing</b>	<b>259,153</b>	<b>202,484</b>	<b>56,669</b>	<b>1,017,820</b>	<b>1,017,820</b>	<b>(0)</b>
<b>Adult Social Care</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>30,400</b>	<b>30,400</b>	<b>(0)</b>
Telehealth	0	0	0	30,400	30,400	(0)
<b>Housing</b>	<b>242,134</b>	<b>162,518</b>	<b>79,616</b>	<b>787,590</b>	<b>787,590</b>	<b>0</b>
Disabled Facilities Grant	242,134	147,518	94,616	737,590	737,590	0
Major Projects - Social Care H	0	15,000	(15,000)	50,000	50,000	0
<b>Libraries</b>	<b>17,019</b>	<b>39,966</b>	<b>(22,947)</b>	<b>199,830</b>	<b>199,830</b>	<b>0</b>
Major Library Projects	17,019	35,166	(18,147)	175,830	175,830	0
Libraries IT	0	4,800	(4,800)	24,000	24,000	0

**Capital Budget Monitoring- July 2021**

	<b>Actuals</b>	<b>Budgeted Spend to Date</b>	<b>Variance to Date</b>	<b>Final Budget</b>	<b>Final Year Forecast 2020/21</b>	<b>Full Year Variance</b>
<b>Children Schools &amp; Families</b>	<b>1,192,653</b>	<b>172,816</b>	<b>1,019,837</b>	<b>8,415,690</b>	<b>8,310,690</b>	<b>(105,000)</b>
<b>Primary Schools</b>	<b>133,017</b>	<b>54,000</b>	<b>79,017</b>	<b>3,570,910</b>	<b>3,465,910</b>	<b>(105,000)</b>
Hollymount	0	0	0	60,000	60,000	0
West Wimbledon	10,843	0	10,843	350,000	350,000	0
Hatfeild	(2,389)	0	(2,389)	75,000	55,000	(20,000)
Hillcross	844	0	844	153,000	153,000	0
Joseph Hood	2,800	0	2,800	73,000	73,000	0
Dundonald	6,891	0	6,891	181,000	157,000	(24,000)
Merton Abbey	(530)	0	(530)	65,000	65,000	0
Pelham	1,630	0	1,630	50,000	42,000	(8,000)
Wimbledon Chase	5,719	0	5,719	176,000	176,000	0
Wimbledon Park	9,215	0	9,215	450,000	450,000	0
Abbotsbury	17,629	0	17,629	61,000	61,000	0
Malmesbury	0	0	0	95,000	95,000	0
Morden	(2,219)	0	(2,219)	0	0	0
Bond	0	0	0	33,000	33,000	0
Cranmer	20,986	24,000	(3,014)	59,000	53,000	(6,000)
Haslemere	0	0	0	150,000	150,000	0
Liberty	(487)	0	(487)	0	0	0
Links	4,480	0	4,480	180,000	133,000	(47,000)
St Marks	2,000	0	2,000	115,900	115,900	0
Lonesome	(1,875)	0	(1,875)	0	0	0
Sherwood	49,370	30,000	19,370	300,000	300,000	0
William Morris	8,110	0	8,110	158,000	158,000	0
Unallocated Primary School Proj	0	0	0	786,010	786,010	0

