

# Merton Council Overview and Scrutiny Commission



Date: 10 November 2021  
Time: 7.15 pm  
Venue: Merton Civic Centre

## AGENDA

Page Number

1	Apologies for absence	
2	Declarations of pecuniary interest	
3	Minutes of meeting on 8 September 2021	1 - 6
4	Minutes of call-in 19 October 2021	7 - 8
5	Budget/Business Plan	9 - 40
6	Your Merton - Presentation by Rob Francis from Traverse	
7	Communications Service update	41 - 46
8	Work programme	47 - 54

---

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

For more information about the work of this and other overview and scrutiny panels, please telephone 020 8545 3864 or e-mail [scrutiny@merton.gov.uk](mailto:scrutiny@merton.gov.uk). Alternatively, visit [www.merton.gov.uk/scrutiny](http://www.merton.gov.uk/scrutiny)

Press enquiries: [communications@merton.gov.uk](mailto:communications@merton.gov.uk) or telephone 020 8545 3483 or 4093

Email alerts: Get notified when agendas are published  
[www.merton.gov.uk/council/committee.htm?view=emailer](http://www.merton.gov.uk/council/committee.htm?view=emailer)

## **Public Information**

### **Attendance at meetings**

The public are welcome to attend meetings of the Council. Seating in the public gallery is limited and offered on a first come first served basis.

### **Audio/Visual recording of meetings**

The Council will film meetings held in the Council Chamber for publication on the website. If you would like to film or record any meeting of the Council held in public, please read the Council's policy [here](#) or contact [democratic.services@merton.gov.uk](mailto:democratic.services@merton.gov.uk) for more information.

### **Mobile telephones**

Please put your mobile telephone on silent whilst in the meeting.

### **Access information for the Civic Centre**



- Nearest Tube: Morden (Northern Line)
- Nearest train: Morden South, South Merton (First Capital Connect)
- Tramlink: Morden Road or Phipps Bridge (via Morden Hall Park)
- Bus routes: 80, 93, 118, 154, 157, 163, 164, 201, 293, 413, 470, K5

Further information can be found [here](#)

### **Meeting access/special requirements**

The Civic Centre is accessible to people with special access requirements. There are accessible toilets, lifts to meeting rooms, disabled parking bays and an induction loop system for people with hearing difficulties. For further information, please contact [democratic.services@merton.gov.uk](mailto:democratic.services@merton.gov.uk)

### **Fire alarm**

If the fire alarm sounds, either intermittently or continuously, please leave the building immediately by the nearest available fire exit without stopping to collect belongings. Staff will direct you to the exits and fire assembly point. If you are unable to use the stairs, a member of staff will assist you. The meeting will reconvene if it is safe to do so, otherwise it will stand adjourned.

### **Electronic agendas, reports and minutes**

Copies of agendas, reports and minutes for council meetings can also be found on our website. To access this, click <https://www.merton.gov.uk/council-and-local-democracy> and search for the relevant committee and meeting date.

Agendas can also be viewed online in the Borough's libraries and on the Mod.gov paperless app for iPads, Android and Windows devices.

## Overview and Scrutiny Commission membership

### Councillors:

Peter Southgate (Chair)  
Peter McCabe (Vice-Chair)  
Ben Butler  
Billy Christie  
Paul Kohler  
Nick McLean  
Aidan Mundy  
John Dehaney  
Thomas Barlow  
Sally Kenny

### Substitute Members:

Edward Foley  
Simon McGrath  
David Williams MBE JP  
Omar Bush  
Nick Draper  
Joan Henry

### Co-opted Representatives

Mansoor Ahmad, Parent Governor  
Representative - Secondary and Special  
Sectors  
Roz Cordner, Education Co-optee.

### 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.

### What is Overview and Scrutiny?

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

Scrutiny's work falls into four broad areas:

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

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

For more information, please contact the Scrutiny Team on 020 8545 3864 or by e-mail on [scrutiny@merton.gov.uk](mailto:scrutiny@merton.gov.uk). Alternatively, visit [www.merton.gov.uk/scrutiny](http://www.merton.gov.uk/scrutiny)



# 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).

## OVERVIEW AND SCRUTINY COMMISSION

8 SEPTEMBER 2021

(7.15 pm - 9.00 pm)

PRESENT: Councillor Peter Southgate (in the Chair),  
Councillor Peter McCabe, Councillor Ben Butler,  
Councillor Billy Christie, Councillor Paul Kohler,  
Councillor Nick McLean, Mansoor Ahmad and  
Councillor Sally Kenny

ALSO PRESENT: Councillor Agatha Akyigyina

Zoe Gallen, Liz Hammond (Interim Head of HR), Cathryn James  
(Interim Assistant Director, Public Protection) and Kiran  
Vagarwal (Interim Head of Community Safety)

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

Apologies were received from Cllr Aidan Mundy (with Cllr John Dehaney as sub), Cllr Thomas Barlow (with Cllr Omar Bush as sub). Cllr Brenda Fraser and co-opted Member Roz Cordner.

### 2 DECLARATIONS OF PECUNIARY INTEREST (Agenda Item 2)

There were no declarations of pecuniary interest.

### 3 MINUTES OF THE PREVIOUS MEETING (Agenda Item 3)

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

### 4 BCU COMMANDER - CRIME AND POLICING IN MERTON (Agenda Item 4)

The Chair welcomed the South West BCU Commander, Chief Superintendent Elisabeth Chapple, to the meeting.

The Borough Commander described her current priorities to the Commission Members as follows;

We have a really good complement of officers now in Merton so we have been able to put more resources in and around schools - We have done this because with new pupils joining and older secondary school children learning to be independent they are potentially more vulnerable to robbery.

Any offences that affect violence against women and girls - As we've talked about in previous meetings some of those offences that are affecting women, particularly domestic abuse, have stayed quite high. We have also seen an increase in calls relating to mental health issues

Sanction Detection rates - This is a national policing issue but does also apply to Merton. This is how many crimes we're solving and they're really low nationally. It's a really complicated picture to try and understand exactly why that is and why there has been a decline in recent years.

We've been working with the Crown Prosecution Service on a lot of the issues including the backlog of cases and also on the full code test (whether cases progress to prosecution). One of the issues around this is how much digital data do we need to look into, which particularly affects crimes like sexual offences and it's been a period of negotiation between us and the Crime Prosecution Service to get to a balance of what the right amount of detail is to prove a case but yet not impinge on the privacy rights of victims and people associated with that case.

In response to supplementary questions from Commission Members, the Borough Commander gave further details where possible;

### **Stop and search**

2011 was the last cut of the population data and we are hopeful we'll get a new recut of that data imminently. I do believe there is an ongoing disproportionality in terms of the demographic of people that we're stopping and I think that it's a societal and community cohesion issue as well as a policing issue so questions are rightly being asked of policing in terms of whether we have any inherent biases when we're stopping people.

In terms of positive outcome, we do require our officers to have detailed and varied grounds for stop and search but I do not have the data to hand.

Action: Borough Commander agreed to provide further detail on the number of positive outcomes for different stop and search categories.

### **Burglary**

Over the last month Merton has seen a 24.5% increase in burglary, likely as people are starting to leave their homes and go back into their workplaces, so we're renewing our efforts in terms of both our dedicated ward officers going around as well as visually looking out for any vulnerabilities on premises.

### **Knife crime**

Merton has a really good multi-agency response with regards to knife crime. Safer Merton have been very heavily involved in looking at what we can do to prevent it, as well as dealing with the traditional police role of being reactive to any issues. This includes work such as lighting particular areas to the education about this issue in schools.

Action: Borough Commander agreed to bring data of weapons based stop and searches by age demographic to a future meeting to allow for a more structured discussion about it.

### **Slammin Events in Morden Park**

The events on the weekend of 4th and 5th September were mostly a positive picture although there are a number of licensing issues that we will be working through with the appropriate parties.

From a public safety and vulnerability perspective it didn't go quite as well as we would want and we think it could have been done better but from a crime perspective it was fairly smooth.

The Bronze Commander, who is the person responsible for the public order policing on that weekend, reported to me that there was around 7000 people in attendance each day.

Saturday, which was attended by an older demographic of people, was very trouble free. There was one arrest for affray but it was on the periphery of the event right so cannot absolutely be attributed to that event and there was one community resolution for drugs.

On the Sunday there were two arrests - one for drug supply offences and one for common assault which was on one of the stewards. There was also an allegation of a sexual assault in the queuing area.

In conclusion, for that number of people, licensing issues aside, we were happy from a policing perspective with the safety outcome of that event.

#### **Future of Wimbledon police station**

My understanding is that MOPAC will shortly be opening discussions to understand the strength of feeling around this and other estates. I've not heard in any forum recently that we're in danger of losing Wimbledon police station but I would like that to be confirmed formally.

The Chair thanked the Borough Commander for her attendance this evening.

#### **5 SAFER MERTON UPDATE (Agenda Item 5)**

The Head of Community Safety gave an overview of the broad area of work and directed Members attention to Section 1.1 which provides a table of the service delivery objectives of the Safer Merton team.

In response to Commission Member's questions, the Head of Community Safety further explained;

#### **Bids**

We write our own funding bids but sometimes we will collaborate with our colleagues in other boroughs such as Wandsworth and Kingston. We have found that when we do collaborate with other boroughs, it does draw a bit more attention than us applying alone.

#### **CCTV**

Our focus is to increase the mobile CCTV resource. At present we have around 13 cameras across the borough and we are always looking at how we can expand that and/or use different models to increase capacity. We are currently in discussion with a number of companies to run pilots around the borough so we can secure at least another 13 cameras.

#### **How do we measure the success of our CCTV operation?**

Success can be measured in a number of ways. For example, if we've got 212 cameras across the borough, success could mean that they are all operating effectively, that downtime is minimal, incidents are being captured, and there is positive liaison with the police as well as arrests and convictions.

As part of our upgrade program, we will be looking at upgrading the existing cameras and, as part of that work, all the cameras will be audited. The audit will look at which cameras have been effective. Those that are not effective, we will look at why - it could be because the design and the landscape around them has changed since installation.

#### **How do we measure success in other areas?**

Success for us is extremely broad it could be the reduction of repeat victims coming to our service, equally it could also be an increase in reports of hate crime and domestic violence. We want to see more victims coming to us for help and we want them to come early on before things escalate to a critical point,

One could look at those figures and think are we poor performing because we've got an increase in domestic violence reports? Or are we performing well because we've pushed the message out there and raised awareness and encouraged people to report incidences?

