

Merton Council

Cabinet Agenda

Membership

Councillors:

Ross Garrod (Chair)
Eleanor Stringer
Stephen Alambritis MBE
Billy Christie
Caroline Cooper-Marbiah
Brenda Fraser
Natasha Irons
Andrew Judge
Sally Kenny
Peter McCabe

Date: Monday 20 February 2023

Time: 7.15 pm

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

This is a public meeting and attendance by the public is encouraged and welcomed. For more information about the agenda please contact democratic.services@merton.gov.uk or telephone [020 8545 3357](tel:02085453357).

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

Cabinet Agenda

20 February 2023

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13	Supply of Electricity to London Borough of Merton	619 - 622
14	Exclusion of the public To RESOLVE that the public are excluded from the meeting during consideration of the following report(s) on the grounds that it is (they are) exempt from disclosure for the reasons stated in the report(s).	
15	Restricted Appendix - Item 5	
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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.

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Agenda Item 3

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

CABINET

16 JANUARY 2023

(7.17 pm - 7.43 pm)

PRESENT Councillors Councillor Ross Garrod (in the Chair),
Councillor Eleanor Stringer, Councillor Stephen Alambritis,
Councillor Billy Christie, Councillor Caroline Cooper-Marbiah,
Councillor Brenda Fraser, Councillor Natasha Irons,
Councillor Andrew Judge, Councillor Sally Kenny and
Councillor Peter McCabe

ALSO PRESENT Zara Bishop (Communications Manager), Hannah Doody (Chief Executive), Fabiola Hickson (Head Of Law, Property and Commercial), Adrian Ash (Interim Executive Director Environment, Civic Pride and Climate), Anthony Hopkins (Head of Library, Heritage and Adult Education Services), Roger Kershaw (Interim Executive Director of Finance and Digital) and Jane McSherry (Executive Director of Children, Lifelong Learning and Families), Robert Cayzer (Interim Head of Cabinet Office), Graham Terry (Assistant Director Adult Social Care), Heather Begg (Commissioning Officer), Amanda Roberts (Policy, Strategy and Partnerships Officer) and Amy Dumitrescu (Democracy Services Manager)

1 APOLOGIES FOR ABSENCE (Agenda Item 1)

No apologies were received.

2 DECLARATIONS OF PECUNIARY INTEREST (Agenda Item 2)

There were no declarations of interest.

3 MINUTES OF THE PREVIOUS MEETING (Agenda Item 3)

RESOLVED: That the minutes of the meeting held on 5 December 2022 are agreed as an accurate record.

4 MERTON CIVIC PRIDE FUND: SUPPORTING THE VOLUNTARY AND COMMUNITY SECTOR 2023/26 - FUNDING OUTCOMES (Agenda Item 4)

The Cabinet Member for Civic Pride presented the report and outlined the funding awards, thanking officers for their work as well as partner organisations. It was noted that funding had been allocated to 18 organisations and the Cabinet Member listed all those receiving funding. Cabinet members spoke of their support of the process and the decision.

RESOLVED:

1. That Cabinet noted the allocation of 24 projects in the voluntary and community sector to receive Civic Pride Fund funding totalling £4,917,252.67.67 over the 2023 - 2026 period.
2. That Cabinet noted the approach to selecting providers.

5 COST OF LIVING UPDATE (Agenda Item 5)

The Cabinet Member for Finance and Corporate Services presented the report which gave an overview of the first tranche of funding, noting that a report regarding the second tranche would be brought to cabinet in March 2023.

The Cabinet Members thanked officers and the Cabinet Member for their work.

RESOLVED:

- A. That Cabinet noted the progress in implementing the proposals for the first £1million from the Cost of Living Emergency Support Fund agreed by Cabinet in September 2022.
- B. That Cabinet noted the work on the Cost of Living to date, carried out by the council and its partners
- C. That Cabinet agreed the proposed way forward to develop the council's relationship with the Credit Union as at 3.20
- D. That Cabinet agreed the outlined Cost of Living Action Plan, the ongoing development of this Action Plan as laid out in 3.26 – 3.32, and that a proposal on the remaining allocation of the Cost of Living Support Fund will come to Cabinet in March 2023.

6 WORKING BETTER WITH COMMUNITIES (Agenda Item 6)

The Cabinet Member for Civic Pride presented the report and thanked officers and the Voluntary sector for their contributions. It was noted that the report had been co-designed with local partners and the Cabinet Member outlined the next steps to be undertaken.

RESOLVED:

That Cabinet:

- A. Formally adopted the 'Working Better with Communities' Framework and ways of working.
- B. Noted the proposed process for embedding the Framework into the way in which the council operates

7 MERTON ADULT LEARNING STRATEGY 2023 – 2026 (Agenda Item 7)

The Cabinet Member for Education and Lifelong Learning presented the report and thanked officers for their work. It was noted that 1836 learners had attended over 300

courses and at the last OFSTED inspection in 2019 the service had received 6 good judgements.

Cabinet Members spoke to thank the officers and the Cabinet Member and for the focus on green skills and green jobs.

RESOLVED:

1. That the Merton Adult Learning Strategy 2023 – 2026 was reviewed and adopted by Merton Council

8 BUSINESS PLAN 2023-27 (Agenda Item 8)

The Cabinet Member for Finance and Corporate Services presented the report, noting that a further set of savings proposals would be considered by Scrutiny panels in the week following the meeting. The Cabinet Member advised that Councils were expected to take the maximum increase and precept however also noted that the majority of households within Council Tax Bands A-D would receive a one-off discount in Merton.

The Interim Executive Director for Finance and Digital advised that officers were continuing to work to deliver savings and that the money from the sale of CHAS had been immediately invested.

Cabinet Members spoke to thank all involved for their work.

RESOLVED:

1. That Cabinet considered and agreed the additional new savings proposals for 2023/24 to 2025/26 (Appendix 2) and refers them to the Overview and Scrutiny Commission on 25 January 2023 for consideration and comment.
2. That Cabinet considered and agreed that the draft unachievable saving proposal of £50k (2020-21 CS11) is removed from the MTFs and referred to the Overview and Scrutiny Commission on 25 January 2023 for consideration and comment.
3. That Cabinet agreed the latest amendments to the draft Capital Programme 2023-2026 and refers them to the Overview and Scrutiny Commission on 25 January 2023 for consideration and comment.
4. That Cabinet noted the details contained in the Provisional Local Government Finance Settlement 2023/24 and the implications for Merton's MTFs as summarised in Appendix 1.
5. That Cabinet considered and approved the Council's draft Capital Strategy and Treasury Management Strategy for 2023/24

9 NOVEMBER FINANCIAL MONITORING REPORT (Agenda Item 9)

The Cabinet Member for Finance and Corporate Services presented the report noting that the net adverse variance had been eliminated and there was now a small net favourable variance.

The Interim Executive Director for Finance and Digital advised that departments continued to work to drive down departmental overspends and this work would continue.

RESOLVED:

A. That Cabinet noted the financial reporting data for month 8, November 2022, relating to revenue budgetary control, showing a forecast net favourable variance at 30 November on service expenditure of £0.183m when corporate and funding items are included.

B. That CMT note the contents of Section 5 and approve the adjustments to the Capital Programme contained in Appendix 5b

That Cabinet noted the contents of Section 5 and Appendix 5b of the report and approve the adjustments to the Capital Programme in the Table below:

	Budget 2022-23	Budget 2023-24	Narrative
Corporate Services	£	£	
Customer Contact	(160,000)		Vired to a separate project within customer contact
Customer Contacts - Complaints System	160,000		Vired from the general project code for a separate project
Civic Centre - Workplace Design Project	(1)	473,000	Elements of Project funded from Revenue Reserve
Invest to Save- Photovoltaics & Energy Conserv	(50,000)	50,000	Reprofiled in accordance with Projected Spend
Community and Housing			
Disabled Facilities Grant- Project General	181,200		Funding to match Forecast
Children, Schools and Families			
Hollymount Capital Maintenance	(50,000)	50,000	Virement and re-profiling of schemes within the Schools Capital Maintenance programme to provide for new schemes within the approved grant sum and to reflect anticipated and actual final accounts on schemes.
Hatfeild Capital Maintenance	(35,000)	35,000	
Dundonald Capital Maintenance	(5,000)		
Merton Park Capital Maintenance	(14,500)		
Wimbledon Park Capital Maintenance	(50,000)	50,000	
Abbotsbury Capital Maintenance	(10,000)		
Bond Capital Maintenance	(6,000)		
Gorrington Park Capital Maintenance	(4,500)		
St Marks Capital Maintenance	10,000		
Lonesome Capital Maintenance	(19,000)		
Sherwood Capital Maintenance	(40,000)	8,000	
Links capital maintenance	16,000		
Hillcross capital maintenance	16,000		
William Morris Capital Maintenance	(10,000)	10,000	
Perseid Upper Capital Maintenance	(50,000)	50,000	
Cricket Green Capital Maintenance	(7,080)		
Melrose Whatley Avenue Capital Maintenance	56,080		
Perseid Lower - School Expansion	(30,000)	30,000	Reprofiled in accordance with Projected Spend
CSF Schemes - Devolved Formula Capital	728,250		Additional Government Grant to be passported directly to schools
Children's Centres - Bond Road Family Centre	(30,000)	30,000	Reprofiled in accordance with Projected Spend
Children's Centres - Family Hubs	15,000	15,000	New Dof E Grant for Family Hubs

Environment and Regeneration			
On Street Parking - P&D - ANPR Cams Air Qual & Traf Sens	86,000		Scheme Funded from Revenue Contributions
Off Street Parking - P&D - Car Park Upgrades	(130,000)	130,000	Reprofiled in accordance with Projected Spend
CCTV Investment - CCTV Cameras and Infrastructure Upgrade	(497,770)	497,770	Reprofiled in accordance with Projected Spend
CCTV Investment - Willow Lane Bridge Improvements	(27,280)	27,280	Reprofiled in accordance with Projected Spend
CCTV Investment - Brangwyn Cres/Cside East Improvements	(52,430)	52,430	Reprofiled in accordance with Projected Spend
Highways & Footways - Vivacity Monitors	(39,180)		Budget being moved to revenue along with S106 funding
Mitcham Area Regeneration - Pollards Hill Bus	(50,000)	50,000	Reprofiled in accordance with Projected Spend

Shelter			
Sports Facilities - Leisure Centre Plant & Machine	(50,000)	50,000	Matchfunding for playzone £50k 22/23 and £50k 23/24
Total	323,790	1,135,480	

10 MICROSOFT ENTERPRISE AGREEMENT (Agenda Item 10)

The Cabinet Member for Finance and Corporate Services presented the report.

RESOLVED:

- A. That Cabinet approved that the Contract for the Microsoft Enterprise Architecture Licences is awarded to Supplier A
- B. That Cabinet approved that the Microsoft Azure Hosting Cloud Solution Provider (CSP) is bundled with the contract award to Supplier A

11 SOCIAL VALUE (Agenda Item 11)

The Cabinet Member for Finance and Corporate Services presented the report noting that new officers were being recruited to enhance this area and that additional training was also being undertaken.

RESOLVED:

- A. That Cabinet noted the progress made with the opportunities available to London Borough of Merton through the Public Services (Social Value) Act 2012.
- B. Any relevant observations or actions following discussion of this report be recognised or undertaken by Commercial Services with further updates given to CMT/LSG quarterly or as requested

12 EXCLUSION OF THE PUBLIC (Agenda Item 12)

The Chair advised that the meeting was able to proceed entirely in public and therefore this item was not required

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Committee: Cabinet

Date: 20 February 2023

Wards: All

Subject: Reference from the Sustainable Communities Overview and Scrutiny Panel – Clarion Housing

Lead officer: Adrian Ash, Interim Executive Director Environment, Civic Pride & Climate

Lead member: Councillor Stuart Neaverson, Chair of the Sustainable Communities Overview and Scrutiny Panel

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

Recommendations:

-
1. The Sustainable Communities Overview and Scrutiny Panel requests that Cabinet note its reference set out in paragraph 2.5 to 2.12 below.
-

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. During the 3 November 2022 meeting of the Sustainable Communities Overview and Scrutiny Panel, members received information and updates on the work of the Planned Investment, Reactive Maintenance, and the Complex Case Teams, as well as performance and satisfaction data.

2 DETAILS

2.1. Scrutiny process

- 2.2. Along with representatives from Clarion Housing, the Panel also welcomed public speakers to this meeting. Members heard from three residents who shared their own experiences of living in Clarion managed estates.

- 2.3. The Panel were reassured to hear Clarion commit to follow up on the resident issues raised and come back to Panel with further updates on Sadler's Close and the satisfaction survey methodology.

2.4. Scrutiny response

- 2.5. The Panel RESOLVED (all ten members voted in favour) to send the following recommendations to Cabinet

- 2.6. This Panel recommends that it be a default procedure for all repairs to have before and after pictures.

- 2.7. Resident associations are a great tool for Clarion and residents to stay in touch therefore this Panel recommends that Clarion, at least once a quarter, help advertise the Resident Association meetings, including where and when they will be held, and that resident associations are allowed access to the communal boards for them to advertise these meetings.

- 2.8. This panel request that Clarion report back on the improvements it makes to communications around repairs and update the panel at the next session they are due to report at.

- 2.9. Clarion commit to review all their Merton properties with regards to retrofitting and improving their energy efficiency.
- 2.10. The panel recommends that Clarion undertakes a review of all empty or unused Community spaces so that some, if usable, can be allocated for use by resident associations.
- 2.11. Clarion to review its protocols for communicating with freeholders and leaseholders on its properties with regards to complaints and repair response times.
- 2.12. Recommend greater transparency published about individual estates data on repairs and the satisfaction rates from residents.

3 ALTERNATIVE OPTIONS

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

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. None for the purpose of this report.

5 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 5.1. None for the purpose of this report.

6 LEGAL AND STATUTORY IMPLICATIONS

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

7 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

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

8 CRIME AND DISORDER IMPLICATIONS

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

9 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

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

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

- None

11 BACKGROUND PAPERS

None

Committee: Cabinet

Date: 20 February 2023

Wards: ALL

Subject: Waste and Street Cleansing Commissioning: Preferred model for securing service delivery

Lead officer: Adrian Ash, Interim Executive Director Environment, Civic Pride & Climate

Lead member: Cllr Natasha Irons, Cabinet Member for Local Environment, Green Spaces and Climate

Contact officer: John Bosley, Assistant Director of Public Space and Charles Baker, Waste Strategy & Commissioning Manager

Recommendations:

Cabinet is asked to:

- A. Note the Best Value Assessment of the four identified service delivery models for both waste and recycling collection, and the street cleansing service.
- B. Note the findings from the Resident Engagement survey undertaken by the service which identifies high satisfaction with waste and recycling collection along with identifying areas of required improvement within the street cleansing service.
- C. Agree, based on the Best Value Assessment and Resident Engagement findings, to a model of securing service delivery that disaggregates the street cleansing service from the waste and recycling service.
- D. Agree that a competitive procurement offers the Best Value approach to securing a waste and recycling service; authorise the publication of a Prior Information Notice to notify the market of the intention to tender for a waste and recycling service; and confirm that officers can proceed to prepare all necessary tender documentation.
- E. Agree with regards to the waste and recycling service that the tender opportunity is advertised on the basis that the successful bidder will be required to ensure all employees who are wholly or substantially engaged in delivering the contract have terms and conditions of employment that are equivalent to the Council's.
- F. Note the implications for the Medium-Term Financial Strategy, from 2025/26, of agreeing to tender on the basis of equivalency of employment terms and conditions and the rationale for making this recommendation.
- G. Note the Greater London Authority's (GLA) role, under the Greater London Authority Act 1999, to issue directions to London boroughs in relation to waste management procurement and note the impact this has on the procurement timeline.
- H. Agree that the setting up of a Direct Service Operation offers the Best Value approach to securing a street cleansing service and authorise the Waste and Street Cleansing Project Board to undertake further detailed work on a service specification that responds to residents' concerns about the current service.

- I. Note that further Cabinet decisions will be sought as necessary with regards to the various components of the proposed service specifications for the waste and recycling, and street cleansing services.
- J. Note that the recommended model, and underpinning rationale, for securing service delivery of waste and recycling, and street cleansing services, will be subject to pre-decision scrutiny by the Sustainable Communities Overview and Scrutiny Panel on 13 February 2023, and that any comment or recommendation from the Panel will be referred to Cabinet by the Panel Chair.
- K. Note that in accordance with the Council's Contract Standing Orders the proposed procurement strategy for the waste and recycling service will be considered by the Council's Procurement Board, chaired by the Chief Executive, prior to final approval to proceed to tender.

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 Cabinet, at its meeting of the 10 of October 2022, agreed not to extend the current contract with Veolia ES UK for waste and recycling collection, and street cleansing services, beyond the contract expiry date of 31 March 2025. Cabinet also resolved to require officers to develop and manage a new Service Delivery Strategy for the waste collection and street cleansing services.
- 1.2 Following these decisions, a Waste and Street Cleansing Project Board (the Board) was set up with membership made up of key senior officers from across the Council and jointly chaired by the Cabinet Member for Local Environment, Green Spaces and Climate and the Interim Executive Director for Environment, Civic Pride and Climate.
- 1.3 The Board agreed a phased approach to the development of a new service delivery strategy, with the initial work focusing on developing recommendations to Cabinet with regards to the optimal service delivery strategy for both waste and recycling and street cleansing services.
- 1.4 To inform that proposal, the Council undertook a detailed public consultation exercise with residents to better understand their priorities for these services, and the improvements they want to see in the future.
- 1.5 This report sets out the conclusions from the initial phase of work and recommends to Cabinet that separate models for securing service delivery for each of waste and recycling, and street cleansing services be pursued as outlined in recommendations D and E. The Best Value Assessment of the four options considered, along with the findings from the resident survey referred to above, are set out to demonstrate that the recommended way forward for each of the services has a sound evidence base underpinning it.
- 1.6 Alongside the development of the service delivery models recommended to Cabinet in this paper, the Board has also commenced work on developing service specifications for each of the two service areas as well as considering options for enhancing service levels and standards. This initial work will continue into the next phase of the programme, subject to agreement of the service delivery models recommended here and will be the subject of future reports to Cabinet.
- 1.7 The report concludes by outlining the key elements of the next phase of the Board's work, subject to the recommendations in this paper being agreed, in

preparing to advertise the tender for the waste and recycling service and in designing the Direct Service delivery model for the street cleansing service.

- 1.8 The recommended service delivery models and underpinning rationale for the recommendations will be subject to pre-decision scrutiny by the Sustainable Communities Overview and Scrutiny Panel at its meeting on 13 February. Following this meeting the Chair of the Panel may choose to provide comment and / or recommendations to further inform Cabinet in its decision making.

2. DETAILS

Review of potential service delivery models

This section of the report is relevant to recommendation A.

- 2.1 The Board, in arriving at recommendations with regards to the optimal service delivery model for waste and recycling and street cleansing services, has considered four models for securing service delivery:
- Commissioned Service – service delivered by a third-party provider (the current model for both services)
 - Direct Service Organisation (DSO) – in-house delivery model
 - Local Authority Trading Company – A company owned and managed by the Council
 - Joint Venture – Partnership arrangement with a third-party
- 2.2 The key characteristics of each of the four models for securing service delivery are set out in paragraphs 2.5 to 2.15 below.
- 2.3 During the first phase of the programme, the Board commissioned a specialist waste consultancy to support the detailed work required to produce robust Best Value comparisons of the four models. As part of this work, the consultancy was asked to estimate the costs of each of the four models using the existing service levels as a baseline as well as an enhanced service offer based on the work referenced at paragraph 1.5 above. While the detail of the enhanced service offer remains confidential, to avoid any risk of market sensitive information being divulged prematurely, a brief overview of the areas of focus is outlined at paragraph 2.29 below. To ensure a like for like comparison, the costs of procuring the necessary vehicle fleet has been included in the analysis of the costs for each model.
- 2.4 Officers have used the financial data provided by the consultant to identify an average cost for each of the four options and then to calculate the extent to which the cost of each option varies from the average. The variance from the average cost for each of the four models, expressed as a percentage, is included in the summary description of each model.
- 2.5 **Commissioned Service** – The principal rationale for procuring an external contractor is the benefit gained from the technical expertise and business resiliency that is associated with specialist providers. An example of past benefit during the current waste contract was the management of services and the regional support provided during Brexit which impacted many material markets and service supplies for vehicles and other technical equipment. Additionally, market competition can assist in generating price-competitive contracts that also allow the Council to have relative certainty of service cost for the life of the

- contract. The ability of the Council to exploit these advantages will however largely be determined by two things:
- a) the degree of competitiveness of the market at the time of procurement; and
 - b) the structure of the contract and its associated specification, including both the contractor and the council's attitude to the sharing of financial risk related to future costs and income delivered through the service.
- 2.6 Typically, the private sector can deliver a service at a lower cost than a Local Authority, usually making this the lowest cost option. This option also reduces risk in terms of resilience and capacity to maintain services. This was highlighted by the current contractor's ability to access resources during the recent national driver shortages and COVID-19 Pandemic, during which we were able to maintain a full service.
- 2.7 A review of the financial assessment undertaken by our external consultant indicates that a commissioned service for waste and recycling collection would be 5.2% higher when compared to the average total contract value of the four models, and an additional 4.9% for the street cleansing service, as there is less reliance on specialist vehicles and workshop overheads. (This excludes any agreed profit margin and overheads applied to these two services). A review of the financial assessment undertaken by our external consult
- 2.8 **Direct Service Operations** – The option of bringing services in house (or insourcing) is always open to the Council at the end of a contract, as there is no legal requirement to retender services, provided best value can be demonstrated. One key advantage of in-house services is that they have the potential to be more flexible and agile, given that the local authority is not constrained by the terms of a contract with a third-party provider and can exercise more direct ownership and control. This is a particular benefit when considering services that need to be able to react rapidly to resident feedback and/or to be able to scale up or down to cope with changing operating conditions. No matter how flexibly the contract is drawn, the options to change delivery arrangements at short notice, either on a temporary or long-term basis, will be more limited. Contract flexibility also brings its own risk in terms of contractor behaviour and additional cost.
- 2.9 Whilst this model can provide direct control over how the service is delivered, it is typically more expensive. The financial information provided by the consultant confirms this as the most expensive delivery model. However, when favourable terms and conditions are applied to the other delivery models this approach becomes the most financially advantageous with an estimated decrease of 5.6% for waste and recycling collection, and an additional 5.3% for street cleansing when compared to the average cost of the four different delivery models.
- 2.10 Although an in-house delivery model for the waste & recycling service offers the most financially advantageous option to the Council, the technical and logistical challenges in establishing a viable in-house service are considered extremely high-risk at this stage. This would include the availability of specialist skillsets and staffing, fleet management and workforce shortages such as professional drivers, all in place within two years. Upcoming legislative changes relating to recycling & environment will also add further immediate pressures.
- 2.11 **Local Authority Trading Company (LATCO)** – The LATCO model requires that a Local Authority set up the service as a wholly-owned company with an

appointed Managing Director having oversight for the day-to-day delivery of services.

- 2.12 This option represents the second most financially advantageous model at 2.3% below the average for waste and recycling collections, and a further 2.2% for street cleansing when compared to the average of the four delivery models costed for street cleansing. It is important to note that as the Council does not currently have a LATCO that services could be delivered by, there are inherent and increased risks in establishing a high performing structure prior to the commencement of services in 2025.
- 2.13 **Joint Venture (JV)** – A commercial arrangement where two or more organisations establish a new legal entity for a specific purpose. JVs typically form to attract private sector investment and combine their knowledge and skills with the public sector. JVs are well suited to schemes where there is significant scope for change and potential for the public sector to capture value growth over time. However, benefits achieved through the JV structure, in contrast to a formal contractual structure, come with added complexity and ongoing risks.
- 2.14 Benefits of this model include private finance and business expertise; however, ownership is a key concern, and under this model the chosen partner have a vested interest and say in the running the business. This, therefore, reduces the control the council can exert and consequently the flexibility of the contract applied.
- 2.15 For the council, the decision to establish a JV needs careful assessment of the benefits versus the risks. Developing a mutual company will require a great deal of financial and time investment. Under these circumstances the option does not appear to be an attractive one given that the waste sector is well established, and other options provide more flexibility and a competitive advantage.
- 2.16 The financial analysis indicates that the overall cost of the JV delivery model is 2.6% higher than the average of the four models for waste and recycling collection and an additional 2.7% for street cleansing.

Determining Best Value solutions

This section of the report is relevant to Recommendations A, C, D and H

- 2.17 Best Value is defined as the optimal combination of economy, efficiency and effectiveness and it follows that any analysis of the Best Value solution in a particular circumstance requires that a broader range of factors than price alone be incorporated into the analysis.
- 2.18 Fundamental to the understanding of Best Value in the context of the waste and recycling and street cleansing services is a recognition that both services impact directly on every household in the borough, and in the case of street cleansing services, on every business in, and visitor to, the borough. The breadth of this impact is reflected in the volume of resident contacts with the Council and with individual elected Members, that relate to waste and street cleansing issues.
- 2.19 A detailed picture of residents' views of the waste and recycling and street cleansing services is provided in section 3 of this report below. A key point to note, in the context of determining Best Value, is the differential levels of satisfaction with waste and recycling (high and rising) on the one hand and street cleansing (low and dropping) on the other. In many ways the differing satisfaction

levels across the two services reflect several of the key strengths and weaknesses of a contracted-out model.

- 2.20 The factors impacting on the performance of a waste and recycling service are relatively limited on a week-to-week basis. Assuming, therefore, that the service is specified and resourced appropriately, and that there are effective (contract) management arrangements in place, performance is unlikely to vary in any material way over time. Unless resident expectations change it follows that satisfaction levels are likely to remain consistent over time. Given all of this, the advantageous price of a contracted-out service is offset to a lesser degree by risk factors associated with service variability and the need for agility in response. The limitations imposed by a contract are therefore likely to be less of a material factor.
- 2.21 In contrast, there are a broader range of factors that will impact on a street cleansing service on a week-to-week basis. Weather, seasonality, changing patterns of footfall, planned and unplanned events and staff absences are all drivers of a much greater degree of variation in comparison to waste and recycling collection. This higher level of variation requires a more proactive and agile response, as well as the ability to flex resources to meet changing needs, if performance and resident satisfaction is to be maintained at high levels. The limitations imposed by a contract are therefore likely to be much more of a material factor in mitigating the price advantage of a contracted-out model.
- 2.22 This 'degree of variability' rationale, combined with the differing levels of resident satisfaction described in section 4 below, suggests that there is merit in considering the Best Value solution for a waste and recycling service, and for a street cleansing service separately. This mitigates the risk that a combined Best Value solution is sub-optimal in respect of one or both services, as illustrated by the current contractual arrangement.
- 2.23 The Best Value analysis was therefore undertaken in this way, using a methodology that was designed to ensure a like for like comparison of each of the four models, and against each model a score for each of waste and recycling and street cleansing. The methodology comprised of three key components: Finance, Implementation, and Delivery, further broken down into thirteen elements. Each element was assigned a percentage weighting that reflects its degree of importance / impact. Tables 1 to 4 below summarise the outcomes of the Best Value analysis of each of the four models in respect of the waste and recycling and street cleansing services.

Table 1: Service Delivery Model Evaluation: Commissioned Service

SERVICE DELIVERY MODEL:		Commissioned Service		Weighting	Polarity / Scoring		
SERVICE OPERATION:		Waste & Recycling Collections	Street Cleansing Services				
Finance	Financial Impact					10%	Positive (+) / 1-10
	Staffing Costs					2.5%	Positive (+) / 1-4
	Vehicle & Plant Costs					2.5%	Positive (+) / 1-4
	Management Costs					2.5%	Positive (+) / 1-4
Implementation	Reputational Impact					12%	Positive (+) / 1-10
	Deliverability (mobilisation)					12%	Positive (+) / 1-10
	Deliverability (service model)					15%	Positive (+) / 1-10
	Adaptability (service changes)					7%	Positive (+) / 1-10
	Governance & Legal (complexity)					6%	Positive (+) / 1-10
Delivery	Model Risks		-0.6		-0.36	8%	Negative (-) / 1-10
	Model Opportunities					6%	Positive (+) / 1-10
	Environmental Sustainability					8%	Positive (+) / 1-10
	Social Value Impact Potential					8%	Positive (+) / 1-10
TOTAL Assessment Score			5.715		5.105	100%	

Table 2: Service Delivery Model Evaluation: Direct Service Operations

SERVICE DELIVERY MODEL:		Direct Service Organisation		Weighting	Polarity / Scoring
SERVICE OPERATION:		Waste & Recycling Collections	Street Cleansing Services		
Finance	Financial Impact	▲	▲	10%	Positive (+) / 1-10
	Staffing Costs	◆	▲	2.5%	Positive (+) / 1-4
	Vehicle & Plant Costs	◆	▲	2.5%	Positive (+) / 1-4
	Management Costs	◆	▲	2.5%	Positive (+) / 1-4
Implementation	Reputational Impact	●	●	12%	Positive (+) / 1-10
	Deliverability (mobilisation)	●	●	12%	Positive (+) / 1-10
	Deliverability (service model)	●	●	15%	Positive (+) / 1-10
	Adaptability (service changes)	▲	▲	7%	Positive (+) / 1-10
	Governance & Legal (complexity)	▲	▲	6%	Positive (+) / 1-10
Delivery	Model Risks	▲	◆	8%	Negative (-) / 1-10
	Model Opportunities	▲	▲	6%	Positive (+) / 1-10
	Environmental Sustainability	●	▲	8%	Positive (+) / 1-10
	Social Value Impact Potential	●	●	8%	Positive (+) / 1-10
	TOTAL Assessment Score	●	●	100%	
		5.70625	6.24125		

Table 3: Service Delivery Model Evaluation: Local Authority Trading Company

SERVICE DELIVERY MODEL:		Local Authority Trading Company		Weighting	Polarity / Scoring
SERVICE OPERATION:		Waste & Recycling Collections	Street Cleansing Services		
Finance	Financial Impact	●	●	10%	Positive (+) / 1-10
	Staffing Costs	◆	▲	2.5%	Positive (+) / 1-4
	Vehicle & Plant Costs	◆	▲	2.5%	Positive (+) / 1-4
	Management Costs	◆	▲	2.5%	Positive (+) / 1-4
Implementation	Reputational Impact	●	●	12%	Positive (+) / 1-10
	Deliverability (mobilisation)	●	▲	12%	Positive (+) / 1-10
	Deliverability (service model)	●	●	15%	Positive (+) / 1-10
	Adaptability (service changes)	▲	▲	7%	Positive (+) / 1-10
	Governance & Legal (complexity)	▲	▲	6%	Positive (+) / 1-10
Delivery	Model Risks	◆	◆	8%	Negative (-) / 1-10
	Model Opportunities	▲	▲	6%	Positive (+) / 1-10
	Environmental Sustainability	●	▲	8%	Positive (+) / 1-10
	Social Value Impact Potential	●	▲	8%	Positive (+) / 1-10
	TOTAL Assessment Score	●	!	100%	
		5.38625	5.57625		

Table 4: Service Delivery Model Evaluation: Joint Venture

SERVICE DELIVERY MODEL:		Joint Venture		Weighting	Polarity / Scoring
SERVICE OPERATION:		Waste & Recycling Collections	Street Cleansing Services		
Finance	Financial Impact	●	●	10%	Positive (+) / 1-10
	Staffing Costs	◆	▲	2.5%	Positive (+) / 1-4
	Vehicle & Plant Costs	◆	▲	2.5%	Positive (+) / 1-4
	Management Costs	◆	▲	2.5%	Positive (+) / 1-4
Implementation	Reputational Impact	●	●	12%	Positive (+) / 1-10
	Deliverability (mobilisation)	●	▲	12%	Positive (+) / 1-10
	Deliverability (service model)	●	●	15%	Positive (+) / 1-10
	Adaptability (service changes)	▲	▲	7%	Positive (+) / 1-10
	Governance & Legal (complexity)	▲	▲	6%	Positive (+) / 1-10
Delivery	Model Risks	◆	◆	8%	Negative (-) / 1-10
	Model Opportunities	▲	▲	6%	Positive (+) / 1-10
	Environmental Sustainability	●	▲	8%	Positive (+) / 1-10
	Social Value Impact Potential	●	▲	8%	Positive (+) / 1-10
	TOTAL Assessment Score	●	×	100%	
		5.04625	5.14625		

Recommended service delivery models and associated issues

This section of the report is relevant to recommendations C, D, E, H and K.

- 2.24 From the analysis summarised in the tables at Paragraph 2.22 above it can be seen that the scores for waste and recycling, and street cleansing are the same in both the LATCO and JV options, and in both cases are lower than one or both scores for each of waste and recycling, and street cleansing. Neither option can therefore be recommended as offering Best Value. This, combined with the risk and complexity inherent in developing either model to the required standard by 2025, has led the Board to conclude that neither option should be given further consideration in determining the optimum service delivery model for the waste and recycling and street cleansing services.
- 2.25 In comparison the scores for each of the waste and recycling, and street cleansing services show a clear difference in both the Commissioned and Direct Service Delivery options, with the Commissioned service model delivering the highest score for the waste and recycling service and the Direct Service Delivery model delivering the highest score for the street cleansing service.
- 2.26 The Board has therefore determined that in order to deliver the Best Value solution for each of the services, it is recommending to Cabinet that external service providers should be invited to tender for the opportunity to deliver the waste and recycling service for the period beyond April 2025, and that preparations should be made to bring the street cleansing service in-house from the same date.
- 2.27 It should be noted that from a purely financial perspective, the recommended option appears as superficially the cheapest option. However, as noted at paragraph 2.16, the Best Value options take account of a broader set of factors than cost alone and deliverability and risk are also key considerations. It is this wider Best Value and deliverability evaluation that underpins the recommendation to Cabinet on the optimal service delivery arrangements.

The three options are ranked, in cost terms, as follows (highest cost to lowest):

1. Both services are commissioned.
2. Waste and recycling is commissioned, and street cleansing is brought back in-house (the recommended option).
3. Both services are brought back in-house

Exempt Appendix A provides additional detail on the costs of each option.

- 2.28 The Board has also determined that, given the capital costs associated with vehicle fleet procurement and other capital items that the contract should be advertised with a minimum duration of eight years. Contract length and any allowance for extensions beyond the initial contract term will be confirmed during the next phase of the work at the point when the procurement strategy is presented to the Procurement Board for approval.

Workforce Terms and Conditions

This section of the report is relevant to Recommendations E and F

- 2.29 The Board is aware that in recommending a mix of in-house and commissioned service delivery models there is a risk of creating a two-tier workforce. To mitigate

this risk, the Board is further recommending that the waste and recycling tender be advertised on the basis that all employees who are wholly or substantially engaged in delivering the contract have terms and conditions of employment that are equivalent to the Council's. This will include an explicit requirement that the entire workforce wholly or substantially engaged in delivering the contract are paid London Living Wage as a minimum. The Board is aware that in making this recommendation there is an associated financial impact but notes that at present c53% of the Veolia ES UK workforce engaged in delivering the current contract have, as a result of the TUPE Regulations, terms and conditions equivalent to those of the Council. This reduces the financial impact of the proposal.

2.30 As noted in paragraph 2.27 above, the recommendation that the contract be tendered based on equivalent terms and conditions for the workforce has a financial implication, which is relevant both to the Medium-Term Financial Strategy and to the Best Value analysis. There are, however, several mitigating factors in addition to the avoidance of a two-tier workforce that need to be factored in when considering this recommendation:

- In addition to addressing issues of equity and fairness, equivalency of terms and conditions reduces risk in terms of the contractor's ability to recruit and retain sufficient staff to maintain service continuity;
- Equivalency should also make maintaining positive employee relations easier for the contractor, in the context of shared use of depot facilities with the street cleansing service, and therefore reduce risks to continuity of service delivery;
- Were the contract to fail for any reason and there was a need to insource the service, even temporarily, the TUPE position would be much less complex, and the risk of additional unplanned cost significantly lowered;
- In any case, as has been outlined in earlier sections of the report, the option to insource the service, which would mean all staff were on Council terms and conditions, is considered by Officers to be too great a risk and not an option that can therefore be recommended.

2.31 The financial implications of this recommendation with regards to the Medium-Term Financial Strategy are addressed in section 5 below.

Next Steps and timeline

This section of the report is relevant to recommendations F, H, I and K.

2.32 Subject to Cabinet agreeing the recommended service models, the Board will shift its focus to the next phase of the work. Key milestones in this next phase include:

- Completion of the service specification for the waste and recycling service and submission to the Greater London Authority (GLA) pursuant to its responsibilities under the Greater London Authority Act 1999. As the Council intends publishing a Prior Information Notice (PIN), the GLA will have 56 days from the date of submission to respond with any directions it deems necessary. It is intended that the final Service Specification be submitted in April 2023. The PIN cannot then be published until either the GLA responds with directions or the 56 days elapses.
- Preparation of the necessary documentation prior to submission to the Council's Procurement Board in order to secure approval for the intended procurement strategy. Date to be confirmed.

- Publication of a PIN in respect of the waste and recycling service procurement. The purpose of the PIN is to provide an early indication to the market that the Council will be advertising a tender opportunity. Publication of the PIN also enables early market engagement. The PIN will be published 56 days after the GLA is notified of the Council's intention to do so as per the first bullet point above.
 - Advertising of the tender opportunity. This will need to be done in sufficient time to allow for the procurement to be completed and contract awarded by April 2024 as a twelve-month contract mobilisation period is required.
- 2.33 In addition to the above key milestones the Board will also continue to develop and refine the proposed service specification for the street cleansing service. While the detail of the proposed service specifications for both the waste and recycling, and street cleansing services are confidential at this stage, in broad terms, proposed enhancements to the current service specifications are likely to focus on:
- For waste and recycling:
- providing improvements to communal waste & recycling collections;
 - large estate waste collections;
 - solutions for areas with localised waste storage issues; and
 - solutions for flats-above-shops.
- For street cleansing:
- A shift in focus from an output-based specification to one which places greater emphasis on frequency-based schedules for different location types.

3. Service delivery – Environmental considerations

- 3.1 The approved service delivery strategy will be required to address and respond to resident's needs, reflect our communities, react to challenges, and support the Council's environmental commitments. There is a need to ensure that the chosen model enables the Council to nurture civic pride in the borough's streets and green spaces and provides an environment where the Council can adapt to the changing needs of our residents.
- 3.2 The waste & recycling service will have a critical role to play in contributing to progress toward the London-wide vision to be a 'zero waste city' This is demonstrated by the objectives the Council is required to deliver against as listed below:
- To focus on food waste reduction and recycling
 - Increase recycling rates to achieve a 50% recycling rate of local authority collected waste by 2025
 - Reduce the environmental impacts of waste collections associated with greenhouse gas emissions and air quality
- 3.3 To reduce the impacts of the Council's waste operations on the environment, the Council will also be committing to invest in alternative fuel technologies for our fleet of vehicles, ensuring that operations limit their impact on the environment and contribute to better air quality for the borough.

- 3.4 Street cleansing operations will also be assessed and expected to utilise the best available technologies, such as electric sweeping units, to reduce their impact on the environment whilst remaining operationally efficient.

4. CONSULTATION UNDERTAKEN OR PROPOSED

This section of the report is relevant to Recommendation B

- 4.1 To inform the design of the new service, we undertook an extensive borough-wide consultation on residents' views on waste & street-cleaning, which ran from early October to mid-November 2023 and generated a successful return-rate of around 2,500 overall responses.
- 4.2 It should be noted that the telephone survey (400) generally showed higher levels of satisfaction compared to the online/papers survey. This data is available in the full consultation analysis – however, we have used the combined online and paper responses as a guide for two reasons:
- 4.3 Firstly, the online & paper surveys are reflective of residents' *lived experience* of using the service and contacting us; secondly the volume on the online and printed responses is significantly higher (2,100 responses), and well above the benchmark required for a representative analysis.

Resident experiences – street cleaning, recycling & collections

- 4.4 The table below shows the overall trend of residents' experiences of both waste collections and street cleaning services since the current contract was put in place. Figures in the last column are from the most recent consultation.

Service	% Satisfied 2017	% Satisfied 2019	% Satisfied 2021	% Satisfied 2022
<i>Refuse collection</i>	69%	48%	62%	63%
<i>Recycling facilities</i>	71%	56%	56%	63%
<i>Street cleaning</i>	53%	44%	45%	30%

- 4.5 The results show a clear trend – following a drop in 2019, resident experiences have steadily improved around waste collections & recycling as service improvements have been made.
- 4.6 However, residential street cleaning satisfaction has dropped continually since 2017, and now stands at an average of around 30%. When we asked residents if they felt *town centre streets* (rather than residential roads) are cleaned enough, just 29% of residents agreed. Note that the slight rise in 2021 relates to the time period when the impact of the COVID-19 pandemic, including lockdowns, was at its peak and footfall was much lower. There is likely to be a causal relationship with the perceived cleanliness of streets at that time.

What are the issues – recycling & waste collections

- 4.7 When we asked those residents who have had a poor experience of collections what their concerns were, the top three issues were missed collections (49%), frequency of collections (49%) and putting their bins back properly (49%).
- 4.8 However, it should also be noted that there is a very high level of support for residents around recycling too – 74% of residents want to recycle more, and 55% said more recycling is critical to help the local environment. Collection frequencies (of both recyclables and residual waste) are also relevant to encouraging higher recycling rates.

What are the issues - street cleaning

- 4.9 When we asked those residents who have had a poor experience of street cleaning what their **key concerns** were, they came out as street litter (69%) fly-tipping (62%) and overflowing bins on streets (69%).
- 4.10 The overall data shows a clear need to review how we deliver our street cleaning services as the priority when considering the options for the future service delivery model.

5. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 5.1 Beyond 2025 the final financial implications will vary according to decision and any future service delivery model along with any tender price (should that be the method selected).
- 5.2 Waste Consulting LLP, a specialist waste management, financial resourcing, and procurement advisor to local authorities have been commissioned by the London Borough of Merton to undertake a financial analysis of the options available for the future commissioning of our waste and recycling services and our street cleansing function.
- 5.3 They were required to assess the gross financial cost associated with the four different delivery models based on both the current service specification undertaken by our service provider - i.e. Business as usual (BAU)
- 5.4 The modelling undertaken by Waste Consulting LLP provides a breakdown of the cost implications of the various options being considered.
- 5.5 In addition to the financial assessment undertaken by our consultant our Finance team have also undertaken a due diligence financial assessment which is comparable to that undertaken by the consultant as such we and the consultant are confident that the business as usual direct service organisation modelling reflects a degree of accuracy within +/- 5% of the total gross cost.
- 5.6 Based on current modelling as seen above there is an estimated 25.8% cost increase for the business-as-usual in house (DSO) model when compared to the net budget (2025-26 price base) current contract price for these services. This increase is attributed to two main drivers: the increased cost of service provision along with a reduction in projected income. These costs will continue to be refined and are likely to increase further once additional information is available, for example agreed insurance overheads and costs associated with any revised IT systems. It is also worthy of note that splitting the service delivery model for waste and cleansing services will also increase costs.

- 5.8 Within the waste and recycling collection service there are four main areas of income generated from the delivery of bau services. The table below provides an overview of the anticipated income position at cessation of the contract:

Chargeable Service	In House Estimate
Garden Waste	1,270,000
Bulky Waste	285,000
Recyclate sales	70,000
Commercial Waste	580,000
Total Income	2,205,000

- 5.9 It should be noted that under current legislation the Council is able to apply a 'Reasonable Charge' for prescribed services, such as bulky waste collections and garden waste collections, to cover our operational cost and all fees and charges should be set at a rate which covers these costs without including any profit margin.