**Capital Budget Monitoring- July 2021**

	<b>Actuals</b>	<b>Budgeted Spend to Date</b>	<b>Variance to Date</b>	<b>Final Budget</b>	<b>Final Year Forecast 2020/21</b>	<b>Full Year Variance</b>
<b>Secondary School</b>	<b>116,034</b>	<b>0</b>	<b>116,034</b>	<b>474,040</b>	<b>474,040</b>	<b>0</b>
Harris Academy Morden	0	0	0	135,000	135,000	0
Harris Academy Merton	0	0	0	34,170	34,170	0
Raynes Park	0	0	0	21,000	21,000	0
Ricards Lodge	0	0	0	21,610	21,610	0
Rutlish	395	0	395	55,000	55,000	0
Harris Academy Wimbledon	115,639	0	115,639	207,260	207,260	0
<b>SEN</b>	<b>824,774</b>	<b>0</b>	<b>824,774</b>	<b>3,779,290</b>	<b>3,779,290</b>	<b>0</b>
Perseid	(9,646)	0	(9,646)	364,130	364,130	0
Cricket Green	7,781	0	7,781	195,480	195,480	0
Melrose	828,273	0	828,273	2,337,980	2,337,980	0
Secondary School Autism Unit	0	0	0	50,000	50,000	0
Unlocated SEN	223	0	223	824,200	824,200	0
Melbury College - Smart Centre	(1,857)	0	(1,857)	7,500	7,500	0
<b>CSF Schemes</b>	<b>118,828</b>	<b>118,816</b>	<b>12</b>	<b>591,450</b>	<b>591,450</b>	<b>0</b>
Devolved Formula Capital	118,828	118,816	12	356,450	356,450	0
Children's Centres	0	0	0	55,000	55,000	0
Youth Provision	0	0	0	180,000	180,000	0

**Capital Budget Monitoring- July 2021**

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
<b>Environment and Regeneration</b>	<b>3,563,477</b>	<b>5,199,632</b>	<b>(1,636,155)</b>	<b>18,804,440</b>	<b>18,727,170</b>	<b>(77,270)</b>
<b>Public Protection and Developm</b>	<b>117,108</b>	<b>295,706</b>	<b>(178,598)</b>	<b>1,669,640</b>	<b>1,669,640</b>	<b>0</b>
On Street Parking - P&D	0	166,000	(166,000)	833,000	833,000	0
Off Street Parking - P&D	71,134	129,706	(58,572)	645,530	645,530	0
CCTV Investment	45,974	0	45,974	156,110	156,110	0
Public Protection and Developm	0	0	0	35,000	35,000	0
<b>Street Scene &amp; Waste</b>	<b>180,008</b>	<b>303,590</b>	<b>(123,582)</b>	<b>825,430</b>	<b>819,430</b>	<b>(6,000)</b>
Fleet Vehicles	298,792	298,790	2	673,000	673,000	0
Alley Gating Scheme	389	4,800	(4,412)	24,000	18,000	(6,000)
Waste SLWP	(119,173)	0	(119,173)	128,430	128,430	0
<b>Sustainable Communities</b>	<b>3,266,361</b>	<b>4,600,336</b>	<b>(1,333,975)</b>	<b>16,309,370</b>	<b>16,238,100</b>	<b>(71,270)</b>
Street Trees	20,328	0	20,328	134,590	134,590	0
Raynes Park Area Roads	341	0	341	2,970	2,970	0
Highways & Footways	1,959,617	2,679,348	(719,731)	8,672,170	8,672,170	0
Cycle Route Improvements	36,951	95,220	(58,269)	534,870	534,870	0
Unallocated TfI	0	0	0	495,250	495,250	0
Mitcham Area Regeneration	629,215	943,000	(313,785)	1,315,230	1,370,480	55,250
Wimbledon Area Regeneration	102,739	192,864	(90,125)	1,234,320	1,234,320	0
Morden Area Regeneration	0	30,000	(30,000)	150,000	150,000	0
Borough Regeneration	65,833	58,504	7,329	746,020	746,020	0
Morden Leisure Centre	15,846	0	15,846	26,620	26,620	0
Wimbledon Park Lake and Waters	133,263	235,592	(102,329)	1,177,960	1,177,960	0
Sports Facilities	53,065	73,470	(20,405)	399,700	399,700	0
Parks	249,162	292,338	(43,176)	1,419,670	1,293,150	(126,520)