#### **PSPO's**

We have continued to collect the data that we need to evidentially support the extension of the current PSPO's. Unfortunately, due to Covid and lockdowns, we haven't been able to get the level of evidence and data that we need to support the extension or put in any new PSPO's across the borough. However we are monitoring this and keeping it continuously under review.

#### **6 MERTON COUNCIL AS AN EMPLOYER - MENTAL HEALTH (Agenda Item 6)**

The Interim Head of HR presented the report and confirmed Mental Health has been one of the biggest priorities this year.

The last biannual staff survey identified mental health as one of the highest deteriorating factors. In response, there is a multitude of support that Merton have put in place;

- 129 training courses (with over 1300 staff trained)
- Mental Health policy and guidance
- Numerous well-being initiatives including managing zoom fatigue, well-being Wednesdays, financial Fridays and singing from home Mondays.



- Staff engagement surveys including two pulse surveys related to health and well-being
- Trained up 34 mental health first aiders in the organisation
- All managers are going to be trained in mental health awareness
- We are also working towards achieving the London Healthy Workplace award

In response to questions:

We haven't identified any specific pockets, groups or teams within the Council's staff that are suffering worse levels of mental health or anxiety.

Use of the Employee Assistance Program is entirely confidential and we are only ever given the high level numbers, never any identifying information, so monitoring whether there have been improvements for staff that have used it is not possible.

Some training courses are at no cost to the Council and some are funded through the apprenticeship levy. Although the participation numbers have been low, in comparison to the actual numbers booked onto the courses, those that do attend speak very highly of all the courses.

## 7 WORK PROGRAMME (Agenda Item 7)

The work programme was noted and agreed.

This page is intentionally left blank

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).

## OVERVIEW AND SCRUTINY COMMISSION

19 OCTOBER 2021

(7.15 pm - 9.10 pm)

PRESENT: Councillor Peter Southgate (in the Chair),  
Councillor Peter McCabe, Councillor Ben Butler,  
Councillor Billy Christie, Councillor Paul Kohler,  
Councillor Nick McLean, Councillor Aidan Mundy,  
Mansoor Ahmad, Councillor John Dehaney,  
Councillor Thomas Barlow, Roz Cordner and  
Councillor Sally Kenny

ALSO PRESENT: Councillor Martin Whelton, Councillor Ed Gretton

Paul McGarry (FutureMerton Manager) and James McGinlay  
(Assistant Director for Sustainable Communities)

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

There were no apologies received.

### 2 DECLARATIONS OF PECUNIARY INTEREST (Agenda Item 2)

There were no declarations of pecuniary interest.

### 3 CALL-IN OF "CLARION ESTATE REGENERATION PROGRAMME SUPPORT" (Agenda Item 3)

The Chair reminded Commission Members that this meeting is not to take a second look at a decision made by Cabinet. It is rather to decide whether the decision taken is in accordance with our principles of decision making. In this case the challenge is that the decision taken has not been proportional to the desired outcome, is a presumption in favour of openness and there has been no consideration of alternatives.

Councillor Ed Gretton was invited to introduce the key points described in the call-in form;

- The financial assessment which forms the basis of the decision is extremely out of date and was undertaken during the bleak economic circumstances. The Council cannot make a safe, reliable and proportionate decision using a financial assessment that was formulated during the pandemic.
- References to an 'earn out', if the project does make a return in the end, are not reliable or advisable. Earn outs are notoriously difficult because the payer, in this case Clarion, controls its own accounting policies, controls its own costs

and sets out how it calculates its own profit, so it's extremely rare for these earn outs to ever pay out.

- Another critical point is originally there were going to be 608 homes in High Path, whereas now there's going to be up to 2300 homes because of the changes to the arrangement. The Council's estate's plan states that the aim is to improve the community but if you move a community from 608 homes to 2,300 it's very difficult to see how that's going to improve the community with such a real risk of over population and overcrowded housing.

The Head of Regeneration, commented that the clawback is a suspension and not a waiver. There is a mechanism in place that if the project breaks even the clawback will be repaid. We have a robust analysis that will be refreshed. Viability assessments are refreshed and will need to be refreshed annually for the duration of the project.

In response to questions from Members of the Commission, the Head of Future Merton and James Kinnersly from SQW explained;

The financial model used at that time was in line with government guidance and policy and GLA guidance and policy. Merton has no control over how Clarion finance but it is worth noting that that Industry standard for development finance would be 6-7%. 5% is competitive.

Stock transfer agreement had a number of controllable mechanisms for decent homes standard. Amendments were not sought. Obligation for delivery of decent homes either via refurbishment or estate regenerations through new builds.

The Chair asked Members to consider the information provided in response to the call-in request and decide whether or not to refer back to Cabinet for reconsideration.

Cllr Nick McLean moved that the Commission refer the matter back to Cabinet due to the issues of proportionality and complexity. The matter only appeared at scrutiny a few days before Cabinet and it needs to be looked at again and reviewed. This was seconded by Cllr Paul Kohler.

Vote: Three Members voted in favour, six against with one abstention. Therefore the matter will not be referred back to Cabinet and the decision shall take effect immediately.

#### 4 EXEMPT APPENDICES C-H (Agenda Item 4)

Taken with Item 3.

## **Committee: Overview and Scrutiny Commission**

**Date: 10 November 2021**

## **Subject: Draft Business Plan 2022-26**

Lead officer: Caroline Holland, Director of Corporate Services

Lead member: Cllr Tobin Byers, Cabinet Member for Finance

Contact officer: Rosie McKeever

---

### **Recommendations**

A. The Panel are asked comment on and discuss the draft Business Plan

---

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

- 1.1. The Director of Corporate Services will provide a verbal update on the latest budget position and discuss any savings in relation to the remit of this Panel. The Draft Business Plan is attached for information.

#### **2 DETAILS**

- 2.1. Taken from 11 October Cabinet report

#### **3 ALTERNATIVE OPTIONS**

None for the purpose of this report

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

None for the purpose of this report

#### **5 TIMETABLE**

None for the purpose of this report

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

None for the purpose of this report

#### **7 LEGAL AND STATUTORY IMPLICATIONS**

None for the purpose of this report

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

None for the purpose of this report

#### **9 CRIME AND DISORDER IMPLICATIONS**

None for the purpose of this report

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

None for the purpose of this report

This page is intentionally left blank

## Cabinet

**Date:** 11 October 2021

**Subject:** Draft Business Plan 2022-26

**Lead officer:** Caroline Holland – Director of Corporate Services

**Lead member:** Councillor Tobin Byers - Cabinet Member for Finance

**Contact Officer:** Roger Kershaw

### **Urgent report:**

Reason for urgency: The chairman has approved the submission of this report as a matter of urgency as it provides the latest available information on the Business Plan and Budget 2022/23 and requires consideration of issues relating to the Budget process and Medium Term Financial Strategy 2022-2026. It is important that this consideration is not delayed in order that the Council can work towards a balanced budget at its meeting on 2 March 2022 and set a Council Tax as appropriate for 2022/23.

### **Recommendations:**

---

1. That Cabinet notes the approach to rolling forward the MTFS for 2022-26.
  - 2 That Cabinet confirm the latest position with regards to savings already in the MTFS
  - 3 That Cabinet agrees the approach to setting a balanced budget using the unmet balance of last year's savings targets as the basis for the setting of targets for 2022-26.
  - 4 That Cabinet agrees the proposed savings targets.
  - 5 That Cabinet agrees the timetable for the Business Plan 2022-26 including the revenue budget 2022/23, the MTFS 2022-26 and the Capital Programme for 2022-26.
  - 6 That Cabinet note the process for the Service Plan 2022-26 and the progress made so far.
- 

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

- 1.1 This report presents an initial review of the Medium Term Financial Strategy and updates it for development as part of the business planning process for 2022/23.
- 1.2 The report sets out the approach towards setting a balanced budget for 2022-2026 and a draft timetable for the business planning process for 2022/23. It also proposes initial targets to be met from savings and income over the four year period of the MTFS.

- 1.3 There is an update on the current information relating to the timetable for the Government's Spending Review 2021, and the Government's proposed changes to Business Rates and the Fair Funding Review which have been deferred from previous years.
- 1.4 Given the current high level of uncertainty over a range of factors that have the potential to impact significantly on the MTFS there is a sensitivity analysis of a number of issues including the potential impact across the MTFS period of factors affected by the coronavirus pandemic, and the increasing level of DSG deficit .
- 1.5 Finally, there is an assessment of the potential impact in 2022/23 and possibly beyond, of the coronavirus pandemic which first impacted at the end of the 2019/20 financial year and is still impacting throughout the current financial year.

## **Details**

## **2. Medium Term Financial Strategy 2022-26**

### **2.1 Background**

Council on 3 March 2021 agreed the Budget 2021/22 and MTFS 2021-25. Whilst a balanced budget was set for 2021/22 there was a gap remaining in future years which needs to be addressed, as shown in the following table:-

	<b>2022/23 £m</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>
MTFS gap (cumulative)	3,892	11,476	14,344	17,664

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

Given the scale of the COVID-19 effect, the potential knock-on impact over the MTFS period 2022-26 has been modelled and is included in this analysis.

### **2.3 Review of Assumptions**

The pay and price calculations have been reviewed using the approved budget for 2021/22 as the starting point.

#### **2.3.1 Pay**

For 2021/22 the final pay award has not been agreed but provision of 1.5% was included in the MTFS in light of the Chancellor of the Exchequer's announcement in the Spending Review 2020 that as part of the response to the economic impacts of the COVID-19 pandemic, public sector pay will be



“paused” for 2021/22. For the remaining years of the MTFS (2022/23 onwards), pay provision of 1.5% was also included.

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. Unions formally rejected the 1.5% offer and requested urgent talks with the employer’s negotiators.

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).