6. LEGAL AND STATUTORY IMPLICATIONS

- 6.1 With regard to major projects of this nature, it is permissible and prudent that an options appraisal is conducted that takes into account the Councils Best Value Duty and the input from Resident Engagement.
- 6.2 The options analysis carried out, as set out in this report, dismisses the joint venture and trading company models, and put forward recommendations. Any such options decisions and recommendations that are reasonable and evidenced are permissible where they meet the Councils Best Value duties.
- 6.3 The competitive procurement for the commissioned service must be procured in accordance with the appropriate route to market, as per regulation 26 of the Public Contract Regulations 2015 and the Councils Contract Standing Orders.
- 6.4 In accordance with section 358 (1A) of the Greater London Authority Act 1999, where a PIN is issued then the Mayor needs to be notified no less than 56 days prior to the issue of the PIN, where no PIN is issued then the Mayor needs to be notified no less than 108 days before the contract notice is issued. The proposals are to issue a PIN in respect of this project and as such the notification needs to be issued to the Mayor 56 days prior to this. These notifications need to be taken account of in the programme.
- 6.5 There may be cost implications in employees having the same terms and conditions as the Council staff and this should be fully costed.

7. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

7.1 There are no material equalities implications resulting from the recommendation(s) of this report.

8. CRIME AND DISORDER IMPLICATIONS

8.1 There are no material crime and disorder implications resulting from the recommendation(s) of this report.

9. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

9.1 There are developing risks dependant on the finalised Service Delivery Strategy, but the nature of these risks will be dependent on the final shape of the service delivery models and the agreed service specifications. The Board established a Risk Log at the outset of the project and this Risk Log is reviewed at every Board meeting. This ensures both that new risks are identified and added to the Risk Log in a timely fashion so that control measures can be developed. It also helps ensure responsive action to introduce mitigations where risk levels are identified to be increasing.

9.2 Costs could well be even higher than those currently modelled with changes in pay rates along with inflationary impacts on fuel costs as well as other cost of living factors.

9.3 The cost of delivering these services in line with any required enhancements to the minimum requirements will increase for the reasons set out in the report. Officers will continue to review service design, technology, and other market opportunities in order to minimise this increase wherever possible.

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

- EXEMPT Appendix A – Option Comparison Analysis

11. BACKGROUND PAPERS

- Cabinet Report, 10th October 2022 - Waste and Street Cleansing Contract

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Committee: Cabinet

Date: 20 February 2023

Wards: All

Subject: Award of Environmental Enforcement and Animal Welfare Services Contract

Lead officer: Adrian Ash, Interim Executive Director, Environment, Civic Pride & Climate

Lead member: Councillor Natasha Irons, Cabinet Member for Local Environment, Greenspaces and Climate Change

Contact officer: Claire Secord, Interim Performance and Business Development Manager (Public Space)

Exempt or confidential report

The following paragraph of Part 4b Section 10 of the constitution applies in respect of information within this appendix and it is therefore exempt from publication:

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

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

Recommendations:

- A. To award a new contract for the provision of Environmental Enforcement and Animal Welfare Services across the Council's administrative area for a period of approximately four (4) years with potential extensions of up to 24 months (2 years) to 'Bidder A' as referred to in the exempt appendix within this report.
- B. To delegate the decision to award an extension of the awarded contract to the Executive Director of Environment, Civic Pride & Climate in consultation with the Cabinet Member, for any period up to 24 months (2 years) in accordance with CSO 27.

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. The purpose of this report is to explain the procurement process for a new contract for the provision of Environmental Enforcement and Animal Welfare services across the Council's administrative area and to recommend that Cabinet approves the award of the contracts to 'Bidder A', the successful bidder contained within Appendix B in the exempt information of this report.
- 1.2. The tender process involved contractors bidding to provide the Environmental Enforcement and Animal Welfare services following a pre-qualification exercise, fully in line with CSOs and the Public Contract Regulations 2015.

- 1.3. One (1) service provider is recommended to be appointed. Due to the commercial sensitivity the details of assessment results have been circulated as a confidential appendix to this report.
- 1.4. The recommended service provider offered the best overall value for money and quality in the procurement process.

2. DETAILS

- 2.1. This report outlines the key features and benefits of this recommendation and the impact that this will have on overall impacts on service quality, cost control and value for money.
- 2.2. The contract is for the provision of Environmental Enforcement and Animal Welfare services across the Council's administrative area; To work with the London Borough of Merton Enforcement Team to provide Environmental Enforcement Services in respect of, the Environmental Protection Act 1990 (including Control of Dogs), Anti-Social Behaviour Act 2003 and Clean Neighbourhood & Environment Act 2005.
- 2.3. The successful bidder will provide a team of qualified Enforcement Officers who will patrol agreed areas of the Borough and, through interaction with the public, will raise awareness of environmental standards, change behaviours towards environmental crime, and issue Fixed Penalty Notices when appropriate.
 - 2.3.1. The Service Provider will provide all the necessary systems and processes to enable the recording of FPNs as well as the required administration and expertise to process and progress FPNs through to settlement, including attending appeal and court hearings as necessary.
- 2.4. The animal welfare services element of the contract will be sub-contracted to a suitable provider.
- 2.5. This is primarily a concessions contract and as such, there is no guaranteed minimum level of spend or volume of work under the contract. The council has the ability to procure services outside of this contract should it wish to do so.
- 2.6. The contract bid price in £'s and pence (excluding VAT) per FPN ticket paid, an ad hoc schedule of rates and an animal welfare schedule of rates were used to ascertain the total value of the contract. Values for these were based on a three-year average of past service delivery.
- 2.7. The total tendered sum for the provision of the contract, the suppliers' details and the tenderer reference identification for evaluation is outlined within Appendix A of the exempt information forming this report.

3. PROCUREMENT PROCESS

- 3.1. The procurement was undertaken via an open tender route.
- 3.2. The Invitation to Tender (ITT) was published on 4th November 2022, with a submission deadline of 12 noon on 5th December 2022.
- 3.3. A total of three (3) submissions were received and the evaluation of the bids was carried out in line with the evaluation methodology set out in the ITT.

- 3.4. Tenderers were required to answer a set of method statement questions to assess the quality of their bid, along with a completed price list.
- 3.5. The tender evaluation comprised of three stages: the first of which was a tender compliance check, on a pass/fail basis; the second was a quality and technical evaluation in line with the methodology prescribed in the tender and the third was the assessment of price in line with the methodology prescribed in the tender.
- 3.6. The quality and technical evaluation was carried out by a panel of officers from the Public Space Division. Each compliant tender was evaluated individually by members of the evaluation panel.
- 3.7. The panel, along with an officer from Commercial Services, met on 19th December 2022 to discuss individual scores and comments for each question in order to arrive at an agreed, moderated score.
- 3.8. The names of the bidders and their respective scores are included within Appendix B.
- 3.9. Due to the specialist nature of the services the basis of tender evaluations was based on a 50:50 ratio of quality/price. A quality threshold was contained within the evaluation methodology. Bidders who failed to meet this threshold would be disqualified from the process and would not progress to stage three – price assessment. All of the bidders met the quality threshold, and therefore progressed to the price evaluation.
- 3.10. The bids were evaluated against the following nine (9) method statement questions to assess the quality of each bidder:

No.	Method statement	Weighting
Q1	<p>Please detail how you will deliver the Contract in the form of a Method Statement. Please include the following, using the bullet points as sub-headings:</p> <ul style="list-style-type: none"> • How you will realise the Service outcomes detailed in the Specification. • Customer interaction management from cradle to grave from ticket issue to payment or prosecution. • How you will work towards ensuring quality of evidence gathering and witness statement for prosecution cases. • How you will verify the identification and address of person being issued. <p>Bidders were also invited to submit an example deployment plan.</p>	10%
Q2	<p>Describe your organisation's approach to ensuring that resources are secured and effectively maintained in order to meet the requirements set out in the Specification and deliver an effective and efficient use of resources ensuring value for money. This should include, but not be limited to:</p> <ul style="list-style-type: none"> • Staff recruitment and selection strategy and processes. • Staff training and development. • Management and supervision of staff. • Sustainability and resilience of resources (e.g. approach to managing short term absences, maternity leave etc). 	5%

Q3	<p>Please provide details of the Technology Platform to be used and how this will:</p> <ul style="list-style-type: none"> • Deliver the requirements set out by the Client in the Specification. • Provide optimal on street efficiency. • Issue Fixed Penalty Notices using the proposed system. • Manage case files from ticket issue to collation of the prosecution file. • Assist the client in maintaining data requirements for this contract (i.e. no of FPNs issued). • Support the Authority's data protection and privacy responsibilities in relation to GDPR. 	5%
Q4	<p>Please provide a detailed implementation programme, identifying critical milestones, tasks, dependencies and responsibilities which should include but not be limited to:</p> <ul style="list-style-type: none"> • Your approach to project planning and risk management to ensure the Service is operational by the commencement date. • Your interactions with the Authority during mobilisation to ensure a smooth transition of Services. <p>Bidders were also invited to submit a one-page A3 GANTT chart or equivalent to demonstrate their Mobilisation Plan.</p>	5%
Q5	<p>Please set out details of how you will ensure that the contract delivers optimal quality and performance including:</p> <ul style="list-style-type: none"> • How you will meet the contract SPIs. • How you will manage the quality of Fixed Penalty Notices issued. • How you will manage poor performance. • How you will deliver ongoing service improvement throughout the life of the Contract. 	10%
Q6	<p>A key requirement of this Contract and the law is to ensure that the public and the staff deployed within the contract comply with Health and Safety Legislation.</p> <ul style="list-style-type: none"> • Please provide details on how you intend to assess and manage risk to the staff in what can be a confrontational environment? • What processes and procedures will you put in place to mitigate risk? • What physical measures including equipment and PPE will you put in place? • How will you use ICT to ensure that risks are identified, reported and monitored? 	5%
Q7	<p>Bidders are required to submit the carbon reduction plan in line with the Council's aspirations of delivering on its Climate action plan.</p>	5%
Q8	<p>Bidders should set out any proposals of social value that can be generated/offered through the delivery of Environmental Enforcement. Bidders should complete the LBM Social Value Charter (Appendix C)</p>	5%

	<p>to indicate the social value to be committed through the Contract delivery.</p> <p>Describe how the bidder intends to deliver this aspect.</p>	
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- 3.11. The bidders provided a completed Price List as part of their tender returns. The Price List consisted of a series of rates against a comprehensive list of indicative work volumes (list based on historical work volumes and target operating models).
- 3.12. This list provided had separate sections covering the Core Services (issuing of FPNs), ad hoc works and animal welfare requirements with indicative volumes based on a 3 year average.
- 3.13. Following the process, one provider was successful for recommendation for contract award (as shown in Appendix B).
- 3.14. Contract management is a critical requisite to ensure the success of a contract of this size and importance. A Partnering Governance Schedule has been developed outlining the strategic and operational governance arrangements and structures that will be in place to ensure rigorous contract management and standards of the service. This includes the regularity and expected content of contractual meetings and reports to a suite of SPIs to monitor performance that will be reported on monthly.
- 3.15. Structure of contract management: The Service Provider will attend regular meetings and provide regular reports, the structure, frequency and expected content of which are outlines in the Partnering Governance Schedule. The Schedule also outlines the performance management framework that will be adopted to ensure that standards are maintained over the life of the contract and that robust structures are in place to address any areas of concern.
- 3.16. The Performance Management Framework, as outlined in the Partnering Governance Schedule includes a suite of ten (10) SPIs that cover a range of objectives including payment percentage rates for FPNs issued, staff deployment, Officer attendance at Court, responses to complaints and/or FOIs to emergency works and invoicing.
- 3.17. The SPIs are reported over a rolling 3-month period, ensuring that the two previous month's performance is taken into account. Each SPI is measured in two ways, a simple pass or fail for that month with a performance adjusted value applied if an omission or failure is not rectified within a specified rectification period and also the direction of travel from the previous two months. This allows the contract to take account of improved performance.
- 3.18. The framework also allows for trigger levels for the Authority to implement a corrective action plan if standards are not improved within the agreed timescales.
- 3.19. A worked example of the KPIs and how they will be reported is shown in Appendix D.

4. ALTERNATIVE OPTIONS

- 4.1. An alternative option is to do nothing, do not enter into a contract and withdraw the Service.
- 4.2. The disadvantages to this would be an increase in litter and overall cleanliness of the public realm. Less income / revenue would be received for the Public Space Division. Public Space would have to reduce public / community engagement and awareness work and there would be a significant pressure on the internal LBM Enforcement Team.
- 4.3. In addition, if the contract was not awarded, there would be no contracted animal welfare provision which would mean that the authority would be unable to undertake its statutory obligations for stray dogs as set out in Sections 149 and 150 of the Environmental Protection Act 1990 and the Environmental Protection (Stray Dogs) Regulations 1992
- 4.4. Another option would be to increase the current capacity of the in-house team by recruiting 6 additional enforcement officers.
- 4.5. This option is not recommended as the additional fixed labour costs would need to be covered financial from the current revenue budget.
- 4.6. The Council would bear all the risks of employing staff at a time when budgets are under extreme pressure. This will require 6 x officers on grade ME10 which equates to c £225k excluding on cost.

5. CONSULTATION UNDERTAKEN OR PROPOSED

- 5.1. The approach outlined and followed for this procurement was initially conveyed at the Operational Procurement Group (OPG) in August 2021.
- 5.2. Following which, it was agreed that this would be a concessions contract. This did not change the procurement process.
- 5.3. As part of the Project Team’s wider consultation, the Head of Service attended all four Operational Procurement Groups and in addition, attended the four Departmental Management Team meetings as a scoping exercise to determine the full range of services to be considered as part of the drafting of the service specification.
 - 5.3.1. Subsequently, the feedback received through this internal consultation process has been integrated within the requirements for the new environmental enforcement provider.
- 5.4. The Procurement Board which is representative of the council departments considered the options presented in a business case report to them in August 2021.

6. TIMETABLE

Event	Date
Evaluation of tenders	12 December 22 – 19 December 22

Departmental Procurement Group	12 th January 2023
Procurement Board	17 th January 2023
Leaders Strategy Group	6 th February 2023
Cabinet	20 th February 2023
Call-in period	27 th February 2023
Notification of contract award decision	27 th February 2023
"Standstill" period	27 th February 2023– 10 th March 2023
Confirm award of contract	11 th March 2023
Contract commencement date	1 st April 2023

6.1. Bidders provided a mobilisation plan at tender stage, and this will be finalised and implemented during the mobilisation period, immediately after the contract is awarded so that systems and procedures are in place for 01 April 2023.

6.2. It is anticipated that a rapid mobilisation of the contract can be implemented. All bidders have submitted a mobilisation plan, IT and equipment provision have been considered as part of the ITT.

6.2.1. As the incumbent, the preferred bidder already works within LBM IT systems and therefore this will reduce time for mobilisation.

6.3. The methodology set out in the Partnering Governance Schedule along with a set of pre-determined KPIs will be used to monitor the performance of the contractor during the contract period.

7. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

7.1. The core service costs are covered from the income received from the issuing of FPNs on a cost neutral basis, mitigating financial risk to the Authority as the SP covers all operational costs of the deployment of the service, including provision of PPE and IT costs.

7.2. Existing budgets cover the cost of the provision of animal welfare services.

7.3. All additional work commissioned via the ad hoc reactive service requests would need to be agreed in advance with the relevant budget holder before the deployment of any additional resource.

7.4. A credit check has been performed on the preferred bidder, which highlighted no issues of concern for the value of the contract.

7.5. Based on current volume of work being undertaken within the core service the estimated annual contract value is c700k.

8. LEGAL AND STATUTORY IMPLICATIONS

- 8.1. As per the main body of this report, the Council is seeking approval to award a concession contract for the delivery of environmental enforcement services.
- 8.2. The main body of the report indicates that a compliant procurement process was followed by advertising the opportunity in Find A Tender and managing the procurement process in accordance with the Council's Contract Standing Orders and relevant law.
- 8.3. In accordance with the Law and the Council's Contract Standing Orders, the Council must observe a standstill period following the decision to award and provided that the award is not challenged, enter into a written contract with the successful contractor.
- 8.4. The Council must also publish a Contract Award Notice and enter the details of the duly executed contract on its contract register.
- 8.5. The recommendation to delegate the decision to extend the contract to the Director of Environment and Regeneration in consultation with the Cabinet Member is permissible under the Council's Contract Standing Orders.

9. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 9.1. Within the tender, bidders were required to propose social value offers via the Council's Social Value charter, under 4 specific theme areas: Economy; Social; Environmental, and Innovation. The social value offers submitted via the successful bidder will potentially generate social value to the London Borough of Merton. The value of which can be found within Appendix C, along with the social criteria breakdown.
- 9.2. The social value offers committed within the successful bid include: provision of work placements and apprenticeships, recruitment programme for people who are not in education, employment or training (NEETs), volunteering time to support environmental conservation & sustainable ecosystem management activities, support for local community projects, provision of expert business advice to merton-based VSCEs and MSMEs and measures to reduce carbon emissions.
- 9.3. These items will form part of the contract.

10. CRIME AND DISORDER IMPLICATIONS

- 10.1. N/A

11. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 11.1. The use of a private contractor for the issuing of FPNs could be viewed negatively and seen as a mechanism to simply generate revenue into the Council.

11.2. Litter is now the number one concern of our residents; we have invested in anti-litter campaigns over a number of years and invested in litter bins with ash trays and many gum and butt bins across our town centres. We are hopeful that through on-going provision of suitable bins, continued education and enforcement, the numbers of FPN's issued will reduce. Our intention is to prevent litter in the first place and satisfy the demands of our residents.

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

- Appendix A: Contractors Pricing Submissions
- Appendix B: Results of Tender
- Appendix C: Social Value
- Appendix D: KPI Performance Monitoring Framework

13. BACKGROUND PAPERS

13.1. N/A

Department Approval	Name of Officer	Date of Comments
Legal	Rachel Godson-Amamoo	12/01/2023
Finance	Marsha Walker	11/01/2023

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Committee: Cabinet

Date: 20th March 2023

Wards: All Wards

Subject: Climate Delivery Plan – Year 3

Lead officer: Interim Executive Director for Environment, Civic Pride & Climate, Adrian Ash

Lead member: Cabinet Member for Local Environment, Green Spaces and Climate, Councillor Natasha Irons

Contact officers:

Climate Delivery Plan Year 3 - Climate Change Officer, Dominique Hill,
dominique.hill@merton.gov.uk.

Climate Engagement Strategy - Climate Engagement Officer, Amy Mallett,
amy.mallett@merton.gov.uk.

Recommendations:

- A. That Cabinet adopts the Climate Delivery Plan – Year 3.
 - B. That delegated authority is given to the Executive Director for Environment, Civic Pride & Climate in consultation with Cllr Natasha Irons, the Cabinet Member for Local Environment, Green Spaces and Climate to make minor amendments to the Climate Delivery Plan – Year 3.
 - C. That Cabinet notes the proposed allocation of Merton’s latest round of Climate Funding allocated by Cabinet in June 2022.
 - D. That Cabinet considers and provides feedback on the Draft Climate Engagement Strategy.
 - E. That delegated authority is given to the Executive Director for Environment, Civic Pride & Climate in consultation with Cllr Natasha Irons, the Cabinet Member for Local Environment, Green Spaces and Climate to make amendments to the Draft Climate Engagement Strategy and for its adoption.
-

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. This Delivery Plan sets out how Merton Council will work towards a reduction in greenhouse gas emissions and adapt to the effects of climate change, within the borough and within the Council’s buildings and services, in 2023. This Delivery Plan also provides a review of progress against Merton’s Climate Delivery Plan - Year 2 priority actions in 2022.

2 DETAILS

- 2.1. Merton’s Climate Strategy and Action Plan [1] was adopted by Council in November 2020. Cabinet was appointed to oversee its implementation.

- 2.2. One of the commitments in Merton’s Climate Strategy and Action Plan was the formation of a Delivery Plan which is updated annually and is able to monitor progress. Merton’s Climate Delivery Plan - Year 1 [2] was adopted by Cabinet in January 2021, and set out the Council’s priority actions for the first year of delivery of Merton’s Climate Strategy & Action Plan (2021).
- 2.3. To support delivery and expand climate considerations to every part of the Council, 8 workstreams were set up within the Council. The Year 1 Delivery Plan set the baseline against which future years could be compared, and the Year 2 Delivery Plan was since approved by Cabinet in February 2022 [3].
- 2.4. The Year 3 Delivery Plan reviews progress in 2022 and sets priority actions for 2023. The structure of the report is similar to the Year 2 Delivery Plan.
- 2.4.1 *Section 1* of the Delivery Plan sets the scope of the plan, which covers major activities that the Council intends to do to support emissions reductions within the borough, and within the Council’s buildings and services.
- 2.4.2 *Section 2* considers the Council’s progress in meeting its part in Merton’s Climate Strategy and Action Plan in relation to the pace and scale of change needed. It uses a set of indicators to track performance against the baseline, highlights progress against the priority actions identified in the Year 2 Delivery Plan, and sets out priorities for Year 3. This provides an overview of projects delivered by the Council in 2022, and projects planned in 2023, which help tackle climate change. These cover all areas, and actions are benchmarked against progress needed to be in keeping with our net-zero targets.
- 2.4.3 *Section 3* takes wider factors into account, to assess the likelihood of meeting the net-zero targets.
- 2.5. Key areas of progress in 2022 include:
- 2.5.1 Recruiting Merton’s new Climate Engagement Officer;
- 2.5.2 Recruiting two new Community Retrofit Officers to lead on borough-wide retrofit;
- 2.5.3 Officers are also in the process of recruiting a new Climate Emergency Building Surveyor to lead on the decarbonisation of the Council’s operational and non-operational buildings and community schools;
- 2.5.4 Delivering a range of climate engagement activities including the Canons Summer Fair in June 2022, World Car Free Day activities in September 2022, and Merton’s Schools Climate Conference in November 2022;
- 2.5.5 Launching Merton’s new Schools Climate Network and Charter;
- 2.5.6 Continuing to support community-led climate action in Merton, primarily through the roll-out of three Climate Action Group projects funded through NCIL: Merton Garden Streets 2022, Energy Matters, and the Wheel;

- 2.5.7 Developing Merton's Draft Climate Engagement Strategy – included in Appendix 2;
- 2.5.8 Supporting Merton's response to the Cost-of-Living crisis by helping fuel poor households access retrofit funding through the Mayor's Warmer Homes programme. This includes using Merton's Carbon Offset Fund to top up existing national and regional funding streams to maximise the impact of this retrofit programme as agreed by Cabinet on 7th February 2022 [3];
- 2.5.9 Supporting the Examination in Public of Merton's new Local Plan which includes ambitious draft Climate Change policies to ensure that new development in Merton is compatible with Merton's carbon reduction targets and to reduce the need for further expensive retrofit;
- 2.5.10 Developing and implementing mechanisms to enforce Minimum Energy Efficiency Standards in the private rented sector;
- 2.5.11 Commissioning surveys of Merton's operational buildings and community schools to inform Merton's estate decarbonisation plans and future funding bids;
- 2.5.12 Securing £750,000 to deliver 500+ EV charging points in Merton;
- 2.5.13 Continuing the delivery of Merton's Air Quality Action Plan measures;
- 2.5.14 Developing Phase 1 of Merton's Tree Strategy for the management of council-owned trees;
- 2.5.15 Procuring a partner to develop and deliver carbon literacy training for Council staff and Councillors;
- 2.5.16 Continuing the decarbonisation of Merton's pension investments;
- 2.5.17 Working with other local authorities and pan-London groups to identify opportunities for a green recovery from Covid through the London Councils' seven programmes on climate change [4] and the London Recovery Board's Green New Deal mission [5]. This includes working with the South London Partnership to share best practice and deliver collaborative projects across several themes including green jobs and skills, waste reduction and retrofit;
- 2.5.18 Developing and delivering green skills training opportunities and programmes for Merton's residents through Merton's Towards Employment team, Merton's Adult Education programme, and partnership projects with the South London Partnership; and
- 2.5.19 Re-launching the Environment & Climate sub-group of Merton's Sustainable Communities and Transport Partnership to progress discussions with partners across the four key themes of Merton's Climate Strategy & Action Plan: Buildings & Energy, Transport, Green Economy and Greening Merton.

- 2.6. Because delivery of our net-zero targets is so dependent on the action of others, the Delivery Plan highlights the importance of continued engagement, particularly with underrepresented groups, including residents that consider themselves to be from a Black, Asian, Minority Ethnic background. This is considered in more detail in Merton’s Draft Climate Engagement Strategy which sets out Merton’s proposed approach to climate engagement over the next four years (Appendix 2). Cabinet Members are invited to provide feedback on the Draft Climate Engagement Strategy to Merton’s Climate Engagement Officer Amy Mallett via email (amy.mallett@merton.gov.uk).
- 2.7. In June 2022, Cabinet also allocated an additional £2million in reserves to increase capacity to deliver the Climate Strategy & Action Plan across the Council. This funding has been allocated to support climate action across the wider borough and to help decarbonise the Council’s own activities over the next few years as set out in Table 1 below.

Table 1 - 2022 Climate funding allocation

	Project	Description	Funding	Indicative timescales
1	Green economy lead	Recruiting an additional member of staff to lead on the development of a Green Economy in Merton. This new role will enable greater engagement with businesses and Business Improvement Districts to promote low carbon business in Merton, greater support for local circular economy initiatives, as well as supporting the development of green skills and jobs in Merton.	£120k	Recruit in Spring/ Summer 2023
2	Business retrofit support scheme	Developing a business retrofit support scheme to help businesses in Merton decarbonise and save on their energy bills.	£450k	Launch in Summer 2023 (subject to UKSPF funding bid)
3	Climate engagement	Continuing to support and strengthen climate engagement outreach to residents, businesses and community groups by making Merton’s Climate Engagement Officer role permanent and securing a climate outreach budget for engagement events and materials.	£220k	Ongoing
4	Climate Action Fund	Continuing to support the development and delivery of community-led climate projects by committing funding towards a community climate action fund.	£500k	Launch in Autumn 2023 (coordinating with Civic Pride Fund - Investing in Neighbourhoods)
5	Community retrofit loan scheme	Establishing a community retrofit loan scheme for homeowners in Merton who are not eligible for national and regional funding.	£300k	Launch in Autumn 2023
6	Council rented properties - Legal Review	Commissioning support to undertake a legal review of the leases for council-owned shops, business and industrial buildings and other non-operational buildings to help inform decarbonisation plans for these buildings. This	£90k	Progress in Spring/ Summer 2023 (in liaison with Facilities)

		will also feed into the Council's wider estate review.		Management & Estates teams)
7	Council rented properties - EPCs	Commissioning of Energy Performance Certificates (EPCs) for all the council's non-operational buildings, to help inform the Council's decarbonisation plans and wider estate review.	£50k	Progress in Spring 2023 (liaising with Facilities Management & Estates teams)
8	Community schools heating and catering	Commissioning a review of the catering equipment and heating systems in Merton's community schools to inform decarbonisation plans, future funding bids and future procurement of new catering and heating equipment for community schools.	£100k	Progress in Summer 2023 (liaising with Facilities Management & Schools teams)
9	Supply chain decarbonisation lead	Recruiting an additional staff member to support commissioners and contract managers across the council in engaging with service providers to understand and reduce the council's supply chain emissions.	£120k	Recruit in Spring/ Summer 2023 (liaising with Commercial Services)
10	Climate training for procurement	Developing and delivering bespoke climate training for key staff involved in contract management and commissioning across the council. This will build on the general carbon literacy training being rolled out for council staff in 2023.	£20k	Delivery in Autumn 2023
11	Carbon in all major Council decisions tool	Developing and implementing a tool for embedding climate change and carbon reduction in all major Council decisions to ensure that decisions are in keeping with Merton's net zero commitments.	£30k	Launch in Summer/ Autumn 2023 (liaising with Corporate Services)

2.8. Merton's council-wide and borough-wide greenhouse gas inventories were updated in 2021 and will be updated again in 2023. In 2023 the Council will also look to include additional scope 3 emissions from its procured services where greenhouse gas data is available.

2.9. It may be appropriate to make minor changes to the Delivery Plan, for example where there are changes to delivery risks throughout the year. We seek delegated authority to the Executive Director for Environment, Civic Pride & Climate in consultation with Councillor Natasha Irons Cabinet Member for Local Environment, Green Spaces and Climate to make these minor amendments.

3 ALTERNATIVE OPTIONS

Recommendations A& B (Climate Delivery Plan)

3.1. Option 1 - No Delivery Plan: This option would undermine a key commitment set out in Merton's Climate Strategy and Action Plan. Without a delivery plan, it would be harder to understand whether activity to reduce carbon emissions undertaken by Merton Council is focused where it will have the greatest impact.

- 3.2. Option 2 - A more ambitious delivery plan: This is not a realistic option because the Delivery Plan presented represents the most ambitious plan to deliver Merton's Climate Strategy and Action Plan 2020 that can be achieved within the Council's current resources, focused on the major transitions needed to achieve the net-zero carbon targets.

Recommendation C

- 3.3. None for the purposes of this report.

Recommendations D & E (Draft Climate Engagement Strategy)

- 3.4. Due to its breadth, the Climate Strategy and Action Plan does not go into detail about the mechanisms which local authorities can use to increase public engagement on climate action to:
- create local behaviour change by empowering everyone in Merton to connect with opportunities to live and work more sustainably.
 - empower communities and stakeholders to co-design and manage local projects, to deliver co-benefits, reduce carbon emissions and make progress to net zero.
 - create local support and sustained interest in solutions (infrastructural, digital, social, financial), that progress action towards net zero.
- 3.5. Without an approach that works towards these outcomes (Merton's draft Climate Engagement Strategy), net zero by 2050 is jeopardised, as the majority of the borough's carbon emissions are not within the direct control of the council.

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. The Delivery Plan operates under the long-term framework of Merton's Climate Strategy and Action Plan, and uses the extensive consultation and evidence review that was undertaken through its development in 2019 and 2020.
- 4.2. Engagement with Merton's Climate Action Group, Merton's Joint Consultative Committee, Merton's Youth Parliament, community forums, invitations from civic societies and residents' groups, feedback from the Canons Climate Summer Fair, and other outreach over the course of 2021 and 2022 has highlighted the importance of climate action to people in Merton. It has also highlighted common misconceptions about the most effective route to reducing the borough's carbon emissions. This information has informed Merton's Climate Delivery Plan and draft Climate Engagement Strategy.
- 4.3. The Delivery Plan is limited to fulfilling the Council's part of the Climate Strategy and Action Plan, so has been discussed extensively with Council officers.
- 4.4. The Climate Engagement Strategy is focussed on facilitating and supporting everyone in Merton to reduce their emissions. Merton's Climate Action

Group has provided detailed feedback on the draft Climate Engagement Strategy. The draft strategy has already been informed by engagement with Merton's Joint Consultative Committee, Youth Parliament, and attendance at Merton's Community Forums and with engaged community groups.

- 4.5. To broaden the scope of consultation, the draft Climate Engagement Strategy will be consulted on with Cabinet Members, before targeting local organisations and resident groups who we haven't already heard from before.

5 TIMETABLE

- 5.1. Whilst the net-zero targets may take decades to achieve, the Delivery Plan aims to operate within a single year, enabling delivery to be responsive to the many changes in funding, policy, innovation and markets. It is expected that priority actions set out in the Delivery Plan will be complete by December 2023.
- 5.2. The Delivery Plan will be reviewed and updated on an annual basis. The updated plan will use the indicators and wider evidence to focus efforts which make the most significant impact towards meeting out net-zero targets.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. *Annex 4* of the Delivery Plan sets out all priority actions that the Council intends to take over the third year of implementation of the Climate Strategy and Action Plan. Officers responsible for the individual actions have confirmed that these can be carried out with existing resources or funding already secured; notwithstanding the delivery risks identified.
- 6.2. *Section 2.3* of the Delivery Plan considers the extent to which the actions committed to by the Council are sufficient with respect to the Council's responsibilities set out in the Climate Strategy and Action Plan. This is straightforward when considering the Council's action to reduce its own carbon emissions, but harder to judge when considering the Council's actions to support emissions reductions that need to be undertaken by others. This section does identify gaps in activity and /or funding that will need to be met in future years, but in most cases, the scale and timing of the funding need has not yet been identified; nor how these funding needs will be met.
- 6.3. *Section 3* also acknowledges funding gaps that the Council is not expected to fill but will be needed by others to meet the 2050 net-zero target. These include the additional capital costs to support low carbon retrofit of Merton's homes and non-residential buildings.
- 6.4. *Section 2.1* of the Delivery Plan estimates that circa £2.3 million (Table 2.2) of Council spend was allocated to projects that reduced emissions and/ or helped build climate resilience inside and outside the Council in 2021/22 and that circa £3.9 million is currently forecast to be spent in 2022/23.

- 6.5. Merton's proposed Capital Strategy 2022-26 which sets the proposed approved capital programme to the financial year 2025/26, includes provision to convert the bulk of the waste fleet in 2025/26. The strategy also considers the indicative capital programme to 2030/31. The indicative programme includes estimated costs of converting the remaining council transport fleet. No provision has yet been made for investment into transport infrastructure, it is envisaged that external funding sources will be identified to provide a substantial contribution to this cost. A more accurate cost of decarbonising Merton's operational buildings needs to be established by surveys which will be undertaken during FY22/23 then officers can start to identify funding sources to contribute towards these costs. New capital schemes and additions to any existing capital schemes in relation to the climate change delivery plan will only be added to the approved capital programme as additional funding is identified.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.0. There is no statutory requirement for Local Authorities to set climate targets, or produce a Climate Strategy or an Action Plan set out in the Climate Change Act 2008. Local Authorities are, however, obliged to be in keeping with the objectives of policies implemented by the Greater London Authority and National Government through obligations set out in grant funding agreements, under regulatory arrangements such as through air quality reviews and monitoring under the Environment Act 1995 and national planning law including the Planning Act 2008 and in development of local plans under the Planning and Compulsory Purchase Act 2004, where the local planning authority must have regard to national policies.
- 7.1. When carrying out the investments and actions which form the Council's Delivery Plan as outlined in this report, it must where appropriate, follow the Council's Contract Standing Orders and the Public Contracts Regulations 2015 in relation to entering into public contracts.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. *Section 2* highlights that intended actions are consistent with the strategic approach set out in the Climate Strategy and Action Plan. These embody an ambition for action on climate to have wider community benefits and ensure that neither the effects of climate change, nor the costs of reducing emissions disproportionately affect the vulnerable or those less able to pay.
- 8.2. Workstream 8, considers Communication, outreach and LBM corporate procedure. Within this workstream, *Sections 2 and 3* highlight progress in supporting and empowering communities to take action on climate through the development of Merton's Climate Action Group which was launched in January 2021; in keeping with the key aims of Merton's community plan to increase social capital. *Section 2* sets out our intention to provide continued support for community-led action, and to extend engagement to groups which have been less represented to date, including residents that consider themselves to be from Black, Asian and Minority Ethnic backgrounds.

- 8.3. The spread of activity within the Delivery Plan makes it difficult to undertake a meaningful equality assessment of the plan as a whole. Individual equality assessments will be undertaken as individual actions form key policies and decisions.

9 CRIME AND DISORDER IMPLICATIONS

- 9.1. None for the purposes of this report.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1. Delivery risks relating to annual priority actions have been assessed both at an individual level (*Annex 4 of the Delivery Plan*) and for the workstream as a whole (*in section 2.3*). These consider the likelihood that the action will take place and the impact this might have in the Council meeting its obligations set out in Merton's Climate Strategy and Action Plan.
- 10.2. *Section 3*, assesses the likelihood that the net-zero targets will be met, taking into account the 2% of emissions that are the direct responsibility of the Council, actions taken by the Council to enable emission reductions for the borough target, and the wider financial, political, behavioural and market forces in play.
- 10.3. Risk management and health and safety measures for individual actions will be undertaken by the Officer responsible for the action.

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

- Climate Delivery Plan – Year 3
- Draft Climate Engagement Strategy

12 BACKGROUND PAPERS

- 12.1. [1] Merton Climate Change Strategy and Action Plan
<https://www.merton.gov.uk/assets/Documents/Draft%20Climate%20Strategy%20and%20Action%20Plan%20-%20Council%20V2.pdf>
- [2] Merton Climate Delivery Plan – Year 1
<https://democracy.merton.gov.uk/documents/s36416/Climate%20Delivery%20Plan%20Y1%20-%20Cabinet.pdf>
- [3] Merton Climate Delivery Plan – Year 2
<https://democracy.merton.gov.uk/ieDecisionDetails.aspx?ID=1324>
- [4] London Councils – About Climate Change
<https://www.londoncouncils.gov.uk/our-key-themes/environment/climate-change>
- [5] London Recovery Board – A Green New Deal

<https://www.london.gov.uk/coronavirus/londons-recovery-coronavirus-crisis/recovery-context/green-new-deal>

CLIMATE DELIVERY PLAN – YEAR 3

1. INTRODUCTION

1.1 Purpose

This Delivery Plan provides a review of progress during the second year of delivery (2022) of Merton’s Climate Strategy & Action Plan, and sets out how Merton Council will continue to work towards a reduction in greenhouse gas emissions and adapt to the effects of climate change in the third year of delivery (2023). This includes activities across the borough and within the Council’s own buildings and services.

1.2 About this document

Merton’s Climate Strategy and Action Plan¹ adopted in November 2020, set a strategic approach and the long-term actions needed to meet the borough’s net-zero carbon targets² and adapt to the effects of climate change. It recognised the need for a delivery plan that was agile to changing circumstances within the Council, in national policy and funding opportunities, and wider innovation and market factors. It also recognised the need to monitor and report progress on a regular basis. The Climate Delivery Plan is intended to fulfil this role.

Merton’s Climate Delivery Plan - Year 1³ (hereafter referred to as the ‘Year 1 Delivery Plan’) was adopted by Cabinet in January 2021 and set out the Council’s priority actions for the first year of delivery of Merton’s Climate Strategy & Action Plan (i.e. 2021). This included actions to reduce the 2% of emissions that the Council is directly responsible for, and enabling actions to support others to tackle climate change. Merton’s Climate Delivery Plan is updated on an annual basis.

“Green Economy”, “Buildings and Energy”, “Transport”, “Greening Merton” and the “Council 2030 target” are the five sections in the Climate Strategy and Action Plan in which long term actions have been set for residents, businesses, landlords, organisations and the Council. To support delivery and expand climate considerations to every part of the Council, 8 workstreams were established in the Council’s Delivery Plan. **Annex 1** sets out how these workstreams were formed and their governance structure. The Year 1 Delivery Plan set the baseline against which future years could be compared.

¹ Merton’s Climate Strategy and Action Plan, LBM, November 2020; available at <https://www.merton.gov.uk/planning-and-buildings/sustainability-and-climate-change/climate-emergency>

² Borough target, net-zero by 2050. Council target, net-zero by 2030

³ Merton’s Climate Delivery Plan – Year 2, LBM, February 2022; available at <https://democracy.merton.gov.uk/ieDecisionDetails.aspx?Id=1324>

There are two main components of the Delivery Plan:

The first (**section 2**) monitors the Council's progress in delivering its part of Merton's Climate Strategy & Action Plan, and sets out how the Council intends to progress action in the coming year (January to December 2023). It uses a set of indicators to track progress against the baseline, provides an overview of progress against the priorities identified in the previous delivery plan, and identifies priorities for the coming year; highlighting delivery risks. This section is updated on an annual basis.

The second (**section 3**) assesses wider factors which give an indication of the likelihood of meeting Merton's net-zero carbon targets. This section, and Merton's greenhouse gas inventory which informs this section, are updated every 2 years to allow sufficient time for local, regional and national projects and policies to have an effect.

Annex 2 provides an explanation of the indicators and emissions referred to in sections 2 and 3. Key considerations that were made when forming delivery actions are provided in **Annex 3**. **Annex 4** provides a detailed review of progress against all actions identified in the Year 2 Delivery Plan and identifies all priority actions for Year 3. Delivery actions within each workstream have been identified in discussion with officers and benchmarked against the pace and scale of action required by the Council to effectively support delivery.

2 THE COUNCIL'S PERFORMANCE IN DELIVERING ITS PART OF MERTON'S CLIMATE STRATEGY & ACTION PLAN AND PRIORITIES FOR 2023

In Merton's Climate Strategy and Action Plan, "*A Strategy to Combat Climate Change*" sets out the Council's overall approach to delivering its role; summarised in the points below.

- Leading by example through delivery of the 2030 Council target, and considering climate impacts at an early stage in all that the Council does.
- Using our unique position as a Local Authority to empower and influence others to act.
- Focusing our limited resources in areas most likely to deliver a tangible reduction in emissions; maximising funding opportunities where possible.
- Supporting projects which have wider environmental and social outcomes as well as carbon reduction benefits; recognising the need to balance competing objectives.
- Continuing to measure and monitor borough and Council emissions, and the impact of individual actions where possible.

This section monitors the Council's performance in relation to the overall approach to tackling climate change set out above. **Section 2.1** monitors the Council's overall performance using key performance indicators relating to engagement with the public and Council staff, as well as Council spend on projects which deliver Climate Strategy objectives. **Section 2.2** monitors progress against key performance indicators relating to each of the Council's 8 workstreams. **Section 2.3** tracks progress against the Council's priority actions for Y2 (2022) and identifies priority actions for Y3 (2023)⁴.

The Annexes provide supplementary information regarding the workstreams (**Annex 1**), indicators (**Annex 2**) and actions (**Annex 3 and 4**) identified in this section.

2.1 Overall performance

Merton's Climate Strategy and Action Plan can only be successful if progress is transparent and publicly accountable, if climate considerations are fully embedded into all Council activities, and if there is a degree of public confidence, engagement and empowerment amongst Merton Citizens. This section sets out the key indicators intended to monitor these overarching success factors. Some indicators are still in development and others have been developed since the last iteration of the Climate Delivery Plan. Updated figures may not be available every year for all indicators.

⁴ This includes actions that the Council intends to take to reduce emissions from its own buildings and services, and enabling actions to support others to tackle the impacts of climate change.

Table 2-1 below sets out indicators used to monitor public and staff perception of climate change and Merton’s response to the Climate Emergency. These indicators will be monitored every 2-3 years to allow sufficient time for local, regional and national policies and projects to have an effect.

Table 2-1 Overall performance with regard to Citizen and LBM staff engagement

Scoring the Delivery Plan’s overall performance with regard to Citizen and LBM staff engagement⁵	2021
Public perception that taking action to reduce the impacts of climate change is important	High
Public perception of Council leadership and commitment to the Climate Change agenda	Med
Public feeling on engagement and empowerment to act on climate change issues	TBC
LBM staff perception that taking action to reduce the impacts of climate change is important	High
LBM staff perception of being engaged, empowered and equipped to deliver Merton’s climate commitments	Low-Med

Public perception that taking action to reduce the impacts of climate change is important (High): The Council’s residents’ survey 2021⁶ found that 89% of respondents agreed that acting to reduce the impacts of climate change is very/ fairly important.

Public perception of Council leadership and commitment to the Climate Change agenda (Med): The Council’s residents’ survey 2021 found that only 41% of respondents agreed that Merton Council is taking action to reduce the impacts of climate change. The high percentage of neutral and don’t know responses indicates a possible lack of awareness among residents on the action Merton is taking.