## Virement, Re-profiling and New Funding - July 2021

Appendix 5B

		2021/22 Budget	Virements	Funding Adjustments	Reprofiling	Revised 2021/22 Budget	2022/23 Budget	Movement	Revised 2022/23 Budget	Narrative
		£	£		£	£	£		£	
<b>Corporate Services</b>										
Business Systems - Revenues and Benefits	(1)	400,000			(400,000)	0	0	400,000	400,000	Re-profiled in line with projected spend
<b>Community and Housing</b>										
Major Projects - Social Care H - LD Housing		100,000			(50,000)	50,000	1,483,000	50,000	1,533,000	Re-profiled in line with projected spend
<b>Children, Schools and Families</b>										
Merton Abbey - Capital Maintenance	(1)	60,000	5,000			65,000			0	Virements - projected spend capital maintenance
Abbotsbury - Capital Maintenance	(1)	28,000	33,000			61,000			0	Virements - projected spend capital maintenance
Malmesbury - New School	(1)	90,000	5,000			95,000			0	Virements - projected spend capital maintenance
Sherwood - Capital Maintenance	(1)	243,000	57,000			300,000			0	Virements - projected spend capital maintenance
William Morris - Capital Maintenance	(1)	215,000	(57,000)			158,000			0	Virements - projected spend capital maintenance
Raynes Park - Capital Maintenance	(1)	5,610	15,390			21,000			0	Virements - projected spend capital maintenance
Rutlish - Capital Maintenance	(1)	71,000	(16,000)			55,000				Virements - projected spend capital maintenance
Ricards Lodge - Capital Maintenance	(1)	5,610	16,000			21,610				Virements - projected spend capital maintenance
Unallocated Capital Maintenance Budget	(1)	844,400	(58,390)			786,010	1,900,000		1,900,000	£58k virement to specific schemes
<b>Environment and Regeneration</b>										
Fleet Vehicles - Replacement of Fleet vehicles		849,000			(251,000)	598,000	300,000	251,000	551,000	Re-profiled in line with projected spend
<b>Total</b>		<b>2,911,620</b>	<b>0</b>	<b>0</b>	<b>(701,000)</b>	<b>2,210,620</b>	<b>3,683,000</b>	<b>701,000</b>	<b>4,384,000</b>	

(1) Requires Cabinet approval

(2) Requires Council Approval



### Capital Programme Funding Summary 2021/22

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
<b>Proposed June Monitoring</b>	<b>22,131</b>	<b>17,063</b>	<b>39,194</b>
<b><u>Corporate Services</u></b>			
Business Systems - Revenues and Benefits	(400)	0	(400)
<b><u>Community and Housing</u></b>			
Major Projects - Social Care H - LD Housing	(50)	0	(50)
<b><u>Environment and Regeneration</u></b>			
Fleet Vehicles - Replacement of Fleet vehicles	(251)	0	(251)
<b>Proposed July Monitoring</b>	<b>21,430</b>	<b>17,063</b>	<b>38,493</b>

### Capital Programme Funding Summary 2022/23

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
<b>Proposed June Monitoring</b>	<b>16,336</b>	<b>6,449</b>	<b>22,784</b>
<b><u>Corporate Services</u></b>			
Business Systems - Revenues and Benefits	400	0	400
<b><u>Community and Housing</u></b>			
Major Projects - Social Care H - LD Housing	50	0	50
<b><u>Environment and Regeneration</u></b>			
Fleet Vehicles - Replacement of Fleet vehicles	251	0	251
<b>Proposed July Monitoring</b>	<b>17,037</b>	<b>6,449</b>	<b>23,485</b>

**APPENDIX 6**

<b>Department</b>	<b>Target Savings 2021/22</b>	<b>Projected Savings 2021/22</b>	<b>Period 4 Forecast Shortfall</b>	<b>Period Forecast Shortfall (P4)</b>	<b>2022/23 Expected Shortfall</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>%</b>	<b>£000</b>
Corporate Services	1,322	1,090	232	17.5%	95
Children Schools and Families	1,460	410	1,050	71.9%	400
Community and Housing	2,541	1,557	984	38.7%	860
Environment and Regeneration	1,580	955	625	39.6%	0
<b>Total</b>	<b>6,903</b>	<b>4,012</b>	<b>2,891</b>	<b>41.9%</b>	<b>1,355</b>