The impact of a 1.75% pay award in 2021/22 on the MTFS 2022-26 (assuming pay awards of 2% p.a.) are estimated to be:-

<b>(Cumulative)</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
<b>Pay inflation (£000)</b>	<b>230</b>	<b>234</b>	<b>239</b>	<b>244</b>

Pending final agreement of the final pay award for 2021/22, the estimated inflation provision has been revised using the 2021/22 employees budgets. The provision for the pay award is held corporately until the award is finalised and allocations to service departments will then be made. Given the pay pause for 2021/22 and increasing level of inflation it may be difficult to sustain pay inflation of only 1.5% in 2022/23 and 2% may be more realistic albeit still challenging

**Provision for Pay Inflation:**

<b>(Cumulative £000)</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
<b>Pay inflation (%)</b>	<b>1.5%</b>	<b>1.5%</b>	<b>1.5%</b>	<b>1.5%</b>
MTFS 2021-25 (Council 3/3/21)	1,360	2,720	4,080	5,440
<b>Pay inflation (%)</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>
MTFS 2022-26 (Latest)	1,920	3,840	5,760	7,680
<b>Change (cumulative £000)</b>	<b>560</b>	<b>1,120</b>	<b>1,680</b>	<b>2,240</b>

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

**2.3.2 Prices**

The current assumptions regarding price inflation incorporated into the MTFS are

- 1.5% in each year of the MTFS

The MTFS agreed by Council on 3 March 2021 includes the following provision for price inflation

**Provision for Prices Inflation:**

	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
Price inflation in MTFS (%)	1.5%	1.5%	1.5%	1.5%
Original MTFS 2021-25 (cumulative £000)	2,109	4,217	6,326	8,434

This has been reviewed using the approved budget for 2021/22 and the latest estimate based on 1.5% price inflation is:-

<b>(Cumulative)</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
<b>Price inflation (%)</b>	<b>1.5%</b>	<b>1.5%</b>	<b>1.5%</b>	<b>1.5%</b>
Revised Estimate (cumulative £000)	2,139	4,278	6,417	8,556

**Net change in Pay and Price inflation provision:**

The overall change in inflation provision since Council in March 2021 is

<b>(Cumulative) (£000)</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
Latest Inflation estimate	4,259	8,352	12,416	16,480
Original MTFS 2021-25 (Council March 2021)	3,469	6,937	10,406	13,874
Change	790	1,415	2,010	2,606

### Current inflation

The Consumer Prices Index (CPI) rose by 3.2% in the 12 months to August 2021, up from 2.0% in July: the increase of 1.2 percentage points is the largest ever recorded increase in the CPI National Statistic 12-month inflation rate series, which began in January 1997; this is likely to be a temporary change. On a monthly basis, CPI increased 0.7% in August 2021, compared with a fall of 0.4% in August 2020.

The largest upward contribution to change is a base effect, because, in part, of discounted restaurant and café prices in August 2020 resulting from the government's Eat Out to Help Out scheme and, to a lesser extent, reductions in Value Added Tax (VAT) across the same sector

The largest upward contribution to the August 2021 CPIH 12-month inflation rate came from transport with further large upward contributions from restaurants and hotels, housing and household services, and recreation and culture. Restaurants and hotels, recreation and culture, and food and non-alcoholic beverages made the largest upward contributions to the change in the CPIH 12-month inflation rate between July and August 2021.

The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 3.0% in the 12 months to August 2021, up from 2.1% in the 12 months to July. The RPI rate for August 2021 was 4.8%, which is up from 3.8% in July 2021.

Inflation has been increasing in recent months and is expected to rise to around 4% in the near term, although the Bank of England expect this to drop back to the Government's 2% target after that. It is not proposed to change the provision of 1.5% in the MTFS for price inflation but this will be kept under review going forward during the Business Planning process.

### Outlook for inflation:

The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target and in a way that helps to sustain growth and employment. Previously at a special meeting on 19 March 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 22 September 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 7-2 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 4 November 2021.

The MPC state that “since the August MPC meeting, the pace of recovery of global activity has showed signs of slowing. Against a backdrop of robust goods demand and continuing supply constraints, global inflationary pressures have remained strong and there are some signs that cost pressures may prove more persistent. Some financial market indicators of inflation expectations have risen somewhat, including in the United Kingdom....Uncertainty around the outlook for the labour market has therefore increased. Key questions include how the economy will adjust to the closure of the furlough scheme at the end of September; the extent, impact and duration of any change in unemployment; as well as the degree and persistence of any difficulties in matching available jobs with workers. The Committee will review these, along with other, developments as part of its forthcoming forecast round ahead of the November Monetary Policy Report, which will also include its periodic assessment of the supply side of the economy.”

In terms of the outlook for inflation the MPC say that CPI inflation is expected to rise further temporarily, to slightly above 4% in 2021 Q4, slightly higher than the projection in the August Report. Around half of the near-term projected above-target inflation is expected to be accounted for by elevated energy price inflation. The projected contribution of energy prices from October 2021 reflects a base effect as well as Ofgem’s most recent announced increases in the standard variable tariff caps on retail gas and electricity prices. Spot and forward wholesale gas prices have risen materially since the publication of the August Report, against a backdrop of strong demand and some supply disruption. The MPC say that this “could represent a significant upside risk to the MPC’s inflation projection from April 2022, when Ofgem next updated its retail energy price caps based on the relevant forward contracts, and meant that CPI inflation would remain slightly above 4% into 2022 Q2, all else equal. Core goods inflation was expected to remain above pre-pandemic averages, accounting for most of the remainder of the projected above-target inflation. In contrast to much of the pandemic period, services inflation was expected to rise slightly, to rates close to pre-Covid averages, which in part reflected a continued recovery of activity in consumer-facing services, as well as the tapered rise in VAT on hospitality, holiday accommodation and attractions from October. Most indicators of cost pressures had remained elevated.”

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 (September 2021)			
	Lowest %	Highest %	Average %
2021 (Quarter 4)			
CPI	2.1	4.3	3.2
RPI	3.0	5.9	4.6
LFS Unemployment Rate	4.5	5.8	5.3
2022 (Quarter 4)	Lowest %	Highest %	Average %
CPI	1.3	5.1	2.2
RPI	1.8	6.0	3.2
LFS Unemployment Rate	4.2	6.0	4.8

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 2021 to 2025 are summarised in the following table:-

Source: HM Treasury - Forecasts for the UK Economy (August 2021)					
	2021	2022	2023	2024	2025
	%	%	%	%	%
CPI	2.2	2.8	2.2	2.1	2.0
RPI	3.2	4.1	3.5	3.2	3.0
LFS Unemployment Rate	5.0	5.0	4.5	4.3	4.2

### 2.3.3 Provision for Excess Inflation:

There is also a corporate provision of £0.250m per year which is held to assist services that may experience price increases greatly in excess of the 1.5% inflation allowance provided when setting the budget. This will only be released for specific demonstrable demand.

#### Utilities – Extreme volatility in supply and price

The future supply of gas and electricity with consequential significant increase in wholesale prices is a major concern due to our current contract end dates and it is considered that the provision should be increased by £0.250m to reduce pressure over the MTFS period. This will increase provision in the MTFS to the following:-

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Budget in MTFS 2021-25	500	500	500	500

The cash limiting strategy is not without risks but if the Government's 2% target levels of inflation were applied un-damped across the period then the budget gap would increase by c. £2.8m by 2025/26.

## 2.4 Income

- 2.4.1 The MTFS does not include any specific provision for inflation on income from fees and charges, as these have now been subsumed into the overall gap and therefore approach to targets. However, in the business planning process for recent years, service departments have been able to identify increased income as part of their savings proposals and increased income currently makes up c.25% of future savings.
- 2.4.2 It is also the case that the Council's income streams were decimated by COVID-19 in 2020/21 and there is uncertainty about how long it will take to return to pre-COVID19 budgeted levels.

## 2.5 Forecast of Resources and Local Government Finance Settlement

### 2.5.1 Background

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

#### a) Spending Review 2021

Due to the pandemic, the Spending Review 2020 was for one year only. This lack of certainty over medium to long term funding makes it extremely difficult to plan going forward and the medium term financial strategy is limited by this constraint.

The Government has announced that it will present an Autumn 2021 budget alongside a Spending Review on 27 October 2021. The Spending Review will set departmental Resource and Capital Departmental Expenditure Limits for 2022/23 to 2024/25, and will reveal much about the future of public services after Covid and how resources will be allocated. It is expected that major decisions will be required that need to address the resilience of public services and how they respond to unforeseen problems such as pandemics, as well as reflecting the government's approach to implementing its policy priorities including the levelling-up agenda, post Brexit impacts on the economy, and funding social care reform.

Details from the Spending Review will form the basis of allocations to local authorities for 2022-25 and beyond as announced in the Local Government Finance Settlement 2022-23. Each year in December, the Ministry of Housing, Communities and Local Government (MHCLG) notifies local authorities of their Provisional Local Government Finance Settlement. The final Settlement figures are published the following January/February but are generally unchanged or very similar to the provisional figures. The total amount of funding available for local authorities is essentially determined by the amount of resources that Central Government has allocated as part of its annual Departmental Expenditure Limit.

#### Fair Funding Review

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

The MTFS included an adjustment of £3m from 2022/23 on the prudent assumption that the Fair Funding Review and potential Brexit effect including the implementation of the levelling up agenda, would result in a net loss of funding.

There is still a great deal of uncertainty surrounding the timing of several key revisions which impact on local government funding:-

- Fair Funding Review
- 75% Business Rates Retention
- Business Rates Revaluation – currently planned for 2023.

Progress will be reported as part of the Business Planning process. At this stage it is not anticipated that there will be news on funding until the Autumn with no specific funding allocations announced until the Provisional Local Government Settlement 2022/23, probably around mid December 2021 at the earliest.

- 2.6.2 The current level of resources included in the draft MTFS 2022-26 as agreed by Council in March 2021 is as follows:-

<b>DRAFT MTFS 2022-26:</b>				
	<b>2022/23 £000</b>	<b>2023/24 £000</b>	<b>2024/25 £000</b>	<b>2025/26 £000</b>
Revenue Support Grant	0	0	0	0
*Business Rates (inc. Section 31 grant)	*(39,573)	*(40,424)	*(41,292)	*(42,178)
Adult Social Care Grants inc. BCF	(4,862)	(4,862)	(4,862)	(4,862)
Social Care Grant	(3,160)	(3,550)	(3,550)	(3,550)
PFI Grant	(4,797)	(4,797)	(4,797)	(4,797)
New Homes Bonus	(500)	(500)	(500)	(500)
<b>Corporate Funding in the MTFS</b>	<b>(52,892)</b>	<b>(54,133)</b>	<b>(55,001)</b>	<b>(55,887)</b>

\* Net of £3m adjustment for Fair Funding Review and Spending Review 2021 potential effect.