We note that the declaration of a climate emergency by the Council and Merton’s Climate Strategy and Action Plan received unanimous support by all political groups. Climate Change Officers have observed support from highly engaged groups and individuals through the development of the Climate Strategy and Action Plan, and the implementation of Merton’s Year 1 and Year 2 Delivery Plans. This includes engagement through Merton’s Climate Emergency Working Group⁷ and Merton’s Climate Action Group⁸. These organisations and individuals are now looking for evidence that the Council will put in place strong action to combat climate change and have consistently high standards in all areas of the Council.

Public feeling on engagement and empowerment to act on climate change issues (TBC): This indicator will be monitored through the Council’s next residents’ survey. So far, it has not been possible to gauge the level of action that individuals, businesses and organisations that have not yet engaged with the Council are taking to tackle climate change. This applies to the majority of residents and almost all businesses.

⁵ Scoring based on survey responses: Low = 0-20%, Low-Med = 20-40%, Med = 40-60%, Med-High = 60-80%, High = 80-100%.

⁶ Merton’s Residents’ Survey 2021 (1,005 respondents). Results available at: <https://www.merton.gov.uk/system/files?file=202120residents20survey20report.pdf>

⁷ Further information available at: <https://www.merton.gov.uk/planning-and-buildings/sustainability-and-climate-change/climate-emergency-working-group>

⁸ Further information available at: <https://www.merton.gov.uk/planning-and-buildings/sustainability-and-climate-change/climate-action-group>

Those that have engaged with the Council through the Climate Change consultation survey in 2019/ 2020⁹ (around 550 residents and 50 businesses and organisations), through Merton's Climate Emergency Working Group, and on individual matters generally convey a sense that many actions they would like to see happen are not possible without Council or wider Government support.

In January 2021, the Council launched Merton's Climate Action Group to foster community-led climate action and promote community engagement in Merton's Climate Strategy & Action Plan. Section 2.2 provides more information on levels of engagement through Merton's Climate Action Group in the context of measuring progress against workstream indicators. A few organisations and individuals are highly engaged and have already taken concerted action to combat climate change, but we consider that there is significant scope to increase the numbers of residents, organisations and businesses that can be positively engaged on the climate change agenda. Merton's draft Climate Engagement Strategy (due to be adopted in 2023) sets out how the Council aims to enable greater participation of and engagement with previously underrepresented groups.

LBM staff perception that taking action to address climate change is important (High): In November 2021, the Council ran a staff climate survey to better understand staff perceptions of climate change and the key barriers and opportunities for taking climate action. Of the 186 people who responded to the survey, 93% of respondents were concerned about climate change and 94% felt a responsibility to help tackle climate change. However, it is worth noting a potential bias in the response with staff who are more concerned about climate change being more likely to complete the climate change survey.

LBM staff perception of being engaged, empowered and equipped to help the Council deliver its part in Merton's Climate Strategy & Action Plan (Low-Med): Of the 186 people who responded to Merton's staff climate survey (2021), 68% were aware of Merton's Climate Emergency declaration and carbon reduction commitments, but only 37% felt engaged in Merton's climate commitments. 40% felt empowered to help drive carbon reduction in Merton through their work but only 25% felt equipped to do so. 33% felt empowered to help build climate resilience through their work but only 27% felt equipped to do so. The high proportion of don't know responses indicate that more internal engagement is needed.

The development of Merton's Climate Strategy and Action Plan, and Merton's annual Climate Delivery Plans, have involved a high level of engagement in all Departments. The climate change team observed that generally staff were enthusiastic about incorporating climate change into their agendas, but to date this engagement has been limited to a relatively small number of key officers.

Merton's staff climate survey identified lack of capacity, time, funding, awareness, training, expertise, senior buy-in and supporting infrastructure as some of the key barriers to staff delivering climate action in their work. There was a high level of interest in climate training for LBM staff, with training needs ranging from general climate awareness and carbon literacy, including steps staff can take to reduce their carbon footprint working from home, to

⁹ Merton Council Climate Survey Consultation Report (2020) Available here:
<https://www.merton.gov.uk/assets/Documents/Climate%20survey%20consultation%20report.pdf>

understanding job-specific opportunities to tackle climate change. The survey highlighted the need for increased internal engagement with LBM staff across all departments and teams.

To address some of these barriers, in 2022,

- A first phase of carbon literacy training for council staff and councillors was commissioned, and is expected to commence in early 2023, to increase staff and councillor awareness of climate change and carbon reduction.
- Funding has been secured to recruit a new member of staff and to procure bespoke climate training, to support and empower contract managers and commissioners across the council in decarbonising the council's procured services.
- Funding has been secured to develop a tool to support staff in embedding climate considerations in all council decision-making.

A survey will be issued every 2-3 years (the next in 2023), to monitor staff perceptions and empowerment. This will enable the first round of carbon literacy training to take effect and build a cohort of staff climate champions.

Table 2-2 Council spend on projects which deliver Climate Strategy objectives

Sector	Green economy	Buildings and energy	Transport	Greening Merton	2030 target	Other/ cross cutting	Total
Spend in 2019/2020	£7,300	£4,500	£1,215,900	£47,700	£786,400	£54,100	£2,115,900
Spend in 2020/2021	£80,730	£179,653	£1,121,157	£102,201	£425,564	£67,869	£1,977,174
Spend in 2021/2022	£27,500	£30,930	£665,932	£885,272	663,518	57,710	£2,330,862

Spend on projects which deliver Climate Strategy objectives: Information on Council spend includes capital, revenue and externally-sourced funding. In 2021/22, around £2.3m was spent on projects with climate adaptation and mitigation benefits. This was an increase on spend in 2020/21 (£2 million) and the baseline spend in 2019/20 (£2.1 million).

Spend in 2022/23 is currently forecast at around £3.9 million. In 2021 and 2022, the Council allocated two additional pots of £2million in climate reserves to increase capacity and develop and deliver initiatives across the Council from April 2022 to April 2026 to support climate action across the wider borough, to help decarbonise the Council's own activities and to secure additional climate funding from national and regional schemes. This funding has been allocated to a range of projects highlighted in Section 2.3 and Annex 4 below. However, many public and private organisations are seeking the same services so increasing Council capacity will be subject to the availability of suitable candidates.

2.2 Progress against workstream performance indicators

The Climate Strategy and Action Plan identifies three major transformations that need to take place in order to achieve our net-zero carbon targets; in the economy, in buildings and energy, and in transport. In addition, it recognises the importance of greening Merton and progressing the decarbonisation of the Council's own buildings and services.

The "Measuring Success" section of the Climate Strategy and Action Plan sets out a series of metrics which indicate the speed at which transformation is expected. These have been mapped, along with other relevant indicators, onto the eight workstreams set up to deliver the Council's part of Merton's Climate Strategy and Action Plan¹⁰. Some indicators are still in development, but will be put in place as soon as appropriate information can be sourced.

The indicators are not a direct reflection of the Council's performance, because the emission reduction activity in most cases must be done by others. It does help us to understand where the Council should focus its efforts to support decarbonisation activity in future years.

Table 2-3 Tracking progress against workstream indicators

Workstream	Workstream Indicator	Unit ¹¹	2018	2019	2020	2021	2022	Source
WS1: Sustainable consumption and low carbon economy	Number of businesses involved in Merton's business network for climate action	Number	N/A	N/A	20	26	5	Data provided by Sustainable Merton.
	Local Authority Collected Waste	t/yr	67,987	66,005	70,124	N/A	N/A	South London Waste Partnership waste tonnage data provided to inform Merton's greenhouse gas inventory.
WS2: Retrofit of homes,	Homes with "good" insulation (EPC A-C)	Homes	N/A	N/A	18,879	N/A	N/A	Parity Projects CROHM database (Accessed May 2020 https://parityprojects.com/platform/).

¹⁰ The indicator values, assumptions and data sources have been reviewed and updated since the Year 1 Delivery Plan to use more robust and accessible data sources; this has resulted in changes to some of the indicator values. Additional indicators have also been added to better track progress against the 8 workstreams.

¹¹ These are all cumulative/ total figures apart from where it is specified that the unit is per year.

Workstream	Workstream Indicator	Unit ¹¹	2018	2019	2020	2021	2022	Source
businesses and non-residential building stock								Merton does not currently have access to this portal but will update this indicator when we do.
	Number of Domestic Renewable Heat Incentive (RHI) accredited installations ¹²	Installations	11	14	18	29	43	UK Gov Renewable Heat Incentive (RHI) Statistics available at: https://www.gov.uk/government/collections/renewable-heat-incentive-statistics . Numbers of installations by November of the relevant year.
	Number of Non-Domestic RHI accredited installations ¹³	Installations	N/A	N/A	N/A	6	7	As above.
WS3: Future new build and regeneration	Number of buildings which are capable of operating at net-zero carbon by 2050 without significant retrofit.							TBC
WS4: Transport infrastructure and modal shift	Car vehicle traffic in Merton	Million vehicle km	516	528	415	476	N/A	DfT Road Traffic Estimates – TRA8905a available at: https://www.gov.uk/government/statistics/road-traffic-estimates-in-great-britain-2020 . Figures for 2018-20 have been amended following a revision to the DfT data.
	Merton ownership of vehicles	Vehicles	76,159	73,974	74,238	73,385	N/A	DfT Licenced Vehicles - Numbers, Borough available at: https://data.london.gov.uk/dataset/licensed-vehicles-numbers-borough .
	Merton ownership of Ultra Low Emission Vehicles ¹⁴	Vehicles	1078	717	1133	1838	2798	DfT stats VEH0132 available at https://www.gov.uk/government/statistical-data-sets/all-vehicles-veh01#ultra-low-emissions-vehicles-ulevs . All values are from Q2 of the relevant year as latest available for 2021.
	Merton ownership of Battery Electric Vehicles ¹⁵	Vehicles	220	292	531	967	1625	DfT stats VEH0132 available at https://www.gov.uk/government/statistical-data-sets/all-vehicles-veh01#ultra-low-emissions-vehicles-

¹² The Non-Domestic RHI scheme closed to new applications on 31 March 2021. A new indicator will need to be used in future years.

¹³ The Domestic RHI scheme is scheduled to close to new applicants on 31 March 2022. A new indicator will need to be used in future years.

¹⁴ This includes both private and company Battery EVs and plug-in hybrids. Source:

¹⁵ This includes both private and company Battery EVs.

Workstream	Workstream Indicator	Unit ¹¹	2018	2019	2020	2021	2022	Source	
								ulevs. All values are from Q2 of the relevant year as latest available for 2021.	
	Proportion of active travel journeys	%	56 (2015/16-2017/18)	57 (2016/17-2018-19)	61 (2017/18-2019/20)	N/A	N/A	Observed data - source: London Travel Demand Survey 2012/13 – 2019/20 and LTS home based travel. https://tfl.gov.uk/corporate/about-tfl/how-we-work/planning-for-the-future/consultations-and-surveys/london-travel-demand-survey . 0.. (Data is based on a three year rolling average and the target year represents final year of the period- e.g. 2020 is the period 2017/18-2019/20.) Update due in December 2022.	
	EV Charge points	Charge points	71	143	149	239	239	EV Charge Point data collected by Merton's Transport Team.	
	Electric or hydrogen bus routes	Routes	0	0	0	1	3	Routes 200, 413 and 264 are electric 2022. Source TfL	
	Participation in Sustrans' Big Pedal/ Big Walk and Wheel	Schools/yr	N/A	7	0	21	16	Big Pedal School sign-ups available at https://bigpedal.org.uk/schools?search_name=&search_la=234&sub=Find+Schools	
	Schools Streets	Streets	0	3	30	30	30	School streets available at https://www.merton.gov.uk/streets-parking-transport/school-safety-zones	
	New Low Traffic Neighbourhoods ¹⁶	Neighbourhoods	0	0	5	5	5	Data provided by Merton's Transport Team.	
	Cycle Hangars	Hangars	1	1	1	21	21	Merton's Sustainable Infrastructure Story Map available at https://storymaps.arcgis.com/stories/12050fded6c64aa7ad8317cf74526a9c	
WS5: Green infrastructure	Canopy cover	%	N/A	N/A	28	N/A	N/A	Merton Green & Blue Infrastructure, Biodiversity and Open Space Study 2020 available at https://www.merton.gov.uk/system/files?file=1.20giboss20summary20report.pdf	
	Tree numbers on private land	Trees/yr						TBC	
	Tree numbers on public land	Trees	N/A	N/A	N/A	54,791	N/A	Highway Asset database = 20,750 street trees Parks, Schools, Cemeteries = 34,041 trees	

¹⁶ This includes new Low Traffic Neighbourhoods introduced from 2018 onwards but does not include legacy LTNs introduced before 2018.

Workstream	Workstream Indicator	Unit ¹¹	2018	2019	2020	2021	2022	Source
	Number of SUDs Interventions	SUDs Features	6	7	8	11	11	Data provided by Merton's Flooding Team.
	Streets participating in Merton Garden Streets	Streets/yr	N/A	N/A	N/A	92	124	Registration link available at https://www.frontgardenfriendly.uk/Mertongardenstreets - https://docs.google.com/spreadsheets/d/1nWQDcj6p57Tt0L_yzLBoUfwSRwF1JSrvht9tRm9LVls/edit?usp=sharing
	High street and school parklets	Parklets	N/A	N/A	N/A	10	10	Merton's Sustainable Infrastructure Story Map available at https://storymaps.arcgis.com/stories/12050fded6c64aa7ad8317cf74526a9c
WS6: LBM Estate and fleet management	LBM Operational buildings electricity use	GWh/yr	5.2	5	3.1	4.4 ¹⁷	N/A	Data provided by Merton's Facilities Management Team.
	Community Schools electricity use	GWh/yr	5.1	4.7	4.1	3.4 ¹⁷	N/A	Data provided by Merton's Facilities Management Team.
	LBM Operational buildings gas use	GWh/yr	11.3	11.6	9.6	9.6 ¹⁷	N/A	Data provided by Merton's Facilities Management Team.
	Community Schools gas use	GWh/yr	13.7	13.8	14.4	13 ¹⁷	N/A	Data provided by Merton's Facilities Management Team.
	LBM Non-operational buildings electricity use	GWh/yr						TBC
	LBM Non-operation buildings gas use	GWh/yr						TBC
	Installed solar PV capacity across Council buildings and community schools	kWp	2067	1980	1980	1980	1980	Data provided by Merton's Facilities Management Team.
	Renewable electricity generated by solar PV across Council buildings and community schools	MWh/yr	1044	952	936	920 ¹⁷	N/A	Data provided by Merton's Facilities Management Team.
	Council Fleet Petrol Vehicle Mileage ¹⁸	km/yr	41,090	56,597	78,072	66,709	N/A	Data provided by Merton's Performance Officer.

¹⁷ Some sites data for 2021 is incomplete and is subject to change.

¹⁸ This includes cars and vans.

Workstream	Workstream Indicator	Unit ¹¹	2018	2019	2020	2021	2022	Source
	Council Fleet Diesel Vehicle Mileage ¹⁹	km/yr	828,478	648,247	622,583	771,251	N/A	Data provided by Merton's Performance Officer.
	Council Fleet Petrol Hybrid Mileage	km/yr	8,896	13,369	6,960	11,051	N/A	Data provided by Merton's Performance Officer.
	Council Fleet EV Mileage	km/yr	5,427	2,277	6,375	5,195	N/A	Data provided by Merton's Performance Officer.
	LBM annual mileage claims for petrol and diesel grey fleet	Miles/yr	282,702	279,857	160,823	190,181	N/A	Data provided by Merton Human Resources.
	Fossil fuel vehicles in the Council fleet	Vehicles	94	94	94	93	N/A	Data provided by Merton's Performance Officer.
	Electric Vehicles in the Council Fleet	Vehicles	1	1	1	1	N/A	Data provided by Merton's Performance Officer.
	Council fleet emissions	ktCO ₂ eq/yr	0.6	0.5	0.4	N/A	N/A	Merton's Greenhouse Gas Inventory Report 2021 available at: https://www.merton.gov.uk/planning-and-buildings/sustainability-and-climate-change/climate-emergency .
	Council operational buildings emissions	ktCO ₂ eq/yr	3.7	3.5	2.6	2.8 ¹⁷	N/A	Merton's Greenhouse Gas Inventory Report 2021 available at: https://www.merton.gov.uk/planning-and-buildings/sustainability-and-climate-change/climate-emergency . 2021 figure calculated by climate change team.
	Community schools emissions	ktCO ₂ eq/yr	4.1	3.8	3.7	3.2 ¹⁷	N/A	Merton's Greenhouse Gas Inventory Report 2021 available at: https://www.merton.gov.uk/planning-and-buildings/sustainability-and-climate-change/climate-emergency . 2021 figure calculated by climate change team.
Council non-operational buildings emissions	ktCO ₂ eq/yr						TBC	
WS7: LBM Procurements and investments	Weighted Average Carbon Intensity of Merton's Pension Fund	tCO ₂ /\$m sales	219	183	124	87	97	Data provided by Merton's Pension Fund Investment Consultant.
	Carbon footprint of Merton's procurements ²⁰	KtCO ₂ eq/yr	1.8	1.7	1.8	N/A	N/A	Merton's Greenhouse Gas Inventory Report 2021 available at: https://www.merton.gov.uk/planning-and-buildings/sustainability-and-climate-change/climate-emergency .

¹⁹ This includes cars, vans and HGVs.

²⁰ To date, the Council greenhouse gas inventory has only included emissions from Merton's three largest contracts (highways maintenance, green spaces maintenance and waste collection). This figure is expected to increase in future years when emissions data for other contracts becomes available and can be added to Merton's greenhouse gas inventory.

Workstream	Workstream Indicator	Unit ¹¹	2018	2019	2020	2021	2022	Source
								and-buildings/sustainability-and-climate-change/climate-emergency . Merton’s greenhouse gas inventory will next be updated in 2023.
WS8: Communication, outreach and LBM corporate procedure ²¹	Individuals signed up to Merton’s Climate Action Newsletter	Individuals	N/A	N/A	N/A	3,847	9,314	Data provided by Merton’s Climate Change Team. Number of subscribers as of 4 th December 2022.
	Merton Climate Action Group followers	Twitter Followers	N/A	N/A	N/A	381	434	https://twitter.com/ClimateMerton . Number of Twitter followers as of 5 th December 2022.

2.3 Progress against workstreams and priority actions for 2023

This section provides an overview of the Council’s progress in delivering projects that tackle climate change in the second year of implementing Merton’s Climate Strategy and Action Plan (Y2, i.e. 2022), and summarises the main intended actions for the following year (Y3, i.e. 2023), for each workstream.

A detailed progress review of all Y2 priority actions, and a full list of priority actions for Y3, are set out in **Annex 4**. This includes a traffic light assessment of the likelihood of delivery for each action (at Y2 and Y3). **Annex 3** sets out key considerations that were made when identifying priority actions to benchmark actions against expected progress towards net-zero carbon.

The main focus of the actions prioritised for Y3 is to continue to develop firm foundations from which low carbon policies, projects and programmes can grow within the Council based on the Y2 actions, and to ensure that the Council is in a position to partner with, support or empower Merton citizens to reduce carbon emissions. This section also identifies where further actions may be necessary in future to fulfil the Council’s commitments under the Climate Strategy and Action Plan.

The assessment of actions and potential future gaps has resulted in a “RAG rating” for each workstream, showing the likelihood of successful delivery of actions to the scale required to fully support Merton’s Climate Strategy and Action Plan. The criteria that the risks were assessed against are set out in **Annex 2**.

²¹ Also see indicators relating to the Council’s overall performance in section 2.1.

Table 2-4 Workstream risk assessment

No.	Workstream	RAG Rating at Y3
1	Sustainable consumption and low carbon economy	Red
2	Retrofit of the residential and non-residential building stock	Red
3	Future new build and regeneration	Amber
4	Transport infrastructure and modal shift	Amber
5	Green infrastructure	Amber
6	LBM Estate and fleet management	Red
7	LBM Procurements and investments	Amber
8	Communication, outreach and LBM corporate procedure	Amber

WS1: Sustainable consumption and low carbon economy (RAG rating Red): Successfully delivering this work stream will require significant behaviour changes from Merton’s residents, businesses and organisations, to drive sustainable consumption habits and enable a transition to a low carbon economy.

Key areas of progress in 2022 (further details in Annex 4):

- Recruiting a new Climate Engagement Officer to lead on climate engagement and promote sustainable behaviours in Merton (March 2022).
- Supporting Merton’s Climate Action Group²² in developing community-led climate action projects which promote sustainable behaviours and a circular economy (e.g. The Wheel: Merton’s circular economy hub²³).
- Securing funding through the Net Zero Innovation Programme to investigate how SMEs on our highstreets can aggregate and reduce waste and become more resource efficient²⁴.
- Developing a number of green skills training opportunities and employment pathways through Merton’s Towards Employment programme.
- Launching Merton’s adult education programme for green skills.
- Working with the South London Partnership (SLP) to support the development of green jobs and skills through the Green Skills Academy, the South London Careers Hub, Phase 2 of the Green Jobs and Skills London Report, the South London Knowledge Exchange project, etc.
- Identifying opportunities to embed a green recovery from Covid-19 through the SLP and the London Councils programmes on climate change²⁵.
- Launching the Merton Local App²⁶ which encourages residents and businesses to reduce their carbon footprint and shop local.

²² <https://www.merton.gov.uk/planning-and-buildings/sustainability-and-climate-change/climate-action-group>

²³ <https://www.thewheelmerton.org/>

²⁴ <https://news.merton.gov.uk/2022/11/15/merton-success-in-net-zero-innovation-programme-bid/>

²⁵ <https://londoncouncils.gov.uk/our-key-themes/climate-change>

²⁶ <https://www.merton.gov.uk/business-and-consumers/local-app>

- Launching Merton’s ‘Business support for Cost of Living and Climate Action’ web page²⁷.
- Continuing the roll-out of town centre dual stream bins to minimise waste and promote recycling.
- Securing funding for the delivery of relevant initiatives in 2023.

Key challenges:

- Insufficient capacity to engage with businesses on net zero carbon at the pace and scale needed.
- Reaching residents and businesses who aren’t already engaged in tackling climate change to influence behaviour change across the borough.

Key priorities for 2023:

- Continuing to develop or support activities progressed in 2022 where appropriate.
- Recruiting a new member of staff to lead on the development of a low carbon economy, by promoting low carbon business, helping maximise green skills and jobs opportunities, and promoting a circular economy.
- Developing a Climate Action Fund to support community-led climate action projects.
- Developing a business retrofit support scheme which will enable greater engagement with businesses.
- Exploring opportunities to establish a reuse shop.
- Finalising and adopting Merton’s Climate Engagement Strategy to maximise the impact of Merton’s climate engagement.

Areas for future consideration:

- Finding external partners and applying for funding external to the Council.
- Supporting the expansion of relevant education provision with clear pathways into green sectors on leaving education whilst also supporting workers to upskill and transition into green jobs from other sectors.

WS2: Retrofit of the residential and non-residential building stock (RAG rating: Red): Successfully delivering this work stream will require significant uptake of good quality domestic and non-domestic retrofit by homeowners, business owners, and private and social landlords in Merton. As well as reducing energy demand and carbon emissions, this will help tackle fuel poverty and build climate resilience in the borough.

Key areas of progress in 2022 (further details in Annex 4):

²⁷ <https://www.merton.gov.uk/business-and-consumers/business-support-and-advice/cost-living-climate-action>

- Recruiting two new Community Retrofit Officers to lead on the retrofit of residential and non-residential buildings in Merton (December 2022).
- Promoting Phase 5 of the Mayor’s Solar Together scheme²⁸.
- Lobbying central Government for appropriate policies and funding schemes to support retrofit through the Net Zero Review consultation.
- Supporting fuel poor households in accessing funding to retrofit their homes through the Mayor’s Warmer Homes Scheme²⁹.
- Using Merton’s Carbon Offset Fund to top-up national and regional funding streams for retrofit where appropriate.
- Supporting Housing Associations in bidding for national retrofit funding schemes (e.g. Social Housing Decarbonisation Fund).
- Working with the Buildings & Energy sub-group of Merton’s Climate Action Group to promote energy efficiency and retrofit by developing case studies and delivering the Energy Matters project in Merton schools.
- Securing funding for the delivery of relevant initiatives in 2023.

Key challenges:

- Homeowners/ business owners/ landlords’ lack of understanding of retrofit.
- Insufficient and overly complex national retrofit funding schemes.
- Supply chain and skills gaps for delivering retrofit given increased demand and wider macro-economic circumstances³⁰.
- Conservation and heritage considerations in delivering ‘good’ retrofit.
- Limited capacity within the Council to lead on borough-wide retrofit to date but two new Community Retrofit Officers starting in early 2023.

Key priorities for 2023:

- Continuing to develop or support activities progressed in 2022 where appropriate.
- Developing a Retrofit Strategy for the borough.
- Developing an Energy Masterplan for the borough to consider energy infrastructure needs to support the transition to net-zero.
- Working with the South London Partnership to develop a retrofit roadmap to encourage residents to retrofit their homes.
- Developing a business retrofit support scheme.
- Developing a recycled loan fund for homeowners looking to retrofit their homes who aren’t eligible for national and regional retrofit funding.
- Investigating how the Council can support residents in accessing Energy Company Obligation (ECO) funding.
- Running a retrofit workshop with housing associations and green skills partners in February 2023 to discuss lessons learnt, challenges and opportunities in decarbonising Merton’s housing stock.

²⁸ <https://www.london.gov.uk/programmes-and-strategies/environment-and-climate-change/energy/solar-together-london>

²⁹ <https://www.london.gov.uk/programmes-strategies/housing-and-land/improving-quality/warmer-homes>

³⁰ Supply chain issues have been amplified over the last few years as a result of increased demand due to the availability of national funding, and reduced supply which has been affected by Covid and Brexit.

- Recruiting additional capacity to lead on the enforcement of Minimum Energy Efficiency Standards (MEES) in Merton's Private Rental Sector.
- Considering what 'good retrofit' looks like in the context of conservation and heritage.
- Supporting the Mayor's bid for Home Upgrade Grant 2 (HUG 2) funding for off-gas grid properties in London.
- Considering local green skills and jobs needs, as well as upskilling and employment opportunities, for borough-wide retrofit.

Areas for future consideration:

- The longevity of retrofit funding and how funding models need to evolve to achieve the pace and scale of change required.

WS 3: Future new build and regeneration (RAG rating: Amber): Successfully delivering this work stream will require that all new developments in Merton, and Merton's energy infrastructure, are compatible with our climate commitments and adaptable to a changing climate.

Key areas of progress in 2022 (further details in Annex 4):

- Supporting the Examination in public of Merton's draft Local Plan which has ambitious climate change policies.
- Lobbying for faster change to national and regional planning policy to ensure that all new development is compatible with our net zero commitments.
- Collaborating with a consortium of 19 London boroughs to develop the evidence base to support more ambitious local planning policies.
- Recruiting two Community Retrofit Officers who will lead on the development of an Energy Masterplan for Merton.

Key challenges:

- A complex and evolving national and regional policy landscape with changes to Part L of the Building Regulations and issues with the supporting software and methodologies.

Key priorities for 2023:

- Adopting Merton's new Local Plan.
- Developing an Energy Masterplan for Merton to consider any energy infrastructure needs to support the transition to net zero (buildings and transport).
- Continuing to lobby for faster change in the built environment.

Areas for future consideration:

- Considering further improvements to Merton's policies as industry knowledge evolves.

WS 4: Transport infrastructure and modal shift (RAG rating: Amber): Successfully delivering this work stream will require everyone who works, lives and studies in Merton to shift from fossil fuel based modes of transport towards more active and sustainable travel, and ensuring that the supporting infrastructure is in place to enable this modal shift.

Key areas of progress in 2022 (further details in Annex 4):

- Working with TfL and other transport providers to improve access to public transport in Merton.
- Delivering funded active travel infrastructure schemes.
- Identifying schemes for Merton’s Local Implementation Plan (LIP) bids for FY23/24 and FY 24/25.
- Undertaking preparatory work and engagement in relation to Merton’s EV, cycling and walking strategies.
- Establishing an EV task group via the Sustainable Communities Scrutiny and Overview Committee.
- Funding a number of multi-modal traffic monitors that will be used to inform the development of Merton’s cycling and walking strategies.
- Securing £750k of funding to provide up to 500 lamp column EV chargepoints.
- Continuing engagement with car clubs about a transition to electric – a significant proportion of the car club fleet in Merton is now electric.
- Continuing the implementation of Merton’s Air Quality Action Plan and active travel initiatives (e.g. air quality and traffic monitoring, air quality audits, anti-idling campaigns and signage, the Non-Road Mobile Machinery and Clean Air Village initiatives, and Air Quality comms and events).
- Continuing to deliver Merton’s active travel programmes (e.g. cycle training, schools STARS travel plans, free Dr Bike sessions, etc.)
- Securing a phase 1 GLA School Superzone grant for a Merton school to pilot mechanisms to reduce the number of students driven to school.

Key challenges:

- Reduced and delayed LIP funding has reduced the number of active travel infrastructure schemes being delivered.
- Insufficient capacity to progress EV, cycling and walking strategies to date.
- Pavement obstructions resulting from the current free-floating parking model for dockless electric bike hire schemes in Merton.
- Challenges in identifying viable lamp columns for the EV chargepoints.
- The high cost of rapid chargepoint infrastructure will likely require an operator funded model.

Key priorities for 2023:

- Continuing to develop or support activities progressed in 2022 where appropriate.
- Recruiting a new member of staff to lead on the development of Merton’s EV, cycling and walking strategies.
- Delivering active travel infrastructure improvements included in the FY23/24 LIP bid.

- Working with operators for dockless electric bike hire schemes to enter into formal agreements to provide designated parking areas and to expand the scheme to all parts of the borough.
- Progressing the delivery of more rapid charge points, likely through an operator funded model.

Areas for future consideration:

- Future funding implications for public transport services remain uncertain following Covid-19, including the delivery of major public transport infrastructure schemes which could impact the ability to achieve the long-term reduction in car use necessary to achieve net zero by 2050.

WS 5: Green infrastructure (RAG rating: Amber): Successfully delivering this work stream will require increased tree planting and green infrastructure projects by the Council and private landowners, and increased public participation in community planting.

Key areas of progress in 2022 (further details in Annex 4):

- Developing and consulting stakeholders on Phase 1 of Merton’s Tree Strategy for the management of council owned trees.
- Planting 299 standard trees and 1200 whips in parks across the borough under the Urban Tree Challenge Round 2.
- Planting 560 standard trees under Merton’s annual Street Tree Replacement Programme.
- Increasing the proactive inspection of Street and Park Trees on the Council’s current tree management software (Ezytreey) and actively logging any losses to ensure priority replacements within 1 year wherever possible.
- Designing a large green infrastructure Sustainable urban Drainage System (SuDS) solution for Raynes Park Town Centre on Pepys Road.
- Securing funding from Thames’ Water Surface Water Management Plan for additional SuDS features.
- Supporting the Examination in Public of Merton’s draft Local Plan which includes several Green and Blue Infrastructure policies.
- Proactively engaging with the Independent Merton Greenspace Forum and Merton’s existing Friends of Parks network to share knowledge and experience as well as encourage new groups to form.
- Successfully retaining all 6 Green Flag Award winning parks in Merton with positive feedback for Merton’s Friends of Park groups.
- Supporting and funding the second year of the Climate Action Group’s Merton Garden Streets initiative via Sustainable Merton³¹, with 124 streets signed-up in 2022.

Key challenges:

- Insufficient capacity to promote tree planting on private land to date – future efforts will be informed by Phase 2 of Merton’s Tree Strategy.

³¹ <https://www.sustainablemerton.org/gardenstreets>

Key priorities for 2023:

- Continuing to develop or support activities progressed in 2022 where appropriate.
- Adopting Phase 1 of Merton's Tree Strategy.
- Developing Phase 2 of Merton's Tree Strategy for the management of trees on private land.
- Planting 283 standard trees across Merton parks under Round 3 of the Urban Tree Challenge.
- Planting a community woodland with Trees for Cities on Cranmer Green with 6000 whips and 12 standard trees.
- Developing a partnership with Trees for Streets and launching a Street Tree Sponsorship Scheme.
- Considering the feasibility and delivery of a larger Green Infrastructure Pocket Park with attenuation at Home Park Road and Kenilworth Green.
- Applying for 9 Green Flag Awards, including the 6 existing parks and 3 New Green Flag Award Management and Maintenance Plans.

Areas for future consideration:

- How to promote more tree planting and retention on private land.

WS 6: LBM Estate and fleet management (RAG rating: Red): Successfully delivering this work stream will require the decarbonisation of the Council's operational buildings and fleet, street lighting and community schools.

Key areas of progress in 2022 (further details in Annex 4):

- Installing 4 solar PV-connected battery systems and loft insulation on Council buildings through the Public Sector Decarbonisation Scheme.
- Progressing recruitment for a new Climate Emergency Building Surveyor to lead on the decarbonisation of the Council's operational and non-operational buildings, and community schools.
- Commissioning and progressing building surveys for community schools, and the Council's operational and non-operational buildings.
- Converting a further 170 lanterns to LEDs on our streetlighting assets.
- Bidding for funding for additional streetlighting upgrades.
- Starting to investigate several potential frameworks for sourcing a long-term delivery partner for the decarbonisation of Merton's estate.
- Securing funding for a number of relevant initiatives to be delivered in 2023 and beyond.

Key challenges:

- There has been reduced capacity within the energy team which has had to respond to utility pricing increases.
- Challenges in finding a suitably qualified candidate have delayed the recruitment of the Climate Emergency Building Surveyor role.

- Short timescales of current funding schemes; projects must be shovel-ready to meet bidding timescales.
- Merton's Fleet Management team were awaiting the outcome of the Cabinet decision regarding the Veolia waste collection contract before progressing work to decarbonise Merton's vehicle fleet (including refuse collection vehicles).
- Covid-19 and associated changes in staff travel behaviours have resulted in delays to the development of staff travel policies.

Key priorities for 2023:

- Recruiting Merton's new Climate Emergency Building Surveyor to lead on the decarbonisation of Merton's estate.
- Commissioning Energy Performance Certificates and reviewing the leases for the Council's non-operational rented properties to inform future decarbonisation plans and funding bids.
- Processing the results of Merton's building surveys carried out in 2022 to develop packages of work for future funding bids.
- Commissioning a review of the heating and catering equipment in Merton's community schools to inform future decarbonisation plans and funding bids.
- Seeking approval to procure a long-term delivery partner for the Council's estate decarbonisation works.
- Implementing a mechanism to ensure that all new Council buildings are net zero carbon by 2030 without requiring significant retrofit.
- Investigating Power Purchase Agreements for future inclusion in corporate utility contracts.
- Reviewing outcomes of Public Sector Decarbonisation Scheme funded measures installed in 2022.
- Commissioning consultant support to investigate fleet decarbonisation options, and to form a strategy to decarbonise the Council's vehicle fleet and its supporting infrastructure.
- Continuing streetlight LED replacement through standard maintenance.
- Considering opportunities to improve Council-owned sites to encourage active and electrified travel by staff.
- Developing staff travel policies.

Areas for future consideration:

- Future funding requirements for the decarbonisation of Merton's fleet and estate.

WS 7: LBM Procurements and investments (RAG rating: Amber): Successfully delivering this work stream will require the reduction of greenhouse gas emissions from Merton's procurements and pension investments, whilst balancing the need to reduce emissions with the potential additional costs of services.

Key areas of progress in 2022 (further details in Annex 4):

- Working with Merton’s school meals catering provider to reduce emissions from this contract by promoting meat-free meals, food gardens and waste reduction, and utilising local supply chains.
- Implementing Merton’s new Contract Standing Orders (CSO) which require Responsible Officers to give due consideration to the Climate Emergency.
- Incorporating climate considerations in the CSO training and Procurement Toolkit provided to officers.
- Strengthening Merton’s Social Value Charter to reflect Merton’s Climate Emergency declaration.
- Commissioning and delivering circular economy training for key commissioning leads.
- Securing funding to increase capacity across the council to embed carbon reduction in council contracts.
- Expanding the analysis of Merton’s pension investments to assess a larger proportion of total assets held by the Fund and continuing to decarbonise Merton’s investments.

Key challenges:

- Capacity to engage with service providers has been limited to date – this is being addressed by recruiting additional staff to lead on this area of work and delivering procurement-specific climate training for key commissioning leads.

Key priorities for 2023:

- Including baseline emissions from Merton’s school meals catering contract in Merton’s greenhouse gas inventory.
- Recruiting a new member of staff to lead on the decarbonisation of Merton’s procured services, and support contract managers and commissioners across the Council in engaging with suppliers to measure and reduce emissions from Merton’s new and existing contracts.
- Developing and delivering bespoke training to empower contract managers and commissioners to consider carbon at all stages of procurement, alongside wider carbon literacy training for all staff.
- Reviewing Merton’s procurement process and tender documents to further embed carbon reduction in our requirements for new contracts.
- Continuing to engage with suppliers to trial low carbon technologies in Merton’s contracts where appropriate.

Areas for future consideration:

- Incorporating as many contracts as possible into Merton’s greenhouse gas inventory to understand and monitor Merton’s scope 3 emissions.
- Engaging with all suppliers to quantify and reduce emissions from Merton’s procured services.

WS 8: Communication, outreach and LBM corporate procedure (RAG rating: Amber): Successfully delivering this work stream involves raising climate awareness in Merton and empowering residents, businesses, organisations, Council staff and councillors to act to reduce emissions and adapt to the impacts of climate change.

Key areas of progress in 2022 (further details in Annex 4):

- Recruiting Merton’s new Climate Engagement Officer to lead on climate engagement in Merton (March 2022).
- Developing and delivering a range of climate communications via Merton’s social media channels and newsletters (further details provided in Annex 4).
- Organising and attending a range of climate engagement activities and events (including the Canons Summer Fair, World Car Free Day activities, Merton’s second Schools Climate Conference, and providing a climate presence at other events as set out in Annex 4).
- Supporting Merton’s Climate Action Group with the delivery of three NCIL funded projects (Merton Garden Streets 2022, Energy Matters and the Wheel) and the development of case studies to showcase retrofit and low carbon development.
- Re-establishing the Environment and Climate sub-group of Merton’s Sustainable Communities Transport Partnership to engage with partners on the four key themes of Merton’s Climate Strategy & Action Plan.
- Producing and circulating regular editions of Merton’s Climate Action Newsletter³² to provide updates on climate action in Merton.
- Developing Merton’s draft Climate Engagement Strategy for consultation with Cabinet Members and local groups in early 2023.
- Securing funding to deliver sustained climate engagement and to support community-led climate action projects.
- Taking part in a consortium project to pilot a tool for embedding climate considerations in all major council decision making.
- Procuring a partner to develop and deliver the first phase of Merton’s carbon literacy training.

Key challenges:

- Challenges in recruiting new volunteers for Merton’s Climate Action Group to develop new community-led climate action projects.
- Challenges in engaging with underrepresented groups, or residents, businesses and others who aren’t already engaged in the climate agenda.

Key priorities for 2023:

- Continuing to develop or support activities progressed in 2022 where appropriate.
- Seeking feedback on, finalising and adopting Merton’s draft Climate Engagement Strategy.
- Developing and implementing a tool to embed climate considerations in all major council decision making.
- Delivering the first phase of Merton’s carbon literacy training, which will inform the second phase of training.
- Launching Merton’s new Schools Climate Network and Charter.

³² <https://public.govdelivery.com/accounts/UKLBM/signup/19626>

- Continuing to support the development and delivery of community-led climate action projects, and seeking wider engagement.
- Setting up a Climate Action Fund to support the development and delivery of community-led climate action projects.
- Delivering climate engagement and communications activities in line with Merton's Climate Engagement Strategy.
- Increasing engagement with business stakeholders in Merton.

Areas for future consideration:

- Reviewing Merton's Climate Engagement Strategy in 2026.

3. PROGRESS TOWARDS MEETING THE NET-ZERO CARBON TARGETS

Merton’s greenhouse gas inventory and this section of Merton’s Climate Delivery Plan are updated every 2 years to allow sufficient time for local, regional and national projects and policies to have an effect. This section was last updated in 2021 and will next be updated in 2023 when the greenhouse gas inventory is updated. The next iteration of this plan will consider changes in macro-economic circumstances such as the substantial increase in energy prices in 2022, and changes in local circumstances such as the expansion of the Ultra-Low Emissions Zone (ULEZ) further across London in 2023.

“A Strategy to Combat Climate Change” recognises that Merton cannot achieve our climate ambition in isolation, and that we are dependent on many wider factors, such as a supportive national policy framework, additional funding, and behaviour changes of many individuals, business and organisations.

This section considers the likelihood that the net-zero carbon targets will be met. The main measure is through a biannual estimate of greenhouse gas (GHG) emissions, for which the table below represents the period 2017-2019 for the borough inventory and 2018-2020 for the Council inventory³³. It is worth noting here that there is a lag between the Council’s actions and the GHG inventory due to availability of the emissions data, but the GHG emissions give an indication of the direction of travel. These figures are based on Merton’s Greenhouse Gas inventory update in autumn 2021; the inventory will next be updated in 2023.

There have been some changes in the emissions estimates for the baseline year compared to the Year 1 Delivery Plan following Merton’s GHG inventory update in 2021. In part this is due to changes in national activity data and emission factors used in national datasets for the baseline year. In addition, in some cases where emissions data was not previously available for inclusion in the baseline inventories, new data has now become available and been added to the inventories. This includes emissions from the processing of local authority collected waste which have been added to the borough inventory, and emissions resulting from machinery use associated with Merton’s green spaces maintenance contract which have been added to the Council inventory.

³³ The baseline GHG inventory which informed Merton’s Climate Strategy & Action Plan in 2019/20 was based on 2017 data for the borough emissions (due to availability of national data sets) and 2018 data for the Council target (due to availability of Council activity data). Merton’s updated greenhouse gas inventory (Merton Greenhouse Gas Inventory Report 2021) provides the latest Council and borough greenhouse gas emissions figures based on two years of additional data.
Baseline inventory: Aether (2020) London Borough of Merton Climate Action Support, available at: https://www.merton.gov.uk/system/files?file=merton_support-climate-action_v3.1.pdf
Inventory Update: Aether (2022) London Borough of Merton Greenhouse Gas Inventory Report 2021, available at: <https://www.merton.gov.uk/planning-and-buildings/sustainability-and-climate-change/climate-emergency>.

Further details of how the emission estimates were formed and all changes since the baseline inventory are set out in Merton’s GHG Inventory Report 2021³⁴.

Considering the pace and scale of action, both inside and outside of the borough, we also assess the likelihood that progress is sufficient to achieve our net-zero targets in Table 3-1 below. Further details of how the likelihood of meeting the net-zero targets was assessed are provided in **Annex 2**.

Table 3-1 Assessment of emissions and likelihood of meeting net-zero targets

Borough Emissions	Unit	2017	2018	2019	Likelihood of meeting 2050 target
Total Borough Emissions	Kt CO2eq	767	701	663	Low
2050 Green Economy	Kt CO2eq	48*	37	26	Low
2050 Buildings and Energy	Kt CO2eq	566	514	491	Low
2050 Transport	Kt CO2eq	154	151	148	Medium
2050 Greening Merton	Kt CO2eq	-1.1	-1.1	-1.1	N/A
Council Emissions	Unit	2018	2019	2020	Likelihood of meeting 2030 target
2030 Council Emissions	KtCO2eq	11	10	9	Low/Medium

*This figure relates to the processing of Merton’s Local Authority collected waste at the Beddington ERF. Merton’s borough inventory does not include wider scope 3 consumption-based emissions due to the lack of robust data, but these are estimated to be over 1,000 ktCO2eq.