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2021-22

Ref	Description of Saving	2021/22 Savings Required £000	2021/22 Savings Achieved £000	Shortfall	RAG	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	2022/23 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Unders pend? Y/N
<b>SUSTAINABLE COMMUNITIES</b>											
ENV2021-01	Future Merton: Street works team income (increase in income)	100	100	0	G	100	0	G	James McGinlay		
ENV1920-06	Future Merton: Highways advertising income through re-procurement of the advertising contract for the public highway.	70	0	70	R	70	0	G	James McGinlay	Covid-19 estimated to impact on saving. Should be achieved from 2022/23.	Y
ENV2021-10	D&BC: Savings as a result of the 'Assure' M3 upgrade . Reduce BC/DC admin by 1 FTE	15	15	0	A	15	0	G	James McGinlay	Staff issue with the admin manager being off sick has delayed progress.	Y
ENV2021-02	D&BC: Increase PPA's income (increased income) through a dedicated Majors team	80	0	80	R	80	0	G	James McGinlay	Staff issue with the admin manager being off sick has delayed progress.	Y
ENV2021-05	D&BC: Reduction in various minor budget spends	12	12	0	G	12	0	G	James McGinlay		
<b>PUBLIC PROTECTION</b>											
ENV1819 - 04	Parking: Reduction in the number of pay & display machines required.	26	26	0	G	26	0	G	Cathryn James		
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	G	Cathryn James	Following the consultation process and approval by Merton, the proposal was put before London Council and, the process is now for GLA, Mayor for London and Secretary of State to approve.  Process was delayed due to London Mayoral Election, officers working with GLA to progress the application. Earliest implementation will be in October 2021 pending approval in early quarter 2. The full saving will not be achieved in 2021/22. Additional questions raised by GLA have now been responded to and approved. Application now to be sent by GLA to Mayor for London.	Y
ENV2021-04	Parking: EBC - potentially commencing in 2nd half of 2021/22. Assumes a 10% reduction in 2023/24, and a further 10% in 2024/25.	750	750	0	A	750	0	A	Cathryn James	Project delivery planned for Q 2 & 3 2021/22 including introduction of new Permit Changes and upgrade to Parking infrastructure (Payment Terminal). Project on track for operational delivery in Q2 & Q3.	N
ENV2021-08	Parking: Activity to improve On Street parking compliance.	100	0	100	R	100	0	G	Cathryn James	Due to Covid and current on street activity this saving has not been met in Q1 2021. Operational consideration now being worked through for implementation in Q2/Q3.	Y
ENV2021-06	Service restructure across Safer Merton and CCTV	35	0	35	R	35	0	G	Cathryn James	For 2021/2022 £35k savings will be covered through income generation.	Y
<b>PUBLIC SPACE</b>											
ENV2021-09	Zero tolerance approach to littering and environmental offences leading to increase in the intensification of patrols and subsequent fix penalty notices being issued.	52	52	0	G	52	0	G	John Bosley		
<b>Total Environment and Regeneration Savings 2021/22</b>		<b>1,580</b>	<b>955</b>	<b>625</b>		<b>1,580</b>	<b>0</b>				