These figures currently assume the London Business Rates pool is not reintroduced in 2022/23 as this has now been agreed by London leaders and that Merton's funding is at the "No Worse Off " safety net level. It assumes that there is an annual 2% uplift for CPI inflation to the Business Rate multiplier. Funding levels have been netted down by £3m p.a. from 2022/23 to reflect the potential loss of funding (government grant and business rates) arising from the potential ongoing economic impact of COVID-19 and Brexit, and the potential redistribution of resources away from London which could result from the Government's Fair Funding Review and Spending Review 2021 and the levelling up agenda.

The Government's latest proposal is to allow local authorities to retain 75% of their Business Rates income but this has been deferred until 2022/23 and it is uncertain whether implementation of this proposal will be further deferred, particularly as there is uncertainty as to whether business rates should be a source of funding going forward.

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

#### 2.6.4 Social Care Funding

##### a) Children's Social Care

The CSF department received £3.847m growth for 2020/21. £1.756m was allocated across Children's Social Care and £2.091m across Education. Despite an increasing population and the pressures that Covid-19 has presented to many parts of the Children's Social Care system, Merton has managed to hold steady the number of children in care. The impact of the lockdown on children and families is emerging in increased safeguarding referrals and hold ups in the family courts meaning that some children's plans cannot be progressed. This has significantly increased the number of children with child protection plans open to the service, which is putting pressure on social worker's caseloads. Additional agency social workers have been brought in to assist with this pressure.



There was a favourable variance of £0.908m in Child Social Care and Youth Inclusion in 2020/21

	Budget 2020/21 £000	Outturn 2020/21 £000	Variance 2020/21 £000
Child social Care and Youth Inclusion	21,658	20,750	-908
<u>Main reasons for Variance</u>			
Asylum Seeker Costs (ART)			-738
Children Central Social Work Service			-296
Mash and Child Protection Service			144

In the current year, Child social Care and Youth Inclusion is forecasting an unfavourable variance of £0.373m (including Covid-19 impact of £0.440m) in 2021/22 as at August 2021.

#### SEN Transport

In 2020/21 the SEN & Disability Integrated Service had a favourable variance of £1.306m. The principle reason for the favourable variance in this area relates to SEN transport and is a direct consequence of schools and colleges being closed or partially closed due to Covid during the year meaning that children and young people did not need to be transported during these periods.

#### b) Adult Social Care

There was a favourable variance of £2.947m in Adult Social Care and Youth Inclusion in 2020/21

	2020/21 Current Budget £'000	2020/21 Outturn March 2021 £'000	2020/21 Outturn Variance March 2021 £'000
Adult Social Care	59,056	56,109	(2,947)

In the current year, Adult Social Care is forecasting a favourable variance of £1.533m (including Covid-19 impact of £0.899m) in 2021/22 as at August 2021.

On 7 September 2021, the Prime Minister announced plans to reform how people pay for adult social care in England, which will be funded through a new Health and Social Care Levy. The Levy is to be based on National Insurance contributions (NICs). From 2023 the Levy will be legislatively separate, and will also apply to individuals working above State Pension age, who are not liable to pay NICs on their earnings at present. The Government

also plans to increase the rates of income tax that apply to income from dividends, to help to fund these plans. The funds from the levy will be ringfenced to fund investment in health and social care set out in the policy paper, “Build Back Better: Our plan for health and social care”.

The proposed reforms will be supported by an investment of £5.4 billion over the next three years.

#### The proposed reforms

From October 2023, the Government plans to introduce a new £86,000 cap on the amount anyone in England will have to spend on their personal care over their lifetime. The cap will apply irrespective of a person’s age or income. It is expected that the cap will be based on the framework provided for by the Care Act 2014. Under this framework, only money spent on meeting a person’s personal care needs count towards the cap. Spending on daily living costs (or what are commonly referred to as “hotel costs” in a care home) do not count towards the cap. In addition, from October 2023, the Government proposes to make the means test for accessing local authority funding support more generous. This includes increasing the upper capital limit (the threshold above which somebody is not eligible for local authority support towards their social care costs) from £23,250 to £100,000. The policy paper also sets out a number of other proposed changes to how people pay for social care, and says that the Government will publish a white paper on adult social care later in 2021, focusing on wider system reform. The Government will also invest at least £500 million in measures over three years to provide support in professionalising and developing the social care workforce; fund mental health wellbeing resources; and improve recruitment and support.

The 2021/22 Local Government Finance Settlement was for one year only. However, based on indications from the Government that sufficient funding for social care would be provided in future years, the following social care funding was included in the MTFS:-

	<b>2022/23 £000</b>	<b>2023/24 £000</b>	<b>2024/25 £000</b>	<b>2025/26 £000</b>
Adult Social Care Grants inc. BCF	(4,862)	(4,862)	(4,862)	(4,862)
Social Care Grant	(3,160)	(3,550)	(3,550)	(3,550)
<u>Adult Social Care Council Tax Flexibility:</u>				
3% in 2017/18	(2,454)	(2,454)	(2,454)	(2,454)
1% in 2018/19	(842)	(842)	(842)	(842)
2% in 2019/20	(1,739)	(1,739)	(1,739)	(1,739)
2% in 2020/21	(1,823)	(1,823)	(1,823)	(1,823)
3% in 2021/22	(2,843)	(2,843)	(2,843)	(2,843)
<b>TOTAL</b>	<b>(17,723)</b>	<b>(18,113)</b>	<b>(18,113)</b>	<b>(18,113)</b>

Following the Government's recent announcements on health and social care, and the impending Autumn budget 2021 and Spending Review 2022-25 due on 27 October 2021, the implications for local government funding will be presented in future Business Plan reports as and when more details are available.

In addition to the funding set out in the table above, there is also an Adult Social Care Grants Reserve which has been formed to enable the service to plan more strategically over the longer term. As at 31 March 2021 the balance on the reserve was £3.825m.

#### 2.6.5 Business Rates - Update

As previously reported, due to uncertainty arising from COVID-19, the London Business Rates pool was discontinued for 2021/22 and now agreed for 2022/23. There is still lack of clarification about whether there will be changes to Business Rates and the revaluation has been delayed until 2023.

Clearly, business rates have been severely impacted by COVID-19 and there is uncertainty about how long it will take business rates as a source of local government finance to return to pre-COVID levels. Updates will be provided as the Business Plan process develops.

### 2.7 **Council Tax and Collection Fund**

#### 2.7.1 Council Tax

The Council Tax income forecast in the current MTFS agreed by Council in March 2020 assumes that the Council Tax Base will increase by 0.5% per year with a collection rate 98.0% in 2022/23 and 98.75% thereafter. It also assumes the following changes in Council Tax over the MTFS period:-

	2022/23 %	2023/24 %	2024/25 %	2025/26 %
Council Tax increase - General	2.0%	2.0%	2.0%	2.0%
Council Tax increase – ASC*	0%	0%	0%	0%

\* Currently no provision to be able to levy an ASC charge but if allowed has no impact on the MTFS gap

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

(Cumulative figures exc. WPCC)	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Council Tax - No change in rate	100,942	102,131	102,553	102,980
Council Tax – General (2%)	2,019	4,085	6,153	8,238
Council Tax income	102,961	106,216	108,706	111,218

The Council Tax Referendum Principles for 2022/23 will not be known until the Provisional Local Government Finance Settlement for 2022/23 is

announced, usually around mid-December although the Spending Review 2021 in the Autumn may signpost the Government's intentions.

Clearly, COVID-19 has had a major impact on council tax collection rates in 2020/21 and some impact has continued into 2021/22. There are several main issues that need to be considered when formulating a council tax strategy for the MTFS period 2022-26:-

- i) To what extent will COVID-19 continue to have an impact on collection rates?
- ii) Will the Government revise the referendum principles to enable Councils to set higher council tax levels as part as a move towards balancing budgets from local taxation?
- iii) What impact has COVID-19 had on the level on collection rates in 2021/22 and therefore what level of budget deficit relating to council tax will it be necessary to fund in 2022/23 ? (This will be reflected in a Collection Fund deficit as at 31 March 2022)

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

#### 2.7.2 Collection Fund

In the MTFS approved by Council on 3 March 2021, the shares to preceptors of the collection surplus/deficit for Council Tax and NNDR based on the estimated Collection Fund balance at 31 March 2021 are summarised in the following table:-

	Estimated surplus/ (deficit) as at 31/03/21	Estimated surplus/ (deficit) as at 31/03/21	Total surplus/ (deficit) as at 31/03/21
	Council Tax	NNDR	
	£000	£000	£000
Central Government	N/A	(14,791)	(14,791)
GLA	(711)	(16,587)	(17,298)
Merton	(2,743)	(13,389)	(16,132)
Total	(3,454)	(44,767)	(48,221)

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

2.7.4 Since then, the Council has produced its draft 2020/21 accounts as at 31 March 2021 which are currently being audited. The draft accounts for 2020/21 include the following surplus/deficit for Council Tax and NNDR as at 31 March 2021

	Surplus/ (deficit) as at 31/03/21 Outturn	Surplus/ (deficit) as at 31/03/21 Outturn	Total surplus/ (deficit) as at 31/03/21
	Council Tax £000	NNDR £000	£000
Central Government	N/A	(16,385)	(16,385)
GLA	(380)	(18,376)	(18,756)
Merton	(1,595)	(14,842)	(16,437)
Total	(1,975)	(49,603)	(51,578)

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

	Surplus/ (deficit) as at 31/03/21	Surplus/ (deficit) as at 31/03/21	Total surplus/ (deficit) as at 31/03/21
	Council Tax £000	NNDR £000	£000
Central Government	N/A	(1,594)	(1,594)
GLA	331	(1,789)	(1,458)
Merton	1,148	(1,453)	(305)
Total	1,479	(4,836)	(3,357)

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

	Estimated Surplus/ (deficit) as at 31/03/21	Outturn Surplus/ (deficit) as at 31/03/21	Surplus/ (deficit) as at 31/03/21 Change
	£000	£000	£000
Council Tax	(2,743)	(1,595)	1,148
NNDR	(13,389)	(14,842)	(1,453)
Total	(16,132)	(16,437)	(305)

2.7.7 There is no change to the surplus/deficit figures agreed for 2021/22 as all variations are managed via the Collection Fund. However, the net deficit of £0.305m will need to be taken into account when calculating the Merton General Fund's share of any surplus/deficit due to/from the Collection Fund in 2022/23.

2.7.8 The calculation of the estimated surplus/deficit on the Collection Fund as at 31 March 2022 will be made later in the budget process when key variables are firmed up and council tax base and NNDR returns have been completed. Until this time, the increase in the net surplus carried forward from 2020/21 of £0.305m will be included in the draft MTFS for 2022/23.