Total borough emissions:

Total borough emissions decreased throughout the time series, reducing by 13% between 2017 and 2019. In Merton’s GHG Inventory Report 2021, Aether found that the total borough emissions are not decreasing as quickly as originally modelled in their decarbonisation pathway which helped inform Merton’s Climate Strategy & Action Plan in 2020³⁵, but they noted that the comparison should be seen as indicative only.

³⁴ Aether (2022) London Borough of Merton Greenhouse Gas Inventory Report 2021, available at: <https://www.merton.gov.uk/planning-and-buildings/sustainability-and-climate-change/climate-emergency>.

³⁵ Aether (2022) London Borough of Merton Greenhouse Gas Inventory Report 2021, available at: <https://www.merton.gov.uk/planning-and-buildings/sustainability-and-climate-change/climate-emergency>.

Sectors that have the greatest significance in terms of emissions (the green economy, buildings and energy) are also areas where delivery challenges are greatest, the Council has the least control and the resource gaps are widest. Within the current government policy and funding framework it is unlikely that the net-zero targets can be met.

Green Economy:

Merton's GHG inventory only includes emissions from the processing of local authority collected waste at the Beddington Energy Recovery Facility under the Green Economy theme (approx. 26 KtCO₂eq, 4% of the total borough emissions in 2019). In 2020, the South London Waste Partnership (SLWP) set up a carbon working group with the four SLWP boroughs (Croydon, Kingston, Merton and Sutton) and Viridor to agree an approach for baselining, monitoring and reducing emissions associated with the SLWP residual waste treatment contract. This includes emissions from the Beddington Energy Recovery Facility (ERF). Residual Waste treated during 2019-2020 has formed the baseline. A proportion of the carbon emissions from the baseline year have been attributed to Merton based on the amount of residual waste treated through the contract as a proportion of the total³⁶³⁷. This figure has been included in the borough GHG inventory. Emissions data for 2017-18 and 2018-19 have been estimated based on the waste tonnage figures for those years and the carbon intensity of treating waste at the Beddington ERF compared to sending waste to the Beddington Landfill Site³⁸. The trend in waste processing emissions between 2017 and 2019 is only an approximation and does not reflect efforts to decarbonise the ERF operations, but this reveals the reduction in carbon emissions as Merton has transitioned away from landfill and towards ERF since 2017-18.

Wider scope 3 consumption-based emissions relating to the embedded emissions in the consumption of goods and services by residents within Merton have not been included in the borough inventory, due to the lack of robust data, but are presented in Merton's 2021 GHG inventory report to demonstrate the scale of a more complete scope 3 estimate. The total consumption-based emissions are estimated at 1,079 ktCO₂eq. If these consumption-based

³⁶ Beddington Energy Recovery Facility & Residual Waste Contract 2019-2043 Carbon Management Plan, Baseline Year: 2019-2020, available at: <https://moderngov.kingston.gov.uk/ieListDocuments.aspx?CId=432&MId=9275&Ver=4>.

³⁷ These figures are based on Merton residual waste tonnages provided by the South London Waste Partnership (SLWP). They differ slightly from the figures that appear in Viridor's Carbon Management Plan (published June 2021) as Viridor's figures include street sweepings (while the SLWP figures do not). The SLWP and Viridor are aware of this minor discrepancy and work will be carried out over the next 12 months to reconcile them. This may result in minor changes to both the Viridor Carbon Management Plan and the next iteration of Merton's greenhouse gas inventory.

³⁸ Aether (2022) London Borough of Merton Greenhouse Gas Inventory Report 2021, available at: <https://www.merton.gov.uk/planning-and-buildings/sustainability-and-climate-change/climate-emergency>.

emissions were included in Merton borough's GHG inventory for 2019, this would comprise 62% of Merton's GHG emissions. Further details can be found in Merton's 2021 GHG Inventory Report³⁹.

The sustainability of products and services is complex with many impacts occurring outside the borough. Residents and businesses of Merton generally have low influence on the sale and purchase of low carbon products and services. A move to a green economy requires mass behaviour change in purchasing habits, and changes to national regulation and industry practice, for which the Council has a low level of influence. Major economic impacts from Covid could reduce demand of more expensive sustainable options. Promotion of cheaper options (up-cycling/ low meat diets) may have greater effect in the current economic climate.

LBM has a strong track record and forward plan on recycling and for local authority collected waste which makes up about half of all waste collected in the borough. Separated waste collection helps residents to recycle, but does little to prevent waste arising; which would have the greatest impact on emissions. The means of collection and treatment of commercial and industrial waste in Merton is divided amongst commercial contracts between businesses and waste disposal companies, over which the Council has no control.

Business engagement on the climate agenda appears relatively low at present, in part due to the focus on dealing with the ongoing impacts and potential aftermath of Covid. There is a significant skills gap in the low carbon economy; particularly in relation to low carbon building and retrofitting which provides a major opportunity to build local jobs within the green skills sector.

Buildings and energy:

The sources of emissions in Merton are dominated by the use of natural gas for heating, and electricity for heating and lighting homes, businesses, and other buildings such as hospitals and schools. The greatest reduction in borough emissions between 2017 and 2019 was from electricity use in residential and non-residential buildings which was driven by reductions in the carbon intensity of the UK electricity grid.

Residential gas use remains the largest source of emissions in the borough. 98% of homes in Merton use gas as their primary source of heating and there is currently insufficient evidence to demonstrate any credible options for wide-scale decarbonisation of the gas grid in the short term⁴⁰. All buildings in Merton must therefore be gas free by 2050 in order to achieve our carbon reduction target.

³⁹ Aether (2022) London Borough of Merton Greenhouse Gas Inventory Report 2021, available at: <https://www.merton.gov.uk/planning-and-buildings/sustainability-and-climate-change/climate-emergency>.

⁴⁰ Merton's Local Plan incorporating proposed modifications 2021, available at: <https://www.merton.gov.uk/planning-and-buildings/planning/local-plan/newlocalplan/local-plan-submission>.

Barriers to retrofitting the building stock within Merton with low carbon measures (mainly insulation and replacing boilers with low carbon heating) remain very high, mainly due to high up-front costs, inconvenience of installation, low understanding and priority amongst most homeowners and landlords. The exception is solar PV where suitably located efficient panels still offer a pay-back on investment, and the market has developed funding models which reduce up-front costs for consumers.

There is a major policy and funding gap for retrofit at a National level that is needed in order to grow a sustainable transition to low carbon energy in buildings and a move away from gas heating. This has only now started to be filled by short-term funding opportunities such as the Green Homes Grant, the Social Housing Decarbonisation Fund, and the Sustainable Warmth Competition. However, a complex funding landscape and supply chain issues have delayed delivery of Green Home Grant funding across the South-East. The closure of the domestic and non-domestic Renewable Incentive (RHI) schemes may also impact on the uptake of low carbon heat solutions.

Ensuring that new build development is capable of operating with zero carbon emissions by 2050 without the need for expensive retrofit is a major opportunity to minimise Merton's retrofit burden. The recently reviewed Local Plan policies, if adopted, could make Merton the first Council in the UK to introduce policies which require new build development from 2025 to use energy systems and levels of energy efficiency which are compatible with achieving zero carbon emissions on site by 2050 without expensive retrofit. Higher local standards may have a short-term impact on development if other London boroughs do not quickly follow suit. Wider national planning reform threatens to remove the power of Local Authorities to enforce local targets for all development.

Merton is a constrained area in terms of electricity supply. Further work needs to be done to establish the necessary changes to support a transition in energy infrastructure towards electric heating and vehicles. This will be informed by Merton's Energy Masterplan.

Transport:

Emissions from transport did not change significantly across the time series, with a small 6 ktCO₂eq total decrease between 2017 and 2019. This was mostly due to a 22% decrease in emissions from buses and rail, as the majority of rail emissions in Merton are from electric trains, which reflects the decarbonising of the UK electricity grid. If the trend of decarbonisation of the National Grid continues thereby decreasing emissions from electricity usage in buildings, the proportion of transport emissions to the total borough emissions may increase in future years.

Notwithstanding the limited change in emissions, car traffic in Merton increased between 2017 and 2019 and is expected to increase in the short term as a result of fewer people using public transport due to Covid-19⁴¹. Reducing carbon emissions from motor vehicles will require the implementation of a

⁴¹ Car traffic decreased in 2020 due to lockdowns but is expected to increase in the short term (<https://www.bbc.co.uk/news/uk-england-london-59949097>).

comprehensive package of transport measures that support a shift to sustainable travel options alongside measures to better manage car use, including through a transition to low emissions vehicles for essential car journeys.

The Government's decarbonising transport strategy sets out an ambition for half of all journeys in towns and cities to be cycled or walked by 2030. Achieving this increase in active travel will require significant investment in improved walking and cycling infrastructure in the borough. Merton will produce cycling and walking strategies by 2023 which will set out more detailed proposals for cycle and pedestrian route development but this can be challenging due to physical constraints of Merton's public realm and inadequate levels of funding. Development of cycling and walking strategies that are robust and ambitious enough to achieve the decarbonisation of transport necessary to meet 2050 targets will require significant future political and financial commitment, and this remains uncertain.

There is also an opportunity to work with partners including TfL, Network Rail and Public Transport Operators to plan for a long-term transition of public transport infrastructure fit for 2050 low carbon transport. TfL's business plan⁴² is consistent with decarbonising public transport in line with Merton's carbon targets. However, the continued uncertainty around the long term impacts of Covid on public transport in London mean there is a continued risk of both ongoing reductions to existing public transport services in the borough and on the delivery of proposed improvements including Cross Rail 2 and Sutton Tram Link. This is likely to impact on the delivery of a sustainable transport led recovery to Covid and the ability to achieve the long term reduction in car use necessary to reach Merton's 2050 target.

Reducing carbon emissions from transport will also require the implementation of policies and measures to reduce overall car use and to enable a shift to zero emissions vehicles for essential journeys. Parking policies are one of the most effective tools available to the Council to manage vehicle use and the Council has adopted parking policies and pricing structures that support sustainable transport objectives, including through the introduction of a £20 EV parking permit. However, achieving the required reduction in car use and emissions is also highly dependent on national and regional policies and initiatives, such as the government proposals to end the sale of petrol/ diesel cars by 2030 and the proposed London wide expansion of the ULEZ in 2023. Indeed, over the last year a greater than anticipated transition to ownership of lower emissions was observed, which alongside concerns over costs of living increases, meant that in 2021 Cabinet resolved not to proceed with the proposed introduction of new emission-based parking changes.

The delivery of EV charge points, whilst ahead of many London boroughs, falls below the number needed to meet anticipated future demand, and there are untapped opportunities to encourage businesses to add EV charging to replace standard private parking bays. The Council will develop an EV strategy that will set out how it will support the delivery of the charging infrastructure necessary to support the projected transition to electric vehicles. This will be balanced with concerns about the sustainability of battery technology and the "whole life" emissions associated with electric vehicles and will ensure that a shift from cars to walking, cycling and public transport remains the priority of Merton's transport policies.

⁴² Mayor of London, TfL Business Plan 2020/21 to 2024/25, available at: <https://content.tfl.gov.uk/tfl-business-plan-2019.pdf>.

Greening Merton:

Merton already has a high % tree cover and strong commitments to ensure protection of parks and open spaces through the open space strategy, Local Plan and GLA policies. The Council's management of green spaces and streets is mainly focused on maintenance as opposed to an increase or enhancement of greenery in Merton. Tree planting is broadly consistent with the rate of planting needed to achieve a 10% increase in tree cover in line with the Mayor's target for London⁴³; in part due to a long-standing partnership with the voluntary sector, particularly Merton's volunteer Tree Wardens, who increase tree planting and support aftercare. However, this target will need to be reviewed once Merton's Tree Strategy is drafted and the iTree survey complete. Merton's Tree Strategy will help develop a more strategic and integrated approach to tree planting in Merton.

Further opportunities for tree planting in the public realm tend to be small and fragmented, making it challenging and not very cost effective for the Council to improve and maintain in isolation. The removal of funding for previous initiatives such as "Dig Merton" have resulted in spaces that were previously regenerated by volunteers to be neglected, despite potential to significantly increase community planting⁴⁴. Opportunities to increase tree planting on private land are likely to be higher than in the public realm, but are much harder to initiate except where tree protection orders apply and where changes in land use impact on planning decisions.

Opportunities to increase vegetation through "grey to green"⁴⁵, are currently unknown, but in 2021, Merton's Climate Action Group secured some funding with Kingston University to map unutilised space in the borough to help better target it for planting. Community-led initiatives like Merton Garden Streets also have an important role to play in greening Merton.

The concept of natural capital brings together the potential benefits of using blue/green infrastructure⁴⁶ to reduce the impacts of hot weather and flooding through shade and sustainable drainage, improve resilience of biodiversity and capture carbon to offset emissions. All of these, to some extent, have been progressed, and further opportunities can be realised through the identification of suitable sites.

⁴³ Mayor of London (2018) London Environment Strategy, available at: <https://www.london.gov.uk/what-we-do/environment/london-environment-strategy>.

⁴⁴ 74% of respondents to the Climate Consultation survey 2019-20 indicated that they would be willing to plant a tree as part of a community planting effort.

⁴⁵ "Grey to green" means the replacement of areas of hard standing such as paving, with natural vegetation, including the removal of paving, natural sustainable drainage or flood management, the additional of green walls and roofs,

⁴⁶ Blue/Green Infrastructure: Comprises the network of parks, rivers, water covered spaces and green spaces, plus the elements of the built environment, such as street trees, green roofs, sustainable drainage systems, flood storage or water management corridors all of which provide a wide range of benefits and services.

Council 2030 Target:

Reported emissions for Merton Council totalled 9 ktCO₂eq in 2020, representing a 12% reduction compared to 2019, and a 19% reduction compared to the 2018 baseline. Estimated emissions for Merton Council are decreasing slightly faster than the pathway trajectory outlined in Merton's Decarbonisation Pathways Modelling carried out in 2019/20⁴⁷. This may in part be due to the Covid-19 pandemic, the long-term trends of which remain unclear.

Emissions from electricity usage in Council operational buildings decreased between 2018 and 2020. This is in part due to the continual decarbonisation of the National Grid⁴⁸, but also due to reduced electricity consumption reflecting a shift towards working from home. As a consequence of the pandemic, the Council is likely to implement hybrid working (a mix of working in the office and working from home) for LBM staff, which may sustain lower levels of energy consumption in Council operational buildings. However, staff engagement and training should highlight steps that individuals can take to save energy whilst working from home in order to reduce any emissions "outsourced" to staff homes. Council efforts to convert streetlights in Merton has also directly resulted in reduced emissions between 2018 and 2020.

However, gas consumption in school buildings increased in 2020. Based on anecdotal evidence, this is likely in response to the requirement of schools to increase ventilation rates to reduce the spread of Covid resulting in increased heating over the winter period.

Prior to Merton's declaration of a Climate Emergency, through a 10 year "spend to save" investment programme, the Council had also already installed a number of energy saving measures and renewable technologies across its operational estate and community schools. This programme of measures helped reduce emissions from the Council and community schools but also makes the substantial shift to a net-zero carbon Council building stock harder to achieve because the most straight-forward and cost effective measures are already in place.

The availability of short-term grant funding has the potential to accelerate works, but the extremely challenging timescales mean that only low level works can be funded unless projects are "shovel ready" and can deliver within a ~6 month timeframe. This is particularly true for Community schools, which pose greater delivery challenges and for which the Council has less control. Supply chain issues resulting from Covid, Brexit and the increased availability of funding for retrofit projects, as well as the market volatility in energy costs resulting from the current energy crisis, are adding to the complexity of an already challenging funding landscape, and are expected to continue in the short term. Longer term impacts are currently unknown. The intense competition in the market for energy professionals may also affect the recruitment of qualified staff to progress the Council's estate decarbonisation plans.

Covid has also radically changed patterns of travel for most staff. There was a reduction in Council fleet vehicle miles and mileage claims in 2020, likely resulting from a shift to working from home and moving some services online. The greater degree of home working will reduce emissions from travel, but it

⁴⁷ Aether (2022) London Borough of Merton Greenhouse Gas Inventory Report 2021, available at: <https://www.merton.gov.uk/planning-and-buildings/sustainability-and-climate-change/climate-emergency>.

⁴⁸ By sourcing 100% of its electricity supply through a green electricity tariff, the Council has contributed to the decarbonisation of the electricity grid.

is not known the extent to which increased fuel consumption from home-working will offset this impact. The Council will continue to encourage a greater degree of active and sustainable travel. Demand for staff cycle parking and travel infrastructure will be reassessed once future staff travel patterns are better understood.

In terms of decarbonising Merton's fleet, whilst the additional cost of electric vehicles may be compensated by the much lower fuel costs in cars and light goods vehicles, the business case to purchase heavy vehicles such as buses and refuse lorries is much more challenging both in terms of costs and an operational track record. A change will also require additional EV charging infrastructure at the Civic Centre, Garth Road and other sites, which will likely require energy infrastructure upgrades and additional funding. This will be informed by Merton's fleet decarbonisation strategy.

Reported emissions from Highway Works vehicles doubled in 2020 compared to 2019. This may have been due to the delivery of Merton's emergency transport response to COVID-19 to improve road safety, support social distancing and provide more space for walking and cycling. There were also likely more opportunities for increased roadworks with minimal disruption to the public, particularly during the initial lockdown period, when there were fewer vehicles on the road.

Emissions resulting from Merton's Pensions Fund are reducing. The Council will continue to move its pension's investments to low carbon investments, whilst balancing the Fund's requirements to ensure investments deliver the expected returns to meet members' benefits and to keep the employers' contribution stable. The Council's updated procurement procedures will help understand and reduce emissions from future procured goods and services. Emissions from the Council's existing procurements are largely unknown apart from the key services identified in Section 2, and there is substantial scope to work with existing providers to reduce emissions.

ANNEX 1: CLIMATE CHANGE WORK PROGRAMME

Workstreams

Eight workstreams cover all areas where carbon emission reductions are required, but are designed to fit in with existing departmental structures and processes to make monitoring and oversight more efficient. The figure to the right shows how the eight workstreams map onto the key areas of Merton’s Climate Strategy and Action Plan.

The aims of each of the workstreams are summarised in the table below. Aims that “encourage” action show where the Council does not have direct control on emissions, but is seeking to influence or support others to reduce carbon emissions.

	GREEN ECONOMY	BUILDINGS/ ENERGY	TRANSPORT	GREENING MERTON
2050 BOROUGH TARGET	WS8: LBM procedure, Communication and outreach			
	<p>WS1: Sustainable consumption and low carbon economy</p> <p>Public consumption of goods and services in Merton, supply chains and investments from businesses operating in Merton, commercial and industrial waste collection and processing, Local Authority waste processing.</p>	<p>WS2: Retrofit of the residential and non-residential building stock</p> <p>Owned, occupied and Private rented residential and non-residential Social / Council non-operational buildings/ Buildings of emergency services and public health</p>	<p>WS4: Transport infrastructure and modal shift</p> <p>Vehicles registered in Merton, Vehicles from outside the borough driving into Merton, Public transport, Transport infrastructure</p>	<p>WS5: Green Infrastructure</p> <p>Green spaces on private land, Green spaces managed by organisations other than the Council, Green spaces managed by the Council, Public realm (e.g. street trees, sustainable</p>
		<p>WS3: Future new build and regeneration</p> <p>Major regeneration, Energy infrastructure, New buildings</p>		
		<p>WS6: Academies and Faith Schools</p>		
2030 BOROUGH TARGET	<p>WS6: LBM Estate and fleet management</p> <p>Council owned Local Authority waste collection vehicles</p>			
	<p>WS 7: LBM Procurements and investments</p> <p>Services procured by LBM, Investments, Consumption in LBM</p>	<p>SW6: Street Lighting</p> <p>Community schools, Council owned operational buildings</p>	<p>SW4: Street Staff Travel</p> <p>Council owned vehicles</p>	

Summary of workstreams

Work stream	Key aims	Lead department
<p>Workstream 1:</p> <p>Sustainable consumption and low carbon economy</p>	<p>Encourage consumers to reduce their carbon footprint through the purchase of local and sustainable goods and services, preventing waste and reusing/ recycling where possible.</p> <p>Encourage businesses to provide local and sustainable products, minimise waste, reduce greenhouse gas emissions from supply chains and provide clear information to customers about sustainable products.</p> <p>Encourage businesses to foster low carbon practices from staff and corporate functions such as finances.</p> <p>Reduce emissions from the processing of Local Authority collected waste using the principles of a circular economy.</p>	<p>Environment and Regeneration</p>
<p>Workstream 2:</p> <p>Retrofit of homes, businesses and non-residential building stock</p>	<p>Encourage home owners and landlords to retrofit energy efficiency measures in existing homes and non-residential buildings across the borough.</p> <p>Encourage home owners and landlords to install locally produced renewable energy.</p> <p>Encourage residents and business to take up low carbon heating.</p>	<p>Environment and Regeneration</p> <p>Community and Housing</p>
<p>Workstream 3:</p> <p>Future new build and regeneration</p>	<p>Enable all new developments and LBM regenerated public spaces in Merton to be zero carbon capable without expensive retrofit by 2025.</p> <p>Ensure all new developments and LBM regenerated public spaces are designed to be adapted to the impacts of temperature change and support the major decarbonisation transitions in energy, transport and the economy.</p> <p>Ensure utility companies' energy infrastructure supports a transition to low carbon energy use in the borough.</p>	<p>Environment and Regeneration</p>
<p>Workstream 4:</p> <p>Transport infrastructure and modal shift</p>	<p>Encourage consumers to decrease the number of petrol and diesel vehicles.</p> <p>Encourage people living, working and studying in Merton to increase active and sustainable travel.</p> <p>Develop walking, cycling and electric vehicle infrastructure.</p> <p>Encourage government and TfL to accelerate the decarbonisation of public transport.</p> <p>Encourage sustainable and active travel amongst LBM staff.</p>	<p>Environment and Regeneration</p>

Workstream 5: Green infrastructure	Encourage additional planting on private land. Increase tree cover on appropriate public land (in keeping with the open space strategy). Deliver green infrastructure projects. Encourage increased public participation in community planting.	Environment and Regeneration
Workstream 6: LBM Estate and fleet management	Decarbonise LBM operational buildings by 2030. Decarbonise LBM Community schools by 2030. Decarbonise all council owned non-operational buildings by 2050. Encourage the decarbonisation of all Academies and Voluntary-aided schools by 2050. Ensure all Council-owned buildings are adapted to the impacts of temperature change and support the major decarbonisation transitions in energy, transport and the economy. Decarbonise LBM's owned fleet (including waste collection fleet) by 2030.	All Departments
Workstream 7: LBM Procurements and investments	Reduce greenhouse gas emissions associated with goods and services procured by LBM on behalf of Merton residents. Reduce greenhouse gas emissions associated with LBM investments such as pensions.	All Departments
Workstream 8: Communication, outreach and LBM corporate procedure	Ensure that LBM staff and Councillors understand how to consider climate change in their work areas and feel empowered to act. Ensure effective communication of climate messages reach all residents, businesses and organisations in Merton especially in the east of the borough. Ensure that residents, businesses and organisations feel empowered to act to reduce emissions and adapt to the impacts of climate change.	All Departments

Governance

The Delivery Plan will be regularly reviewed by Cabinet and the Overview and Scrutiny Commission, who have responsibility for overseeing the delivery of Merton's Climate Strategy and Action Plan. The Sustainable Communities and Transport Partnership will form the main external stakeholder engagement and will be invited to review the plan on a regular basis.

ANNEX 2 – FORMING A BASELINE ASSESSMENT FOR MERTON’S CLIMATE STRATEGY AND ACTION PLAN, AND DELIVERY PLAN

Indicators for the overall delivery plan

There may not be a direct correlation between emission reductions and the success of the Delivery Plan, because the plan only covers actions undertaken by the Council; most of which are enabling and do not reduce emissions in themselves. The following indicators are being used/ developed to test progress against the wider aims set out in the Climate Strategy and Action Plan, considered on an annual basis.

- Public perception of the importance of taking action to tackle climate change, tested through the bi-annual survey.
- Public perception of Council leadership and commitment to the Climate Change agenda, tested through the bi-annual survey.
- Public feeling on engagement and empowerment to act on climate change issues; tested through the bi-annual survey (TBC).
- Staff perception of being engaged, empowered and equipped to help deliver the Council’s part in Merton’s Climate Strategy & Action Plan, tested through a staff climate survey.
- Spend on projects which deliver Merton’s Climate Strategy and Action Plan objectives (internal and external), gathered from finance leads on an annual basis.

Performance indicators for the workstreams

A set of indicators, set out in Merton’s Climate Strategy and Action Plan under “*Measuring Success*”, do not directly measure emissions but provide information about the rate of progress for important aspects of the plan. These provide more granular information relating to the speed at which change is taking place within Merton, compared to monitoring greenhouse gas emissions alone. It does not directly indicate the

Council’s performance, but may indicate where the Delivery Plan needs to be adapted to better support emissions reduction across the borough.

Indicators have been reviewed since the Year 1 Delivery Plan was published and updated to use more robust and accessible data sources. Additional indicators have also been added to better track progress against the 8 workstreams.

Progress against the workstreams

Individual actions within each workstream will be assigned a RAG rating based on the likelihood of achieving this action in the following year within the resources and timescales available to the Council. These are used to indicate where resource or other barriers may prevent action being completed on time.

RAG definitions for individual actions

Green	High likelihood that the action will be completed. The completion of the action will be to the depth and quality expected to fulfil its part in the workstream.
Amber	Likelihood that the action will not be completed to the depth and quality needed to fulfil its part in the workstream.
Red	High likelihood that the action will not be completed, or fall well short of the depth and quality needed to fulfil its part in the workstream.

Using the score of individual actions Climate Change officers have undertaken a risk assessment over all workstreams, identifying where the

sum of the likely activity will fulfil the obligations set out in the Climate Strategy and Action Plan.

The table below shows how the RAG ratings have been defined for the workstreams overall.

RAG definitions for the workstreams

Green	Most council actions within this workstream are likely be sufficiently funded and progress well. The total of the actions within this workstream is sufficient for the Council to effectively reduce its own emissions in line with the net-zero target and/or support others to reduce emissions, consistent with meeting the obligations set out in Merton’s Climate Strategy and Action Plan.
Amber	Some or all actions within the workstream may not be progressed to their full extent, due to resource, policy or other barriers. This may result in the Council not reducing its own emissions in line with the net-zero targets, or not supporting others to reduce emissions, consistent with meeting the obligations set out in Merton’s Climate Strategy and Action Plan.
Red	It is highly likely that some or all actions within the workstream will not be progressed, due to resource, policy or other barriers. This is likely to result in the Council not reducing its own emissions in line with the net-zero targets, or not supporting others to reduce emissions, consistent with meeting the obligations set out in Merton’s Climate Strategy and Action Plan.

Greenhouse gas emissions

The main measure of progress towards the net-zero carbon targets will be through an annual estimate of greenhouse gas emissions in relation to the 2050 and 2030 targets. Greenhouse gas estimates rely on national datasets which may be 1-2 years old, so cannot give a strong real-time indication of emission reductions or show the impacts of specific local actions.

For the 2050 target, the data is collected by fuel source and can therefore be used to individually track progress against energy use in buildings, transport and land use. The scope of the greenhouse gas inventories does not include emissions from consumption at present so cannot be used to track progress towards a green economy.

For the 2030 target, emissions data is collected from operational buildings, streetlighting, council-owned and operated vehicles, and emissions associated with contracted work in relation to waste collection, the maintenance of green spaces and highway maintenance. It cannot be used to track emissions from investments, other procurements and staff travel. The intention is to include all emissions where the data is available.

Progress against Net-zero targets

Climate Change officers will undertake an assessment of the strengths, weaknesses, opportunities and threats for the 5 areas set out in Merton’s Climate Strategy and Action Plan. This includes action taken by the Council but also wider factors. This will lead to a “high, medium or low” judgement about the likelihood that Merton is on track to deliver its greenhouse gas emission targets.

ANNEX 3 – IDENTIFICATION OF DELIVERY ACTIONS

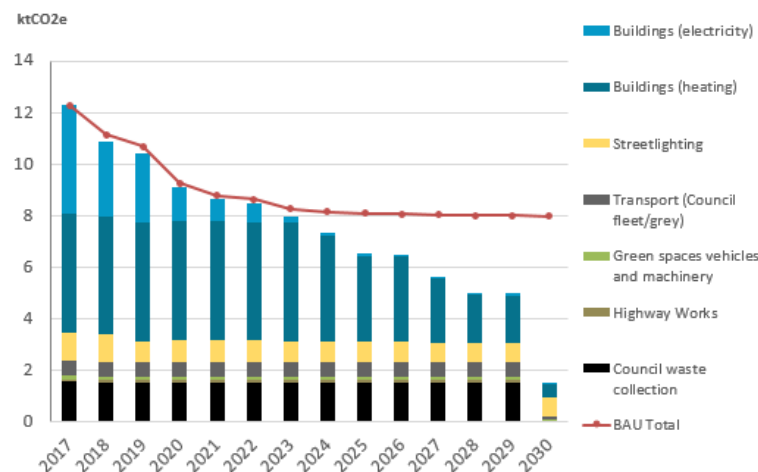
Use of evidence in identifying delivery actions

The London Borough of Merton Climate Action Support⁴⁹, written by Aether, was commissioned to provide the main evidence and analysis that underpinned Merton’s Climate Strategy and Action Plan, and has been used to make informed judgements on how the Council might deliver its carbon reduction commitments. For emissions included in the Council’s greenhouse gas inventory, net-zero pathways inform the scale of emissions reduction needed, and the speed at which change is technically feasible.

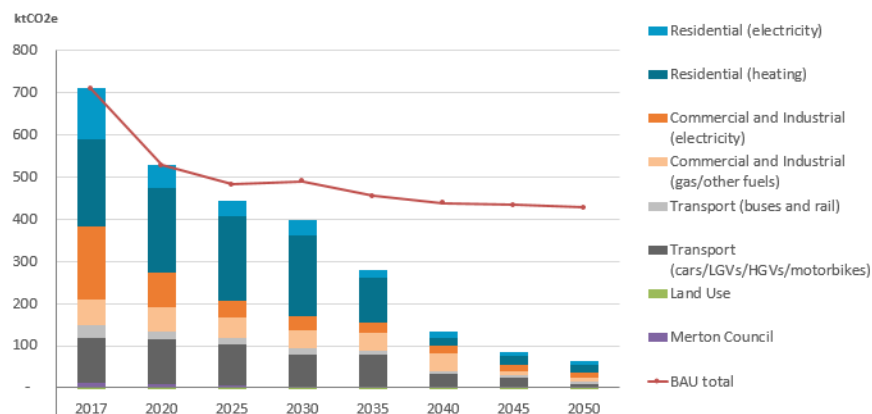
The Strategy includes areas that were not part of the net-zero pathway analysis for Merton, where impacts cannot be accurately estimated, but where a wider evidence base shows that it is important to address the impacts of climate change. For the 2050 targets, these include emissions that occur outside the borough, arising from economic activities such as the provision of goods and services within the borough (mainly in the “Green Economy” section). It also includes adapting to and preparing for the impacts of climate change, such as prolonged and more intense spells of hot weather or flooding (mainly in the “Greening Merton” and “Buildings and energy” sections). For the 2030 target, it relates to the carbon footprint of investments and some of the goods and services procured by the Council. In these cases, other evidence has been used to identify the necessary actions needed.

Net-Zero Carbon Pathway for the Council 2017-2030

⁴⁹ London Borough of Merton Climate Action Support, Aether, June 2020. Available at: https://www.merton.gov.uk/system/files?file=merton_support-climate-action_v3.1.pdf



Net-Zero Carbon Pathway for the Borough 2017-2050



Direct versus enabling actions

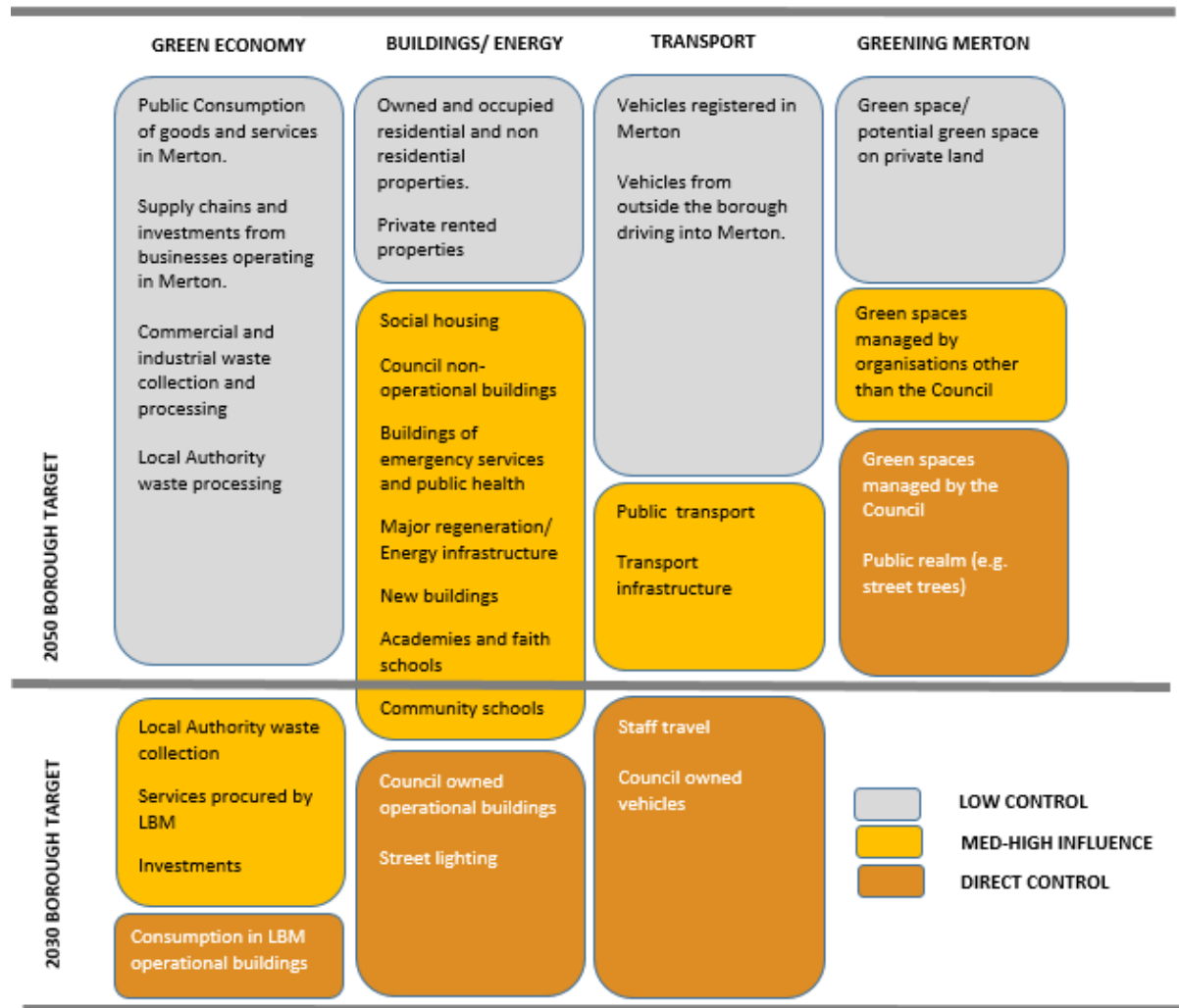
The figure on the right shows levels of Council control over areas of Merton’s Climate Strategy and Action Plan.

Where the Council has direct control over emission reduction, it is straightforward to identify actions in any given year through the modelling outputs. This only applies to a small proportion of the actions, mainly in the “Council 2030 target” section.

In some areas of the Strategy, action owners outside of the Council can be clearly identified (for example TfL, housing providers, etc.). In these cases, the Council is usually in a position to influence or to work collaboratively with stakeholders to reduce emissions.

Where emission reduction is in the hands of individuals, businesses or other organisations, Council control tends to be low. In these cases, enabling actions have been identified, but their impact is harder to measure.

This diagram gives an indication of where the Council has direct control, has medium to high influence, or has a low level of control.



Other key considerations in determining annual priority actions

For some areas of the Council, greenhouse gas emissions reductions are a longstanding consideration and ongoing work is already consistent with reducing emissions. For others there are significant gaps in activity because the Council has not worked to reduce emissions in this area before, or not to the scale required to meet the obligations set out in Merton's Climate Strategy and Action Plan. For the latter, actions are likely to be in the form of options appraisals or project development in early years of delivery.

The national policy framework, resources and funding available will have a major impact on the Council's ability to undertake the actions needed, but are currently hard to predict. Where progress cannot be made due to resource constraints or other barriers, actions include lobbying central Government and seeking funding through external resources.

There are a number of Council activities with objectives that work hand-in-hand with climate change mitigation and adaptation. These include Merton – The Place, the Merton Community Plan 2020-26⁵⁰, the Covid-19 Transport Strategy⁵¹, the Air Quality Action Plan and annual status reports⁵², the Local Plan⁵³ and the Health and Wellbeing Strategy 2019-

⁵⁰ Merton Community Plan 2020-26, LBM; available at <https://www.mertonpartnership.org.uk/community-plan>

⁵¹ Merton's Covid Transport Strategy available at <https://www.merton.gov.uk/streets-parking-transport/lip3>

⁵² Merton's Air Quality Plans and reports available at <https://www.merton.gov.uk/communities-and-neighbourhoods/pollution/air-quality-and-air-pollution/local-air-quality-management>

⁵³ Merton's Local Plan (2021) available at <https://www.merton.gov.uk/planning-and-buildings/planning/local-plan/newlocalplan/local-plan-submission>

2024⁵⁴. The Climate Change work programme is not aiming to duplicate existing programmes, but to embed climate mitigation and adaptation within them.

⁵⁴ Merton's Health & Wellbeing Strategy 2019-24 available at <https://www.merton.gov.uk/healthy-living/publichealth/strategies>

ANNEX 4 – PROGRESS AGAINST Y2 PRIORITY ACTIONS AND IDENTIFICATION OF Y3 PRIORITY ACTIONS

Workstream 1: Sustainable consumption and low carbon economy

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
1	Develop and deliver a climate engagement and communications strategy to promote sustainable consumption, waste reduction and low carbon behaviours	G	CS Comms E&R Future Merton	This is covered by action 1 in workstream 8; please see update below. This action will be deleted to avoid repetition.		
2	Lobby for faster change in promoting a low carbon economy	G	E&R Future Merton	<p>Throughout 2022 the Council engaged with a number of pan-London groups to lobby for faster change in promoting a low-carbon economy. This included:</p> <ul style="list-style-type: none"> the London Environment Directors Network (LEDNet), the London Council Climate Programmes, the South London Partnership (SLP) Skills & Employment Working Group, and the SLP Green New Deal Working Group. <p>In 2022, the Council also fed back to national government regarding mechanisms to support the development of a low carbon economy through the Net Zero Review consultation⁵⁵.</p> <p>In 2022, the Council also allocated funding to recruit a new member of staff from 2023 to support the development of a low carbon economy in Merton. This new role will enable greater engagement with businesses, Business Improvement Districts and partners to</p>	Lobby for faster change in promoting a low carbon economy	G

⁵⁵ <https://www.gov.uk/government/consultations/review-of-net-zero-call-for-evidence/net-zero-review-call-for-evidence>

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
				promote low carbon business in Merton, help develop local green skills and jobs, and support local circular economy initiatives.		
3	Identify opportunities to embed a green recovery in Merton's response to COVID-19	G	E&R Future Merton	<p>The Council continues to engage with London Councils' seven programmes on climate change⁵⁶ and the London Recovery Board's Green New Deal mission⁵⁷.</p> <p>Through the South London Partnership Green New Deal working group, the Council is working to share best practice, and to identify and develop opportunities for collaboration towards a Green Recovery in South London. Collaborative projects in 2022 included several best practice sharing sessions, the development of the South London Zero Waste Map⁵⁸ and the development of a digital retrofit roadmap concept to encourage and support homeowners in South London to retrofit their properties.</p> <p>The Council continues to support Merton's Climate Action Group and other local partners in developing community-led climate action projects.</p> <p>In 2022, officers have also secured funding for a range of projects which will help embed a green recovery from the COVID-19 pandemic and the Cost of Living crisis, including:</p> <ul style="list-style-type: none"> • a new member of staff to lead on developing a green economy in Merton; • a business retrofit support scheme to help businesses in Merton decarbonise and save on their energy bills; 	Identify opportunities to embed a green recovery in Merton's response to the Cost of Living Crisis	A

⁵⁶ <https://www.londoncouncils.gov.uk/our-key-themes/environment/climate-change>

⁵⁷ <https://www.london.gov.uk/coronavirus/londons-recovery-coronavirus-crisis/recovery-context/green-new-deal>

⁵⁸ <https://southlondonpartnership.co.uk/place/slp-zero-waste-map/>

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
				<ul style="list-style-type: none"> continued support for climate engagement across Merton; a Climate Action Fund to support local climate action projects; a community retrofit loan scheme for homeowners in Merton looking to retrofit their properties who are not eligible for national and regional funding; and a tool for embedding climate change and carbon reduction in all major Council decisions to ensure that decisions are in keeping with Merton's net zero commitments. 		
4	Identify low carbon skills gaps and opportunities for upskilling	G	E&R Future Merton	<p>The Council continues to work with the South London Partnership (SLP) to identify low carbon skills gaps and opportunities for upskilling in South London. This includes:</p> <ul style="list-style-type: none"> Establishing a Green Skills Academy (launched in February 2022) to co-ordinate work between training providers and employers to maximise green skills and jobs in retrofit, green space and reduce-reuse-recycle; Launching Phase 2 of the Green Jobs and Skills London Report⁵⁹ (March 2022) which provides a solid foundation of research into the key green industries in the sub-region; Developing the South London Careers Hub⁶⁰, a digital resource and website to identify the types of roles in the green economy and the skills needed to follow these paths connecting to local provision and job vacancies; Launching the South London Knowledge Exchange Project to help facilitate research and innovation with businesses and educational institutions, which will help develop green skills in South London. A number of programmes are coming out of this with a focus on 	Identify low carbon skills gaps and opportunities for upskilling	G

⁵⁹ <http://southlondonpartnership.co.uk/2022/03/01/report-identifies-rapid-growth-in-green-jobs-in-south-london/>

⁶⁰ <http://southlondonpartnership.co.uk/skills/south-london-careers-hub/>

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
				<p>social value and procurement, supply chains, and developing the local economy;</p> <ul style="list-style-type: none"> • Launching the B.I.G. (Business, Innovation & Growth) Programme with two main sites in Merton with the aim to have affordable workspaces in the borough for collaboration between entrepreneurs, businesses and nominated Universities across South London. Morden Crown Creative on London Road will be one site. The second site will be a Mitcham Cluster comprising of Canons House & Grounds, Vestry Hall, Wimbledon Library and The Workary at Mitcham Library. These workspaces will provide a thriving environment for a plethora of activities including supporting the Green Economy on a local and sub-regional level. <p>Through the SLP Skills and Employment Working Group, Merton supports a number of training and employment programmes which have a role to play in developing low carbon skills in Merton. This includes:</p> <ul style="list-style-type: none"> • the 'Work & Health' programme which focusses on retraining local residents with various health conditions and disabilities upskilled and into work; • the GLA's No Wrong Doors Project' which coordinates skills, careers and employment support as part of the London Recovery for every resident regardless of skill level/ability through the Integration Hub; • 'Restart' which aims to reskill people affected by Covid and require minimal employability support into jobs; and • the Mayor's Construction Academy Hub for South London which is looking to support an expansion of green construction jobs <p>The Green Skills Academy Programme will also facilitate the upskilling of residents into the green sector through employer-led training and</p>		

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
				<p>apprenticeship pathways that lead to identified green jobs in the sector. All programmes will run throughout 2023.</p> <p>Merton's Towards Employment team⁶¹ has been working with partners to develop a number of local training opportunities and employment pathways to help develop green skills locally. In 2022, projects included:</p> <ul style="list-style-type: none"> • Providing a work experience opportunity for Merton's Care Experienced Young People to help build furniture from recycled wood for the Canons House pop up café, learning carpentry skills and contributing to the local circular economy⁶². • Delivering a digital marketing work experience opportunity for young residents, with a particular focus on communicating sustainability themes (May-June 2022). Through this experience young residents contributed digital content to promote the circular economy in advance of Merton's Canons Summer Fair in June 2022. • Developing a railway maintenance training programme, starting in 2023, which will support residents into employment in the railways industry. • Developing a moped delivery pathway. Young residents are recruited by the franchise Dominos to become a part time moped delivery driver. Towards Employment will pay for the young person's provisional licence and support them onto the Compulsory Basic Training (CBT) course. 		