## DEPARTMENT: CORPORATE SERVICES SAVINGS PROGRESS 2021/22

Ref	Description of Saving	2021/22 Savings Required £000	2021/22 Savings Forecast £000	Shortfall	RAG	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	22/23 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Under spend? Y/N
<b>Customers, Policy &amp; Improvement</b>											
2019-20 CS28	cash collection reduction	19	19	0	G	19	0	G	Sean Cunniffe		
2021-22 CS01	Cash collection contract	23	23	0	G	23	0	G	Sean Cunniffe		
2021-22 CS05	Contract savings and IT procurement	200	200	0	G	200	0	G	CPI AD		
2021-22 CS15	Delete a post from Customer Contact	32	32	0	G	32	0	G	Sean Cunniffe		
<b>Resources</b>											
2018-19 CS07	Retender of insurance contract	25	0	25	R	0	25	A	Nemashe Sivayogan	Expected saving to be reviewed following six schools leaving the insurance SLA, new contract has delivered cost savings but there is shortfall against the budgeted saving due to original pressures in the budget	Y
2018-19 CS08	Increase in income from Enforcement Service	15	0	15	R	15	0	A	David Keppler	Not achievable in year due to covid	Y
2021-22 CS11	Review of shared Bailiff service with Sutton	40	0	40	R	40	0	A	David Keppler	Not achievable in year due to covid	Y
2021-22 CS12	Miscellaneous savings within Resources (eg. Consultancy)	69	69	0	G	35	0	G	Resources Senior Management	Includes a one off saving of £34k, saving target reduces to £35k from 2022/23 onwards	
<b>Corporate Governance</b>											
2021-22 CS04	Establish income grant budget for transparency agenda	13	13	0	A	13	0	A	Karin Lane	Grant income expected but not yet confirmed by central govt.	N
2021-22 CS07	Remove previous inflation built in to reduce Overall Members' Allowances Budget	11	9	2	A	11	0	G	Andrew Robertson		Y
2021-22 CS08	reduced running costs due to canvass reform	10	10	0	G	10	0	G	Andrew Robertson		
2021-22 CS09	legal services - reduce affiliation, counsel and land registry fees	40	40	0	G	40	0	G	Paul Phelan		
2021-22 CS10	reduce AD budget running costs	6	6	0	G	6	0	G	Louise Round		
2021-22 CS14	Local Land Charges - amend income budget for service to reflect net cost recovery	90	90	0	G	90	0	G	Karin Lane		
<b>Human Resources</b>											
2019-20 CS26	Review of contract arrangements	120	0	120	R	50	70	A	Liz Hammond	Delayed start of new contract arrangements due to covid. New contract arrangements to be agreed during this year in order for it to come into effect for 2022/23	Y
<b>Infrastructure &amp; Technology</b>											
2019-20 CS21	Implement phase 2 of the Flexible Working Programme to generate additional vacant floor space and generate income from commercial lease arrangements.	90	90	0	G	90	0	G	Edwin O'Donnell		
2019-20 CS23	Implement a means assessed charging scheme for appointeeships undertaken by the CFA team.	30	0	30	R	30	0	A	Tina Dullaway	Charging scheme yet to be agreed and implemented	Y
2021-22 CS06	Facilities Management - Reduction in various running costs.	75	75	0	G	75	0	G	Various I&T managers		
<b>Corporate</b>											
2019-20 CS12	Increase in Empty Homes Premium for long term empty properties	16	16	0	G	16	0	G	David Keppler		
2021-22 CS02	Corporately funded items (eg. Supplies and services)	75	75	0	G	75	0	G	Senior Management		
2021-22 CS03	Realignment of Pension Added years budget	63	63	0	G	63	0	G	Senior Management		
2021-22 CS13	CHAS Dividend	260	260	0	G	260	0	G	Senior Management		
<b>Total CS Savings for 2021/22</b>		<b>1322</b>	<b>1090</b>	<b>232</b>		<b>1193</b>	<b>95</b>	<b>0</b>			

July'21											APPENDIX 6
DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2021/22											
Ref	Description of Saving	2021/22 Savings Required £000	2021/22 Savings Expected £000	Shortfall	RAG	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	22/23RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Unders pend? Y/N
<b>Adult Social Care</b>											
CH93	LD Offer- Proposal to review the LD offer to adults with learning disabilities	500	500	0	G	500	0	G	Gill Moore	The programme is underway and additional resources are being put in place to ensure delivery	
CH94	Integratation- Merton Health & Care Together Partnership Programme	500	40	460	R	40	460	G	Phil Howell	Changes in the health landscape make savings through integrated working more difficult to deliver at this time. This will be kept under review as the new ICS arrangements emerge	
CH95	Public Health	500	100	400	R	100	400	G	Dagmar Zeuner	The impact of COVID and provider issues make this undeliverable at this time.	
CH96	Home care monitoring	110	110	0	G	110	0	G	Keith Burns	Project to broaden number of providers using ECM solution is in progress.	
CH98	Transport	200	200	0	A	200	0	G	Phil Howell	The transport review has been delayed by COVID but this is offset in year by reduced concessioanry fares costs (one off)	
CH99	Promoting Independence	500	500	0	G	500	0	G	Phil Howell		
CH102	Dementia Hub Recommissioning	55	55	0	G	55	0	G	Richard Ellis	The savings has been delivered for 2021/22 by achievement of additional contribution from health	
CH103	HRS Decommissiiong Floating Support	176	52	124	A	176	0	G	Steve Langley	The work is in progress but has been delayed by COVID work	
<b>Subtotal Adult Social Care</b>		<b>2,541</b>	<b>1,557</b>	<b>984</b>		<b>1,681</b>	<b>860</b>				
<b>Total C &amp; H Savings for 2021/22</b>		<b>2,541</b>	<b>1,557</b>	<b>984</b>		<b>1,681</b>	<b>860</b>				

## DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 21-22

Ref	Description of Saving	2021/22 Savings Required £000	2021/22 Savings Expected £000	Shortfall	21/22 RAG	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	22/23 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
CSF2019-12	Review of public health commissioned services	400	0	400	Red	0	400	Red	Sue Myers	This saving is unachievable as it is related to a saving in Public Health related to recommissioning integrated service that didn't occur	
CSF2019-16	National Minimum rate for Fostering/Guardianship/Adoption	20	20	0	Green	20	0	Green	Sue Myers	Review in progress full update to be provided in Period 5	
CSF2019-17	Increased use of in-house foster care	40	40	0	Green	40	0	Green	Sue Myers	Review in progress full update to be provided in Period 5	
CSF2019-18	Review and reshape shortbreaks provision	200	0	200	Red	200	0	Green	Nick Wilson	Shortbreaks review was delayed by Covid and the saving is therefore also delayed	
CSF2019-19	SEND travel assistance	150	150	0	Green	150	0	Green	Nick Wilson	Review in progress full update to be provided in Period 5	
2021-22 CSF01	Education & Early Help -Reduction made in provision for PFI Unitary Charges	450	0	450	Red	450	0	Green	Nick Wilson	Finance review of the PFI Unitary charge model needed	
2021-22 CSF03	CSF - Ongoing underspend	200	200	0	Yellow	200	0	Green	Sue Myers/Nick Wilosn	Currently CSF forecasting overspend so this saving is at risk to be reveived in Period 5	
	<b>Total Children, Schools and Families Department Savings for 2021/22</b>	<b>1,460</b>	<b>410</b>	<b>1,050</b>	<b>0</b>	<b>1,060</b>	<b>400</b>	<b>0</b>			

**APPENDIX 7**

<b>Department</b>	<b>Target Savings 2020/21</b>	<b>Shortfall 2020/21</b>	<b>Projected Shortfall 2021/22 (July)</b>	<b>Projected Shortfall 2022/23 (July)</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Corporate Services	2,718	883	213	658
Children Schools and Families	2,969	664	500	0
Community and Housing	2,460	128	128	128
Environment and Regeneration	3,927	3,373	2,837	0
<b>Total</b>	<b>12,074</b>	<b>5,048</b>	<b>3,678</b>	<b>786</b>