### 2.7.9 COVID-19: Implications for the Collection Fund

On 2 July 2020 the Minister for Regional Growth and Local Government wrote to Councils setting out a range of further proposals to support local authorities. This included phased repayment of Collection Fund deficits over the next 3 years. The net impact on the MTFS is estimated to be as follows:-

Change in Collection Fund (Deficit)/Surplus	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	Total £'000
Council Tax Surplus	574	574	0	0	1,148
NNDR (Deficit)	(727)	(726)	0	0	(1,453)
Change	(153)	(152)	0	0	(305)

## 2.8 Capital Programme 2022-26 and implications for Treasury Management: Capital Financing Costs and Investment income

2.8.1 Council in March 2021 approved the following Capital Programme for 2020-25:-

Capital Expenditure	2020/21	2021/22	2022/23	2023/24	2024/25
	Estimate	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
Capital Expenditure	21,346	40,795	17,719	15,413	21,238
Slippage and Underspends	(4,229)	(4,215)	1,450	(475)	602
Total Capital Expenditure *	17,117	36,580	19,169	14,938	21,840
<b>Financed by:</b>					
Capital Receipts	3,623	900	900	900	900
Capital Grants & Contributions	12,600	21,887	10,489	4,565	3,624
Revenue Provisions	894	3,729	37	57	55
<b>Net financing need for the year</b>	<b>0</b>	<b>10,064</b>	<b>7,743</b>	<b>9,416</b>	<b>17,261</b>

\*Includes Multi-Function Devices finance lease.

2.8.2 Since the capital programme was approved by Council in March 2021 and the revenue implications built into the MTFS, there have been a number of amendments arising from outturn 2020/21, monthly monitoring and a review by project managers. There has been a great deal of effort made to ensure that the capital programme set is realistic, affordable and achievable within the capacity available. This has been accompanied by improved financial monitoring and modelling of the programme's costs over the period of the MTFS which has enabled the budgets for capital financing costs to be reduced and therefore scarce resources to be utilised more effectively.

2.8.3 It is important to ensure that the revenue and capital budgets are integrated and not considered in isolation. The revenue implications of capital expenditure can quickly grow if the capital programme is not contained within

the Council's capacity to fund it over the longer term. For example, assuming external borrowing, the capital financing costs of funding £1m (on longer-life assets and short-life assets financed in 2021/22) for the next four years of the MTFS would be approximately:-

Capital financing costs of £1m over the MTFS period	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Longer life Assets	10	60	60	60
Short-life assets	10	220	220	220

2.8.4 Following the closing and preparation of final accounts for 2020/21, the level of slippage required from 2020/21 and the re-profiling of schemes over the programming period has been undertaken to ensure that the level of capital budget is aligned with the Council's capacity to deliver it. The Table below shows estimated outturn position as at August 2021:

Capital Programme based on outturn 2020/21, August monitoring and No Bids

Capital Expenditure	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000's	2024/25 Estimate £000's	2025/26 Estimate £000's
Capital Expenditure	37,576	23,864	15,815	22,905	15,978
Slippage and Underspends	(11,294)	2,353	1,598	(1,893)	1,801
Total Capital Expenditure *	26,282	26,218	17,413	21,012	17,779
<b>Financed by:</b>					
Capital Receipts *	1,351	900	900	900	0
Capital Grants & Contributions	18,155	15,324	6,417	3,454	3,439
Revenue Provisions	3,615	141	60	55	30
<b>Net financing need for the year</b>	<b>3,161</b>	<b>9,853</b>	<b>10,036</b>	<b>16,603</b>	<b>14,310</b>

\*Includes Multi-Function Devices finance lease.

2.8.5 During the Summer/early Autumn 2021 key capital schemes were identified and progressed as part of the annual bidding process in the Business Planning Process. The draft overall summary of the capital programme including all draft new bids is set out in the following table:-

Capital Programme based on outturn 2020/21, August monitoring and All Bids

Capital Expenditure	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000's	2024/25 Estimate £000's	2025/26 Estimate £000's
Capital Expenditure	38,614	28,870	19,640	26,765	29,138
Slippage and Underspends	(11,605)	1,466	1,608	(2,115)	1,554
Total Capital Expenditure *	27,009	30,336	21,248	24,650	30,692
<b>Financed by:</b>					
Capital Receipts *	1,351	900	900	900	0
Capital Grants & Contributions	18,571	19,437	9,460	5,701	4,212
Revenue Provisions	3,615	141	60	55	30
<b>Net financing need for the year</b>	<b>3,472</b>	<b>9,858</b>	<b>13,828</b>	<b>17,994</b>	<b>26,450</b>

\*Includes Multi-Function Devices finance lease.

2.8.6 The capital financing costs of the Capital Programme 2022-26 excluding new bids and including new bids compared to the current provision included in the MTFS is summarised in the table below:-

CAPITAL FINANCING COSTS: KEY OUTPUTS	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s
MTFS Approved by Council in March 2021	11,946	12,358	13,382	14,333
Revised Programme including slippage excluding new bids	11,228	12,115	13,118	13,770
Change in capital financing costs due to outturn & slippage	(718)	(243)	(264)	(563)

CAPITAL FINANCING COSTS: KEY OUTPUTS	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s
Revised Programme including slippage excluding new bids	11,228	12,115	13,118	13,770
Revised Programme including slippage including new bids	11,245	12,101	13,215	14,140
Change in capital financing costs due to new bids	17	(14)	97	370

CAPITAL FINANCING COSTS: KEY OUTPUTS	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s
Change in capital financing costs due to outturn & slippage	(718)	(243)	(264)	(563)
Change in capital financing costs due to new bids	17	(14)	97	370
Total Change due to outturn, slippage & new bids	(701)	(257)	(167)	(193)

2.8.7 The capital programme will be continually reviewed throughout the financial year and further details including options around financing will be included in future reports as appropriate.



2.8.8 The level, profiling and funding strategy used for the capital programme will have a significant revenue impact that needs to be incorporated into the MTFS.

2.8.9 Investment Income

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

- The amount invested
- The interest rate that is achieved

COVID-19 has inevitably impacted on both of these factors. The level of resources available for investment may diminish more quickly as the need to draw on reserves to meet financial pressures created by the pandemic increases. At the same time, although interest rates are at historic low levels as the Bank of England alongside international banking institutions have cut interest base rates as part of their economic measures to protect their economies indications are that inflationary pressures may lead to an increase in rates later in this financial year and next.

Based on latest information, the projected levels of investment income, have been revised. The following table show the latest projections compared with the amounts included in the MTFS approved by Council in March 2021:-

<b>Investment Income</b>	<b>2022/23 Estimate £'000</b>	<b>2023/24 Estimate £'000</b>	<b>2024/25 Estimate £'000</b>	<b>2025/26 Estimate £'000</b>
MTFS (Council March 2021)	(347)	(327)	(323)	(323)
Latest projections	(385)	(343)	(323)	(323)
Change	(38)	(17)	0	0

Currently in the monthly monitoring report for August 2021 it is forecast that investment income will be £0.430m which is a favourable variance of £0.043m against the budgeted level of £0.387m.

## 2.9 Reserves – Review of Earmarked Reserves

### 2.9.1 Reserve for Use in Future Year's Budgets

The Business Plan and MTFS for 2021-25 approved by Council on 3 March 2021 forecast that a contribution of £5.472m would be required in 2021/22 with the balance of £7.255m applied in 2022/23.

Following the final accounts process for 2020/21 (subject to audit), it was possible to increase the Reserve for use in Future Year's Budgets, mainly because of the underspend in 2020/21, and as a result the balance (subject to audit) on the Reserve as at 31 March 2021, excluding the contribution set

aside for 2021/22 of £5.472m is £8.378m. This means that there is c. £1.1m more available to balance the budget over the MTFS period.

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

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

## 2.9.2 Review of Earmarked Reserves

The use and availability of Reserves is monitored throughout the year as part of the monthly monitoring process. This will receive even greater attention over 2021/22 as the implications of COVID-19 are unwound.

It should be recognised that reserves are a one-off source of funding and should not be used to fund ongoing expenditure commitments.

## 2.10 **Review of Outturn 2020/21 and Current Budget and Spending 2021/22**

2.10.1 There may be issues identified during the final accounts process and from monthly monitoring, elsewhere on this agenda, that have on-going financial implications which need to be addressed in setting the budget for 2022-26.

### 2.10.2 Monitoring 2021/22

At period 5 to 31 August 2021 the year end forecast is a net £6.461m unfavourable variance compared to the current budget. This consists of a net favourable variance of £2.773m excluding COVID-19 and unfavourable variance of £9.234m from COVID-19:-

	Non COVID-19 £000	COVID-19 £000	Total £000
CS	391	1,017	1,408
CSF	(394)	714	320
E&R	(1,316)	5,495	4,179
C&H	(2,152)	1,070	(1,082)
<b>Sub-total</b>	<b>(3,471)</b>	<b>8,296</b>	<b>4,825</b>
Corporate	698	938	1,636
<b>Total</b>	<b>(2,773)</b>	<b>9,234</b>	<b>6,461</b>

The main reasons for the non-Covid variance based on August 2021 monitoring are:-

- a) Corporate Services: Infrastructure and Technology, Human Resources, Resources, Other Corporate budgets (Housing Benefits Rent Allowances)

- b) Children's, Schools and Families: Child Social Care and Youth /inclusion, cross department and PFI Unitary Costs. Although a DSG deficit has to be charged to the Schools balance reflecting that a cumulative overspend has been borrowed against future year school allocations, based on August 2021 monitoring, DSG funded services are forecasting an overspend of £12.357m. The DSG Adjustment Account (an unusable reserve) had a cumulative overspend of £24.981m at the end of 2020/21 and this will increase it to c.£37.3m.
- c) Environment and Regeneration: Public Protection (Regularity Services, Parking), Public Space (Waste, Leisure and Culture), Sustainable Communities (Building and development Control, Future Merton)
- d) Community and Housing: Adult Social Care, Library and Heritage, housing General Fund

### 2.10.3 COVID-19

Hopefully the pandemic is being overcome as the level of vaccinations is increasing and the costs and impact on society in general and council services in particular will be largely reaching a conclusion in 2021/22. However, this is not certain at the present time and there will be some impact carried over to the MTFS 2022-26 period. At the same time there will inevitably need to be some changes to how the Council delivers some services and some of the most affected services, particularly those to vulnerable groups will need to be reviewed.