⁶¹ Merton's Towards Employment team develop and deliver projects that increase the economic wellbeing of young people. Engaging Merton's young people from marginalised, economically vulnerable cohorts in debate and activity that increases their awareness of green agenda.

⁶² <https://www.merton.gov.uk/planning-and-buildings/sustainability-and-climate-change/case-studies>

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
				<p>The Council has also recently procured a provider to deliver Merton's green skills adult education programme. This involves embedding green skills elements into all of Merton's adult education curriculum provision and retraining tutors. A refreshed Adult Learning Strategy also emphasises the importance of this provision and the alignment to moving more residents into 'good' work. Initial course delivery has started with more provision to be mobilised from January 2023. The first course launched is an Introduction to Green Skills for residents, and any feedback will help shape more specified courses.</p> <p>Increasing climate communications has also helped to raise general climate awareness and highlight green skills opportunities in and around Merton. Examples include the Council's social media campaign to raise awareness of Green Careers Week (7th-11th November), which yielded positive engagement, as well as regular promotions of The Wheel's repair cafes and workshops for residents to learn repair skills.</p> <p>Meanwhile, project development and engagement through Merton's Climate Action Group has resulted in two residents being employed to manage these local projects. The Council also supports other volunteer-led initiatives which help upskill local residents through the Neighbourhood Fund and Ward allocations (e.g. Sustainable Merton's Community Champions).</p> <p>In 2022, officers secured funding to recruit a new member of staff to lead on the development of a low carbon economy in Merton; part of this role will involve supporting the development of low carbon skills and jobs in Merton.</p>		
5	Support local projects which promote sustainable	G	E&R Future Merton	In 2022, the Council has supported a number of projects which promote sustainable consumption and a circular economy:	Support local projects which promote sustainable	G

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
	consumption and a circular economy		E&R Waste Team E&R Regulatory Services	<p>The Council continues to support Merton's Climate Action Group (MCAG) to help foster community-led climate action. This includes funding the development of The Wheel⁶³, a circular economy hub for Merton, through the Neighbourhood CIL Fund.</p> <p>In 2022, Merton was one of 12 local authorities across the country to secure funding from the Net Zero Innovation Programme⁶⁴. Working with University College London (UCL) and The Wheel, funding will be used to establish a pilot project investigating how small to medium sized enterprises (SMEs) on our highstreets can aggregate and reduce waste and become more resource efficient.</p> <p>In partnership with the SLP, Merton helped develop the South London Zero Waste Map⁶⁵ which sets out recycling and repair facilities, zero waste shops and community sharing services in South London, to reduce waste and promote a circular economy.</p> <p>The Council continues to support the Business, Innovation & Growth (BIG) South London Knowledge Exchange programme. This has a focus on growing local business with sustainability and green initiatives as key objectives. The workspaces are scheduled to open in 2023 and will have a dedicated Cluster Manager to help meet the project integration and business engagement targets. It is hoped that the project will have a longstanding legacy post-programme and add value to the overall employability landscape in the borough.</p>	consumption and a circular economy	

⁶³ <https://www.thewheelmerton.org/>

⁶⁴ <https://news.merton.gov.uk/2022/11/15/merton-success-in-net-zero-innovation-programme-bid/>

⁶⁵ <https://southlondonpartnership.co.uk/place/slp-zero-waste-map/>

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
				<p>The Council also continues to support local projects like the Morden Library of Things, Merton's Community Fridge and Sustainable Merton's Community Champions through Merton's Neighbourhood Fund, which all help promote a circular economy and sustainable consumption.</p> <p>Merton's waste team:</p> <ul style="list-style-type: none"> • continue to deliver Merton's contamination and excess waste programme and Flats Improvement Programme; • are exploring the possible expansion of the range of materials that can be accepted for recycling at the kerbside; • are promoting a partnership with its textile and Waste Electrical and Electronic Equipment collector; • are trialling food waste collections from flats above shops with the aim of introducing food waste collection pilots; • are championing food waste reduction initiatives and food waste incentivisation projects; • are expanding the range of materials that can be accepted for recycling at the Household Reuse and Recycling Centre; and • are exploring a Reuse shop. 		
6	Support mechanisms that promote low carbon practices in local businesses	A	E&R Future Merton	<p>Merton celebrated businesses through Merton's annual Best Business Awards, including Merton's Climate Action award to celebrate businesses who demonstrated mechanisms to reduce their carbon emissions.</p> <p>The Launch of the Merton Local App⁶⁶ encourages residents and businesses to reduce their carbon footprint and shop local. To date there have been over 3,900 resident downloads and 343 businesses</p>	Support mechanisms that promote low carbon practices in local businesses	A

⁶⁶ <https://www.merton.gov.uk/business-and-consumers/local-app>

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
				<p>registered since the launch of the App in the Summer. Click and Collect as well as special offers are available all via an app on your phone.</p> <p>The Council's procurement processes encourage local businesses to consider their environmental impact as part of the Council's tender processes.</p> <p>The Council also uses its weekly business bulletin as a platform to share messaging and opportunities to promote change towards low carbon models.</p> <p>In 2022, the Council launched its new Business Support for Cost of Living and Climate Action web page⁶⁷ to help businesses reduce their energy costs and carbon emissions. Starting in November 2022, there is at least one business feature in every Climate Action Newsletter (released monthly).</p> <p>As above, the Council has also allocated funding to recruit a new member of staff to lead on the development of a low carbon economy and a business retrofit support scheme, which will enable greater engagement with and support for local businesses.</p>		
7	Continue roll-out of town centre dual stream waste bins to promote recycling and minimise waste	G	E&R Waste	In 2021, in partnership with Evian (sponsors), Hubbub and Sustainable Merton, the Council piloted new on-street waste infrastructure in Wimbledon town centre during the Championships to encourage residents and visitors to recycle on the go. Funding allowed 50 of the existing dual bins to be replaced. Waste audits before and after implementation show a marked increase in capture of the two	Continue roll-out of town centre dual stream waste bins to promote recycling and minimise waste	R

⁶⁷ <https://www.merton.gov.uk/business-and-consumers/business-support-and-advice/cost-living-climate-action>

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
				<p>recyclable materials collected in the recycling side of the bins (plastic bottles and cans). An additional 35 bins were purchased and installed in spring 2022. This completes the upgrade of Wimbledon Town Centre dual bins.</p> <p>A full litter bin audit has been completed for Morden and Mitcham town centres with all litter bins assessed, and findings documented along with location grid reference. Roll-out will be subject to securing funding in 2023.</p>		
8	Continue to explore opportunities to promote low carbon behaviours, jobs and skills through the regeneration of Morden town centre	A	E&R Future Merton	<p>Large-scale regeneration projects are complex and can take time to deliver. Officers are researching delivery and funding options in the post-COVID19 environment. The regeneration of Morden town centre remains a great opportunity to embed low carbon behaviours, jobs and skills. The Council will continue to explore opportunities to promote low carbon behaviours, jobs and skills as part of the regeneration.</p> <p>Small projects, similar to the temporary parklet in Abbotsbury Road, will be delivered in various locations within this large town centre site.</p>	Continue to explore opportunities to promote low carbon behaviours, jobs and skills through the regeneration of Morden town centre.	A
9	Work with partners at the SLWP and Viridor to identify and deliver opportunities to reduce emissions from the processing of local authority collected waste in Merton.	A	E&R Future Merton E&R Waste	The Council continues to work with Viridor (the Beddington ERF operators) and the South London Waste Partnership (SLWP) to baseline, monitor and reduce the carbon impact of our waste treatment activities. In 2022, the SLWP and Viridor have been working to refine the baseline reporting for the Beddington ERF. Merton will continue to contribute to decarbonisation plans through the SLWP steering group and the Beddington ERF Carbon Management Plan ⁶⁸ .	Work with partners at the SLWP and Viridor to identify and deliver opportunities to reduce emissions from the processing of local authority collected waste in Merton.	A

⁶⁸ Available here: <https://moderngov.kingston.gov.uk/ieListDocuments.aspx?CId=432&MId=9275&Ver=4>

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
				<p>From January to March 2023, the SLWP will be running a plastics recycling campaign linking into the message of reducing plastic waste and carbon.</p> <p>The Council is also currently reviewing alternative disposal and processing options for wood delivered into the Household Reuse and Recycling Centre at Garth Rd.</p>		
10	Adoption of the draft South London Waste Plan as a Local Plan document by all four partner boroughs.	G	E&R Future Merton	<p>Merton and Sutton adopted the new South London Waste Plan in November 2022 and Croydon and Kingston are due to consider adoption in December 2023.</p> <p>Merton now has an up-to-date waste planning document which ensures that, along with its partner South London boroughs, it will have sufficient waste management capacity to enable the management of waste to be driven up the waste hierarchy and for the area to be net-self-sufficient with regards to waste management, for the next 15 years.</p>		
11	Consider financial and other mechanisms to incentivise low carbon performance in local businesses, and to support the development of the local green economy.	R		Officers have secured funding to recruit a new member of staff who will lead on this area of work from 2023. Funding has also been secured to establish a business retrofit support scheme.	Consider financial and other mechanisms to incentivise low carbon performance in local businesses, and to support the development of the local green economy.	R
12	New Y3 action ->		E&R Future Merton		Recruit a new member of staff to lead on the	A

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
					development of a Green Economy in Merton	

Workstream 2: Retrofit of the residential and non-residential building stock

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
1	Lobby central Government to address the gap in funding and skills	G	E&R Future Merton	<p>Merton Council continues to lobby national Government regarding retrofit through the Greater London Authority, London Councils, the London Environmental Directors Network (LEDNet), and the South London Partnership. In 2022, the Council also fed-back to national Government regarding current and planned retrofit funding schemes through the Net Zero Review consultation⁶⁹.</p> <p>Via the South London Partnership, Merton helped inform the second phase of the Green Jobs and Skills in South London report⁷⁰ (February 2022) which highlights the green jobs and skills needs in South London for the transition to Net Zero.</p>	Lobby central Government to address the gap in funding and skills for retrofit	G
2	Develop and deliver a retrofit engagement plan to encourage home and business owners, landlords and tenants to retrofit their properties.	G	CS Comms E&R Future Merton	<p>Over the course of 2022, the council has promoted a range of events, resources, and funding schemes which support retrofit in Merton as set out in subsequent actions below.</p> <p>In December 2022, the council recruited two new Community Retrofit Officers to lead on borough wide retrofit, which will include developing a retrofit engagement strategy in 2023. low-cost insulation measures such as loft insulation and cavity wall insulation</p> <p>In addition, the Council is currently collaborating with the South London Partnership and other South London boroughs to develop a retrofit roadmap to encourage 'able-to-pay' residents to retrofit their homes.</p>	Develop and deliver a retrofit engagement plan to encourage home and business owners, landlords and tenants to retrofit their properties.	A

⁶⁹ <https://www.gov.uk/government/consultations/review-of-net-zero-call-for-evidence/net-zero-review-call-for-evidence>

⁷⁰ <http://southlondonpartnership.co.uk/economy/green-jobs-and-skills-report-phase-1-and-2/>

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
				In 2022, officers also secured funding to establish a business retrofit support scheme which will be developed in 2023. This will enable increased engagement with businesses on the topic of retrofit.		
3	Explore options to overcome high up-front costs of low carbon measures on homes	A	E&R Future Merton	<p>In 2022, the council has:</p> <ul style="list-style-type: none"> Worked with the GLA and partners to promote phases 2 and 3 of the Mayor's Warmer Homes programme which provides retrofit funding for low income and low energy performance homes in London. Where appropriate, the council has used Merton's Carbon Offset Fund to top up existing national and regional funding streams through the Mayor's Warmer Homes scheme to maximise the impact of this retrofit programme. Encouraged and supported housing associations in bidding for Social Housing Decarbonisation Funding to retrofit their eligible homes in Merton; Promoted Phase 5 of the Mayor's Solar Together London programme, a group purchasing scheme for homeowners looking to install solar PV and battery storage. <p>In 2022, officers also secured funding for a recycled loan fund for homeowners in Merton who do not meet the eligibility criteria for national retrofit funding schemes. This will be developed in 2023 when further information is available about the Government's new ECO+ scheme which is expected to extend support to a wider customer base who are currently not eligible for support under existing government-backed energy efficiency schemes. The ECO+ scheme is expected to focus on low-cost insulation measures such as</p>	Explore options to overcome high up-front costs of low carbon measures on homes	A

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
				loft insulation and cavity wall insulation, and is set to launch in April 2023 ⁷¹ .		
4	Support community action looking to drive retrofit	G	E&R Future Merton	<p>Throughout 2022, the Council has supported the Buildings & Energy subgroup of Merton's Climate Action Group in engaging with residents to promote energy efficiency and retrofit. Projects include:</p> <ul style="list-style-type: none"> • Showcasing low carbon homes and retrofit in Merton by developing local case studies. • Working with the Centre for Sustainable Energy in delivering the Energy Matters project in Merton schools to empower the younger generation with the knowledge to drive behaviour change around energy use. This project was allocated NCIL funding in November 2021. • Collaborating with Emmanuel Church in Wimbledon to launch the Eco Church Project • Supported the development of the SLP Retrofit Roadmap project proposal through early-stage consultation. <p>The Council has also supported and promoted other local partners looking to drive domestic retrofit such as Sustainable Merton.</p>	Support community action looking to drive retrofit.	G
5	Support fuel poor households in accessing national funding	R	C&H Public Health E&R Future Merton	<p>Throughout 2022 the Council has worked with the GLA, their delivery partners, and Merton's local energy advice partner (Thinking Works), to encourage eligible households in Merton to apply for various phases of the Mayor's Warmer Homes scheme.</p> <ul style="list-style-type: none"> • 42 properties were retrofitted in Merton under the Mayor's Warmer Homes 2 scheme (closed in June 2022). • The Mayor's Warmer Homes 3 scheme is currently underway and is currently expected to close by the end of March 2023. 	Support fuel poor households in accessing national funding	A

⁷¹ <https://www.gov.uk/government/news/government-joins-with-households-to-help-millions-reduce-their-energy-bills>

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
				<p>The Mayor's programme has been promoted through various channels including direct mailout, social media, My Merton, the council website⁷² and newsletters, in-person events, Thinking Works and other fuel poverty partners.</p> <p>Where appropriate, the Council has also used Merton's Carbon Offset Fund to top-up existing funding streams through the Mayor's Warmer Homes scheme, where additional carbon savings could be achieved, in order to maximise the impact of this retrofit programme.</p> <p>In 2022, the GLA submitted an expression of interest for Phase 2 of the Homes Upgrade Grant (HUG2) for off-gas grid properties on behalf of London boroughs including Merton.</p> <p>In 2023, officers will investigate if and how the Council can support Merton residents in accessing ECO funding.</p>		
6	Engage with social housing providers to drive domestic retrofit	A	E&R Future Merton	<p>The Council engaged with social housing providers to promote and offer support in bidding for Wave 2.1 of the Social Housing Decarbonisation Fund (SHDF) for their housing stock in Merton. At least two housing associations included Merton properties in their SHDF Wave 2.1 bids.</p> <p>Officers are also working with a housing provider, with a particular focus on heritage considerations within conservation areas, to inform their retrofit plans in Merton.</p>	Engage with social housing providers to drive domestic retrofit	A

⁷² <https://www.merton.gov.uk/council-tax-benefits-and-housing/warm-green-homes>

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
				Officers are currently planning a retrofit workshop with housing associations and other relevant partners in February 2023 to review progress in decarbonising social housing in Merton. This will be an opportunity for housing associations to showcase progress to date, share lessons learned, highlight potential barriers to retrofit and solutions to these barriers, as well as opportunities for collaboration.		
7	Consider options to ensure that landlords meet energy efficiency requirements	A	C&H Housing Strategy E&R Future Merton	In 2022, the enforcement of Minimum Energy Efficiency Standards (MEES) was integrated into Merton's Housing Health and Safety Rating System (HHSRS). In 2023, the council is looking to recruit additional capacity within the Housing Enforcement team to lead on the enforcement of MEES in Merton.	Recruit additional capacity to lead on the enforcement of Minimum Energy Efficiency Standards in Merton's Private Rental Sector.	A
9 ⁷³	Engage with emergency services to encourage carbon reduction activities across their estate	R	E&R Future Merton	Due to other priorities for the emergency services this action has not yet been progressed. Roll on for 2023.	Engage with emergency services to encourage carbon reduction activities across their estate	R
10	New Y3 action ->		E&R Future Merton		Develop a strategy to retrofit housing and non-domestic buildings in Merton.	A
11	New Y3 action ->		E&R Future Merton		Develop an Energy Masterplan to consider energy infrastructure needs to support the decarbonisation of	A

⁷³ Workstream 2 Action 8 was completed in the Climate Delivery Play for Year 2.

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
					buildings and transport in Merton.	
12	New Y3 action ->		E&R Future Merton		Establish a business retrofit support scheme.	A

Workstream 3: Future new build and regeneration

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
1	Examination in Public and, if successful, adoption of Merton's new Local Plan.	A	E&R Future Merton	The Council has set ambitious Climate Change policies to ensure that from 2025 all new development is compatible with operating at net-zero carbon by 2050 without the need for expensive retrofit (i.e. does not burn fossil fuels, has ultra-high energy efficiency and is 100% powered by renewable energy). The new Merton Local Plan was submitted to the Secretary of State for an Examination in Public in 2021 and has been through two rounds of public hearings in 2022. Due to delays in the Examination process these policies are yet to be adopted.	Examination in Public and, if successful, adoption of Merton's new Local Plan.	A
3 ⁷⁴	Continue to seek to secure low carbon development through the regeneration of Morden town centre.	A	E&R Future Merton	The Council continues to seek to secure the delivery of low carbon development within Morden town centre. The draft Local Plan has progressed and the policy wording, which was submitted to the Secretary of State for an Examination in Public in 2021, identifies the Morden Regeneration Zone within Morden town centre, as a district heat network opportunity area. Developers will therefore be required to explore the technical and financial viability of a potential decentralised energy network as part of the regeneration proposals for the site.	Continue to seek to secure low carbon development through the regeneration of Morden town centre.	A
4	Lobby for faster change in the building and energy sector	G	E&R Future Merton	The Council continues to engage with a range of partners to lobby for faster change in the buildings and energy sector, including the <ul style="list-style-type: none"> • Greater London Authority, • London Environmental Directors Network (LEDNet), • London Councils' Low Carbon Development programme, • London Energy Transformation Initiative (LETI), • South London Partnership, and 	Lobby for faster change in the building and energy sector	G

⁷⁴ Workstream 3 Action 2 was deleted in the Climate Delivery Plan for Year 2.

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
				<ul style="list-style-type: none"> A consortium of 19 London boroughs working together to update local planning policy in light of changes to Part L of Building Regulations in 2022. <p>This includes lobbying for faster change in national and regional planning policy, local planning policy and developing the green skills sector. The council also fed-back to national Government regarding planning policy through the Net Zero Review consultation⁷⁵.</p> <p>Merton is also taking a proactive approach in lobbying for faster change by proposing ambitious Local Plan policies which go beyond national (Building Regulations) and regional (London Plan) standards.</p>		
5	Seek funding to develop an Energy Masterplan	A	E&R Future Merton	The Council has secured funding and recruited community retrofit officers to develop an Energy Masterplan; this will be progressed in 2023.	Develop an Energy Masterplan for the borough.	A

⁷⁵ <https://www.gov.uk/government/consultations/review-of-net-zero-call-for-evidence/net-zero-review-call-for-evidence>

Workstream 4: Transport infrastructure and modal shift

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
1	Lobby for and work with partners to seek improvements to public transport services and infrastructure, including the decarbonisation of public transport and the provision of step free access at stations.	A	E&R Transport	<p>Work has been continued by TfL on the introduction of electric buses onto some three routes in Merton. Step free access schemes at Tooting and Motspur Park Stations have been progressed to detailed design stage with construction planned for 2023 and completion due in 2024. The Council have been liaising with Govia Thameslink to progress step free access at Haydon's Road Station and a SCIL bid has been submitted to fund enabling works which are expected to be implemented in 2023.</p> <p>However, following Covid some public transport services have still not been fully reinstated, particularly South Western Railways. The future funding implications for public transport services remain uncertain, particularly in relation to the delivery of the major public transport infrastructure schemes, Sutton Tram Link and Cross Rail 2. This could impact on the ability to achieve the long-term reduction in car use necessary to achieve the 2050 target.</p>	Lobby for and work with partners to seek improvements to public transport services and infrastructure, including the decarbonisation of public transport and the provision of step free access at stations.	A
2	Implement schemes as set out in LIP delivery plan for 22/23	R	E&R Future Merton	<p>The allocation of funding to boroughs for LIP delivery continued to be impacted following the pandemic and was subject to ongoing negotiations between Government and TfL. As a result, the full allocation of LIP funding for FY22/23 was not provided until October 22 and was reduced compared to pre-covid LIP allocations.</p> <p>The reduced funding allocation and tight delivery timescales has had implications on the schemes that the borough will be able to deliver during FY22/23. A significant amount of the funding will be allocated</p>	Implement schemes as set out in LIP delivery plans for 22/23 and 23/24.	A

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
				<p>to the design and feasibility of major schemes proposed for delivery in FY23/24 and FY24/25.</p> <p>Schemes that are proposed for implementation in 22/23 include:</p> <ul style="list-style-type: none"> • A permanent segregated cycle scheme on Merton High Street • Continuation of improvements to the Wandle trail (Windsor Ave to Merantun Way section); • Pedestrian crossing and junction improvements at a number of locations; and • Cycle parking. 		
3	Develop medium term LIP transport delivery programme for the 2 year period 23/24-24/25 and explore potential alternative funding sources for delivery of transport schemes.	A	E&R Transport	<p>Following the announcement of a funding settlement between TfL and Government, boroughs were required to submit a delivery plan for FY23/24 and FY24/25, with only 1 month's notice. The core funding allocated to Merton in FY23/24 is £929k which is a reduction of approximately £500k compared to Merton's pre-covid allocation. TfL require schemes to align with and contribute towards their strategic priorities for safety, cycling, walking and buses. Schemes focus on delivery of the major schemes that the borough has already received design funding for in FY22/23.</p>	Develop a detailed LIP transport delivery plan for FY24/25 and explore potential alternative funding sources for the delivery of transport schemes.	A
4	Develop long-term strategies for walking, cycling and EV charging infrastructure.	G	E&R Transport	<p>Progress on the development of EV, cycling and walking strategies has been delayed primarily due to a lack of staff resources and the need to prioritise resources on the delivery of projects. The Council is finding it challenging to recruit suitable additional staff resources to deliver these strategies.</p> <p>However, preparatory work has continued, including continued engagement with TfL and London Councils on strategy and policy in relation to EVs, cycling and walking. Some initial engagement with</p>	Develop long-term strategies for walking, cycling and EV charging infrastructure.	A

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
				Councillors has also been conducted via the Sustainable Communities Scrutiny and Overview Committee, which has received a report on cycling strategy and infrastructure and set up an EV task group. The Council have funded a number of multi-modal traffic monitors that will be used to inform the development of the cycling and walking strategies.		
5	Deliver active travel supporting infrastructure measures, including cycle parking and electric cycle hire schemes.	A	E&R Transport	<p>Cycle Shelters were proved for 5 schools in Spring 2022. Additional delivery of school shelters and on-street cycle hangars is proposed for FY22/23 using TfL LIP funding and is expected to be installed by the end of March 23.</p> <p>Dockless electric bike hire schemes are not subject to any legal framework, and are therefore able to operate without agreement from the Council. The schemes have become increasingly widespread and popular in Merton over the last year and provides a sustainable travel option for some residents. However, the schemes are currently operating on a free-floating parking modal which has resulted in some issues with pavement parking creating obstructions for pedestrians. The Council is seeking to work with operators to enter into formal agreements to provide designated parking areas and expand the scheme to all parts of the borough. It is expected that agreements will be established by the end of 2022 or in early 2023.</p>	Deliver active travel supporting measures, including cycle parking and electric cycle hire schemes.	G
6	Deliver electric vehicle charging infrastructure, including lamp column chargers in residential areas and to enable car club schemes to transition to electric.	A	E&R Transport	The Council made a successful bid to the Office for Zero Emission Vehicles (OZEV) for £750k of funding under the On-street Residential Chargepoint Scheme (ORCS) to provide lamp column chargepoints. Through the procurement process the Council was able to more than double the amount of charge points proposed to be provided to over 500. This will enable the Council to meet Merton's projected	Deliver electric vehicle charging infrastructure, including lamp column chargers in residential areas and rapid charge points, and to enable	A

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
				<p>requirements for the amount of slow public chargepoints needed by 2025.</p> <p>Extensive survey work is being conducted and installation of the first chargepoints is due to start by the end of 2022. Full rollout of all chargepoints is expected to take until at least end of March 2023, due to the increased amount of chargepoints overall and some problems in identifying viable lamp columns during the survey process.</p> <p>Progress will need to be made in 2023 on delivering more rapid chargepoints to meet projected requirements for Merton. Due to the high costs of the infrastructure, this will likely to be delivered through an operator funded model which will involve a complex and lengthy procurement process.</p> <p>Engagement is continuing with car clubs about a transition to electric, although this presents some challenges within the operational model of car clubs. A significant proportion of the floating car club fleet in Merton are now electric vehicles.</p>	car club schemes to transition to electric.	
8 ⁷⁶	Implement Air Quality Action Plan and active travel initiatives	G	C&H Air Quality	<p>The Air Quality Action Plan brings together the policies and actions that the Council can take to tackle Air Pollution in the borough, the plan covers over 70 measures and these are reported annually as part of the Council's Annual Status Report on air quality. This is a legal requirement as part of the air quality management framework.</p> <p>AQ Monitoring – Active AQ monitoring network consisting of 2 automatic monitoring stations, 59 diffusion tubes and Merton</p>	Implement Air Quality Action Plan.	A

⁷⁶ Workstream 4 Action 7 was deleted in the Climate Delivery Plan for Year 2.

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
				<p>Innovate Programme (68 Breathe London Nodes). Data for 2021 reported in the borough's 2022 Annual Status Report (ASR). Merton Innovate Programme data to be reported in the forthcoming 2023 ASR.</p> <p>Citizen Science Projects – Citizen science projects supported and AQ officers provide training and resources including funding additional diffusion tubes and handheld monitors. During 2022 collaborative working continues between LBM and Sustainable Merton.</p> <p>InnOvaTe (Internet of Things) Project – Funding secured for Vivacity traffic monitoring to continue the Innovate work. Funding still being sought to retain around 20 of the 68 Breathe London air quality monitors. In October 2022, we received a Highways Award 2022 Finalist certificate for our work on the Innovate Programme. Entry based on all the work done on monitoring AQ and gaining traffic insights.</p> <p>Schools – Air quality is monitored at several schools that are near areas of poor air quality or main roads, these schools are also offered an AQ Audit. This audit includes all aspects of air quality and climate change, including travel, heating, green planting and anti-idling. Audit recommendations include emission and exposure reduction measures and mitigation where necessary. Breathe London & Vivacity monitors have also been installed in Schools Streets within the borough to monitor travel and air quality.</p> <p>Planning & SPD –The AQ Team submitted responses to the GLA's Air Quality Neutral (AQN) and Air Quality Positive (AQP) guidance</p>		

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
				<p>consultation in February 2022. AQN and AQP guidance support the London Plan to assess and mitigate air pollution from new development.</p> <p>Anti-idling – Anti-idling signage review completed, resulting in the installation of an additional 44 signs. Idling events are delivered by AQ Officers monthly at key locations such as level crossings where typically around 300 drivers are engaged over a 2-hour period. A total of 9 events were delivered in 2022.</p> <p>Behavioural Insights project – Funding awarded from the Local Government Association: Behavioural Insights programme with additional funding from LBM Public Health Team. LED sign installed at West Barnes Lane Level Crossing to encourage drivers to switch off their engines while waiting at the barrier. The intervention was assessed for efficacy before and after installation. The final report, case study and other documents will be found on: Behavioural insights projects funded by the LGA | Local Government Association</p> <p>Non-Road Mobile Machinery (Cleaner Construction for London) – The Pan London NRMM project 2019-22 completed in March but received a bridging fund to retain staff until the status of the MAQF was better known. A £510K award is now secured to continue to March 2025. A Defra bid was submitted in September 2022 for NRMM expansion outside London.</p> <p>The cleaner construction for London team received the Public Sector Organisational Changemaker of the Year 2022 award. This pioneering work is shaping positive change in the construction industry,</p>		

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
				<p>delivering on-the-ground site compliance and significant measurable emissions savings in Nox, PM and CO2 across London.</p> <p>Clean Air Villages: A project spanning multiple London Boroughs with the aim to improve air quality in different London ‘villages’, where both air pollution and population density levels are high. Funding awarded by DEFRA and in-kind match funding by LBM.</p> <p>Clean Air Villages 4 (CAV4): Active dates May 2021 – June 2022. Building on the business engagement exercise in 2020/21 a cargo bike courier service was procured for delivery of a free 120-hour trial for businesses in Wimbledon. Details regarding outcomes are available at Wimbledon Cargo Bike Trial Case Study</p> <p>Public Health Messaging – A scoping report exploring AQ and PH messaging concluded in summer 2022. In September 2022, Merton submitted a Defra Bid to lead on behalf of 15 London boroughs to develop the Health/Air Quality project around working with health professionals and proactive treatment for vulnerable patients.</p> <p>Air Quality News newsletter – The AQ Team produce a quarterly newsletter on actions and campaigns across the three borough partners. The newsletter is shared internally and externally with interested parties such as the GLA.</p> <p>Campaign Days – Public facing events with AQ stall to provide information and freebies to residents for Clean Air Day 16th/18th June 2022, Car Free Day 22nd/23rd September 2022, and Cost of Living event 26th November 2022.</p>		

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
				<p>Plans for 2023 – A new Air Quality Action Plan will be developed in 2023 to cover the period 2023-2028. This plan needs to link into the Climate, Health and Travel agenda. Engagement activities will commence in December 2022.</p> <p>Active travel initiatives covered under action 9 below.</p>		
9	Support active travel projects	A	E&R Transport C&H Air Quality	<p>The Council continues to deliver a programme of cycle training, STARS travel plans, engagement with schools on their schools streets, health walks, organising activities around World Car Free Day including free Dr Bike sessions for residents, and promoting Cycle Buddies and various school active travel events.</p> <p>The Council successfully secured a phase 1 GLA School Superzone grant of £30K, to fund a pilot to eliminate the 21.5% of students driven for the school run. This pilot is led through the placement of an Active Travel Coordinator located within the school to work directly with students and the curriculum to skill all students with the ability to cycle, walk or navigate public transport with confidence. This is being measured using pedometers for each student, and introducing the Public Health funded initiative of Beat the Street to motivate and incentivise a school community to take up active travel, and collectively change behaviour. Data has been collected on the method, distance and choice of route used by the students for their school run. This data is being used to develop optimum walking routes for those who drive or alternatives. Further data will be gathered on where there are issues preventing accessibility or permeability or threats to safety for pupils travelling to school, to prioritise solutions. This pilot will run until June 2023.</p>	Support active travel projects	G

Workstream 5: Green infrastructure

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
1	Undertake the second phase of the tree strategy (concentrating on private trees, planning and Merton's urban forest) and Merton's iTree survey	G	E&R Green Spaces	In 2022, the council developed and consulted stakeholders on Phase 1 of Merton's Tree Strategy for the Management of Council-owned Trees. Phase 1 of the Tree Strategy is currently expected to be adopted in Spring 2023. Merton's Greenspaces team have commenced a scoping exercise for Phase 2 of the Tree Strategy for the management of trees on Private Land, which will require input from LBM Planning colleagues in 2023.	Adopt Phase 1 of Merton's Tree Strategy.	G
2	Deliver the Urban Tree Challenge Fund (Round 3) and the Annual tree planting programme to plant 260 trees on streets/ green spaces.	G	E&R Green Spaces	In Spring 2022, under the Urban Tree Challenge Round 2 the service planted 299 standard trees in multiple park locations with a focus towards the East of the borough, as well as 1200 whips (800 at Morden Park and 400 at Pollards Hill) planted with community groups and supported by Merton Tree Wardens. Under the annual Street Tree Replacement Programme we planted a further 400 standard trees. In Autumn 2022, we planted 160 standard trees in Highways as part of the annual Street Tree Replacement Programme. In 2023, we will be planting 283 standard trees in Merton Parks under Round 3 Urban Tree Challenge. We will also be planting a community woodland with Trees for Cities on Cramner Green with 6000 whips and 12 standard trees. We are also establishing a partnership with Trees for Streets and developing a Street Tree Sponsorship Scheme which is expected to go live with in Spring 2023.	Deliver Merton's tree planting programmes for 2023.	G
3	Develop improved data capture and recording	A	E&R Future Merton	Due to the volumes of tree planting on council owned land the progress on private land has been limited.	Develop Phase 2 of Merton's Tree Strategy	A

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
	of 3 rd Party tree planting activities in Merton, and encourage greater participation in tree planting on private land.		E&R Green Spaces	The Council planted 6 standard trees with Merton Faith Groups on Church land as part of Interfaith Week to commemorate lives lost to Covid 19 in Merton. In 2023, the Council will develop Phase 2 of Merton's Tree Strategy which will help identify the necessary strategic opportunities to plant more trees on private land.	for the management of trees on private land.	
4	Review and monitor tree removals, ensuring that annual tree planting programmes exceed number of trees lost in Council-owned areas.	G	E&R Green Spaces	2022 has seen a proactive replacement tree planting plan being implemented by the service with 560 trees planted under the Annual Street Tree Replacement Programme. The Greenspaces Team have also increased its pro-active inspection of Street and Park Trees on its current Tree Management software Ezytreed and are actively logging any losses to ensure priority replacements within 1 year wherever possible.	Carry out replacement tree planting which will be informed by the proactive tree inspection regime currently being undertaken.	G
5	Take opportunities to introduce sustainable drainage systems and "grey to green" projects	G	E&R Future Merton	A large Green Infrastructure SuDS solution is being designed for Raynes Park Town centre on Pepys Rd to reduce flows going into the sewer system. In FY23/24 following successful funding from Thames Water's SWMP bid, Home Park Rd and Kenilworth Green is being looked at for feasibility and delivery of a large Green Infrastructure Pocket Park with attenuation.	Take opportunities to introduce sustainable drainage systems and "grey to green" projects	G
6	Examination in Public of Merton's new Local Plan and, if successful, adoption of Merton's new Green Infrastructure Policies.	A	E&R Future Merton	The new Merton Local Plan was submitted to the Secretary of State for an Examination in Public in 2021 and has been through two rounds of public hearings in 2022. Due to delays in the Examination process these policies are yet to be adopted. The policies include the following within the Green and Blue Infrastructure chapter; O15.1 Open space, green infrastructure and	Examination in Public of Merton's new Local Plan and, if successful, adoption of Merton's new Green Infrastructure Policies.	A

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
				nature conservation, O15.2 Open space and green infrastructure, O15.3 Biodiversity and access to nature, O15.4 Protection of trees, O15.5 Urban Greening and O15.6 Wandle Valley Regional Park. These policies are supported by the Merton Green Infrastructure Study 2020 and include details on improving access to nature and open space, increasing urban greening and net biodiversity gain across the borough, through planning applications.		
7	Work with stakeholders and groups, locally, to improve engagement with Friend of Parks groups to raise awareness and to contribute to regional and national groups with a focus on funding and access.	A	E&R Future Merton E&R Green Spaces	<p>Merton's Greenspaces Team are proactively engaging with Independent Merton Greenspace Forum and our existing Friends of Parks network to share knowledge and experience as well as encourage new groups to form.</p> <p>The Greenspaces Team are now part of the Good Parks for London Guide and in 2022 moved from 25th to 18th place in the London standings.</p> <p>We successfully retained all 6 Green Flag Award winning parks in Merton 2022, with feedback from judges stating the Friends of Parks groups play an integral part in the way Merton parks are managed and maintained, and actively contribute towards the fundraising efforts.</p> <p>Successes in 2022 include delivery of a Neighbourhood CIL funded playground in the Friends of Colliers Wood Rec, and successful bid to the Grow Back Greener Fund by the new Friends of Mostyn Gardens.</p> <p>In 2023, the Greenspaces Team will be applying for 9 Green Flag Awards with 3 New Green Flag Award Management and Maintenance Plans for Cannizaro Park, Canons House and Grounds, and Haydons Road Rec.</p>	Work with stakeholders and groups, locally, to improve engagement with Friend of Parks groups to raise awareness and to contribute to regional and national groups with a focus on funding and access.	G

Workstream 6: LBM Estate and fleet management

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
1	Monitor and verify any PSDS installed decarbonisation works and identify lessons learnt from delivery.	R	CS Facilities CSF Commissioning	In 2022, 4 Solar PV connected battery systems and some loft insulation were installed on Council buildings. The effects of these works are still to be seen during future spring/summers. This programme changed from the original Public Sector Decarbonisation Scheme (PSDS) plan due to installation costs for air source heat pumps (ASHP) increasing so significantly. A key lesson learned is that the ASHP design process for complicated sites needs more time than PSDS had allowed. This lesson will be picked up through the new Climate Emergency Building Surveyor post.	Monitor and verify any PSDS installed decarbonisation works and identify lessons learnt from delivery.	G
2	Recruit additional staff to enable development of projects and grant funding proposals for the estate decarbonisation.	R	CS Facilities CSF Commissioning	<p>Recruitment of the Climate Emergency Building Surveyor is underway. It is hoped that this post will be filled by March 2023.</p> <p>Building surveys of schools, operational and non-operational sites are now underway through the Energy Team's pre-procured energy broker, with an initial 20 sites to be surveyed by March 2023. The Climate Emergency Building Surveyor will process the results and turn the carbon saving measures identified in the surveys into packages of work to inform future bids for schemes such as PSDS.</p> <p>The council is also working well with Greenwich Leisure Limited (GLL), the operator for Merton's leisure centres, to identify and implement energy saving opportunities across Merton's leisure centres in response to the energy crisis.</p>	Recruit additional staff to enable development of projects and grant funding proposals for the estate decarbonisation.	A
3	Seek approval to procure a long-term delivery partner for	G	CS Facilities CSF Commissioning	This has been on hold for much of this year due to energy team time being taken up with utility pricing increases and associated works.	Seek approval to procure a long-term delivery partner for estate decarbonisation works.	A

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
	estate decarbonisation works.		E&E Estates	<p>Several potential frameworks have already been identified as potentially offering a route to sourcing a long-term partner and internal discussions to ensure good practice and value for money have started.</p> <p>This action will be continued into next year as it is still considered a worthwhile part of the decarbonisation process.</p>		
4	Implement a mechanism to ensure that new Council buildings are capable of operating at net zero carbon by 2030 without significant retrofit.	R	Merton's Property & Asset Management Board	This will be progressed in 2023, and will likely require a decision at a political level to ensure that the decision is robust and democratic.	Implement a mechanism to ensure that new Council buildings are capable of operating at net zero carbon by 2030 without significant retrofit.	A
5	Review the benefits of continuing to source 100% green electricity tariff and explore the possibility of implementing a Renewable Energy Power Purchase Agreement.	A	CS Facilities	100% green electricity has not been secured for 2022/23 due to cost increases associated with the rapid and significant rise in utility wholesale prices over 2021 and 2022. Power Purchase Agreements (PPAs) are being investigated for future inclusion in corporate utility contracts.	Review the benefits of continuing to source a 100% green electricity tariff and explore the possibility of implementing a Renewable Energy Power Purchase Agreement.	A
6	Review outcomes from any battery storage installations under PSDS and review payback calculations in light of increasing cost of energy.	G	CS Facilities	Data for this will be available in spring/summer 2023 and investigations will be carried out accordingly.	Review outcomes from any battery storage installations under PSDS and review payback calculations in light of increasing cost of energy.	A

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
7	Form a strategy to decarbonise the Council's vehicle fleet	A	E&R Commissioning	<p>Merton's Fleet Management team were awaiting the outcome of the Cabinet decision regarding the Veolia contract on 10th October before progressing this area of work. Officers are now considering commissioning consultant support to investigate fleet decarbonisation options and to develop a fleet decarbonisation strategy. This analysis and strategy will also need to consider any infrastructure upgrades required to support the decarbonisation of the Council's fleet.</p> <p>This work will also be informed by the outcome of Cabinet discussions in February 2023 regarding the service requirements and delivery model for a new and improved waste collection and street cleansing contract.</p> <p>Actions 7, 8 and 9 have been amalgamated into one action for Year 3 to avoid repetition.</p>	Commission consultant support to investigate fleet decarbonisation options, and to form a strategy to decarbonise the Council's vehicle fleet and its supporting infrastructure.	A
8	Consider low carbon options for the next round of fleet replacement	G	E&R Commissioning	As above, actions 7, 8 and 9 are being amalgamated for Year 3 to avoid repetition.		
9	Undertake initial work to consider electric charge points for LBM vehicle fleet	G	E&R Commissioning CS Facilities	As above, actions 7, 8 and 9 are being amalgamated for Year 3 to avoid repetition.		
10	Carry out improvements to Council-owned sites to encourage active and electrified travel by staff.	A	E&R Transport CS Facilities E&R Commissioning	Due to ongoing effects of Covid on staff travel and insufficient capacity this is yet to be progressed. This will be progressed in 2023 and will require input across several departments.	Set up a working group to develop staff policies and to progress improvements to Council-owned sites to encourage active and electrified travel by staff.	A

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
			Human Resources			
11	Consider mechanisms to engage with various council teams and departments to identify opportunities for carbon reduction and specific training needs.	A	E&R Future Merton	In 2022, a supplier was appointed to deliver the first cohort of carbon literacy training from February 2023. This will begin to embed sustainability and an understanding of opportunities to reduce carbon emissions across council services.	Create a cohort of climate champions formed of staff who certify as carbon literate.	G
12	Continue streetlight LED replacement through standard maintenance.	G	E&R Highways	In 2022, the Council converted a further 170 lanterns to LEDs on our street lighting assets across the borough, resulting in 84% of our overall streetlights (10,849 streetlights) now being LEDs. In addition, we are currently hoping to secure additional funding to undertake lantern conversions across the financial years FY2022/23 and FY2023/24 to convert a further 1,200 street lighting column lanterns to LEDs and further reduce Merton Council energy consumption.	Continue streetlight LED replacement through standard maintenance.	G
13	Develop staff travel policies	A	E&R Transport Human Resources	This action has been combined with action 10 above.		
14	New action ->		CS Facilities E&E Estates		Commission a legal review of the leases for the council's non-operational rented properties to inform decarbonisation plans.	A

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
15	New action ->		CS Facilities E&E Estates		Commission up-to-date Energy Performance Certificates for Merton's non-operational rented properties to inform decarbonisations plans.	A
16	New Y3 action ->		CS Facilities CSF Commissioning		Commission a review of the heating and catering equipment in Merton's community schools to inform decarbonisation plans.	A

Workstream 7: LBM Procurements and investments

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
1	Engage with service providers to reduce greenhouse gas emissions from existing contracts.	A	Commercial Services All Departments	<p>Work is ongoing with individual contract managers where appropriate and where capacity allows.</p> <p>For example, in 2022 the Council has been working with Merton’s school meals catering provider to reduce emissions from this contract by promoting meat-free meals, food gardens in schools, waste reduction and local supply chains. Officers are also working with the catering provider to quantify the emissions associated with the schools’ meals catering contract to incorporate in the next iteration of Merton’s greenhouse gas inventory in 2023.</p> <p>Capacity to engage with service providers has been limited to date but, in 2022, the Council secured funding to recruit a new member of staff to lead on the decarbonisation of the council’s supply chain emissions. This new role will work with contract leads and commissioners across the council to engage with the market and existing service providers to reduce emissions from Merton’s new and existing contracts.</p> <p>The Council will continue to trial low carbon technologies in Merton’s contracts where appropriate, and seek to embed Merton’s climate commitments in, and better understand the scale of emissions from, existing contracts.</p>	Engage with service providers to measure and reduce greenhouse gas emissions from existing contracts.	A
2	Implement new procurement policy and guidance to reduce	A	Commercial Services	In 2022, Merton has been implementing its new Contract Standing Orders ⁷⁷ (CSOs) which require Responsible Officers to give due consideration to the Council’s commitment to the Climate	Review Merton’s procurement process and tender documents to	A

⁷⁷ Further information is available at: <https://democracy.merton.gov.uk/documents/s40335/Revisions%207%20July%202021.pdf>

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
	greenhouse gas emissions from procured services.			<p>Emergency and how the Council can reduce its carbon footprint through the tenders that it lets (CSO 6.3.3). The updated CSOs also require officers to seek approval from Procurement Board when considering procuring any contract that has any carbon implications/impacts, irrespective of the value of the contract (CSO 10.9).</p> <p>Commercial Services' Gateway report templates all have an 'Environmental Consideration' section which is to be completed by the report author and which is reviewed by either the relevant Operational Procurement Group and/or Procurement Board thereby ensuring that consideration is given to the climate emergency for all contracts over £100k (or below £100k where a specific contract has any carbon implication/ impact).</p> <p>The Climate Emergency is touched on during the revised CSO training provided by Commercial Services and is mentioned in the updated Procurement Toolkit.</p> <p>The Council's Social Value Charter has been strengthened such that the 'Environmental' themes within the new SVC, reflect the Climate Emergency declaration. There are now eight themes in this area as opposed to five from the 2021 version, and a plastics reduction measurement is now included for the first time.</p> <p>In 2022, key commissioning leads also received training on how to embed circular economy principles in Merton's procurement processes and contracts.</p> <p>As above, funding has been secured to recruit a new member of staff to lead on this area of work. Part of their role will involve</p>	further embed carbon reduction in Merton's requirements for new contracts.	