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	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	22/23 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Unders pend? Y/N
ENV1920-06	Future Merton: Highways advertising income through re-procurement of the advertising contract for the public highway.	40	0	40	R	0	40	R	40	0	G	James McGinlay	Covid-19 estimated to impact on saving. Should be achieved from 2022/23.	Y
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. <b>The above will be subject to the outcome of the consultation process in 2019.</b>	1,900	0	1,900	R	0	1900	R	1900	0	A	Cathryn James	PARKING PERMITS: 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. Permit sales for 2021 were estimated to be down by approx. 10% overall for the calendar year 2020. Due to the reasons above this saving was not fully met in 2020/21. Lockdown continued in quarter 1 of 2021/22 and activity will continue to be monitored and reviewed.  ON STREET PARKING CHARGES - PAY & DISPLAY: 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 very difficult. For the period June through to October 2021 data showed off street activity at 50% of pre covid and on street at 80%. Lockdown 2 (Nov 2020) resulted in a reduction in 'on and off street' parking activity. Lockdown 3 had a further significant detrimental effect in 'on and off street parking' activity. Covid / lockdown and associated change in social behaviour during the last quarter 2020/21 continued to have a direct effect on service activity and resulted in the saving not being met. This saving will continue to be reviewed and monitored on a monthly basis but lockdown during the first quarter in 2021/22 continues to affect income levels. As at July 2021 savings continue to be monitored but lockdown and change in driver behaviour continues to result in this saving not being achieved.	Y
ENV1819 - 04	Parking: Reduction in the number of pay & display machines required.	13	0	13	R	13	0	G	13	0	G	Cathryn James	Expected to be achieved in 2021/22.	
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	340	0	G	Cathryn James	This saving will not be achieved in 2020/21. The consultation process had been extended to 28th June 2020 to allow further time for responses to be received due to the Covid 19 emergency.  Following the consultation process and approval by Merton, the proposal was put before London Council in October 2020 and, the process is now for GLA, Mayor for London and Secretary of State to approve.  It is estimated that if approval is granted the proposal could be implemented by April 2021  Process was delayed due to London Mayoral Election, officers working with GLA to progress the application. Earliest implementation will be in October 2021 pending approval in early quarter 2. The full saving will not be achieved in 2021/22. Additional questions raised by GLA have now been responded to and approved by GLA. Application now to be sent by GLA to Mayor for London.	N
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	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 started increasing through June to September, due to this change in activity as a result of Covid 19, this saving projection will not be met in 2020/21, and the longer term impact continues to be analysed. The November 2020 lockdown had limited effect on driver habits. It is however expected that this saving will not be met. Tier 4 and Lockdown 3 will result in less 'on street' activity. It is therefore estimated that there will be a greater shortfall in achieving this saving this year. As at July 2021 typical traffic movements remain affected with less ANPR activity. It is projected that this saving will not be met in 2021/22.	Y
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	0	337	R	337	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 started increasing through June to September, due to this change in activity as a result of Covid 19, this saving projection will not be met in 2020/21, and the longer term impact continues to be analysed. The November 2020 lockdown had limited effect on driver habits. It is however expected that this saving will not be met. Tier 4 and Lockdown 3 will result in less 'on street' activity. It is therefore estimated that there will be a greater shortfall in achieving this saving this year. Lockdown continues in Q1 2021/22 and on street activity remains lower than normal. Saving for 2020/21 is unlikely to be met on current trends. As at July 2021 typical traffic movements remain affected with less ANPR activity. It is projected that this saving will not be met in 2021/22.	Y
ENV1920-04	Waste: The service change in October 2018 has had a significant impact on waste arising 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 MTFSS we believe that this can be added to.	250	0	250	R	0	250	R	250	0	A	John Bosley	The service maintained a high recycling rate in 2019/20, recycled 42% 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. With the national increase in the level of recycling being generated, processing facilities are becoming stricter with regards to the quality of the material being accepted, resulting in areas of non compliance being rejected.	Y



ALT1920-03	Leisure: Increased income from Leisure Centres Management Contract	10	0	10	R	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	31	119	R	150	0	G	150	0	G	John Bosley	The commissioning and procurement of a new enforcement contract along with the wider Public Space restructure is scheduled for late 20/21 and we hope to implement this in the new year subject to any continuity plans which may take presedent over these two work streams.	
ALT1920-07	Greenspaces: Realign budgets to better reflect current levels of income from outdoor events.	64	0	64	R	64	0	G	64	0	G	John Bosley		
<b>Total Environment and Regeneration Savings 2020/21</b>		<b>3,404</b>	<b>31</b>	<b>3,373</b>		<b>567</b>	<b>2,837</b>		<b>3,404</b>	<b>0</b>				

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2020/21												APPENDIX 7		
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	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	22/23 RAG	Responsible Officer	Comments	R / A Included in Forecast Over/Unders pend? Y/N
<b>Adult Social Care</b>														
CH76	OPMH Staffing	100	0	100	R	0	100	R	0	100		John Morgan	We need to review the demand for MH services with the trust due to C19. Further work is required to establish the necessary resourcing	
CH87	Mascot Income	100	72	28	R	72	28	R	72	28		Andy Ottaway-Searle	MASCOT income has fallen due to cancelled services	
<b>Subtotal Adult Social Care</b>		<b>200</b>	<b>72</b>	<b>128</b>		<b>72</b>	<b>128</b>		<b>72</b>	<b>128</b>				
<b>Total C &amp; H Savings for 2020/21</b>		<b>200</b>	<b>72</b>	<b>128</b>		<b>72</b>	<b>128</b>		<b>72</b>	<b>128</b>				