### 2.10.4 Savings not achieved

As shown in the following tables, the budget monitoring report for July indicates that some savings assumed in the MTFS will not be achieved in 2021/22 and there is an ongoing shortfall in 2022/23.

Department	Target Savings 2021/22	Projected Savings 2021/22	Period 5 Forecast Shortfall	Period Forecast Shortfall (P5)	2022/23 Expected Shortfall
	£000	£000	£000	%	£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	205	1,375	87.0%	750
<b>Total</b>	<b>6,903</b>	<b>3,262</b>	<b>3,641</b>	<b>52.7%</b>	<b>2,105</b>

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>

Monitoring of the delivery of savings is important and it is essential to recognise as quickly as possible where circumstances change and savings previously agreed are either not achievable in full or in part or are delayed. If this is the case, departments will need to identify replacement savings from elsewhere within their overall budgets. If it is not possible to find replacements, if any of the savings included in the MTFS approved by Council in March 2021 are not achieved this will result in an increase in the budget gap and increase pressure on services. The projected shortfall in savings of c. £2.8m in 2022/23 will add to the budget gap and make it more difficult to achieve the balanced budget that is a statutory requirement.

#### 2.10.5 Growth

The MTFS included some growth for services and also as provision for the ongoing and growing DSG deficit.

##### General growth:

<b>Cumulative growth MTFS (Council March 2021)</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>
Children's General Fund pressures	384	774	774	774
Replenish Reserves	1,478	1,478	1,478	1,478
System Support Costs (Office 365)	900	900	900	900
Internal Review	1,100	1,100	1,100	1,100
<b>Cumulative growth</b>	<b>3,862</b>	<b>4,252</b>	<b>4,252</b>	<b>4,252</b>

### New General Growth

<b>Cumulative growth</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>
Pensions provision - Croydon	130	130	130	130
Disaster recovery	80	80	80	80
Pension Fund – Triennial Revaluation	0	TBA	TBA	TBA
Your Merton +	TBA	TBA	TBA	TBA
E&R Pressures	909	909	909	909
Climate Change (top-up of reserve)	0	0	450	0
Employer's NI for Social Care *	988	1,008	1,028	1,049
<b>Total</b>	<b>2,107</b>	<b>2,127</b>	<b>2,597</b>	<b>2,168</b>

\* Pending clarification of how Merton would be reimbursed

+ will be presented to a future Cabinet meeting

### Schools Funding - Dedicated School Grant

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

In 2020/21 DSG funded services overspent by £12.231m. This has been appropriated to the DSG Adjustment Account, which is an unusable reserve, subject to the statutory override, and, including the deficit brought forward from 2019/20 of £12.750m, the deficit on the reserve carried forward as at 31 March 2021 has increased to £24.981m. Whilst the DSG deficit has been treated in accordance with regulations there has been no clarity from Government as to how this will be funded in the longer term. The size of the deficit is increasing year on year and without further Government support will continue to grow. 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. Merton has confirmed participation in this programme and are providing a draft updated plan to the DfE.

In order to adopt a prudent approach to managing the deficit, provision has been Included within the MTFS 2021-25 on the assumption that the Council will provide for 100% of the deficit up to 2020/21 and 50% thereafter.

<b>Cumulative growth MTFS (Council March 2021)</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>
Proposed Growth to contribute to DSG Deficit	10,543	11,628	12,714	13,799

### 3. Re-priced MTFS 2022-26

- 3.1 As indicated in the report, there have been a number of changes to information and data to factors which impact on the Council's MTFS and budget gap.
- 3.2 The net result of making these adjustments is to amend the forecast budget gap to the following:-

(cumulative)	<b>2022/23 £000</b>	<b>2023/24 £000</b>	<b>2024/25 £000</b>	<b>2025/26 £000</b>
<b>MTFS Gap (Council March 2021)</b>	3,892	11,476	14,344	17,664
- Inflation reprice - Pay	80	159	240	320
- Inflation reprice - Prices	30	62	91	122
- Increase pay provision 1.5% to 2.0%	480	960	1,440	1,920
- Pay award of 1.75% in 2021/22	230	234	239	244
- Capital financing charges August monitoring No Bids	(757)	(260)	(264)	(563)
- Capital financing charges August monitoring including Bids	18	(13)	97	370
- Collection fund deficit revised for 20/21 outturn	153	152	0	0
Adjustment to loss of income estimate	(995)	(470)	0	0
Savings not achieved	3,641	900	325	325
Employers NI for social Care (worst case scenario)	988	1,008	1,028	1,049
E&R pressures	909	909	909	909
Provision for Excess Inflation - Increase for utilities	250	250	250	250
Price inflation 2.5% in 2022/23, 1.5% thereafter	1,427	1,427	1,426	1,426
Croydon - Pensions addition	130	130	130	130
Disaster recovery	80	80	80	80
Pension Fund triennial Revaluation (due 2023/24)	0	TBA	TBA	TBA
Your Merton (to be advised to a later Cabinet)	TBA	TBA	TBA	TBA
Climate Change (Top-up of reserve)	0	0	450	0
Change in Balancing the Budget Reserve	(9,381)	0	0	0
<b>Revised MTFS Gap 2022-26</b>	<b>1,175</b>	<b>17,004</b>	<b>20,785</b>	<b>24,246</b>

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

- 3.4 Progress made in recent years in identifying savings over the whole period of the MTFS has reduced pressure on services to make short-term, non-strategic cuts. However, because of the COVID-19 pandemic and DSG Deficit issue there is still likely to be a sizeable gap over the four year period.
- 3.5 However, whilst recognising the great level of uncertainty about future costs and funding, it is still necessary to forward plan and set savings targets aimed at eliminating this gap on an ongoing basis.

#### 4. **Approach to Setting a Balanced Budget**

- 4.1 This is the initial report on the business planning process for 2022/23 and there is a great deal of work to be done.

#### 4.2 **Savings Targets for 2022-26**

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

	Targets £'000	Proposals £'000	Balance £'000
Corporate Services	3,558	973	2,585
Children, Schools & Families	2,518	850	1,668
Environment & Regeneration	5,885	1,084	4,801
Community & Housing	7,707	1,530	6,177
Total	19,668	4,437	15,231

- 4.2.2 It is proposed that the savings targets for 2022-2025 are based entirely on each service department's controllable budgets for 2021/22 which are as follows:-

<b>DEPARTMENTAL SAVINGS TARGETS</b>	<b>Controllable Expenditure</b>	<b>Weighting</b>	<b>Weighted</b>	<b>Weighted</b>
<b>USING 2021/22 CONTROLLABLE BUDGETS</b>	<b>2021/22</b>	<b>by dept.</b>	<b>Controllable</b>	<b>Controllable</b>
	<b>£000</b>	<b>No.</b>	<b>£000</b>	<b>%</b>
<b>Corporate Services</b>	<b>25,612</b>	1.50	38,418	21.7%
<b>Children, Schools and Families</b>	<b>34,652</b>	0.75	25,989	14.7%
<b>Environment and Regeneration</b>	<b>35,591</b>	1.50	53,387	30.2%
<b>Community and Housing</b>	<b>59,098</b>	1.00	59,098	33.4%
<b>Total</b>	<b>154,953</b>		<b>176,891</b>	<b>100%</b>

4.2.3 Savings targets to address the revised gap on the MTFS are then calculated using the latest controllable budgets:-

<b>SAVINGS TARGETS BY DEPARTMENT</b>	<b>Allocation using controllable budgets</b>
	<b>£000</b>
Corporate Services	5,266
Children, Schools and Families	3,562
Environment and Regeneration	7,318
Community and Housing	8,100
<b>Total</b>	<b>24,246</b>

<b>SAVINGS TARGETS BY DEPARTMENT</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Corporate Services	255	3,438	821	752	5,266
Children, Schools and Families	173	2,326	556	508	3,562
Environment and Regeneration	355	4,777	1,141	1,045	7,318
Community and Housing	393	5,288	1,263	1,156	8,100
<b>Total</b>	<b>1,175</b>	<b>15,829</b>	<b>3,781</b>	<b>3,461</b>	<b>24,246</b>
<b>Total (cumulative)</b>	<b>1,175</b>	<b>17,004</b>	<b>20,785</b>	<b>24,246</b>	

## 5. Service Planning for 2022-26

5.1 The pilot Service planning process for 2022-26 will be launched in August 2021. A plan has been created for each council service. These plans describe



what the service does, its plans for the future linked to the Modernising Merton Programme, its key performance indicators and how its plans will take place within the budget.

5.2 These will be reported to Cabinet and scrutiny.

## **6. Alternative Options**

6.1 The range of options available to the Council relating to the Business Plan 2022-26 and for setting a balanced revenue budget and fully financed capital programme will be presented in reports to Cabinet and Council in accordance with the agreed timetable which is set out in Appendix 1.