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
				reviewing Merton's procurement process, with lessons learned from other local authorities through the London Responsible Procurement Network, to consider how Merton's tender documents could be improved to further embed carbon reduction in Merton's procured services.		
3	Continue delivering responsible investment policy to decarbonise the Council's pension investments.	G	CS Investment	<p>Merton's sustainable investment policy is already in place and emissions are being tracked. In 2018, the Council started to measure the carbon intensity of the Merton Pension Fund.</p> <p>In 2022, the analysis of Merton's pension investments was expanded to include metrics for the two Diversified Growth Funds and the Multi-Asset Credit Fund. In total, we have been able to assess 72.3% of total assets held by the Fund as at 31 March 2022. This represents an increase in coverage of c.12% relative to previous years.</p> <p>For the equity asset metrics, we have based these on Scope 1 & 2 emissions given the availability of data. For the non-equity part of the report, we have relied on information provided by fund managers which includes Scope 1, 2 & 3 emissions. As such, the expanded basis impacts the total figures shown for the Fund. There has been an increase in the Fund's equity Weighted Average Carbon Intensity (WACI) since our March 2021 report, increasing from 87.4 to 96.8 tCO₂/\$m sales, but still represents a reduction against the 2018 baseline (219tCO₂/\$m sales). <i>Part of this can be attributed to the fund managers selecting stocks to achieve the investment mandate's objective – exceeding the benchmark returns.</i></p> <p>Progress includes:</p>	Continue delivering responsible investment policy to decarbonise the Council's pension investments.	G

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
				<ol style="list-style-type: none"> Moving 10% of the global equity investment to Paris aligned investment; Allocating £30m towards net zero renewable infrastructure investment; As part of equity rebalancing, moving the unrealised gains from the high carbon emitting portfolios to social impact and renewal energy; Continuing to engage with fund managers to better understand how they engage with companies which are more carbon intensive and as such lower the overall score of the Fund. 		
4	Consider ways to positively invest in carbon offset products and mechanisms should the Council not achieve its target by 2030.	A	CS Investment	No progress to date but doesn't need to be in place until 2030.	Consider ways to positively invest in carbon offset products and mechanisms should the Council not achieve its target by 2030.	A
5	New Y3 action ->		Commercial Services E&R Future Merton		Empower and equip procurement leads to consider carbon at all stages of procurement and to engage with service providers regarding the council's journey to net-zero carbon.	A

Workstream 8: Communication, outreach and LBM corporate procedure

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
1	Develop and implement a climate communications and engagement strategy	G	CS Comms E&R Future Merton	<p>In March 2022, Merton recruited a new Climate Engagement Officer to lead on this area of work. Since then the Council has progressed the following climate engagement and communications activities.</p> <p>Climate communications (utilising e-newsletters and social media):</p> <ul style="list-style-type: none"> • Promoted the Mayor’s Warmer Homes programme throughout summer 2022. • Celebrated Merton’s climate work during a social media campaign for London Climate Action Week in June 2022. • Delivered a social media campaign and news release to connect residents with green skills and career opportunities, as part of Green Careers Week in November 2022. • Delivered ad-hoc communications to support community-led climate action events and highlight success e.g., The Wheel’s repair cafes and upcycling workshops, or promoting the Council’s successful NZIP bid. • Contributions to various newsletters including the schools newsletter, business newsletter, Merton-e news. <p>Climate engagement activities and events:</p> <ul style="list-style-type: none"> • Regular meetings with members of Merton’s Climate Action Group • Re-establishment of the Environment and Climate Subgroup of the Sustainable Communities Transport Partnership, with two sessions held in 2022 (Greening Merton and Green Economy). 	Consult on and deliver Merton’s Climate Engagement Strategy; draft provided as background document to the Climate Delivery Plan.	G

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
				<ul style="list-style-type: none"> • Canons Summer Fair 2022 - a family friendly day out, which connected residents with local partners and local opportunities to live more sustainably. • Two town centre events, a cycle cinema at Canons House and Grounds, and Dr Bike maintenance support for local play streets around World Car Free Day in September 2022. • Merton's second Schools Climate Conference. • Climate Action Updates at Merton's five community forums in autumn 2022. • Climate Action Presentations to Merton's Youth Parliament, the Joint Consultative Committee with Ethnic Minority Organisations, Roehampton University Student Geography Teachers and a Merton Head Teacher's Meeting to inspire action and collaboration. <p>Climate Action Newsletter</p> <ul style="list-style-type: none"> • 9 editions over the last year, with 9314 subscribers. This is an increase of 5467 subscribers over the last year. In part this can be attributed to sign ups at events and increased communications. However, this is primarily due to residents being offered the chance to subscribe, when being moved from the Council's Covid Response mailing list. <p>Climate Engagement Strategy</p> <ul style="list-style-type: none"> • The Climate Engagement Strategy has been developed and is in draft. It will be consulted on by Cabinet Members and with local groups in the new year, prior to adoption. • Ideas including the Net Zero Enablers Programme and Climate Hub development will be investigated as part of the Strategy, working in collaboration with Merton's Climate Action Group, 		

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
				In 2022, officers also secured climate outreach funding for climate engagement events and materials.		
2	Support the delivery of community-led climate action projects (incl. Merton's Climate Action Group)	A	E&R Future Merton	<p>The council continues to support Merton's Climate Action Group⁷⁸ with the development and delivery of community-led climate action projects. In 2022 this included:</p> <ul style="list-style-type: none"> • Supporting the delivery of 3 Neighbourhood CIL funded Climate Action Group projects: <ul style="list-style-type: none"> ○ Merton Garden Streets 2022⁷⁹ ○ Energy Matters⁸⁰ ○ The Wheel⁸¹ • Developing case studies to showcase retrofit and low carbon development⁸²; • Securing funding through the Net Zero Innovation Programme with the Wheel as set out in Workstream 1 above. <p>In 2022 officers also secured funding to set up a Climate Action Fund to support the development and delivery of community - led climate projects; this is expected to be delivered alongside the Council's Neighbourhood CIL fund in 2023.</p>	Support the delivery of community-led climate action projects (incl. Merton's Climate Action Group)	A

⁷⁸ A partnership between the community and the Council (launched in January 2021) to support the development and implementation of community-led projects, events and knowledge exchange which help reduce Merton's greenhouse gas emissions and/ or build local climate resilience, where joint efforts are more effective than the actions of individuals or the Council alone. <https://www.merton.gov.uk/planning-and-buildings/sustainability-and-climate-change/climate-action-group>

⁷⁹ A volunteer-led project delivered by local residents and businesses to make our streets greener. This initiative has been very well received by the local community with 124 streets signing up to planting days in 2022. Feedback highlighted positive impacts for mental and physical wellbeing, developing a greater sense of community, as well as improving local air quality, biodiversity and climate resilience. <https://www.sustainablemerton.org/gardenstreets>

⁸⁰ A partnership project to deliver energy training in 4 pilot schools in Merton to empower the younger generation with knowledge to drive behaviour change around energy use <https://news.merton.gov.uk/2022/06/29/energy-matters-building-the-next-generation-of-energy-champions/>

⁸¹ A circular economy hub in Merton <https://www.thewheelmerton.org/>

⁸² <https://www.merton.gov.uk/planning-and-buildings/sustainability-and-climate-change/case-studies>

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
3	Implement mechanisms to consider the impact of climate change mitigation and adaption in all policy, spend and procurement proposals.	A	Commercial Services, Corporate Policy and Improvement, E&R Future Merton	<p>As set out in Workstream 7 Action 2, Merton's Contract Standing Orders, Commercial Services' Gateway report templates and Social Value Charter incorporate mechanisms for considering the impact of climate change mitigation for relevant contracts. In 2022, the council has also procured a partner to deliver carbon literacy training for council staff and councillors from early 2023. This will help build capacity across the council in delivering Merton's carbon reduction commitments. However, to date carbon reduction is not embedded in all major council decisions.</p> <p>In late 2022, officers secured funding to develop and implement a tool for embedding climate considerations in all major council decision-making. Merton is currently involved in a cross-borough pilot to develop a template for embedding carbon reduction and other climate considerations from early stages of project development.</p>	Implement mechanisms to consider the impact of climate change mitigation and adaption in all major policy, spend and procurement proposals.	A
4	Develop general carbon literacy training, and engage with council staff and councillors to identify any specific training needs and consider mechanisms for delivery.	A	CS Learning & Development E&R Future Merton	<p>In 2022, Merton procured a delivery partner (APSE) to roll-out the first phase of carbon literacy training for Cabinet members, senior council staff and volunteer councillors and officers. Delivery is expected to commence in February 2023.</p> <p>Officers also secured funding to develop and deliver bespoke training for procurement leads across the council to consider carbon at all stages of procurement as set out in Workstream 7.</p>	Roll-out the first phase of carbon literacy training, and consider options for subsequent phases.	A

Action No.	Priority Action in Y2	RAG	Team	Progress	Priority Action in Y3	RAG
5	New Y3 action ->		E&R Future Merton		Launch Merton's new Schools Climate Network and Charter.	G

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Merton Council’s Draft Climate Engagement Strategy

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Chapter 1 – Setting the scene

Introduction

1.1. This strategy is for everyone in Merton and provides a framework for engagement mechanisms that will foster a partnership driven; inclusive; pragmatic and solutions-oriented approach to achieving Merton’s 2050 net zero target for the borough.

Why do we need one?

1.2. Addressing climate change is a complex problem. Merton’s emissions reporting indicates that the majority of emissions in the borough, are outside of the Council’s influence, or direct control¹ (See Fig.1). Meanwhile, the inclusion of the borough’s consumption-based emissions – The borough’s Scope 3 emissions² - into our reporting, would more than double the borough’s total carbon footprint from 663 ktCO₂e to an estimated at 1,079 ktCO₂e³.

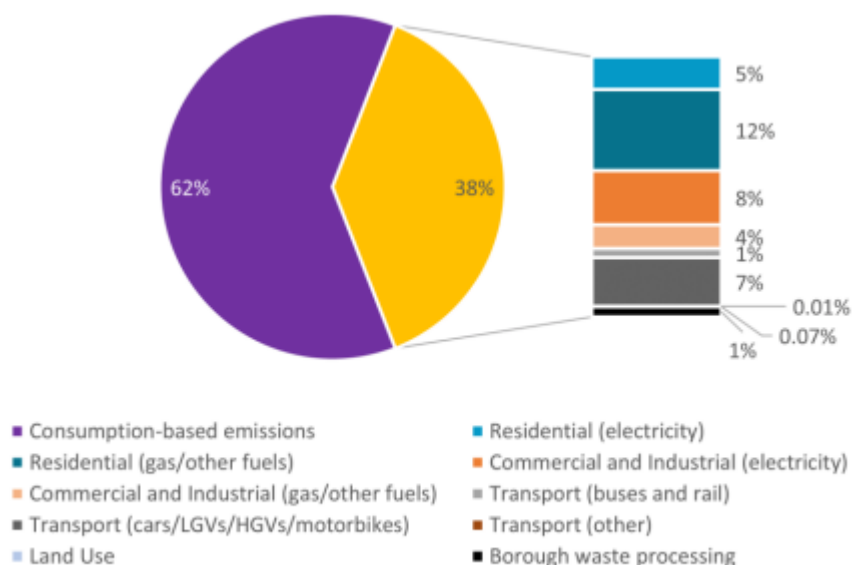


Figure 1. Borough emissions profile for 2019

1.3. Reducing emissions across the borough will require significant behaviour changes from Merton’s residents, businesses, communities and institutions, to drive sustainable consumption and enable

¹ Correct using most recent 2019 green-house gas emissions data and inventory report by Aether (2021) [Merton 2021 GHG inventory report FINAL.pdf](#)

² Scope 3 emissions are those that are produced along a full supply chain for any given product or service purchased or delivered in the borough, whether it’s food, clothing, communications, education, restaurants and hotels etc.

³ Correct using most recent 2019 green-house gas emissions data and inventory report by Aether (2021) [Merton 2021 GHG inventory report FINAL.pdf](#)

a transition to a low carbon economy for both goods and services in Merton. This is alongside the significant upgrades to buildings and transport infrastructure, which must occur to reduce Merton's direct emissions (Scope 1 & 2).

- 1.4. In a limited funding landscape, where the opportunity to reduce carbon emissions aligns closely with other priorities such as, the need to:
- Upgrade homes to protect residents from rising energy bills, ill health and a deepening cost of living crisis;
 - futureproof our local area (built and natural environment) against record temperatures and extreme weather events;
 - improve air quality and overall health through active and sustainable modes of transport and;
 - make the most of opportunities to develop a green economy and support the movement of residents into skilled, low carbon, or 'Green Jobs'^{4 5} that achieve this, engagement is essential.
- 1.5. A considered approach to climate engagement that sustains local partnership will stand a better chance of having multiple positive outcomes that go far beyond emissions reductions. These are known as co-benefits⁵.

Outcomes

- 1.6. The broad outcomes that we want to achieve through this engagement strategy are:

External

- local behaviour change by empowering everyone in Merton to connect with opportunities to live and work more sustainably.
- empowered communities and stakeholders who co-design and manage local projects, to deliver co-benefits, reduce carbon emissions and make progress to net zero.
- local support and sustained interest in solutions (infrastructural, digital, social, financial), that progress action towards net zero.

Internal

- to maximise the value of Council time, resources and funding to address shared priorities (e.g., those that improve health, create financial savings, improve resilience, lead to green job opportunities) and reduce carbon emissions.

⁴ [The challenges of defining a "green job" - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/methods/quality/adjustment-methods/adjustment-techniques/adjustment-methods/netting-out-methods/netting-out-techniques/the-challenges-of-defining-a-green-job)

⁵ Green Jobs Taskforce Report 2021

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1003570/gjtf-report.pdf

Guiding Principles

1.7. Our vision is that Merton is a net zero borough by 2050. Endorsed by our residents, this shared vision recognises the dangers of the climate emergency and the opportunities that a low carbon future can bring. With a long road ahead, it is important to set the guiding principles, which frame our approach to climate engagement.

A. Positively and proactively communicating

1.8. Public engagement on climate change can (in part), be viewed as a challenge of communication. Residents must be aware of the action that Merton is taking to address climate change, whether that's in transport, planning, or public health and how it relates to their lives. Communicating this to highlight the co-benefits is important in helping to generate support for and sustain interest in local solutions and measures which have the added benefit of reducing carbon emissions.

1.9. Equally communications are useful for explaining the expansion of cycle hangars and on-street electric vehicle charging points; why the Council can't upgrade the energy efficiency of everyone's home in Merton; and why long-term National Government funding is so important for the larger transitions required to adapt buildings, our energy system, and transport infrastructure.

1.10. Communications will also play an important role in helping to promote local groups who are making a difference; activate social learning by telling experiences of residents who have succeeded in making their home, travel or lifestyle more sustainable; and signpost residents to local, or national grant funding opportunities, resources and networks which might support them in reducing their emissions (e.g., funding to upgrade the energy efficiency of your home).

B. Enabling greater participation

1.11. Overall climate risk is higher in east Merton⁶. East Merton is also where the largest proportion of residents from Black, Asian and Minority Ethnic (BAME) backgrounds live. Meanwhile, nine neighbourhoods in the east of the borough fall within the top 20% most income-deprived in England.⁷ This means that financially vulnerable residents, and those from BAME backgrounds are likely to be disproportionately affected by climate change (both extreme heat and flood risk). Simultaneously, previous council consultations on climate change indicate that BAME residents have been underrepresented in discussions around climate change.

1.12. Addressing this imbalance to ensure a climate just transition is a priority and will guide this strategy, particularly the choice locations for certain climate engagement activities.

⁶ [Climate Risk Map | London City Hall](#)

⁷ [Exploring local income deprivation \(ons.gov.uk\)](#)

Acknowledging this as a complex problem is also necessary in guiding the strategy, given the correlation between affluent communities and high emissions in west Merton, where the need for behavioural change interventions is highest.

- 1.13. Enabling greater participation also means effectively engaging with residents who are more likely to be digitally excluded, including; people with disabilities, older residents and people whose first language isn't English among other sub sections of the population.⁴
- 1.14. Ensuring that those likely to be most affected by the transition to net zero are engaged in the design and delivery of policies is essential.

C. Encouraging Action

- 1.15. There is a lot that Merton Council is already championing, funding, facilitating and leading to encourage community-led climate action in the borough. The establishment of and partnership with Merton's Climate Action Group⁸ is a testament to that. Since their inception in 2021, this resident volunteer group has co-designed multiple projects with us and supported local climate engagement events. This includes Merton Garden Streets, The Wheel and Energy Matters.
- 1.16. Through this engagement strategy, we hope to expand on the good work started with Merton's Climate Action Group, reaching new audiences that we haven't worked with before. Identifying local champions and supporting trusted messengers to increase the climate literacy of residents in their communities, stands a better chance of creating lasting culture change, than the Council implementing net zero policy and projects alone. At every opportunity we will continue to support local, community-led climate action to ensure that projects and programmes are delivered for residents, with and by residents.

D. Embracing complexity and uncertainty through continuous dialogue

- 1.17. Climate change is a complex challenge, where science and policy are constantly evolving. It means engaging with uncertainty, especially where viable options for climate action vary so widely. A local 'Human Systems Learning' approach⁹ to climate action, primed for continuous dialogue and learning, will enable us to trial experimental engagement options, enabling us to focus on the evolving needs of people in Merton.

Scope and Objectives

- 1.18. To reduce carbon emissions to net zero borough by 2050, engagement activities will be prioritised based on three tests:
 - Firstly, will they complement actions in Merton's Climate Strategy and Action Plan/ Climate Delivery Plan?
 - Secondly, will the engagement activities support or enable high impact emissions reductions?

⁸ [Climate change : Climate Action Group | Merton Council](#)

⁹ [7653 CPI - CGF Literature review ALL v4.indd \(centreforpublicimpact.org\)](#)

- Alternatively, will the engagement activities contribute to the development of a green economy, with an emphasis on Merton’s priority sectors¹⁰?

1.19. The ‘Local Authorities and 6th Carbon Budget’ report highlights the five engagement methods typically used by local authorities¹¹. The means of engagement and communication will vary based on the most impactful and efficient way of communicating with local stakeholders, for a particular project, or outreach activity.

1.20. However, much of this strategy will focus on involving, codesigning and empowering local stakeholders, as this will contribute most to activity that develops advocates for change, who can take their experience, amplify success and create change among their peers.

Table 1. Local Government Engagement Methods. Local Authorities and the 6th Carbon Budget. 2022

Table 2	Informing	Consulting	Involving	Co-design	Empowering
One way, information provision	Statutory consultations on already developed plans and proposals	Directly working with people to understand their views and needs e.g. Climate Commissions	Working together with people at a local level or interest groups to design solutions and projects	Handing over the power and co-creating schemes to tackle a problem or deliver a solution	

1.21. Following the first of the three tests, we have mapped the actions in the Council’s Climate Delivery Plan for Year 2, to see where engagement can add most value to the delivery of those actions. Building on the analysis of [Merton's Greenhouse Gas Inventory report for 2021](#) and having consulted with the Cabinet Member for Local Environment, Greenspaces and Climate, and Merton’s Climate Action Group the primary objectives of this engagement strategy will be to deliver engagement activities that:

- Enable residential and commercial emissions reductions. This means working to reduce energy demand and transition to low carbon technologies.
- Enable consumption-based emissions reductions. This means addressing resource efficiency and waste prevention.
- Enable and encourage the development of a green economy. This spans from education, to connecting residents with opportunities for skilled careers in the low carbon sector.
- Build the capacity of and empower local stakeholders to address climate change themselves.

¹⁰ See definition of a ‘green economy’ for London, in the Green Jobs and Skills in South London Report (2022), p.12 and p.16 <http://southlondonpartnership.co.uk/wp-content/uploads/2022/03/Green-Jobs-and-Skills-in-South-London-Final-Report-1.pdf>

¹¹ [Local-Authorities-and-the-Sixth-Carbon-Budget.pdf \(theccc.org.uk\)](#)

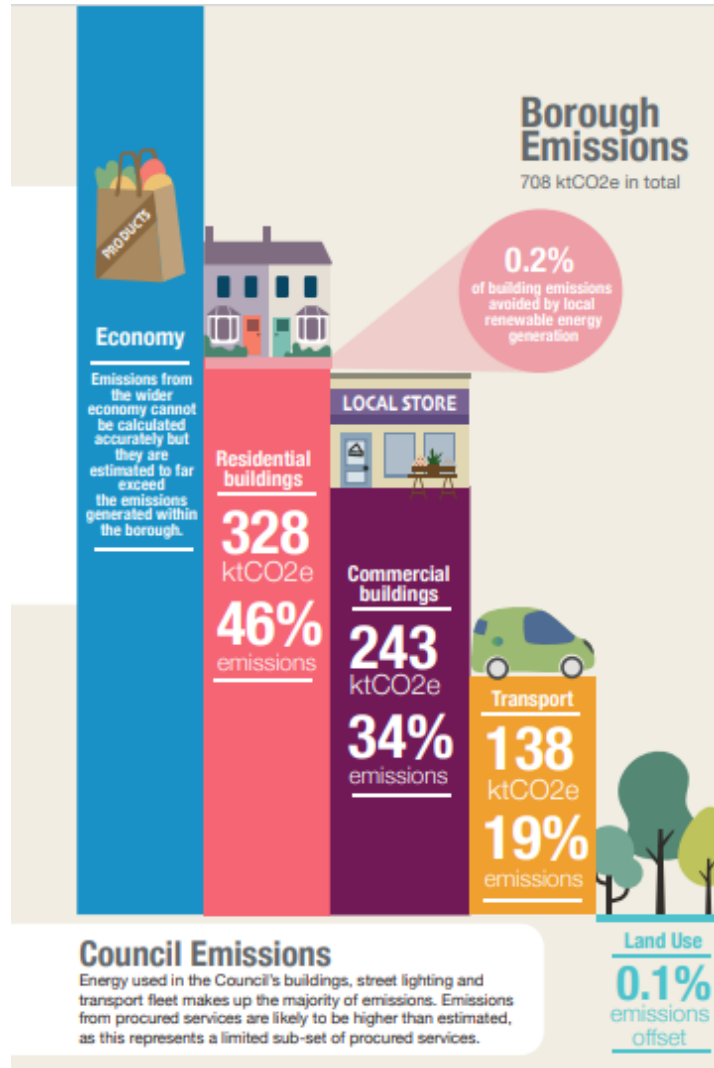


Figure 2. Infographic illustrating the borough's main emissions sources from Merton's Climate Strategy and Action Plan, 2020

- 1.22. This does not mean our support of active and sustainable transport initiatives, or initiatives to green the borough and improve biodiversity will stop, especially where local stakeholders are keen to drive change e.g., Merton Garden Streets. The mental and physical health benefits of active travel and community planting are well documented.
- 1.23. There is extensive engagement in these areas and, as set out in Merton's Climate Strategy and Action Plan, emissions are highest from buildings and the economy. Moving forwards, our approach to engagement on these topics will tie into existing council work around air quality; green spaces maintenance and enhancement; road safety; changes to transport infrastructure to enable use of electric vehicles; and campaigns such as Love Local.

Chapter 2 - Approach

Key stakeholders

1.24. Merton's Climate Strategy and Action Plan identifies long term actions required of residents, businesses, landlords and organisations to work towards Merton borough's net zero target.

Enabling this requires the engagement and participation of several key stakeholders:

- Businesses and the Private Sector
- Voluntary and Community Sector Organisations
- Other public sector organisations
- Schools, Colleges and Universities
- Residents
- Neighbouring Local Authorities, the Greater London Authority and Government.

1.25. Naturally these stakeholder groups can be broken down further, depending on specific aims of a project, or engagement activity.

The Upstream, Mid-Stream, Down-Stream Framework

1.26. Campaigns and communications - otherwise known as downstream interventions - can be effective for changing individual attitudes and behaviours. However, the Council acknowledges that relying on individual choice can only be so effective, while current norms e.g., infrastructure, regulation, policy, price, and inconvenience make low-carbon choices hard.

1.27. Mid-stream initiatives are those that will create an enabling environment for sustainable choices to be made, while up-stream initiatives are those that align businesses, voluntary and community sector organisations and institutions with net zero.

1.28. The next part of this strategy will outline the main mechanisms for engagement which acknowledge the need for a combination of up-stream, mid-stream and down-stream interventions¹².

1.29. For our key stakeholders, these interventions are those that the Council can most positively influence to support a borough-wide transition to net zero, given the spheres of influence that we have as a local authority and even though most borough emissions are outside the direct control of the Council.

¹² [Net Zero: principles for successful behaviour change initiatives](#). 2021. Authored by Kristina Londakova, Toby Park, Jake Reynolds, Saul Wodak.

1. Up-stream - Involving and aligning businesses, institutions and the voluntary and community sector with net zero.

A. Leading by example and collaborating on major transitions

- 1.30. The council has set an organisational target to achieve net zero by 2030. To achieve a net zero borough by 2050, every business, organisation and institution should also be working to reduce their organisational emissions. This means collaborating to achieve major transitions across Merton's building stock, our modes of transport and our economy.
- 1.31. Being in the dark about the progress of your peers towards net zero can risk duplicating, or misdirecting efforts, which is why partnership working is essential. Due to the council's existing role in service delivery and our extensive local connections to businesses, the voluntary sector and higher education institutions, the council has an important role to play in facilitating discussion with key partner organisations in the borough to support the transition to net zero.
- 1.32. These discussions will give oversight to the whole climate agenda in Merton, serve to share knowledge and access industry expertise, showcase local best practices, build confidence among local partners and open opportunities for collaboration between partners to reduce emissions and realise co-benefits.

Key Mechanisms

- Revitalise the environmental arm of the Sustainable Communities Transport Partnership (SCTP) to support local businesses and organisations in their transition to net zero.
- Continue to work with the four other boroughs in the South London Partnership (Kingston, Merton, Richmond, Sutton and Wandsworth), to maximise opportunities for collaboration across the sub-region.
- Work to develop a 'Green Schools Programme' including a climate charter and network to support schools on their transition to net zero.

Progress and Next Steps

- The first session of the new Environment and Climate Subgroup of the SCTP was held on 21st July 2022. Thematic sessions of the new sub-group will bring local partners, including housing associations, charities, the Chamber of Commerce, subject matter experts, different council teams, business improvement districts and community groups together to look at opportunities for action. Quarterly thematic meetings will align with the four key themes of Merton's Climate Strategy and Action Plan: buildings and energy, greening Merton, green economy, and transport. Namely the group will seek to:
 - To support and promote the objectives of Merton's Climate Strategy & Action Plan
 - To support businesses and organisations in developing more environmentally sustainable ways of operating particularly in relation to buildings, energy and transport
 - To support the growth of a green economy in Merton
 - To support businesses and organisations in growing the borough's green canopy

- To promote a cleaner environment and reduce waste consigned to landfill
 - To review actions on energy, air quality and food as key themes in the environment agenda
- In August 2022, the South London Zero Waste Map was launched to provide residents with a convenient way to find their nearest refill businesses, repair services, second-hand shops, recycling centres and drop-off points, and mending workshops. We continue to work closely with the South London Partnership to address shared environmental challenges for our residents.



Figure 3. Zero Waste Map Logo

- 36 primary schools, three secondary schools and four special schools are maintained by the council, while 15 primary and secondary schools are run independently. As of April 2022, schools are being challenged by the Government’s [Sustainability and Climate Strategy for Education and Children’s Services](#) to become world leaders in sustainability and climate by 2030.

With significant financial constraints on schools and constraints on the capacity of educators, embedding learning on climate change, decarbonising buildings and supporting the development of green skills for green careers will be a significant challenge.

Following the success of Merton’s second School’s Climate Conference in November 2022 and with the endorsement of teachers who attended, the council will look to develop a Green Schools Charter and a Green Schools Network. This will support teachers in sharing best practice and resources and support schools to advance their responsibilities regarding climate education, supporting students into green careers and decarbonising the school estate.



Figure 4. Poster to promote Schools Climate Conference 2022

B. Incentivising low carbon businesses

- 1.33. Large fiscal incentives from National Government were and are still required to encourage businesses to begin the transition to a) low carbon operations and b) offering low carbon goods and services.
- 1.34. Examples of existing incentives include the tax relief and exemptions that business can receive through buying energy-efficient technology for their operations,¹³ workplace charging schemes for businesses to receive a discount on the cost of purchasing and installing electric vehicle chargepoints¹⁴, or levies that are applied to businesses to encourage them to reduce their greenhouse gas emissions.¹⁵
- 1.35. In Merton there are 12,500 registered businesses, 89% of those employing less than 9 people¹⁶. This means micro businesses make up most of the borough's commercial sector. With limited capacity, most business owners might struggle to prioritise their environmental performance. However, there are huge opportunities to save money by doing so, especially in relation to reducing energy demand. In 2021, participants of the Mayor's Climate Challenge saved on **average £8300** over 9 months, by accessing free energy advice and support.

¹³ [Environmental taxes, reliefs and schemes for businesses: Overview - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/collections/environmental-taxes-reliefs-and-schemes-for-businesses)

¹⁴ [Workplace Charging Scheme: guidance for applicants - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/guidance/workplace-charging-scheme)

¹⁵ [Environmental taxes, reliefs and schemes for businesses: Overview - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/collections/environmental-taxes-reliefs-and-schemes-for-businesses)

¹⁶ Merton Business Review [Merton report IM.pdf \(londoncouncils.gov.uk\)](https://www.londoncouncils.gov.uk/merton-report)

- 1.36. Due to the emissions impact from Merton’s commercial base and the rising operating costs of businesses, there is a need to explore barriers to improving resource and energy efficiency, to encourage businesses to participate in existing schemes, and to develop new support programmes in Merton.

Key Mechanisms

- Develop a business retrofit support scheme to help businesses in Merton decarbonise and save on their energy bills.
- Coordinating a programme of work across the circular economy, green businesses, green skills and jobs.
- Work with Merton’s Chamber of Commerce, University Partners, Business Improvement Districts and BIG (Business, Innovation, Growth) South London to run events and pilot programmes of work to encourage businesses to take up low carbon technologies, retrofit their premises and address resource efficiency.
- Explore options for regular business communications to share best practice through case studies and grant funding opportunities and events.

Progress and Next Steps

- £2million was awarded by Cabinet in June 2022 for the progression of work towards achieving the council’s net zero targets (2030 and 2050). The council are aware of the need for more business support given the end of covid support packages and increasing energy bills. Funding has been allocated to develop a business retrofit support scheme, from the £2million awarded by Cabinet.
- In Merton, 22% of jobs will be significantly affected by the transition to a low carbon economy, with half of those jobs requiring upskilling and the other half being in higher demand¹⁷. Meanwhile businesses need support to reduce their energy bills and become more resource efficient. Facilitating the development of a local green economy in Merton is a huge challenge, so we are allocating some of the £2million awarded by Cabinet to employ a member of staff to lead on this programme of work in Merton.
- Working with Wimbledon Business Improvement District and Merton Chamber of Commerce, in 2023 the council will support in delivering an in person retrofit and refurbishment event, to connect businesses with support to reduce emissions and save money. This will act as a test case, to determine if businesses value and benefit from this type of direct engagement and could expand to other Business Improvement Districts or town centres or business areas.
- We are also one of 12 Local Authorities across the country to secure funding from the [Net Zero Innovation Programme](#) (NZIP). From January to June 2023, we will be working with University College London (UCL) and The Wheel to establish a pilot project investigating how small to medium sized enterprises (SMEs) on our highstreets can aggregate waste and become more

¹⁷ Robins, N., Gouldson, A., Irwin, W. and Sudmant, A., 2019. Investing in a just transition in the UK How investors can integrate social impact and place-based financing into climate strategies. London School of Economics. Available from <<https://www.lse.ac.uk/GranthamInstitute/wp-content/uploads/2019/01/Investing-in-a-just-transition-in-the-UK.pdf>

resource efficient. By engaging with SMEs, [The project](#) will also investigate opportunities for reducing the energy usage of local SMEs, which will help with our commitment to support residents through the cost-of-living crisis.

- The council issue a monthly Climate Action Newsletter (9314 subscribers¹⁸), where we inform residents of the latest news, grant funding opportunities, events and support to encourage climate action. To encourage action among our business community we will dedicate one slot per issue to SME climate action. We have also recently launched our [business support for cost of living and climate action](#) webpage. Where appropriate we will also contribute to the council's regular Business Newsletter and establish a profile on the Merton Local app to highlight events targeted at businesses and residents.

C. Aligning businesses, the market and organisations with net zero

- 1.37. Local authorities can help align markets and institutions with net zero through our purchasing power and by attaching requirements to the distribution of council grant funding. The council deliver tens of millions in services for our residents every year. Over the last six years the council have also distributed approximately £70million in grant funding¹⁹ to some of the 700 voluntary and community sector organisations (VCSOs) in Merton, as well as faith groups and charities. Some of this, such as the Neighbourhood Community Infrastructure Levy, expressly asks bidders to follow guiding principles such as 'Building a sustainable future'.
- 1.38. Encouraging and working with our suppliers is essential to reducing our supply chain emissions (Scope 3) and becoming a net zero council by 2030. Meanwhile, working with the VCSOs, faith groups and charities will support Merton's ambition of being a net zero borough by 2050.

Key Mechanisms

- To develop and implement an approach to quantifying and reducing the council's Scope 3 carbon emissions, by working with council suppliers and contractors.
- To investigate options to attach sustainability, or carbon reduction criteria to grant funds awarded by the Council.
- To systematically reach out to Faith Groups, Charities and Voluntary Community Sector Organisations to empower them to reduce emissions as an organisation and enable climate action among their respective audiences.

Progress and Next Steps

- A review of the council's approach to procurement was undertaken during the development of the council's Social Value Toolkit in 2021. Positive environmental outcomes and their indicators, (including the 'reduced carbon footprint of business', 'reduced packaging' and 'increased biodiversity') were included in the toolkit. Contractors are required to consider how they will achieve positive environmental outcomes when they bid for work with the council.

¹⁸ Figure correct as of 4th December 2022

¹⁹ [Funding for community projects | Merton Council](#)

Besides adapting council procurement documentation to strengthen carbon requirements, drastically reducing carbon emissions will require a broader and more detailed approach including:

- a) Commitments from suppliers to reduce their carbon impact.
- b) Procurement-specific carbon literacy training for contract managers and commissioners across the council.
- c) Engagement with suppliers to baseline and report direct carbon emissions associated with the services they provide in Merton.
- d) Engagement with suppliers to substitute certain products, or services to reduce carbon.

Working through every council contract is a large, long-term piece of work, with some progress already made on the schools catering contract, the highways maintenance contract and the green spaces maintenance contract. The council are actively working with the London Responsible Procurement Network, on their Carbon Working Group, to develop a pan-London approach to working with suppliers to reduce the carbon emissions of council contracts. In 2023 the council is looking to employ a new member of staff to progress this programme of work and to support contract managers and commissioners across the council.

- Working with Merton's Climate Action Group, we will explore opportunities to develop a Net Zero Enablers Programme, starting with VCSOs, Faith Groups and Charities. The objective of this programme is to engage with local stakeholders to build their capacity for climate action. This might include educating them on how and why they should reduce their organisational emissions, while enabling them to become advocates for change, who can encourage climate action among the residents who trust and use their services.

This programme may also support VCSOs, faith groups and charities in adapting to any future carbon requirements that are attached to council grants.

2. Mid-stream – Creating an enabling environment to progress net zero through involvement, codesign and empowerment

A. Make the low carbon choice easy

- 1.39. Decades of research suggests that changing, or adapting the environment (e.g., financial, social, digital, and infrastructural conditions) is effective (over attitudinal or knowledge-based factors) in shaping behaviour. For this reason, action on climate change should seek to follow the EAST

framework: Is what we are asking residents to do easy; attractive; social and timely?²⁰ . In other words, which behaviours are cheap, convenient, socially normative and accessible?

1.40. At a local authority level, there are ways we can enable climate action by addressing parts of the EAST Framework.

Key Mechanisms

- To make climate action easier and more accessible for residents by optimising the use of public (and potentially private) spaces.
- To make climate action more convenient for residents by adapting our services to support behavioural change towards net zero.

Progress and Next Steps

- We have 7 fantastic libraries, 6 community centres and 54 parks/recreational grounds spread across the borough. Some of these spaces are already being used to make climate action more accessible, by hosting events and enabling residents to connect with opportunities to live and work more sustainably.

The newly refurbished Canons House and Grounds in Mitcham²¹ is the perfect example. Used to host the Canons Summer Fair in June 2022, a cycle cinema in September 2022 and a variety of community upcycling and repair workshops throughout Autumn 2022, the council are bringing climate action to residents in East Merton (in alignment with our guiding principles). This enabled residents to discover grant funding opportunities such as the Mayor's Warmer Homes Programme, receive free bike maintenance to encourage active travel, participate in repair workshops, access energy efficiency support, engage with opportunities to green the borough through community planting and discover amazing local organisations helping residents tackle the cost of living and climate emergencies. Canons House will also have low-cost spaces for community organisations to rent from £25 per hour, as well as opportunities to trial the community spaces for free.

The council will continue to explore options to use our own estate to run activities which enable residents to discover and participate in climate action. The council will also investigate options to set up a network of 'Climate Hubs' with the private sector, VCSOs and potentially schools,

²⁰ [EAST – Four simply ways to apply behavioural insights](#). 2014. Authored by Owain Service, Michael Hallsworth, David Halpern, Felicity Algate, Rory Gallagher, Sam Nguyen, Simon Ruda, Michael Sanders with Marcos Pelenu, Alex Gyani, Hugo Harper, Joanne Reinhard & Elspeth Kirkman.

²¹ Canons House & Grounds is a £4.4 million project made possible thanks to The National Lottery Heritage Fund and The National Lottery Community Fund. The project is being undertaken by Merton Council with support from many community groups. Ongoing programmes of work at Canons are already delivering on the priorities outlined in this strategy, as well as lottery objectives.

that act as locations to hold climate action events e.g., low carbon technology demonstrations, repair cafes and much more.

Figure 5. Repairers learning how to fix textiles, as part of the Wheel's Circular Economy Hub at Canons Summer Fair June, 2022



Figure 6. Dundonald Primary School Children's Climate Artwork, at Canons Summer Fair, June 2022



Figure 7. Canons Summer Fair Flyer



Figure 8. Merton's Climate Action Group and Climate Change Officers engaging with residents during Canons Summer Fair, June 2022

- At Merton, we operate or commission hundreds of different services for residents from health and wellbeing support to trading standards. Parks to planning. This means we can think about how we leverage our statutory duties to enable climate action. Beginning in February 2023, we are embarking upon a carbon literacy training programme for staff and councilors.

This will enable staff to embed sustainability across our services and adapt the ways that residents engage with our services, making processes easier and simpler to navigate that support net zero, or enable staff to signpost residents to more relevant support.

On the customer/citizen interface, this has already started, by embedding [cost of living and climate action support](#) on our business webpages, by embedding sustainability advice in requests for [street parties and play streets](#) and by embedding home energy efficiency support in council cost of living events.

Starting with a web review the council will explore which council services are accessed most by residents, to guide how we systematically adapt our services to enable climate action (in keeping with our three climate action engagement tests, see the Scope and Objectives section 1.18).

B. Leverage social norms

- 1.41. Actions drive beliefs. This means that people learn and adapt their behaviour, based on what their peers are doing, otherwise known as social learning.
- 1.42. By building on the 'social' part of the EAST framework, we can better promote sustainable lifestyles and new ways of operating, by highlighting the 'green' experiences of residents and businesses in the borough.
- 1.43. Taking a 'Human Learning Systems' approach to climate action and engagement, it's also an opportunity to be transparent about what works, what doesn't and why. This means keeping open a continuous dialogue and process to enable learning and adaptation.
- 1.44. Doing this through existing local forums and groups will be crucial to success, as it is far easier and more convenient for residents to tap into forums that they already use and trust.