## DEPARTMENT: CORPORATE SERVICES 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	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	22/23 RAG	Responsible Officer	Comments	R /A Included in Outturn Over/Under spend? Y/N
<b>Customers, Policy &amp; Improvement</b>														
2019-20 CS02	Charge for Blue Badges	15	0	15	R	15	0	A	15	0	A	Sean Cunniffe	Charges not yet in place - to be reviewed.	Y
2018-19 CS07	Retender of insurance contract	50	0	50	R	7	43	A	7	43	A	Nemashe Sivayogan	Expected saving to be reviewed following six schools leaving the insurance SLA, new contract has delivered cost savings but there is shortfall against the budgeted saving due to original pressures in the budget	Y
2018-19 CS08	Increase in income from Enforcement Service	20	0	20	R			N/A	20	0	G	David Keppler	Not achievable in light of covid-19 circumstances. Saving removed from 2021/22 and deferred to 2022/23 per December 2020 Cabinet report	Y
<b>Corporate Governance</b>														
2018-19 CS12	SLLp - reduction in legal demand	50	0	50	R	0	50	A	0	50	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	0	20	A	0	20	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	0	45	A	0	45	A	Louise Round	Saving to be reviewed to determine level of achievability and if replacement may be required	Y
<b>Infrastructure &amp; Technology</b>														
2019-20 CS22	Reduction in the frequency of the cleaning within the corporate buildings	25	0	25	R	0	25	A	25	0	G	Edwin O'Donnell	Not achievable in light of covid-19 circumstances	Y
2020-21 CS9	Reduction in the frequency of the cleaning within the Councils corporate buildings.	30	0	30	R	0	30	A	30	0	G	Edwin O'Donnell	Not achievable in light of covid-19 circumstances	Y
<b>Corporate</b>														
2019-20 CS13	Improved collection of HB overpayments and reduce Bad Debt Provision	500	0	500	R			N/A	0	500	R	David Keppler	Saving removed from 2021/22 and deferred to 2022/23 per December 2020 Cabinet report	Y
<b>Total CS Savings for 2020/21</b>		<b>755</b>	<b>0</b>	<b>755</b>		<b>22</b>	<b>213</b>	<b>0</b>	<b>97</b>	<b>658</b>				

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

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Achieved £000	Shortfall	20/21 RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	20/21 RAG	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	22/23 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Undersp end? Y/N
CSF2019-10	Reduced contribution towards the MSCB	44	10	34		44	0					Nick Wilson	Won't be able to deliver more than approx £10k if reorganisation is undertaken in 3rd quarter of 2021/22.	
CSF2019-21	Review and reshaping of Short Break provision across CWD	200	60	140		0	200					Nick Wilson	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 against the Covid Budget).	
CSF2019-15	South London Family Drug and Alcohol Court commissioning	45	15	30		15	30					Sue Myers	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 has been delayed due to coronavirus alternative operating measures. Will deliver no more than £15k. 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	200		200	200					Sue Myers	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. 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					Sue Myers	Part of wider CSC reorganisation which was delayed due to coronavirus alternative operating measures. Will deliver no more than £20k.	
CSF2019-13	Review of current Adolescent and Family service	100	30	70		30	70					Sue Myers	Part of wider CSC reorganisation which is delayed due to coronavirus alternative operating measures. Will deliver no more than £30k, some mitigating activity - vacancies being held and only recruited to on a fixed term basis.	

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

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Achieved £000	Shortfall	20/21 RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	20/21 RAG	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	22/23 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Undersp end? Y/N
CSF2019-15	Development of Family Network Co-Ordinators Service	45	15	30		45	0					Sue Myers	DfE funding withdrawn. Part of wider CSC reorganisation which is delayed due to coronavirus <u>alternative operating measures</u> .	
CSF2019-17	Culture change and clarification of financial support entitlement for care leavers	50	0	50		50	0					Sue Myers	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 has been 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					Sue Myers	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.	
	<b>Total Children, Schools and Families Department Savings for 2020/21</b>	<b>964</b>	<b>350</b>	<b>614</b>		<b>464</b>	<b>500</b>		<b>0</b>	<b>0</b>	<b>0</b>			

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
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