## **7. Consultation Undertaken or Proposed**

7.1 All relevant bodies have been consulted.

## **8. Timetable**

8.1 In accordance with current financial reporting timetables.

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

## **9. Financial, resource and property implications**

9.1 As contained in the body of the report.

## **10. Legal and statutory implications**

10.1 As outlined in the report.

## **11. Human rights, equalities and community cohesion implications**

11.1 None for the purposes of this report, these will be dealt with as the budget is developed for 2022 – 2026.

## **12. Crime and Disorder Implications**

12.1 Not applicable.

## **13. Risk Management and health and safety implications**

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

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

Appendix 1 – Business Plan and Service Planning Timetable 2022-26  
Appendix 2 – Revised MTFS Gap

**15. Background Papers**

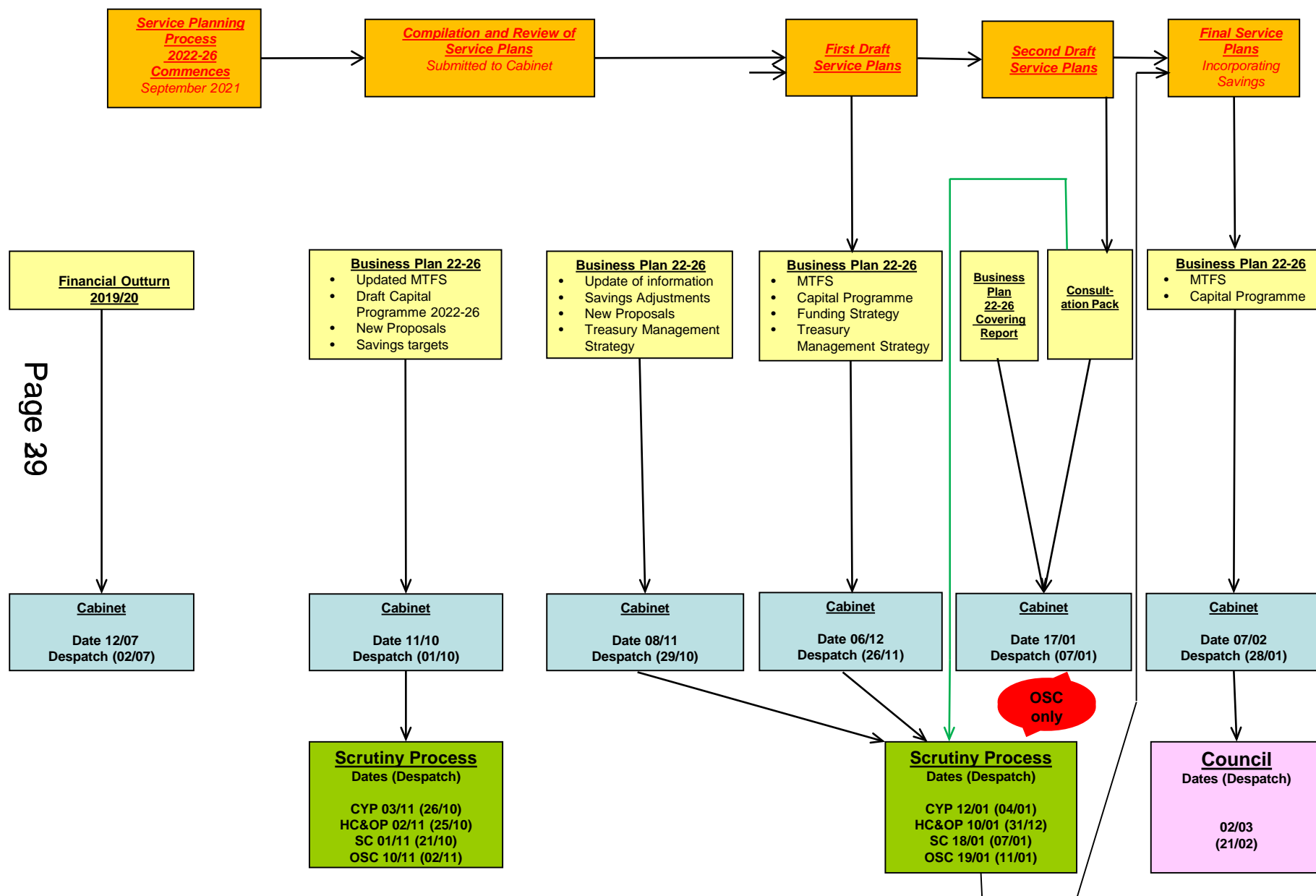
**15.1** The following documents have been relied on in drawing up this report but do not form part of the report:

2020/21 Budgetary Control and Final Accounts Working Papers in the Corporate Services Department.  
2021/22 Budget Monitoring working papers  
MTFS working papers

**16. REPORT AUTHOR**

- Name: Roger Kershaw  
- Tel: 020 8545 3458  
email: [roger.kershaw@merton.gov.uk](mailto:roger.kershaw@merton.gov.uk)

# BUSINESS PLANNING TIMETABLE - BUSINESS PLAN 2022-26



<b>DRAFT MTFS 2022-26:</b>				
	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Departmental Base Budget 2021/22</b>	<b>161,837</b>	<b>161,837</b>	<b>161,837</b>	<b>161,837</b>
Inflation (Pay, Prices)	6,506	10,755	16,485	20,544
NI increase	989	1,008	1,029	1,049
Salary oncost increase (15.2% to 17.06%)	24	48	72	96
FYE – Previous Years Savings	(3,305)	(3,176)	(2,651)	(2,651)
FYE – Previous Years Growth	384	774	774	774
Amendments to previously agreed savings/growth	3,641	900	325	325
Change in Net Appropriations to/(from) Reserves	(452)	(1,483)	(1,482)	(1,482)
Taxi card/Concessionary Fares	(478)	704	1,707	2,709
Social Care - Additional Spend offset by grant/precept	40	76	91	106
Growth	909	909	1,359	909
Provision - DSG Deficit	10,543	11,628	12,714	13,799
Other	445	661	740	918
<b>Re-Priced Departmental Budget</b>	<b>181,082</b>	<b>184,641</b>	<b>192,999</b>	<b>198,933</b>
Treasury/Capital financing	10,869	11,776	12,910	13,835
Pensions	0	0	0	0
Other Corporate items	(19,548)	(20,716)	(20,946)	(20,946)
Levies	606	606	606	606
<b>Sub-total: Corporate provisions</b>	<b>(8,073)</b>	<b>(8,334)</b>	<b>(7,430)</b>	<b>(6,505)</b>
<b>Sub-total: Repriced Departmental Budget + Corporate Provisions</b>	<b>173,010</b>	<b>176,308</b>	<b>185,570</b>	<b>192,428</b>
Savings/Income Proposals 2022/23	0	0	0	0
<b>Sub-total</b>	<b>173,010</b>	<b>176,308</b>	<b>185,570</b>	<b>192,428</b>
Appropriation to/from departmental reserves	(1,754)	(723)	(724)	(724)
Appropriation to/from Balancing the Budget Reserve	(16,636)	0	0	0
ONGOING IMPACT OF COVID-19 (NET)	1,143	505	0	0
<b>BUDGET REQUIREMENT</b>	<b>155,763</b>	<b>176,090</b>	<b>184,846</b>	<b>191,704</b>
<b>Funded by:</b>				
Revenue Support Grant/Covid RNF & LCTS grant	0	0	0	0
Business Rates (inc. Section 31 grant)	(39,573)	(40,424)	(41,292)	(42,178)
Adult Social Care Grants inc. BCF	(4,862)	(4,862)	(4,862)	(4,862)
Social Care Grant	(3,160)	(3,550)	(3,550)	(3,550)
PFI Grant	(4,797)	(4,797)	(4,797)	(4,797)
New Homes Bonus	(500)	(500)	(500)	(500)
Council Tax inc. WPCC	(103,314)	(106,569)	(109,059)	(111,571)
Collection Fund – (Surplus)/Deficit	1,617	1,616	0	0
COVID-19: SFC - Compensation Qtr. 1 2021/22	0	0	0	0
<b>TOTAL FUNDING</b>	<b>(154,589)</b>	<b>(159,086)</b>	<b>(164,060)</b>	<b>(167,458)</b>
<b>GAP including Use of Reserves (Cumulative)</b>	<b>1,175</b>	<b>17,004</b>	<b>20,785</b>	<b>24,246</b>

## Committee: Overview and Scrutiny Commission

Date: 10 November 2021

### Subject: Communications & Resident Engagement Update

Lead officer: Matt Burrows

Lead member: Owen Pritchard

Contact officer: Mat Burrows

---

#### Recommendations:

- A. The report is for information only but comments are welcomed from Members on any of the details within it
- 

#### 1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. This report aims to update the Commission on progress made in Communications & Engagement (C&E) since September 2020, when we last updated Members.

#### 2 DETAILS

- 2.1. The focus of our last report to the Commission, in September 2020, was on how the Communications & Engagement service was supporting the Council to engage with residents, staff & businesses during the Covid-19 pandemic.
- 2.2. While that work remains ongoing, the slowing of infection rates and deaths, and the release of most restrictions, has seen us shift from a crisis management to recovery approach as the Council looks to the future.
- 2.3. Overall, the service is performing well. How we inform & engage residents is one of the council's six Key Performance Indicators in the Resident Survey. Over the last two years, despite a small drop in perceptions in this area, it has been the strongest performing indicator, suggesting we are making good progress in the way we engage our communities, although there remains much to be done.
- 2.4. This update outlines the work the division has done both during the last 12 months, as well as its plans for the future emerging from the Your Merton borough-wide consultation.

#### Overview of Covid-19 communications since September 2020

- 2.5. **#MertonTogether (Winter 2020)**
- 2.6. This was the Council's winter campaign in 2020, bringing together partnership-wide messaging on winter support for the vulnerable, stay warm stay well, and getting help during Covid-19 restrictions, such as medicine & food deliveries through our local partners.

- 2.7. The campaign brought together Merton Council, MVSC, Age UK Merton, Love Wimbledon, the Chamber of Commerce, the Dons Action Group, Wimbletech and other key local partners. A single web page was created to host links to volunteer, care & donate locally.
- 2.8. The campaign drove more than 5,000 residents to find out more on the webpage, as well as generating additional volunteers for Dons Action Group and MVSC.
- 2.9. **Surge Testing (January-June 2021)**
- 2.10. Surge testing was carried out twice in the borough during 2021, in the early part of the year and again in late Spring. The C&E team led the communication of this to affected residents.
- 2.11. During the first surge testing at Pollards Hill, the team led a proactive strategy including:
- *Direct Communications:* Door-to-door deliveries of leaflets advising residents to get tested, with translations available;
  - *Media relations:* proactive engagement with regional & national media included a half-day filming with the Leader & New Horizon Centre for Sky News, as well as on-site features with Times Radio.
- 2.12. During the second surge testing in the St Mark's area of Mitcham, delivery included:
- *Direct communications:* Leaflets directly to affected streets & employers.
  - *Digital communications:* Utilising our digital marketing platform, we set up email reminders to those registered to take a test, encouraging them to return overdue results. This resulted in a return rate of more than 90%.
- 2.13. **Vaccinations & Testing (Ongoing)**
- 2.14. Testing & Vaccinations have been promoted each week, including walk-in vaccination pop-ups communicated each morning through social media to 25,000 followers.
- 2.15. Our weekly Covid-19 resident bulletin, emailed to more than 120,000 residents, highlights ways to get tested and how to get your vaccination locally.
- 2.16. We have also run targeted digital campaigns to reach younger people to encourage them to take up the vaccine.
- 2.17. **Recovery & Shop Local (September 2020-present)**
- 2.18. The Council has worked with local businesses, Chamber of Commerce & Love Wimbledon to help inform local businesses of their obligations as restrictions were lifted, and has just launched a Shop Safe, Shop Merton

campaign in the lead-in to Christmas. A regular business email bulletin helps us reach more than 2,000 local firms.