Key Mechanisms

- To make climate action socially normative, by developing case studies to highlight the opportunities and challenges from living or operating more sustainably.
- To identify and utilise existing forums to engage with residents from different audiences about the wide-ranging pathways to and benefits of living more sustainably.

Progress and next steps

- Working with the council, Merton's Climate Action Group is developing local case studies to highlight best practice, and the multiple co-benefits of climate action, to everyone in Merton. Moving forwards, the council will investigate opportunities to make this a focal point of climate outreach and engagement in Merton.
- Since March 2022, the council has participated in various existing deliberative forums to engage with residents on climate action (see Appendix 1). This serves three functions:
 - I. To showcase to residents what the council are doing to address climate change
 - II. To create a space for residents to learn about local climate action and empower them to organise their own community carbon reduction projects.
 - III. To connect residents with local opportunities to reduce emissions and live more sustainably.
- Merton's Climate Action Group has also participated in several local events and forums to begin conversations with local partners about how they can transition to net zero and inspire climate action. These forums and events include:

- An interfaith week event
- A BAME Voice Black History Month Event
- Cost of Living Library Events

Appendix 2 illustrates the proposed forward plan for 2023, which includes a breakdown of the audiences we propose to engage with over the next year to enable climate action.

3. Down Stream – encouraging action and building public support by informing

A. Building public support through a fair and positive narrative

- 1.45. Public engagement on climate change is considered (in part) to be a challenge of communication.²² Needing to frame messages to align with different audience values and identities, using trusted messengers, relevance to evolving situations (e.g., cost-of living, recovery from Covid-19, local and national events), and the means of communication, are all important considerations.
- 1.46. Although conveying new information is often not enough to change behaviour (see section 2B, Leveraging Social Norms), local campaigns can help build a narrative for climate action which is fair and highlights the many co-benefits of climate action. This may also help in building a public mandate for action, for local policy changes and projects which progress action towards net zero.
- 1.47. Examples of local climate action (see intervention 5 above) may inform local campaigns, which aim to change individual attitudes, choices and actions. Generally based around a clear and simple ask, campaigns will appeal to individuals to behave differently.

Key mechanisms

- Work with the council’s communications team to design climate engagement and communications guidance, which encompass 2050 net zero badging, messaging, trusted messengers, and key communications channels.
- Work with the communications team to develop two targeted, data and evidence-based campaigns that align with key climate ambitions and one broadcast social media awareness campaign.

Progress and next steps

- In spring 2022, Merton’s Climate Action Group co-designed its own branding, to provide a visual presence for their work and projects.

²² [7653 CPI - CGF Literature review ALL v4.indd \(centreforpublicimpact.org\)](#)

- Next steps will be to build on the design of Merton’s Climate Strategy and Action Plan, which was put together by a talented local resident. This branding will come to represent the council’s work towards net zero by 2050, across all thematic areas of our Climate Strategy and Action Plan.



Figure 9. Merton's Climate Action Group Logo



Figure 10. Merton's Climate Strategy and Action Plan badging artwork

- Since the council declared a Climate Emergency, we have contributed to several awareness-raising social media campaigns, usually attached to particular regional, national and international climate events. Over the last year, this has included Green Careers Week, London Climate Action Week and COP 27. You can see the full list in Appendix 1.



Figure 10. Green Careers Week Social Media Post

Reaching new and hardly reached audiences in Merton to enable greater participation will require campaigns and communications that go beyond social media broadcasts. Current council campaigns indicate that only 3-10% of website traffic is generated by social media, while e-newsletters and direct mail outs perform far better.

The difference in effectiveness of social media and e-newsletter engagements is evident from the communications around green careers week. The table below represents the difference in link clicks between five social media posts and one Merton e-newsletter release.

Table 2. Table highlighting social media link clicks, compared to e-newsletter link clicks for communications to promote Green Careers Week

	Twitter	Facebook	Merton E-News
Total link clicks	6	3	113

Moving forward, the council will focus its climate communications on channels that are likely to yield better engagement with our given target audience. This means a reduced focus on social media broadcasts.

Chapter 3 - Governance, Funding & Monitoring

Governance

- 1.48. This strategy will be refreshed every four years to account for any changes in resident priorities. This will also allow us to adapt our engagement activities to account for national policy changes and funding updates.
- 1.49. Responsibility is delegated to the Cabinet Member for Local Environment, Green Spaces and Climate, and the Director for Environment, Civic Pride and Climate to approve specific projects, engagement activities and communications, which are derived from this strategy.
- 1.50. Where proposed activities tie with adjoining strategies and portfolios, the relevant Director and Cabinet Member will also be consulted. This strategy will naturally follow the council's obligations regarding procurement and contract procedure rules.

Monitoring

- 1.51. Projects, engagement activities and communications derived from this strategy will be reported on annually through Merton's Climate Delivery Plan, under either:
 - 'Workstream 8: Communication, outreach and LBM corporate procedure',
 - or mapped to the most relevant alternative workstream e.g., a campaign on improving the energy efficiency of homes would fit under Workstream 2: Retrofit of the residential and non-residential building stock.
- 1.52. Success will be measured on a project-specific basis using indicators relevant to that project, though that detail is not included in this strategy's remit. Some high-level engagement and communications metrics are suggested below.
- 1.53. Engagement
 - Total number of attendees, or participants
 - Total number of new, return, or lost attendees, or participants
 - Number of positive testimonials and content of those testimonials e.g., self-reported behavioural changes.
 - Improvements in awareness, or understanding through baseline and follow up surveys
 - Improvements in participation from diverse, low-income households, or your desired target audience.
- 1.54. Communications
 - Reach
 - Unique clicks and total clicks
 - Unique opens and total opens
 - Views

- Referrals to website through tracked links

Funding

1.55. To deliver climate projects and engagement activities, opportunities to bid for external grant funding will always be considered first e.g., grants from Government, the Greater London Authority, businesses and charitable organisations.

1.56. Internally, a Climate Outreach budget of £100,000 has been ringfenced from the £2million Climate Change Fund, allocated by Cabinet in June 2022. This Climate Outreach budget is specifically to support in the delivery of:

- work derived from and in alignment with this climate engagement strategy and
- work that progresses action towards our net zero by 2050 borough target.

Glossary

- Green Jobs - employment in an activity that directly contributes to, or indirectly supports, the achievement of the UK's net zero emissions target and helps mitigate climate risks from the [Green Jobs Task Force Report 2021](#).
- Green Economy – an economy that supports the achievement of the UK's net zero emissions target and helps mitigate climate risks.
- Greenhouse gas emissions (GHG) - The gases that trap heat in the Earth's atmosphere, an excess of which are increasing global average temperatures i.e., global warming. In the context of this action plan, it usually refers to carbon dioxide but can also refer to other gases such as methane.
- Co-benefits – the positive effects that a policy or measure aimed at one objective might have on other objectives... co-benefits are also referred to as ancillary benefits - [The Fifth Assessment Report of the IPCC](#).
- Decarbonise, or Decarbonisation - The process of removing all energy sources that produce carbon emissions from the energy grid.
- A Just Transition - A Just Transition means greening the economy in a way that is as fair and inclusive as possible to everyone concerned, creating decent work opportunities and leaving no one behind - [from the International Labour Organisation](#)
- Circular economy - A circular economy. It is based on three principles, driven by design: eliminate waste and pollution, circulate products and materials (at their highest value), and regenerate nature. decouples economic activity from the consumption of finite resources – from the [Ellen MacArthur Foundation](#).
- Procurement - The process of acquiring goods and services, which a Council chooses not to run internally, through fair and competitive bidding processes in an open market.
- Scope 1 emissions - Direct emissions that occur from activities such as burning gas in boilers to heat homes and businesses or petrol/diesel vehicle emissions.
- Scope 2 emissions - Direct emissions that occur from activities such as burning gas in boilers to heat homes and businesses or petrol/diesel vehicle emissions.
- Scope 3 emissions - Indirect emissions that are related to an organisation's, or borough's activities, but occurring from sources not owned or controlled by them e.g., Purchased goods and services.

Acronyms

- MCSAP – Merton's Climate Strategy and Action Plan
- BAME – Black, Asian and Minority Ethnic Groups
- CDP – Climate Delivery Plan
- SCTP – Sustainable Communities Transport Partnership
- SME - Small to medium-sized enterprise, a company with no more than 500 employees.
- VCSOs – Voluntary and community sector organisations

Appendices

- Appendix 1 – Internal and external engagement and communications activities since January 2022.
- Appendix 2 – Proposed near and mid-term engagement and communications activities

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Enclosed in this document are:

- Appendix 1 – Internal and external engagement and communications activities since March 2022.

- Appendix 2 – Proposed near and mid-term engagement and communications activities

***Please note activities proposed in Appendix 2 are subject to change**

Key

- **Yellow** = broad engagement activities covering multiple topics, or activities where the exact focus is to be determined.

- **Blue** = supporting Merton's Climate Strategy and Action Plan green economy theme

- **Orange** = supporting Merton's Climate Strategy and Action Plan buildings and energy theme

- **Green** - supporting Merton's Climate Strategy and Action Plan greening Merton theme

- **Purple** - supporting Merton's Climate Strategy and Action Plan the transport theme

Events & Comms Forward Plan & Record

Engagement/ Event/Comms			March	April	May	June	July	August	September	October	November	December	Activity	Impact
Projects & Engagement Activities			Main Target Audience		Other Audience									
Meetings of the Sustainable Communities Transport Partnership, Environment and (Local partners													Two meetings held - Greening Merton (July 2022) -Green Economy (September 2022)	See meeting minutes
Canons Summer Fair	Residents	Individual residents and families											Summer Fair with sustainability themes threaded throughout. Event promotions included a press release, 2 social media posts in run up to CSF, promotion in Merton E-News, Climate Action Newsletter, Council events page, 350 posters distributed to libraries and community organisations around Canons House	500 residents attended Accessed energy efficiency advice, cost of living support, free Dr Bike maintenance, live music, games for children and much more
Merton Garden Streets	Residents	Residents and Neighbourhoods											Supporting project delivery of 2022 spring/summer planting days with delivery partners Sustainable Merton	See Merton Garden Streets 2022 Report
The Wheel (launch and promotion of events)	Residents	Individual residents and families											Supporting project delivery of November 2022 launch with delivery partners Sustainable Merton	See The Wheel Update Report
Energy Matters Workshops and Pilot	Residents and Schools, Colleges and Universities	School Children and Primary Schools											Supporting project delivery of module role out across 4 pilot schools, with delivery partner Centre for Sustainable Energy	See September 2022 Pilot Evaluation Report
Cost of Livng Events	Residents	Individual residents and families											Attendance at autumn cost of living events to highlight the climate action work that the Council are doing, including Energy Matters and to signpost residents to energy efficiency support schemes like the Warmer Homes	N/A
School Conference	Schools, Colleges and Universities	Primary and Secondary Schools											Closed Schools Climate Conference held on Tuesday 8th November. Communications with schools via the schools newsletter sent a	Representatives (Governors, Business Managers and Teachers), representing 12 schools in Merton (both primary and
World of Free Day Town Centre Events and Cycle Cinema (22nd September)	Residents	Individual residents and families											Town Centre Events in Morden and Wimbledon and a Cycle Cinema at Canons House and Grounds. Minimal social media promotions, due to Queen's funeral. Cabinet Member video for social media and youtube	100 residents attended 45 free Dr Bike checks given at town centre events and cycle cinema 60 residents participated in the cycle cinema SM 16th September SM 22nd September
Communications														
Warmer Homes Promotions	Residents	Individual residents and families											2 x direct mail outs Social media promotions Climate Action Newsletter and E-Newsletter promotions Promotion through direct engagement with residents at community forums, WCFD events	TBC - determined by applications and successful installations. Data will be provided by GLA once fund has closed (March 2023).
CSE Solar Planning Tool	Residents	Individual residents											Post asking for beta testers for CSEs solar planning tool	N/A
Cyclical Engagement Activities														
Community Forums Climate Update	Residents	Individual residents											Attendance at all five community forums from September to November	Updated approximately 120 people on the Council's Climate Action Work.
Youth Parliament	Residents	Young residents											Attendance at October YP	YP considering projects for new eco-committee
Meetings of the Joint Consultative Committee with Ethnic Minority Organisations	Residents	Residents; Voluntary & Community Sector; Industry & Private Sector											Attendance at JCC to improve engagement on CC with minority ethnic organisations	One resident follow up
Cyclical Communications & Events														
Climate Action Newsletter	Residents												Monthly releases, except august and december 2022	9314 subscribers

London Climate Action Week	Residents												Social media promotions including: Cabinet member for Local Environment Greenspaces and Climate video on SM (25th June) How Council are addressing SM (26th June) Celebrating Canons Summer Fair SM (28th July) Cabinet Member Card promoting Energy Matters SM (29th July) Promoting Sustainable Infrastructure Story Map SM (30th July) First 'How to' video SM (1st July) Climate Survey SM (2nd July) Second 'How to Video' SM (3rd July) Third 'How to video' (4th July)	Contact comms team for detailed social media breakdown
COP 27	Residents												Net Zero Innovation Programme Bid Success News Release Post Event social media promotion of Schools Climate Conference Social media promotion of startup school for	Contact comms team for detailed social media breakdown
Merton Garden Streets Promotions	Residents												MGS Post for planting days. Supported by social media promotions and articles in Merton E-news and the Climate Action Newsletter	See Merton Garden Streets 2022 Report
Green Careers Week	Residents	Young Residents and Residents out of work. Residents looking for career change. Schools, Colleges and Universities Neighbouring Local Authorities											Green Careers News Release and social media post (Mon 7th Nov) Promotion of Climate Cafes via social media and opportunity shared with council Youth Participation Team, Schools Improvement Team and Towards Employment Team (Tues 8th Nov) Social media promotion of South Thames Colleges Group Solar Skills Bootcamp and via Merton e-newsletter. (Wed 8th Nov) Green Careers Week News Release shared via Merton E Newsletter on Wed 8th Nov Social media promotion of Startup school for seniors (Thurs 9th Nov) Development of Council Towards Employment Case Study on Green Skills and Social media promotion (Fri 10th Nov)	Contact comms team for detailed social media breakdown
Clean Air Day (16th June)	Residents	Residents												N/A

Projects, Engagement & Comms Forward Plan - Potential Projects

*NB - engagement activities and projects may change, or be added to over the course of the year

Engagement and Comms			January	February	March	April	May	June	July	August	September	October	November	December	Activity	Impact
Climate Delivery Plan Potential Activities Workstream	Main Target Audience	Other Audience														
8	Engagement Strategy Consultation	Everyone														
8	Write and design digestible delivery plan	Everyone														
8	Development of Climate Branding & Guidance	Everyone														
1 & 8	Schools Art Competition	Schools, Colleges and Universities														
8	Climate Hub Concept Development	Everyone														
8	Meetings of the Sustainable Communities Transport Partnership, Environment and Climate Subgroup	Multiple Local Partners														
8	Green Schools Network/Charter	Schools, Colleges and Universities														
8	Energy Matters Workshops, Comms Development and Roll Out	Schools, Colleges and Universities														
1 & 2	Business R&R Masterclass	Businesses and the Private Sector														
2	Development of Retrofit Roadmap	Residents														
8	Net Zero Enablers Programme for VSCOs, charities and faith Groups	Voluntary and Community Sector Organisations														
8	Canons Summer Fair	Everyone														
1 & 2	NZIP Circular High Streets, with The Wheel and University College London	Businesses and the Private Sector														
1	Green Skills Event	Residents														
Potential Campaigns																
1	Green Skills and Careers/ Sustainable Futures	Residents														
1 & 2	Energy efficiency and retrofit / Futureproof Merton/	Residents														
Cyclical Engagement Activities																
8	Community Forums	Residents														
8	Youth Parliament	Residents														
8	Meetings of the Joint Consultative Committee with Ethnic Minority Organisations	Residents														
8	Meetings of the Faith and Belief Forum	Residents														
Cyclical Communications & Events																
8	Climate Action Newsletter															
8	London Climate Action Week															
8	COP 28															
5	Merton Garden Streets															
8	Interfaith Week															
1	Green Careers Week															

Businesses and the Private Sector
Voluntary and Community Sector
Organisations
Other public sector organisations
Schools, Colleges and Universities
Residents
Neighbouring Local Authorities, the
Greater London Authority and
Government
Everyone
Multiple Local Partners

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Committee: Cabinet

Date: 20 February 2023

Wards: all

Subject: Neighbourhood CIL and Merton's "Civic Pride Fund - Investing in Neighbourhoods" bid approvals

Lead officer: Adrian Ash, Interim Executive Director of Environment, Civic Pride & Climate

Lead member: Councillor Eleanor Stringer, Deputy Leader and Cabinet Member for Civic Pride

Contact officer: Tim Catley, Planning Contributions Manager, Future Merton

Recommendations:

-
1. To allocate £1,324,209 Neighbourhood Community Infrastructure Levy money to 22 individual projects received through the *2022 Civic Pride Fund - Investing in Neighbourhoods* bidding round as set out in Appendix A in line with Merton Council's approved criteria;
 2. To approve the award of funding is subject to:
 - (a) any conditions shown against each bid recommended for approval in Appendix B and the
 - (b) due diligence being carried out to ascertain if grants do fall under the UK Subsidy Control Regime which came into effect on the 4th January 2023 and where necessary to comply with the regime and the Subsidy Control Act 2022;
 3. To delegate authority to the Interim Executive Director of Environment, Civic Pride & Climate in consultation with the Cabinet Member for Civic Pride to make any amendments to funding bid amounts recommended for approval, in line with Merton Council's approved criteria;
 4. To note the review of the implementation of the Ward Allocation Scheme from 2019 to 2022 included at Appendix C;
 5. To endorse the implementation of a further Ward Allocation Scheme from April 2023 to March 2026 in accordance with paragraph 2.28 of this report.
 6. To delegate authority to the Interim Executive Director of Environment, Civic Pride & Climate in consultation with the Cabinet Member for Civic Pride to allocate Neighbourhood Community Infrastructure Levy Funding to support the implementation of a further Ward Allocation Scheme to March 2026 in accordance with paragraph 2.29 of this report.
-

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. This report concerns the use of the 15% Community Infrastructure Levy (CIL) funding for neighbourhood projects (Neighbourhood CIL). CIL is paid to the council by developers of new housing in the borough. This report recommends Neighbourhood CIL funding is awarded to successful bids

received under the *Civic Pride Fund - Investing in Neighbourhoods* Fund following bid submission in Autumn 2022.

- 1.2. This is the fourth year of allocations of Neighbourhood CIL to projects in Merton. On 22 September 2022 Merton's Cabinet updated the criteria against which bids to the *Civic Pride Fund - Investing in Neighbourhoods* are assessed, the original criteria having been approved by Cabinet in September 2017. The new criteria are focused on the council's priorities, namely:
 - Nurturing civic pride
 - Building a sustainable future
 - Creating a borough of sport

- 1.3. The amount of Neighbourhood CIL funding that is available for new projects under the *Civic Pride Fund – Investing in Neighbourhoods* is £1,411,419, an increase of over £0.6m from the figure of available funding reported to Cabinet in September 2022. This is due to a strong CIL income return from new developments in quarter 3 (October / December 2022), including £266,000 from the residential development which started construction at the Tesco's Car Park site on Burlington Road, New Malden.

- 1.4. During the five-week bidding round in autumn 2022, the council received 39 project bids requesting a total of £2.14 million. The bids were received from community groups, residents, businesses, charities and council services. We would like to thank everybody who spread the word about the consultation and who participated by submitting a bid.

- 1.5. This report recommends allocating funding totalling £1,324,209 covering 22 of these bids. Allocations are based on *Merton's Civic Pride Fund Investing in Neighbourhoods* criteria agreed by Cabinet in September 2022.

- 1.6. The list of bids recommended for approval is set out in Appendix A and details of all the bids received and any conditions to be met by bidders prior to the award of grants for bids recommended for approval are set out in Appendix B to this report.

- 1.7. In addition it is recommended that any award of grant to an external organisation will need to be considered in light of the Subsidy Control Regime that came into force on the 4th January 2023 pursuant to the Subsidy Control Act 2022.

- 1.8. Members are also asked to delegate authority to the Interim Executive Director of Environment, Civic Pride & Climate in consultation with the Cabinet Member for Civic Pride to make any amendments to funding bid amounts received through the recent *Civic Pride Fund - Investing in Neighbourhoods* consultation, in line with Cabinet's agreed criteria.

- 1.9. This report also sets out proposals for a new scheme of ward investments, known as the Ward Allocation Scheme during the current electoral term to

March 2026. Like the *Civic Pride Fund - Investing in Neighbourhoods* the Ward Allocation Scheme will also be funded by Neighbourhood CIL

- 1.10. Cabinet is also asked to note the findings of the review of the Ward Allocation Scheme contained in the report at Appendix C that involved allocations to specific types of ward projects identified and agreed by ward councillors from April 2019 to March 2022 and approve arrangements with respect to the implementation of a second round of ward allocations to March 2026 with expenditure to commence from April 2024.
- 1.11. It is also recommended that Cabinet grants delegated authority to the Interim Executive Director of Environment, Civic Pride & Climate in consultation with the Cabinet Member for Civic Pride to allocate Neighbourhood CIL funding to support the implementation of this further Ward Allocation Scheme to March 2026.

2 DETAILS

- 2.1. Since 2014 the Council has been collecting Community Infrastructure Levy for Merton and on behalf of the Mayor of London. Government legislation requires 15% of the CIL collected for each council to be spent on neighbourhood projects. As at 30th June 2022 Merton has received £6.97 million to be spent on neighbourhood projects. To date £5.58 million of this funding has been approved/spent under the Neighbourhood Fund and the Ward Allocation Scheme.
- 2.2. Under the CIL Regulations, the Neighbourhood CIL must be spent on local projects to support the demands development places on the area. Government guidance states that local authorities should engage local communities and agree with them how to best spend Neighbourhood CIL, and that governance should be proportionate to the level of receipts.
- 2.3. Under the CIL Regulations 80% of the CIL collected by the council (excluding the Mayor of London CIL) must be spent on infrastructure that the council considers strategically important to support the development of the borough generally and is allocated to the provision of new or improved infrastructure like school expansions, station access improvements, or improvements to highway and park drainage networks. This larger pot of funding for strategic infrastructure is referred to as “Strategic CIL”.

Merton’s Civic Pride Fund - Investing in Neighbourhoods

- 2.4. On [22 September 2022 Cabinet agreed](#) updated criteria through which it can assess bids for the allocation of Neighbourhood CIL funding, originally approved in September 2017 for the Neighbourhood Fund scheme, under a new scheme named the “*Civic Pride Fund – Investing in Neighbourhoods*”, with this new scheme replacing the Neighbourhood Fund. The updated criteria that is now applicable to bids submitted under the *Civic Pride Fund – Investing in Neighbourhoods* is as follows:

Assessment criteria

- a. Spending Neighbourhood CIL would need to accord with the CIL Regulations and government guidance on CIL.
- b. The proposal must comprise an appropriate use of use of the funds; consistent with government rules and Merton Council's overarching priority/aim of rebuilding pride in Merton, supported by three guiding principles namely:
 - i. Nurturing civic pride
 - ii. Building a sustainable future
 - iii. Creating a borough of sport.
- c. Scheme should not have any unacceptable revenue or capital implications on the council or any other body.
- d. Estimated cost of scheme should be over £20,000.
- e. Scheme should be deliverable and capable of being started within the year ahead.
- f. Proposal should have endorsement by at least one ward member.
- g. Proposal should clearly demonstrate how it meets neighbourhood priorities. We will be looking for projects that clearly fall within one or more of the priorities favoured by the neighbourhood where the proposal would be located (or neighbourhood that would benefit most from the proposal) as demonstrated by the results of the Neighbourhood CIL public consultation (Nov 2016-Jan 2017).

- 2.5. The updated criteria and new scheme name with Nurturing Civic Pride being one of the new administration's key priorities for Merton, reflects our commitment to putting civic pride at the heart of our borough. Investing in our neighbourhoods using funding from developments being built across Merton, we want people to feel proud to live, work in and visit Merton and investing in our spaces – improving our facilities, enhancing the look and feel of our neighbourhoods, together with community organisations and activities that support and bring communities together – all help to achieve that commitment.

Overview of Bids

- 2.6. Bids for the *Civic Pride Fund - Investing in Neighbourhoods* were sought across five weeks between 3 October and 4 November 2022. The council's website and the application form was revamped to provide more support to residents and local groups interested in applying. The council promoted the scheme:
- by contacting a wide range of community groups, infrastructure providers and previous bidders, all councillors and service providers.
 - via the My Merton magazine (autumn publication) that is delivered to all Merton households and social media releases,
 - via Merton Connected outreach channels
 - officers spoke at the Joint Consultative Committee for Ethnic Minorities meeting in October giving key information for bidders.

- 2.7. 39 different bids were submitted during this period from a wide variety of residents, community groups, business representatives, internal services and others. Each submission was assessed against the assessment criteria that were agreed by Cabinet in September 2022.
- 2.8. This report recommends allocating funding totalling £1,324,209 covering 22 of these bids.
- 2.9. **Appendix A** includes the bids recommended for funding under the assessment criteria.
- 2.10. **Appendix B** lists all the bids including those recommended for approval and those that are not. A short description of the proposal is set out for each bid and amounts applied for are included in addition to the amount recommended for allocation. Reasons for the recommendations are set and any conditions that will need to be met by the bidder before the award of any grant are included for the bids where they would be applied.

Assessment of bids

The council's priorities

- 2.11. A key aspect of the criteria approved by Cabinet is a requirement for bids to demonstrate how they would contribute to the council's priorities:
- Nurturing civic pride
 - Building a sustainable future
 - Creating a borough of sport
- 2.12. Each bid recommended for approval are considered to contribute towards one or more of the priorities.
- 2.13. The following proposals are considered to have particularly strong outcomes with respect to **nurturing civic pride**:

• Merton Sports Coaching Academy	£144,275
• Strive to thrive – Workshop 305	£115,600
• Springboard – SMCA working for the community	£87,000
• Cannizaro Park Valley Path	£82,500
• Towards Employment	£74,960
• Restoring Pride in Mitcham Cricket Green	£54,000
• Ready Steady Cook – CR4 Community Cooking Classes	£42,750
• Anima Una	£33,000

• Merton Garden Streets 2023	£35,373
• The Small Quarter Phase 2	£22,000
• Uptown Youth Services	£15,000
• Vestry Hall – Mitcham Arts Collective	£12,000
TOTAL nurturing civic pride	£718,458

2.14. The proposals behind these bids would help nurture civic pride by supporting Merton’s neighbourhood’s resilience to life challenges such as building pathways to employment, teaching school children in areas with high rates of diabetes how to cook healthily for themselves and their families, improving accessibility to activities and public places for people with physical or mental disabilities, and fostering a deeper connection to Merton by celebrating its heritage and culture.

2.15. The following proposals are considered to have particularly strong outcomes with respect to **building a sustainable future**:

• Cannizaro Park Valley Path	£82,500
• Morden Park Playground	£75,530
• Kenilworth Green SuDS and Pocket Park	£65,000
• The Wheel	£63,615
• Community Champions, more sustainable Merton	£51,836
• Merton Garden Streets 2023	£35,373
• The Small Quarter Phase 2	£22,000
TOTAL building a sustainable future	£395,854

2.16. With proposals that address the demands of the changing climate on our neighbourhoods the above bids represent the council’s support for endeavours to protect local residents, businesses and visitors against some of the worse impacts of climate change, whether it be providing sustainable drainage solutions and weatherproof pathways in local green spaces, supporting planting in parks and on streets or inspiring behavioural change through activities and initiatives with respect to the circular economy, travel, food production and diets.

2.17. The following proposals are considered to have particularly strong outcomes with respect to **creating a borough of sport**:

• Merton Saints BMX Club – New Start Hill	£130,000
• Merton Sports Coaching Academy	£144,275
• Garfield Rec MUGA refurb	£120,000
• Cannizaro Park Valley Path	£82,500
• Morden Park Playground	£75,530
• Restoring Pride to Mitcham Cricket Green	£54,000
• Ready Steady Cook – CR4 Community Cooking Classes	£42,750
• Green Gym for Moreton Green	£35,000
• TOTAL creating a borough of sport	£684,055

2.18. Merton as a borough of sport is tapping into what inspires communities to live more active and healthy lifestyles and the above bids are considered to do this by improving the active recreation offer at local parks, investing in our sporting future with work experience opportunities for sports coaching students in local schools, building on the success of BMX at recent Olympic Games by investing in local BMX infrastructure, supporting the viability and accessibility of the oldest cricket club in the world and creating a more mobile population by equipping a generation in CR4 with healthy cooking knowledge.

Other assessment criteria

2.19. Appendix B sets out how each of the bids that have been put forward for funding are considered to meet the assessment criteria and the reasons for not supporting bids, including with respect to other assessment criteria:

2.20. Supporting the demands that development places on the borough (criteria “a”)

All bids have been closely assessed under this legislative requirement criterion and the recommended bids all meet this priority. To meet this requirement projects must be considered to address a demand of development over the 15-year local plan period from 2011. One of the eligibility requirements that fall under this criteria is that the project must have a clear broad public value and projects where the public benefit in terms of demonstrable outcomes would be negligible or overly niche aren't supported.

2.21. Deliverability/financial implications (criteria “c” and “d”)

A number of proposals have not been recommended for funding at this stage because they are not sufficiently formed or supported proposals and/or due to their financial implications. Reasons include:

- those that comprise lists of project aspirations or projects that may be suitable for funding in the future but are currently insufficiently formed.
- those that may be more appropriate for alternative funding or could be covered by existing funding allocations.
- due to their impact upon future financial resources, requiring unspecified or ongoing funding support for project preparation, design, consultation, delivery and maintenance.
- Projects that are not authorised by relevant statutory approval bodies, landowner, delivery organisation or council service area.
- Projects where funding is requested for surveys and would not necessarily result in a project delivered on the ground.
- Bidders currently carrying out projects using Neighbourhood CIL allocations approved in previous years where the council would like to see those projects completed and outcomes delivered before considering any further funding allocations to the bidder
- Projects that are proposed for delivery outside of the funding timeframes.

2.22. Neighbourhood priorities (criteria “g”)

All bids that have been put forward for funding meet the neighbourhood priorities identified for the neighbourhoods that they would benefit. Appendix A lists the neighbourhood zone that would primarily benefit from the project. A number of bids that have been recommended – Uptown Youth, Merton Garden Streets 2023, Championing Civic Pride, the Wheel, Merton Sports Coaching – will benefit more than one of Merton’s neighbourhoods. This would enhance civic pride by bringing communities together from across Merton and support the improvement of community facilities, town centres, streetscapes and open spaces as more people are engaged in making our neighbourhoods better for residents, workers and visitors.

Delegated Authority to amend bid amounts

- 2.23. Delegated authority as set out in Recommendation 3 is requested to address the scenario where amendments are required to authorised amounts for bids approved by Cabinet where costs or 3rd party funding availability has changed. Any decision will be made in line with Cabinet’s agreed criteria.

The Ward Allocation Scheme

- 2.24. On 19th January 2019 Cabinet allocated a portion of Neighbourhood CIL receipts to a scheme (separate to the Neighbourhood Fund) called the “*Ward Allocation Scheme*”, allowing each ward £15,000 to spend on specific small-scale public space projects. The Ward Allocation Scheme ran for three years from April 2019 until March 2022. It allowed ward councillors three years to submit proposals for approval prior to 31 March 2022, when this round of the Ward Allocation Scheme terminated.
- 2.25. Officers carried out a review of the operation of the scheme over the Spring 2021, including conducting in-depth interviews with the leaders of each political party in the council at the time, interviewing some Cabinet Members and conducting a survey to give all councillors an opportunity to share their views. [At the 22 June 2021 meeting Cabinet resolved](#) that officers undertake a further review in late 2022 following the end of the first Ward Allocation Scheme round.
- 2.26. On [22nd September 2022 Cabinet endorsed](#) preparations to occur over the Autumn/Winter 2022-23 towards approving a new Ward Allocation Scheme
- 2.27. The work over the autumn/winter to be carried out was as follows:
- a. Pick-up on the findings of the review with councillors that was carried out in the Spring 2021 referred to at paragraph 2.24 above.
 - b. consider the effectiveness of the delivery of the last Ward Allocation Scheme following the final 9 months when a large proportion of activity occurred.
 - c. Work on the assumption that a new Ward Allocation Scheme will be implemented over the next three years:
 - allowing councillors more focussed time and more officer support to work up projects with their communities in the first year (for example, until April 2024) and having
 - a second phase over two years for delivering these projects in each ward.
- 2.28. Appendix C contains the review report of the implementation of the Ward Allocation Scheme for its full duration from April 2019 to March 2022, including an update to the councillor review carried out in the Spring 2021 (the interim review is appended to the report). Cabinet is asked to note the findings therein.
- 2.29. The review looks at councillor and officer feedback and the final performance in delivering investments using the £15,000 allocated to each ward and makes recommendations for the new Ward Allocation Scheme as follows:

The New Ward Allocation Scheme

- **Duration** – 1st April 2023 to 31st March 2026
- **Funding**
 - £15,000 for wards with three councillors
 - £10,000 for wards with two councillors
- **General rule** – Projects must be physical enhancements to **free-to-use** and **freely accessible** public spaces.

Explanation: Proposals must meet Neighbourhood CIL rules and given the large number of potential bids and limited monitoring resources the council would not wish to invest Ward Allocation Scheme funding in projects with a risk that the public neighbourhood benefit that address demands of development won't be achieved.

- **Who can apply**
 - applications can only be submitted by a councillor; and
 - must be endorsed by **all** ward councillors in that ward.
 - a dedicated application form will be provided for the application stage
- **Phased implementation** as follows:

Phase 1

1st April 2023 to 31st March
2024

- Focussed engagement with all wards
- Preparing viable and deliverable bids with councillors
- Project development/feasibility, including site visits

Phase 2

1st April 2024 to 31st March
2025

- Submitting bids (“application stage”)
- Bid windows (for seasonal activities, e.g. planting)
- Decision making
- Programming delivery
- Start spending

Phase 3

1st April 2025 to 31st March
2026

- No more bids
- Continued delivery
- Reporting

- **Specific project parameters** – In-scope options for councillors and out of scope items:

In scope

Projects that would be appropriate for Ward Allocation Scheme investments would be as follows:

Notes

- Sponsoring existing/larger projects *For existing (council or third party) large projects that might benefit from a small amount of additional funding where project funding, development and project management support has been secured outside of the Ward Allocation Scheme process.*
More than one ward can contribute to one project, via pooling their Ward Allocation Funds. For example, in the last Ward Allocation Scheme councillors from Hillside and Village contributed all their funding towards the existing Wimbledon Hill public realm improvements.
- In contract spends (if no budget for contracted spend exists) *This will be for additions / enhancements that may be covered in a contract with the council's term contractors IdVerde, FM Conways or Veolia for which a budget does not exist, and not for routine maintenance which is generally within contract. For example, in the last Ward Allocation Scheme Ravensbury ward contributed some funding towards bulb planting, which was carried out by IdVerde.*
- Project suggestions *Officers will provide lists of existing projects that are already occurring (pipeline, programmed or being implemented) that wards could contribute to, whether to add additional benefits or to provide gap funding to secure delivery. This will help provide councillors with options and consider what is happening locally that might benefit from the Ward Allocation Scheme. Note that it might not be possible to suggest specific projects for every ward – the wards without a*

project may wish to select a **project typology** to be implemented in their selected location – see next option.

- Project typologies *A list of typologies – e.g. table tennis tables, bulb planting – with narratives about what to expect/applicability criteria/bidding windows will be set out to councillors during the engagements in phase 1. Location acceptability would still need to be considered.*
- Grants to community groups *Given the wide variety of projects and different types of organisations, proposals will need to be developed and checked and accountability of community groups will need to be verified during phase 1. Payment on a cost recovery basis may be considered where groups aren't fully incorporated but have a group bank account and evidence of payment (for approved project costs) from that account can be provided. The funding will not be available for expenditure incurred by individuals.*

Out of scope

Projects that would *not* be appropriate for Ward Allocation Scheme investments would be as follows:

Notes

- In contract spends (where budget for contracted spend exists) *This will tend to be routine maintenance items*
- Projects with unacceptable maintenance/revenue implications *Proposals that comply with identified project typologies, are less likely to fall into this category*
- Tree planting *Exceptions to be discussed during phase 1:*
 - *planting in parks by community groups to establish whether location/maintenance implications are acceptable.*
 - *Sponsoring existing projects (see **Sponsoring** option above)*

- **Split ward agreement**
 - Allow for individual allocation of £5k per councillor in split wards – with ward councillors from different political parties – where all three ward councillors (or two for two-councillor wards) agree and can then bid individually.
 - Agreement would need to be reached, by the councillors for any wards wishing to take this approach, no later than 30th September 2023
 - The agreement form would include a declaration that the councillors will not unreasonably impede the development and delivery of the other councillors’ projects.
 - There would be a limit on the number of bids per councillor where a split is agreed so that split wards do not receive a disproportionate level of officer support, given the disproportionate demand this would have on funding project administration instead of actual delivery on the ground.
 - Phases remain the same so if agreement isn’t secured promptly development of bids would need to occur swiftly to allow sufficient feasibility assessment during phase 1 (deadline 31st March 2024).

2.30. The changes to the scheme from the first iteration that completed last year reflect a reconciliation of the two themes that ran through the feedback. Firstly councillors were clear that the types of projects and amount of support from the council for their delivery needs to better match councillors’ aspirations. Secondly that the councillors expectations should better match the amount of support that the council is able to offer. The solution to split the delivery into three phases – offers, on one side, to provide certainty in terms prioritising workloads and, on the other side, support for councillors to develop their lists of projects and have their bids approved well in advance of the expenditure deadline. This should support a more flexible approach in terms of the variety and scope of projects that councillors can apply for and see delivered.

2.31. The allocation of funding to support bids will need to be approved once sufficient Neighbourhood CIL income has accrued. Accordingly the recommended action is for Cabinet to grant delegated authority to the Interim Executive Director of Environment, Civic Pride & Climate in consultation with the Cabinet Member for Civic Pride to approve the allocation of funding for the implementation of the new Ward Allocation Scheme as proposed in this report once sufficient funding has been received by the council. Given the anticipated levels of receipts over the next 12 months, including further receipts from the Tesco’s development that the developer is legally obliged to pay, there is expected to be sufficient funding for this allocation in addition to the running of the next *Civic Pride Fund - Investing in Neighbourhoods* bidding round in the Autumn 2023.

3 ALTERNATIVE OPTIONS

- 3.1. Decision makers may choose to not allocate Neighbourhood CIL funding or allocate funding towards other bids that have not been recommended. However, the allocation of monies to the recommended bids are for deliverable projects that would meet Merton's strategic priorities and help support the demands development place on the borough benefiting local communities and attracting further investment into the borough. For this reason, allocation to alternative bids or not allocating any Neighbourhood funding is not recommended. Allocations towards measures that have not been recommended because they do not support the demands development places on the area would be unlawful under the CIL Regulations 2010 (as amended).
- 3.2. The council could take a different path with respect to the Ward Allocation Scheme., However launching a new ward-based scheme of Neighbourhood CIL allocations without consideration of lessons learnt or deciding not to allocate funding on a ward basis will miss the opportunities to deliver a new and improved Ward Allocation Scheme in the current electoral period and what it offers in terms of sharing Neighbourhood CIL funding amongst all wards.

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. Bids for the Neighbourhood Fund were sought between 3 October and 4 November 2022.
- 4.2. The opening of the bidding round was advertised on the Council's website, via a press release and social media and via peer-to-peer publicity. We would like to thank everybody who spread the word about the consultation and who participated by submitting a bid.
- 4.3. A dedicated email address/telephone number was promoted to and well subscribed by bidders to help them through the bidding process.
- 4.4. Further details are set out in the body of this report.

5 TIMETABLE

- 5.1. Budget allocations will be carried out following confirmation of approved bids with payments made from later in 2023 subject to grant agreement negotiations, conditions and payment terms.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. Community Infrastructure Levy, 15% of which is used for the Neighbourhood projects, is payable when CIL-liable developments start to be built, not when planning permission is granted.
- 6.2. As at 19 January 2023 £1,411,419 of Neighbourhood CIL was available for new bids following commitments/expenditure totalling just under £6 million approved since 2018 including allocations to Neighbourhood Fund bids

and £350k put aside for the first Ward Allocation Scheme implemented between April 2019 and March 2022.

- 6.3. The Table below summarises the 2022 bids. The formal approval of these schemes will be progressed as part of the “Financial Report 2022/23 – Period 10, January 2023”:

Capital Schemes	Budget 2023-24 £	Budget 2024-25 £	<u>Revenue Schemes</u>	Budget 2023-24 £	Budget 2024-25 £
Merton Saints BMX Club - New Start Hill and LED Lighting (grant TBC)	170,000		Merton Sports Coaching Academy (grant)	144,275	
Survive to Thrive - Workshop 305 (grant)	115,600		Towards Employment	74,960	
Anima Una – Equip Chapter House for Youth Theatre...	33,000		Vestry Hall - Mitcham Arts Collective	12,000	
The Small Quarter Phase 2: Accessibility Improvements (grant)	22,000		Ready Steady Cook CR4 Community Cooking Classes	42,750	
Springboard – SMCA working for the community	87,000		Uptown Youth Services (grant)	15,000	
Kenilworth Green SuDS and Pocket Park Improvement	65,000		Merton Garden Streets 2023 (grant)	35,373	
Restoring Pride in Mitcham Cricket Green	54,000		Community Champions, more sustainable Merton (grant)	51,836	
Morden Park Playground	75,530		The Wheel (grant)	63,615	
Cannizaro Park Valley Path safety, accessibility and sustainability project	82,500		Repairs to Grade II Listed Tudor Walls – Church Lane Playing Fields and St Mary’s Churchyard	20,000	
Future proofing the Durnsford Road Recreation Ground	44,770				
Garfield Rec MUGA refurb	120,000				
Green Gym for Moreton Green	35,000				
Total Capital Schemes	964,400		Total Revenue Schemes	459,809	

Total All Projects

1,324,209

- 6.4. The balance of Neighbourhood CIL not applied to bids approved by Cabinet will be rolled forward to support bids approved in future bidding rounds.
- 6.5. Forecasts based on planning permissions that attract Merton’s CIL mean that the council expects to receive circa £300,000 into the *Civic Pride Fund - Investing in Neighbourhoods* per annum, excluding strategically

significant developments. Further receipts from strategic the Tesco's development are expected to more than double the anticipated return for the next four quarters which would provide funding that can be allocated to the *Civic Pride Fund – Investing in Neighbourhoods*.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. Under Section 216 (1) of the Planning Act 2008 and Regulation 59 of the CIL Regulations 2010 requires the Council to apply the charge, or cause the charge to be applied, to supporting development by funding the provision, improvement, replacement, operation or maintenance of infrastructure. Infrastructure is defined in Section 216(2) of the Planning Act 2008.
- 7.2. Government guidance states that local authorities should engage local communities and agree with them how to best spend Neighbourhood CIL, and that administration should be proportionate to the level of receipts.
- 7.3. When allocating funding to external organisations the Council needs to be mindful of the UK Subsidy Control Regime which came into effect on the 4th January 2023. The purpose of the Subsidy Control Regime is to prevent public authorities from giving financial advantage to enterprises in a way that could distort competition. In order to ascertain whether the regime would apply the Council would need to consider whether the funding is a subsidy in the first place and the following test would need to be carried out:
- (i) Is the financial Assistance given, directly or indirectly, from public resources by a public authority?
 - (ii) Does the financial assistance confer an economic advantage on one or more enterprises?
 - (iii) Is the financial assistance specific? That is, has the economic advantage been provided to one(or more than one enterprise), not to others?
 - (iv) Will the financial assistance have, or is capable of having an effect on competition or investment within the UK, or trade or investment between the UK and another country or territory.