### **Overview of strategic communications since September 2020**

- 2.19. Beyond the demands of the pandemic, the division has been working to align communications around the outcomes of the Your Merton engagement campaign, future council priorities, and the top priorities for residents in communications.
- 2.20. **Your Merton (Summer 2021)**
- 2.21. From June until August 2021, the C&E team led the engagement delivery of Your Merton, the council's largest-ever community engagement exercise.
- 2.22. The engagement comprised three key elements – the bi-annual resident survey of 1,000 people, a series of direct focus groups with residents, businesses & service users, and a dedicated website where anybody who lives, works or studies in the borough can give us their views on specific places and areas.
- 2.23. Overall, more than 10,500 responses were generated, mainly through digital and outdoor marketing campaigns, as well as through My Merton magazine and our social media channels.
- 2.24. The emerging Council priorities to be brought to a future Cabinet meeting will then form the basis of our 2022 communications priorities for residents.
- 2.25. **Love Merton (Summer 2021 – ongoing)**
- 2.26. Our two current campaigns, Love Local & Keep It Clean, are part of the wider Love Merton message. These are ongoing, behaviour-change and information campaigns to encourage pride in the borough and local activities.
- 2.27. *Love Local* is aimed at promoting local events, attractions and supporting local high streets. It includes promotion of events such as the annual fireworks, summer carnivals & festivals, and using local parks and open spaces.
- 2.28. The campaign is run through My Merton, the My Merton e-newsletter and our social media channels, totalling a reach of more than 100,000 residents.
- 2.29. *Keep it Clean* is the Council's campaign to promote a cleaner, greener borough.
- 2.30. This includes weekly promotion of recycling improvements, flytipping prosecutions, anti-littering campaigns and promotion of the Council's climate change action plan. The campaign runs on all social media channels as well as through our digital newsletters.

2.31. **Digital communications**

2.32. Since September 2020, the C&E team has been working to maximise the digital communications & marketing platform which was launched last year.

2.33. This allows much more tailored communications to residents, who can now sign up for a range of specific newsletters, & updates on our website.

2.34. This list now includes Public Health, Libraries, My Merton news (an e-version of the magazine), What's On in Merton and Climate Change, with around 20,000 new subscriptions in 12months.

2.35. Continuing this growth and introducing new alerts & sign-ups for residents will continue to be a priority in 2022.

2.36. **Other Channels**

2.37. The Council is already active on Twitter, Facebook & Instagram (for our What's on promotions), with a total of almost 30,000 followers.

2.38. It has now also launched itself on NextDoor as an additional way to communicate with local residents. This potentially adds a reach of around 30,000 local residents to council messages.

2.39. **Internal & employee communications**

2.40. Throughout the pandemic, internal communications has worked to ensure colleagues can stay engaged and informed about key decisions, working practices and council policy.

2.41. Delivery has included a new Intranet website for staff, the introduction of CEO listening sessions, Director Video Briefings and Manager Engagement sessions, all designed to help managers keep staff informed and to give staff a platform to hear from the leadership team.

**3 CONSULTATION UNDERTAKEN OR PROPOSED**

3.1. N/A

**4 TIMETABLE**

4.1. N/A

**5 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

5.1. Additional capacity to support some of the Covid related campaigns has been met from the Contain Outbreak Management Fund (COMF) and other external grant funded regimes.

**6 LEGAL AND STATUTORY IMPLICATIONS**

6.1. N/A

**7 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**



7.1. N/A

**8 CRIME AND DISORDER IMPLICATIONS**

8.1. N/A

**9 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

9.1. N/A

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

**11 BACKGROUND PAPERS**

11.1. N/A

This page is intentionally left blank

# Overview and Scrutiny Commission Work Programme 2021/22



This table sets out the draft Overview and Scrutiny Commission's Work Programme for 2021/22 following discussions at the topic workshop on 9 June 2021.

The work programme will be considered at every meeting of the Commission to enable it to respond to issues of concern or to request new pre-decision items ahead of their consideration by Cabinet/Council.

**Chair:** Cllr Peter Southgate

**Vice-chair:** Cllr Peter McCabe

## Scrutiny Support

For further information on the work programme of the Overview and Scrutiny Commission please contact: -

Rosie McKeever, Scrutiny Officer

Tel: 020 8545 4035; Email: [rosie.mckeever@merton.gov.uk](mailto:rosie.mckeever@merton.gov.uk)

For more information about overview and scrutiny at LB Merton, please visit [www.merton.gov.uk/scrutiny](http://www.merton.gov.uk/scrutiny)

**Meeting date:** 14 July 2021 (~~**Deadline for papers:** 12pm, 6 July 2021~~)

Scrutiny category	Item/issue	How	Lead member and/or lead officer	Intended outcomes
<b>Holding the executive to account</b>	Questions to the Leader of the Council and the Chief Executive - priorities and challenges for 2021/22	Discussion	Cllr Mark Allison, Leader; Hannah Doody, Chief Executive	
<b>Holding the executive to account</b>	Recovery and Modernisation Programme	Presentation	Chris Lee, Director of E&R Frank Dick, Head of Recovery	
<b>Scrutiny of crime and disorder</b>	Identify questions for the Borough Commander	Discussion	Cllr Peter Southgate, Chair of Overview & Scrutiny Commission	Plan line of questioning for 8 September meeting
<b>Performance management</b>	Overview and Scrutiny Commission work programme 21/22	Report	Cllr Peter Southgate, Chair of Overview & Scrutiny Commission	Discuss and approve work programme and re-establishment of the FMTG

**Meeting date:** 8 September 2021 (~~**Deadline for papers:** 5pm, 31 August 2021~~)

Scrutiny category	Item/issue	How	Lead member and/or lead officer	Intended outcomes
<b>Scrutiny of crime and disorder</b>	BCU Commander – crime and policing in Merton	Report and in-depth discussion	BCU Commander	To hold BCU Commander to account on crime and disorder
<b>Scrutiny of crime and disorder</b>	Safer Merton Update	Report	Kiran Vagarwal, Community Safety Manager	Report to focus on domestic violence and gender based violence
<b>Holding the executive to account</b>	Merton Council as an Employer	Report	Liz Hammond	Review of Mental Health support for employees
<b>Setting the work programme</b>	Work programme 2021/22	Written report	Rosie McKeever, Scrutiny Officer	To agree the work programme.

**Meeting date:** 10 November 2021 (***Deadline for papers:*** 5pm, 1 November 2021)

Scrutiny category	Item/issue	How	Lead member and/or lead officer	Intended outcomes
<b>Holding the executive to account</b>	Business Plan - budget scrutiny (round one)	Report	Caroline Holland, Director of Corporate Services	To send comments to Cabinet budget meeting 6 December
<b>Holding the executive to account</b>	Your Merton	Report	John Dimmer, Head of Policy, Strategy and Partnerships; Catherine Dunn; Rob Francis @ Traverse	
<b>Holding the executive to account</b>	Council's Communications Service	Report	Matt Burrows, Interim Head of Customer Experience & Communications	Update on communications service; including communication priorities, complaint handling, resident satisfaction levels & Your Merton work
<b>Setting the work programme</b>	Work programme 2021/22	Written report	Rosie McKeever, Scrutiny Officer	To agree the work programme

**Meeting date:** 19 January 2022 (**Deadline for papers:** 5pm, 10 January 2022)

Scrutiny category	Item/issue	How	Lead member and/or lead officer	Intended outcomes
<b>Budget scrutiny</b>	Business Plan Update – budget scrutiny (round two)	Report – common pack for Panels and Commission	Caroline Holland, Director of Corporate Services	To report to Cabinet (7 Feb) on budget scrutiny round 2
<b>Budget scrutiny</b>	Scrutiny of the Business Plan; comments and recommendations from the overview and scrutiny panels	Report	Cllr Peter Southgate Scrutiny Officer	To send comments and recommendations from the overview and scrutiny panels to Cabinet on 7 Feb
<b>Scrutiny Review</b>	Universal Credit	Report and discussion  Invite Mitcham Job Centre and CAB	David Keppler, Head of Revenues & Benefits	
<b>Holding the executive to account</b>	Equality and Community Cohesion Strategy	Report	Evereth Willis, Equality and Community Cohesion Officer	Progress report
<b>Scrutiny of crime and disorder</b>	Identify questions for the Borough Commander	Discussion	Cllr Peter Southgate	Plan line of questioning for meeting on 16 March
<b>Setting the work programme</b>	Work programme 2021/22	Written report	Rosie McKeever, Scrutiny Officer	To agree the work programme.

**\*Additional\* Meeting date:** 26 January 2022 (**Deadline for papers:** 5pm, 17 January 2022) **HOLD FOR EXTRA BUDGET INFO?**

Scrutiny category	Item/issue	How	Lead member and/or lead officer	Intended outcomes
<b>Budget scrutiny</b>	Business Plan Update	Report	Caroline Holland, Director of Corporate Services	To report to Cabinet on any additional savings
<b>Holding the executive to account</b>	Voluntary sector- How can the community and volunteerism that developed in the pandemic be preserved and enhanced?	Report and discussion  Invite CE of Merton Connected to speak at meeting	John Dimmer, Head of Policy, Strategy and Partnerships	Consider also how businesses and charities can be encouraged to continue supporting their communities
<b>Setting the work programme</b>	Work programme 2021/22	Written report	Rosie McKeever, Scrutiny Officer	To agree the work programme.



**Meeting date:** 16 March 2022 (**Deadline for papers:** 5pm, 7 March 2022)

Scrutiny category	Item/issue	How	Lead member and/or lead officer	Intended outcomes
<b>Scrutiny of crime and disorder</b>	BCU Commander – crime and policing in Merton	Report and in-depth discussion	BCU Commander	To hold BCU Commander to account on crime and disorder
<b>Scrutiny of crime and disorder</b>	Safer Merton Update		Kiran Vagarwal, Community Safety Manager	Report to focus on ASB and designing out crime
<b>Holding the executive to account</b>	Equality and Community Cohesion Strategy 2022-26	Report	Evereth Willis, Equality and Community Cohesion Officer	Comment on the refresh of the next plan, using learning from scrutinising Covid 19 and other items
<b>Performance management</b>	Overview and Scrutiny Annual Report	Report	Cllr Peter Southgate	To approve and forward to Council
<b>Performance management</b>	Planning the Commission's 2022/23 work programme	Report	Cllr Peter Southgate	To review 2021/22 and agree priorities for 2022/23

This page is intentionally left blank