If the answer is no to any of the questions above, the funding would not be considered a subsidy.

- 7.4 It is highly unlikely that this funding would be classed as subsidy. However, if in the event it was, then there is provision in the regime for Minimal Financial Assistance (MFA) which allows a public authority to award low value subsidies without needing to comply with the majority of the subsidy requirements. MFA has a financial threshold so no recipient

can receive more than £315,000 in subsidies over the applicable period which is:

- (i) The elapsed part of the current financial year (i.e. from 1st April) and
- (ii) The two financial years immediately preceding the current financial year.

In order to ensure that MFA can be relied on the Council would need recipients to confirm the total funding they have received in the applicable period from other public authorities.

- 7.4. The delegations recommended at 3 and 6 above are permissible under Section 9E of the Local Government Act 2000.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. None for the purposes of this report. Projects are recommended against the criteria that Cabinet approved in September 2022 such as consideration of Merton's strategic priorities, which include matters addressing equalities and community cohesion.

9 CRIME AND DISORDER IMPLICATIONS

- 9.1. None for the purposes of this report. Projects are recommended against the criteria that Cabinet approved in September 2022 such as consideration of Merton's strategic priorities, which include matters relating to minimising crime and disorder.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1. None for the purposes of this report.

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

- Appendix A: *Civic Pride Fund - Investing in Neighbourhoods* bids for 2022 recommended for approval
- Appendix B: Bid details – *Civic Pride Fund Investing in Neighbourhoods*
- Appendix C: Neighbourhood CIL Review – The Ward Allocation Scheme

12 BACKGROUND PAPERS

- Cabinet meeting 22 September 2022: Minutes and Agenda Item 4 – Neighbourhood Fund
<https://democracy.merton.gov.uk/ieListDocuments.aspx?CId=146&MId=4183&Ver=4>
- [Cabinet meeting 22 June 2021 Minutes and agenda item 8 – Neighbourhood Community Infrastructure Levy review](https://democracy.merton.gov.uk/ieListDocuments.aspx?CId=146&MId=3972&Ver=4)
<https://democracy.merton.gov.uk/ieListDocuments.aspx?CId=146&MId=3972&Ver=4>

Appendix A

Civic Pride Fund Investing in Neighbourhoods bids for 2022 recommended for approval

Appendix B

Bid details – Civic Pride Fund Investing in Neighbourhoods bids for 2022

Appendix C
Neighbourhood CIL Review – The Ward Allocation Scheme

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Civic Pride Fund Investing in Neighbourhoods bids for 2022 recommended for approval

Appendix A

Proposed Neighbourhood CIL allocations for 2023-24

Bid ID	Project name	Neighbourhood Zone	Primary Priority	Recommended allocation amount	2023-24 Capital £	2023-24 Revenue £
2 & 3	Repairs to Grade II Listed Tudor Walls - Church Lane Playing Fields and St Mary's Churchyard	Morden	1	20,000		20,000
4	Community Champions, more sustainable Merton	all	2	51,836		51,836
5	Merton Garden Streets 2023	all	1	35,373		35,373
6	Merton Sports Coaching Academy	all	3	144,275		144,275
7	Springboard – SMCA working for the community	Mitcham	1	87,000	87,000	
8	Towards Employment	all	1	74,960		74,960
10	Kenilworth Green SuDS and Pocket Park Improvement	Wimbledon	2	65,000	65,000	
11	Restoring Pride in Mitcham Cricket Green	Mitcham	1	54,000	54,000	
28	Morden Park Playground	Morden	3	75,522	75,530	
30	Merton Saints BMX Club - New Start Hill and LED Lighting	Mitcham	3	130,000	130,000	
31	Cannizaro Park Valley Path safety, accessibility and sustainability project	Wimbledon	2	82,500	82,500	
32	Uptown Youth Services	all	1	15,000		15,000
33	Future proofing the Durnsford Road Recreation Ground	Wimbledon	3	44,769	44,770	
37	Garfield Rec MUGA refurb	Wimbledon	3	120,000	120,000	
40	Vestry Hall - Mitcham Arts Collective	Mitcham	1	12,000		12,000
42	Green Gym for Moreton Green	Morden	3	35,000	35,000	
43	Survive to Thrive - Workshop 305	Wimbledon	1	115,600	115,600	
44	The Small Quarter Phase 2: Accessibility Improvements	Mitcham	1	22,000	22,000	
45	Ready Steady Cook CR4 Community Cooking Classes	Mitcham	1	42,750		42,750
46	The Wheel	all	2	63,615		63,615
53	Anima Una bid to equip Chapter House for youth theatre and community events	Colliers Wood	1	33,000	33,000	

Total

1,324,200 864,400 459,809

Number of bid recommended for approval

22 14 8

Total Budget

1,324,209

Priority

1. Nurturing Civic Pride – is about the relationship that people and communities have with a place this includes their physical surroundings and feelings of identity and belonging.
2. Building a Sustainable Future - Working towards a greener, more sustainable, and resilient future for the borough means better housing, action on climate change and supporting the health and wellbeing of our local communities.
3. Creating a Borough of Sport - From internationally renowned organisations like the All-England Club to grassroots clubs and organisations like Tooting and Mitcham FC, we want to strengthen our partnerships with sports clubs, organisations and businesses across the borough and promote increased participation in sports and activity.
4. Recovery and Modernisation - The aims of the programme are two-fold. Firstly, to plan and support recovery as the country emerges from the pandemic. Secondly, to capture and build on some of the new ways of working to develop a modern council fit for the future.
5. Corporate Budgets

Bid details – Civic Pride Fund Investing in Neighbourhoods

Appendix B

Bid ID #	Project name	Bidder name	Project Description	Neighbour- hood Zone	Bid amount	Recommended allocation amount	Recommended decision <small>(incl. reasons & any conditions)</small>
2	Repairs to Grade II Listed Tudor Wall around Church Lane Playing Field Merton Park SW19 3PD	Dese Child - John Innes Society	This Listed Tudor Wall has been on English Heritage/Historic England's At Risk List for so long as anyone can remember. It has been on the Council's "to do" list for years but no funds have been available. Patch repairs have been carried out from time to time but now a section of crumbling wall has become very dangerous and may collapse. During Lockdown, children picked bricks out of the wall to make a climbing wall and that has affected its stability. The worst section, for which this bid is made, is on the Field side, just west of the boundary with Church House's garden gates. There is also a section of brickwork missing from the left hand gate post on Church Lane where a plant had to be removed. The hole needs filling before it weakens the gatepost further.	Morden	20,000	20,000	Approve. £20,000 recommended contribution to the wall repairs bids ID# 2 and 3. Proposal costs to be established following appropriate expert inspection, scoping and specification. Delegated authority to be utilized for any necessary decision to authorise an increase in contribution towards the wall repairs. Investment in Merton's heritage assets helps nurture civic pride.
3	Repairs to Grade II Listed Tudor Wall St. Mary's Merton Park Churchyard	Dese Child - John Innes Society	Repair sections of Churchyard Wall. The wall has been on the Council's "to do" list for several years, but no funds have been available for repairs. The wall is the setting of St Mary's Church Merton Park, which is a Grade II* Listed Building and is on the Council's Heritage Strategy List. The worst section of wall is along Church Lane (SW19 3HQ) which has suffered a collapse in January 2023. There is a safety risk for highway users including the pavement used by children to access nearby Merton Park Primary School.	Morden	20,000	See above	Approve. £20,000 recommended contribution to the wall repairs bids ID# 2 and 3. Proposal costs to be established following appropriate expert inspection, scoping and specification. Delegated authority to be utilized for any necessary decision to authorise an increase in contribution towards the wall repairs. Investment in Merton's heritage assets helps nurture civic pride.
4	Community Champions, more sustainable Merton	Diana Sterk - Sustainable Merton	Aim: inspire and mobilise local people and partner organisations to address the Climate Emergency and issues on energy, waste, air quality, growing, food poverty and wellbeing to achieve positive behaviour change. The funding is a contribution to the total £117k costs is to cover the Community Champions programme including programme manager, Growing space (developing Mitcham Community Orchard inc. social prescribing to young people/pathway creation; and Phipps Bridge Allotment, as sustainable growing supplying Community Fridge); project communications & engagement and overheads.	all	63,836	51,836	Approve. Proposal that addresses the demands of the changing climate on our neighbourhoods represents the council's support for endeavours to protect local residents, businesses and visitors against some of the worse impacts of climate change, inspiring behavioural change through activities and initiatives with respect to the circular economy, travel, food production and diets.
5	Merton Garden Streets 2023	Merton Climate Action Group	Aim: To increase plant biodiversity in the borough by planting pollinator friendly plants and encourage social cohesion through volunteer-led planting initiatives at Community planting days. £35k funding is sought with the aim for 135 streets to have signed up and 5000 pollinator friendly plants across all 20 wards in Merton to participate.	all	35,373	35,373	Approve. Continuing this successful project for another year will nurture civic pride and help residents build a sustainable future. This holistically beneficial community project is also an important climate adaptation measure that can help Merton communities build resilience in the face of climate induced environmental risks, such as loss of biodiversity and flooding.

Bid ID #	Project name	Bidder name	Project Description	Neighbour- hood Zone	Bid amount	Recommended allocation amount	Recommended decision (incl. reasons & any conditions)
6	Merton Sports Coaching Academy	Merton School Sport Partnership - Nicola Ryan	Aim: Merton School Sport Partnership project addressing the need for more qualified sports coaches to deliver physical activity, PE and Sport to children within our schools and community. Funding for managing placements, financial and pastoral support carrying out PE lessons, sporting and other physical activity coaching at Merton Schools for up to 24 young coaching students at TMUFC and financial support completing their B-tech football and PE, PA and coaching qualifications.	all	144,275	144,275	Approve. Condition: prior to award of grant and no later than the date that the programme would commence in accordance with the bid application assurances must be secured that just this one year investment is worthwhile considering the cost for the second year of the 2-year programme remains to be funded.
7	Springboard – SMCA working for the community	South Mitcham Community Association	Aim: To make the community centre building more welcoming, adaptable and fit for purpose. Funding - £85k for toilet refurb - making accessible toilet fit for purpose, women's toilet works including new children's toilet/basin, refurb men's; £2k painting. Part of a larger project that includes refurbishments to create a more flexible space to accommodate a wider range of uses and install a green wall, for which external funds are pending.	Mitcham	87,000	87,000	Approve. Supporting accessible Community facilities that the community can be proud of and brings people together building a narrative of pride in the community.
8	Towards Employment	Mellisa Stewart	Aim: Providing opportunities for residents to increase their employability skills, economic and overall wellbeing through the refurbishment of community space at Vestry Hall, including green space, and the repurposing of salvaged wood to create community use furniture and deliver pop-up craft fairs within the community. The investment would support the continuation of the Towards Employment programme featuring Vestry Hall revitalisation work experience project with SoloWood carpentry and trade upcycling/sustainable carpentry expert as project manager; includes refurbishing first floor hall, and various new and refurbished features in the garden. Other regular Towards Employment activities also included. £74k sought is majority funding contribution, with £34k contribution from DWP social care funds to Towards Employment staffing costs and £1k towards SoloWood costs. £74k sought would contribute £40k to Towards Employment staff, £14.9k for SoloWood expertise and £20k to cover construction costs.	all	74,960	74,960	Approve. This programme has a proven track record of delivering strong NCLL outcomes and this bid would go further by securing match funding and delivering improvements to Vestry Hall and associated payback via use of Vestry Hall for activities, helping nurture civic pride
9	Make Merton Merry	Dickie Wilkinson	Commission local Merton based artists to work with school children's and community organisations to produce a series of seasonal, shop window displays across the borough. E.g. for the coronation a sports or heritage theme in Autumn and then a festive Christmas display. In addition the artist would also produce a number of banners that would be placed in empty shops to create a more attractive high street encouraging residents to visit the high street and deliver Civic Pride.	all	35,000	-	Refuse. Proposal is not sufficiently formed. Bidder is an individual. This presents an unacceptable accountability risk for the funder.

Bid ID #	Project name	Bidder name	Project Description	Neighbour- hood Zone	Bid amount	Recommended allocation amount	Recommended decision (incl. reasons & any conditions)
10	Kenilworth Green SuDS and Pocket Park Improvement	Cllr Jill Hall	Aim: to deliver a pocket park including a raingarden/SUDS solution to flooding issue (phase 1). Following assessment by the council's flood management officer it has been confirmed that this phase 1 would require all of the bid amount. It is understood that second phase to introduce amenity/activity features at site identified at the location which can't be funding by the amount applied for may be subject of a bid for third party funding.	Wimbledon	65,000	65,000	Approve. Helps to build a sustainable future by combatting the risk of flooding, one of the negative impacts of climate change, and builds civic pride by enhancing the local environment.
11	Restoring Pride in Mitcham Cricket Green	Mitcham Cricket Club	Aim: to improve Mitcham Cricket Club's facilities to restore the appearance of the Green and improve availability and use for junior and women's cricket. £66k funding is sought to cover full costs including new artificial pitch, re-seeding outfield, mower, scoreboard, site screen and surface treatment, quotes supplied and alternative funding from Surrey Cricket Foundation (bid in March), together totally maximum saving of circa £12k without scaling down project.	Mitcham	66,000	54,000	Approve. Condition: prior to award of grant match funding efforts shall be carried out the to the council's satisfaction and the council's verification for the same shall be achieved no later than 31st March 2024. Helping to Create a Borough of Sport by supporting the modernisation of facilities for local cricket club with open for all affordable sporting opportunities supporting public health and talking diabetes. Leisure services: "We are very short of cricket compared to the demand so the club having more capacity makes sense". Builds Civic Pride by investing in this iconic heritage asset of Merton ensuring the tradition of cricket at the Mitcham Cricket Green remains a deep source of pride for the borough.
26	Museum of Wimbledon - Making history here	Wimbledon Society - Jacqueline Laurence	Funding activities, outreach and collections care at Wimbledon Museum	Wimbledon	20,000	-	Refuse. Reason for decision: investment not considered best value at the current time. The museum is currently implementing activities with support of NCIL funding awarded in 2022 (a 2021 bid) which was approved to help stimulate activity (with an outreach component) following the closure of the museum for refurbishment, an outcome which has been achieved with outreach activity occurring and has successfully generated other funding awards.
27	Revelstoke Road entrance and car park improvements in Wimbledon Park	Nick Steiner	Outline of proposals 1) To improve the entrance from Revelstoke Road. 2) Repair rainwater kit and clean up brickwork, re-site razor topped fencing and paint the bridge and set up fittings to allow murals from secondary schools in Merton & Wandsworth to be displayed on the inside walls. 3) Join up the perimeter path by relocating the car park and extending the railway tree hedge along the vacated area.	Wimbledon	60,000	-	Refuse. Unaccounted for ongoing revenue costs liable to London Underground/TfL for the mural. Deliverability uncertainty until ongoing work on the council's priorities for the park has been developed.

Bid ID #	Project name	Bidder name	Project Description	Neighbour- hood Zone	Bid amount	Recommended allocation amount	Recommended decision (incl. reasons & any conditions)
28	Morden Park Playground	Friends of Morden Park - Liz Sherwood	To redesign and upgrade the existing small playground in Morden Park. To specifically enable it's better use in the autumn and winter months when the current entrance becomes waterlogged. This project creates a second entrance away from waterlogging, increases it's size, includes some new play equipment, rubber surfaces, a wheelchair friendly roundabout, refurbishment of picnic tables, new self closing gates, fencing and hedges.	Morden	75,522	75,522	Approve. Supports nurturing civic pride, building a sustainable future and creating a borough of sport
29	MusicOnWheels Merton	Petru Cotarcea	We will deliver 4 free, week-long, musical introductory courses in Merton. These will be targeted towards children from lower income families, who are likely to otherwise be financially excluded from musical education. We will introduce these children to instrumental music through a comprehensive mix of interactive online courses, and in-person tuition delivered on our converted double-decker bus. The courses will take place in Cricket Green, Figge's Marsh, Lavender Fields, and Pollards Hill.	Mitcham	24,080	-	Refuse. Unclear public outcomes. Primary outcome is private, i.e. promotion of organisation. Merton Music Foundation delivers music classes
30	Merton Saints BMX Club - New Start Hill and LED Lighting	Merton Saints BMX Club - Dorchie Cockerell	We are a community based BMX Club next to St Mark's Academy school in Mitcham. The start hill of our BMX track is badly subsiding, resulting in a dangerous crack in the hill. This has damaged our start gate beyond repair, which means we cannot run proper training sessions or races. The hill needs to be repaired and the start gate replaced. With increases in electricity costs, we also want to upgrade our floodlighting to LED bulbs to reduce energy costs so we can continue evening sessions.	Mitcham	93,328	130,000	Approve. Building on the success of BMX at recent Olympic Games by investing in local BMX infrastructure supports creating a borough of sport. The recommended allocation amount is greater than the the bid amount due to potential additional costs for repairing the start hill, upon which the success of the project rests, being identified by council contractors.
31	Cannizaro Park Valley Path safety, accessibility and sustainability project	Anna Watkin; applying on behalf of The Friends of Cannizaro Park	Address Valley Path safety, accessibility and sustainability issues by re-surfacing the hazardous, water-damaged sections of the path. Create a safe, smooth, step free, hard-wearing tarmac path to the popular pond area for people with mobility challenges and those using children's buggies. Install sustainable surface water drainage channels to capture rainwater flows and divert the water to enlarge and stabilise new water loving bog garden habitat.	Wimbledon	94,875	82,500	Approve. Project would help nurture civic pride with accessibility improvements to the paths of this renowned historic park, create a borough of sport and tackle climate change.
32	Uptown Youth Services	Uptown Youth Services - Julie Craddock	Aim: to fund growth in the operation of this youth club that supports disadvantaged young people with an emphasis on mentoring to help them to make better life choices and encourage education and training. Additional funding demands claimed for this year is new one-to-one weekly mentoring sessions, and extra costs for youth workers including one new youth worker to provide capacity to deliver growth and minimum wage costs for youth worker pay. Also would support funding HAF holiday courses (4hrs 4d/wk) started in 2021.	all	30,000	15,000	Approve. Helps to nurture civic pride by supporting a youth club in south Wimbledon with a track record of supporting young people effected by upheaval to life circumstances being exacerbated due to the nearby High Path estate regeneration

Bid ID #	Project name	Bidder name	Project Description	Neighbour- hood Zone	Bid amount	Recommended allocation amount	Recommended decision (incl. reasons & any conditions)
33	Future proofing the Durnsford Road Recreation Ground	Friends of Durnsford Road Recreation Ground - Pamela Healy	Component of bid under consideration for funding involves replacing fencing between Rec & Wellington Works Industrial site. The fencing is early 1900's & badly damaged, children & dogs could easily gain access to this dangerous site. Bid also applied for funding to extend the wood created 25 years ago, the ground requires rotavating & clearing first, which wasn't identified as a priority by the Parks team. A standpipe for watering plants was also included but is not required.	Wimbledon	72,769	44,769	Approve for funding of fence replacement element of the project only. £20,000 has been identified from the council's Parks Investment capital budget to contribute to the fence replacement element of the project. Supports nurturing civic pride, building a sustainable future and creating a borough of sport
34	Increased "Actively Merton" exercise opportunities for those aged 50+	Age UK Merton - Jen Goddard	We want to enhance and expand the provision of physical exercise activities for older people aged 50+ in Merton. These activities aim to improve the health and wellbeing of our clients as well as reducing the impact of longer-term conditions like frailty and dementia. Aim: to supplement the funding for existing exercise activities currently put on by Age UK at the Elmwood Hub in Mitcham, with ambition to extend to additional activities (mini-golf, curling, bocca, new-age bowls) and new areas of the borough.	Mitcham	60,525	-	Refuse. Reason for decision: Track record - can consider future bids when Elmwood Centre Project has been delivered with the Neighbourhood CIL funding approved in 2020.
37	Garfield Rec MUGA refurb	Friends of Garfield Rec and Wandle Meadow Nature Park - Kelly Gunnell	Transformation of the current, under-used MUGA in Garfield Rec into a space that is welcoming and accessible to a wide spectrum of users from age 8+, and appeals to both girls and boys. Open spaces tend to be designed for sports, usually dominated by boys/men. We envisage an inclusive space where older children can hang out, feel secure and makes anti-social behaviour difficult. The new activity area will provide new sports and games options, as well as fun seating and hang out options.	Wimbledon	120,000	120,000	Approve. Supports nurturing civic pride, building a sustainable future and by improving the active recreation offer at a local park, especially expanding the offer to girls, creating a borough of sport
38	Wimbledon Common - Improving paths and access-for-all on	Maggie May	A grant from Merton Council will improve access for all by rebuilding 3 popular paths on Wimbledon Common so that they can be used by everyone all year round. The main entrance path and around the Windmill to the disabled toilets and cafe will be upgraded so that no one need use the vehicle road; a shared cycle way that becomes waterlogged will be resurfaced; and a path that travels through protected habitats will be restored. Your support will help more people to explore green space in Merton.	Wimbledon	56,420	-	Refuse. A bid can be considered for a small percentage contribution in the future once a large and proportionate fund raising effort has taken place.
39	Relaying and painting of basketball surface	Clr Caroline Charles	Basketball court to the rear of The Beeches, London Road Morden needs re-surfacing and lines repainting.	Morden	400	-	Refuse. Landowner/delivery organisation approval outstanding.
40	Vestry Hall - Mitcham Arts Collective	Julie Noel	creating a community hub for a range of events such as cinema evenings, festivals, theatre shows, jazz nights, food truck Fridays, markets.	Mitcham	12,000	12,000	Approve. Helps to nurture civic pride by creating an arts and entertainment hub at Vestry Hall in Mitcham.

Bid ID #	Project name	Bidder name	Project Description	Neighbour- hood Zone	Bid amount	Recommended allocation amount	Recommended decision (incl. reasons & any conditions)
41	Merton Sporting Heritage Trail	Roger Rogowski	The project will deliver a 100 point self-guided trail around the borough that will take walkers to all of the locations associated with Merton's rich and diverse sporting activities past and present. The trail will also be supported online with detailed directions and supplementary information, links to local sports clubs and groups and guidance on how to get involved with the featured sports. There will also be a downloadable guide and associated videos.		44,340	-	Refuse. The proposal is not sufficiently formed. Locations not yet identified.
42	Green Gym for Moreton Green	Friends of Moreton Green and Woodland - Sophie Goad	An outdoor gym for Ravensbury residents to use for leisure and exercise.	Morden	35,000	35,000	Approve. Supports the Borough of Sport.
43	Survive to Thrive	Workshop 305 Community Interest Company - Kerry O'Keeffe	Essential refurbishment of our arts and crafts community workshops consisting of a roof repair, to insulate and encapsulate a leaking asbestos roof with oversheeting. Enhance extraction and install essential air-conditioning. Following receipt of updated quotes, the amount applied for will fund the repairs to the roof and provision of health and safety interventions in the form of air-conditioning/ventilation to the kiln room protect against fumes and overheating in summer. Other elements of original bid included: Provide external cycle and bin storage. Upgrade dilapidated furniture, e.g. kitchen and workshop furniture that is in need of replacement. Invest in an accessible pottery wheel for wheelchair bound users as our students are unable to use regular throwing wheels.	Wimbledon	115,600	115,600	Approve. Will fund physical improvements to a community building that houses a creative arts community facility that supports adults with learning disabilities
44	The Small Quarter Phase 2: Accessibility Improvements	Graphite & Diamond - Katie Welford	To deliver Phase 2 of The Small Quarter's business plan, our project will develop: - Accessible infrastructure to welcome the whole Mitcham community onsite - Workshops & activities suitable for children, teenagers and adults - Income generating activities to support our independent growth - Cultural outreach and co-creation of activities - Research + Development for Phase 3, which is to secure indoor workshop and creative space	Mitcham	106,063	22,000	Approve. Funding approval for the in the physical accessibility interventions only and the council to keep in touch with the organisation as it seeks to grow and achieve economic sustainability. Nurtures civic pride and helps build a sustainable future through community facilities that the community can be proud of and brings people together, creates employment pathways building a narrative of pride in the community and helps to foster a wider understanding and following of environmentally sustainable growing.

Bid ID #	Project name	Bidder name	Project Description	Neighbour- hood Zone	Bid amount	Recommended allocation amount	Recommended decision (incl. reasons & any conditions)
45	Ready Steady Cook CR4 Community Cooking Classes	Annalise Johns	This bid is designed to fund cooking classes for children and parents of CR4 once every week from three local community kitchens; Cricket Green Primary CR4 3AF, St Marks Primary Parents Centre, CR4 2LF, New Horizon Centre, CR4 1LT. This vicinity of Merton has the highest child obesity in Merton and is considered a food desert (where fresh foods are harder to find). Sustainable Merton's Community Fridge data, indicates East Merton residents are those to frequent the service most.	Mitcham	42,750	42,750	Approve. Builds life skills amongst the younger generation, instilling collective sense of civic pride, in a community with poorer life opportunities, setting the foundation for healthier communities and a borough of sport combatting diabetes
46	The Wheel	Merton Climate Action Group	The Wheel, a capacity building project for waste reduction and circular economy started in 2022, aims to build on the work done in its first year. This year it will focus on improving civic pride through waste reduction initiatives for and with local communities and small businesses to create a more visible greener economy in Merton. The Wheel works across 6 waste categories and 3 dimensions of low waste neighbourhoods enablement - a digital hub, community workshops and circular high streets.	all	68,115	63,615	Approve. Helps to protect the environment/build a sustainable future by supporting the circular economy to motivate behavioural change towards alternative approaches to fly-tipping that disproportionately effects communities with poorer life chances; and events to bring people together, together helping to nurture civic pride
47	Metal Benches in Morden Park & Playing Fields	Liz Sherwood	To supply and fit approx. 12 metal benches/seats in the park and playing fields where there currently very few.	Morden	20,000	-	Refuse. Portfolio service area for Merton parks are prioritising a series of enhancements in Morden Park to create a destination, including the Morden Park playground bid #28
49	Merton Guidebook.	Gabriel Moreno	172 things to do in Merton. This book aims to serve as an informative guide to help Merton become more accessible, especially for those who want to explore the borough and keep busy despite the increased cost of living. I hope that it helps inspire young people, entertains adults and that these activities in some shape or form make a positive impact on the social, physical, and mental wellbeing for residents who are keen to get active. It supports local business, sport and sustainable pastimes.	all	600	-	Refuse. Investment - to pay the costs for printing copies of the book - not considered of sufficient public value.
50	WMNP - Ecology Survey, Education Boards and Training	Friends of Garfield Rec and Wandle Meadow Nature Park - Kelly Gunnell	The Wandle Meadow Nature Park (WMNP) is an important 'wild' open space, much used but little understood. The Friends group request funding for a new updated habitat survey and associated mapping (prior was 1997), the results of which will inform the content for 4 interpretation boards, explaining the site's history and ecological significance. In addition, some money for site management works, training for volunteers and to support our educational events for local schools and the community.	Wimbledon	15,300	-	Refuse. Paying for the costs of the survey or on measures that would be pending the outcome of a survey is outside the scope of the funding. Alternative RSPB funding opportunities for survey. Panels not favoured due to ongoing costs/weathering

Bid ID #	Project name	Bidder name	Project Description	Neighbour- hood Zone	Bid amount	Recommended allocation amount	Recommended decision (incl. reasons & any conditions)
51	New hedging and trees for Old Ruts Sports Ground	Mike Stallard - Old Rutlishians Sports Club	Next year sees the Centenary of Old Ruts Sports Club moving to Poplar Road. We are launching an appeal to raise funds to make sure we are there for another 100 years - one of the areas for improvement is to replace the very poor hawthorn hedging around the ground and plant new trees to enhance the outward appearance for local residents and to improve the biodiversity by providing more habitat for birds and insects.	Merton	5,000	-	Refuse. Not best value as funding would be for a private sports club as opposed to general public benefit. Project timeframes aren't aligned to the timeframes for funding.
52	Greening Merton Schools	Peter Urquhart - CREW Energy	Crew Energy is planning on installing 'living' green walls and other green planting for the benefit of 3 schools in Merton. This is a direct response to development in the area by providing much-needed green space, nature and biodiversity improvement in areas where this is limited. We will introduce a range of planting on the school boundary and a green wall within to act as a natural green buffer and improve overall air quality for schools who do not benefit from the school streets programme.	all	77,225	-	Refuse. Proposal not sufficiently formed, which has been acknowledged by the bidder.
53	Anima Una bid to equip Chapter House for youth theatre and community events	Andrew Judge - Anima Una	Anima Una is a charity aiming at bringing young people together to teach, inspire and empower them to create excellent theatre. We aim to involve young people who cannot afford to participate in commercial drama classes. We are based in the unique historical space of the Chapter House, owned by the Borough, but need funds to equip it for lighting, sound, film projection and security.	Colliers Wood	33,000	33,000	Approve. This is the final year of Neighbourhood CIL awards to this project which will bring the location of the Merton Priory Chapter House remains to life as a venue for youth theatre celebrating the past through future generations and nurturing civic pride.
54	Sustainability Centre	Kristina Burton - Mitcham Town Community Trust	We would like to use the funds to transform and update, our founding member's, Cranmer school's old assembly hall. We aim to build a multi-purpose sustainable community centre with easy access during and beyond the school day. This will be achieved by using recycled building materials, LED lighting and responsible energy consumption. There will also be an opportunity for teaching and learning about sustainability in the eco-friendly environment as well as community cohesion and public pride.	Mitcham	61,295	-	Refuse. Reason for decision: Not considered best value for Neighbourhood CIL investment at this time. Projects with demonstrable positive climate outcomes can be considered for future climate funding and works required to school facilities are considered through the respective thematic funds for school facilities strategically by the council.

Bid ID #	Project name	Bidder name	Project Description	Neighbour- hood Zone	Bid amount	Recommended allocation amount	Recommended decision (incl. reasons & any conditions)
55	Restoring Civic Pride to Wimbledon's Pavement Shopping Arcade	Craig Hurring - Love Wimbledon	The Pavement is one of the few parades of shops in Wimbledon Town Centre which is 100% independent. Located in a conservation area, it features useful shops and services, including a locksmith, jeweller, sandwich shop and barber. It is situated in a prime location, opposite the prestigious Elys department store, and in proximity to several new office developments. We would like to conserve and rejuvenate this colonnade with new canopies, signage and planting to make it a destination of its own.	Wimbledon	75,000	-	Refuse. Proposal requires more assessment in terms of scope, costings, funding and prioritisation alongside other parade enhancement demands. Wimbledon town centre has recently benefited from a major parade refurbishment programme at Queens Road and Broadway. The Council has also recently invested in further public realm upgrades in Wimbledon town centre via CIL including the creation of a new public space at Wimbledon Theatre, Parklets and street lighting upgrades. The Council will be happy to work with LoveWimbledon on improving the planting area at Francis Grove outside of the NCIL process; including the re-use of benches removed as part of the Wimbledon Hill refurbishment.
56	Francis Grove Wellbeing Pocket Parklet	Craig Hurring - Love Wimbledon	Close to Love Wimbledon's offices on St George's Road, there is a small green space on the corner of Francis Grove, owned by Merton Council, in a poor state of disrepair, with a broken perimeter rail, large amounts of weeds and overgrown, unmaintained trees and planting. I would like to transform this currently unloved space into a community pocket parklet, providing additional seating from benches saved from scrap and co-designed with the community for restoration, together with new planting.	Wimbledon	15,000	-	Refuse. Solution involving benches being worked up with Love Wimbledon using alternative funding.
57	Wimbledon Park Athletics Stadium necessary improvements	Stewart Bond - Hercules Wimbledon Athletic Club (HWAC)	Complete work to regain UK Athletics TrackMark status for stadium to be used for full athletics training and competition further to work planned by LBM for early 2023. The stadium is widely used by the community, HWAC, schools and clubs but tree roots have damaged the track -Deep-clean, remove moss and algae, re-mark -Fill gaps between track and kerbs -Improve lighting to cover dark areas to meet -TrackMark standard -Make entry safer for wheelchair users and para-athletes -Other necessary work	Wimbledon	91,000	-	Refuse. Deliverability uncertainty until ongoing work on the council's priorities for the park has been developed.

Totals	2,139,651	1,324,200
count (bids received/rec. aprvl)	39	22



London Borough of Merton Neighbourhood CIL Review

The Ward Allocation Scheme

Autumn 2022

Version control:

Version 0.3	20 Feb 23 Cabinet report	09 Feb 2022
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1 Purpose

Since 2018, Merton's successfully allocated over £6 million towards supporting the borough's neighbourhoods benefiting our community facilities, local charities, green spaces, streetscapes, town centres and neighbourhood parades in response to growing demand on the council's infrastructure from new development. This funding forms a portion of the Community Infrastructure Levy (CIL) income which the council collects through the planning system from new development in the borough.

This review is to investigate the council's use of Neighbourhood CIL funding, in particular a programme of investments – with each ward allocated £15,000 to pledge to projects between April 2019 to March 2022 – called the Ward Allocation Scheme.

Cabinet at its meeting on 19th September 2022 endorsed the review to proceed to help inform a decision as to how to take Neighbourhood CIL spending forward in the future, in particular the details of a new Ward Allocation Scheme programme during the current electoral period which ends in 2026.

An interim review was carried out in 2021 which looked at the performance of NCIL spending in Merton. A further review was identified for late 2022 which to assess the completed Ward Allocation Scheme.

The review is split into three sections:

- *Background:* this sets the scene for the review explaining what Neighbourhood CIL funding is, how the council has decided to use it and how we have got to where we are now
- *Review Headlines:* this section covers what we have observed in terms of experiences and outcomes, learnings and lessons to be considered when deciding how to take Neighbourhood CIL funding forward in the coming years.
- *Way Forward:* which picks up the outcomes and learnings and identifies solutions for how to take spending forward

2 Background

2.1 About Neighbourhood CIL

Since 2014, the council has been collecting the Community Infrastructure Levy (CIL) associated with new development in Merton through the planning process under the CIL Regulations (2010). CIL helps to fund infrastructure in the borough such as local schools, parks, paths, open spaces and healthcare facilities and aims to address the increased demand from new developments.

As shown in Figure 1, the neighbourhood component comprises 15% of annual CIL income for Merton. This is legislated by the government whose published Planning Practice Guidance states communities need to be engaged in deciding how best to prioritise spending these funds with consideration of where development is taking place. Ultimately in a unitary authority like Merton the CIL Regulations dictate that it is for the council to decide how Neighbourhood CIL is to be spent to address the demands that development places on its area. Development phasing, infrastructure delivery and strategic objectives are key considerations that inform the council's coordination of local infrastructure needs. The council will use Neighbourhood CIL receipts to deliver projects across the borough where it considers necessary to deliver strategic priorities to support development pressures, demands and opportunities.

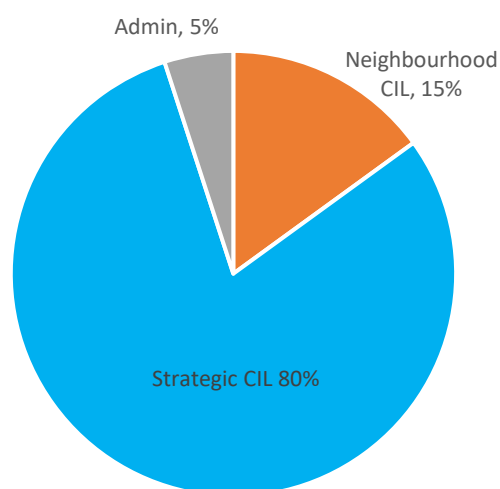


Figure 1: How CIL income can be spent – Community Infrastructure Levy Regulations 2010 (as amended)

Current neighbourhood approaches to CIL in Merton have been the Neighbourhood Fund (re-named for 2022 bidding – the “Civic Pride Fund – Investing in Communities”) and Ward Allocation Scheme to support local projects. The table below aims to provide a comparison between the different CIL pots.

Table 1: CIL pot comparisons

	Strategic CIL 80% of income	Neighbourhood CIL 15% of income	
		Ward Allocation Scheme £15k/ward April 2019- March 22	Neighbourhood Fund now "Civic Pride Investing in Neighbourhoods"
What can it fund?	Must fund infrastructure (e.g. strategic roads, schools, health, parks, etc. projects) Funds new, or improved, development-related infrastructure. Infrastructure Delivery Plan - linked to Local Plan	<u>Government rules</u> - Local projects to support development demands. Not restricted to infrastructure (CIL Regs) Definitive criteria/periods for external grants (Subsidy Control rules). <u>Merton requirements</u> - Small-scale public realm bids. Local projects chosen from a pre-determined set list to reduce maintenance costs. Approved within scheme period. Local priorities, Community Plan	<u>Government rules</u> - Local projects to support development demands. Not restricted to infrastructure (e.g. social capital support). (CIL Regs) Definitive criteria/periods for external grants (Subsidy Control rules). <u>Merton requirements</u> - deliverable short-term projects without onerous ongoing costs, ward Cllr support. Local priorities, Community Plan/council priorities
Scale of funding	Unlimited Focus on strategic/major projects often with longer timeframes 3+ years.	£15k/ward Small scale Ward-based projects. Some scope for pooling between wards.	Up to circa £500k (limitations on projects less than £20k due to limited fund support resources) Small to medium sized investments
Process for bidding and funding approval	Capital bidding process Competitive bidding on infrastructure priorities Agreed by Cabinet/Full Council as part of standard annual business planning.	Agreed by all 3 ward members	Annual bidding – council services/external organisations Cabinet approval process

2.2 About the Ward Allocation Scheme

Following a pilot project, the Ward Allocation Scheme was formally set up in January 2019 as a means to allow councillors to fund small scale projects within their ward using CIL funding. £300,000 was allocated from the Neighbourhood Fund so each ward had £15,000 to spend within the electoral term (by March 2022). This was provided to complement the borough-wide Neighbourhood Fund and allow local wards to fund their own public realm projects.

The scheme was set up as a set list of projects (refer to Table 1 above and Table 2 below) that were straightforward to implement and maintain and delivered once agreed by all ward members and deemed feasible by officers. Pooling across wards was also allowed to provide flexibility in the scheme for larger projects if needed.

Table 2: Ward Allocation Scheme Projects

Bulb planting	Highway & public right of way improvements
Supporting volunteer clean ups	Footway & street structures (decluttering, renewal and vegetation clearance)
Painting street light columns	Park bins (painting or replacement)
Park fence railings (painting or renewing)	Seating in park (new provision)
Installing playground equipment (within £15k budget)	Deep cleaning pavements
Grants to community groups	Alley-gate schemes

By limiting resourcing costs, the intention was for more of the funds to be spent directly on local initiatives. Whilst the council has existing large contracts with Veolia (waste, cleaning), IdVerde (greenspaces) and FM Conway (highways, street lighting), the set list of projects comprise ‘out-of-contract’ projects that would otherwise not be delivered by the council. Figure 2 below shows the process from when all ward councillors submit their agreed bid to an officer check to ensure feasibility and maintenance implications before proceeding to delivery.



Figure 2: Ward Allocation Scheme Process

2.3 2021 Review

Officers carried out a review of the operation of Neighbourhood CIL in Merton over the Spring 2021. The review included observations and included opinions of councillors and officer of the implementation of both the Ward Allocation and Neighbourhood Fund to date. The review assessed strengths, weaknesses, opportunities and threats and made recommendations for how Neighbourhood CIL could be taken forward. The full review report is included at Appendix 1.

Paragraphs 4.1 to 4.12 of the report at Appendix 1 set out the information in terms of the performance of both the Ward Allocation Scheme and the Neighbourhood Fund, key facts as follows:

Ward Allocation Scheme

- Only councillors can submit projects for the Ward Allocation Scheme; projects must be chosen from a fixed list to minimise project management spend and to avoid double-counting with what is already paid for within existing council contracts, particularly for greenspaces and highways.
- 55% of wards have submitted applications
- Only 8% of wards have spent any of their £15k allocations
- Only one ward, Lower Morden has spent their entire allocation.
- 80% of applications have been for projects falling under the responsibility of the Green Spaces Team, such as park benches, bins, bulb planting and play equipment.

Neighbourhood Fund

- Anyone can submit a bid to Merton's Neighbourhood Fund; the bidding round is annual and the criteria were agreed by Cabinet in 2017, based on the Community Plan objectives
- Across three bidding rounds £5m was available for bidders and £4.4m allocated, compared to £7.0m that was requested in bids.
- Distribution by project type: (see figures 10 and 11 in the review report at Appendix 1), there has been a wide range of investments ranging from shopfront improvements, providing a heating system for a scout hut, and supporting charities such as Commonside Community Development Trust, the Polka Theatre and Deen City Farm, supporting back-to-work / employability programmes, a community hub for BAME Voice and a digital awareness programme for carers via Carers Support Merton the need for which was shown by the onset of the Coronavirus Pandemic. In general, the Neighbourhood Fund has delivered projects that strongly supported key community plan and neighbourhood priority areas including bridging the gap/social capital/town centre, economy and employability, public realm, travel, health and community facility investments.

Consultation

Paragraphs 4.14 to 4.41 of Appendix 1 set out the consultations carried out with councillors and officers key to the implementation of Ward Allocation Scheme and the Neighbourhood Fund. These included:

- A survey sent to all councillors
- Interviews with 6 councillors including the leaders of each of the political parties in the council, the Cabinet Member for Housing, Regeneration and the Climate Emergency, the deputy Leader of the council

27 responses were received to the Councillor survey.

Questions sought in the surveys and followed up in the interviews covered the following topics:

- the overall success of Ward Allocation Scheme and Neighbourhood Fund
- priorities for Neighbourhood CIL investment
- the existing Ward Allocation Scheme project list and ways that it could be improved.
- accessibility and promotion of Ward Allocation Scheme and Neighbourhood Fund

A summary of the findings expressed by councillors is set out in the following table:

Table 3: Ward Allocation Scheme councillor findings (May 2021)

Ward Allocation Scheme	General Neighbourhood CIL/Neighbourhood Fund
<ul style="list-style-type: none"> • 29% successful 63% unsuccessful 	<ul style="list-style-type: none"> • 52% successful 45% unsuccessful (Neighbourhood Fund)
<ul style="list-style-type: none"> • Delighted (Lower Morden – playground surface repair, bulbs, benches) 	<ul style="list-style-type: none"> • Good outcomes (Neighbourhood Fund – Bridging the Gap)
<ul style="list-style-type: none"> • End to end officer resourcing needed - 87% • Easier form, transparency, updates, designated officer for each service, delays/frustrations • Suits time rich wards 	<ul style="list-style-type: none"> • All priorities are important • More needs to be spent where it is generated • Bidders put off / it's for minority interests & pet projects / "a done deal"

<ul style="list-style-type: none"> • Wider scope - 83% • more flexible - 52% • more money - 61% • Projects “that excite”, less maintenance projects • Public realm, small corners/spaces, markets • Trees - planting, maintenance, street trees • Park wardens, neighbourhood police officers • Fly tipping • Climate Action Group projects 	<ul style="list-style-type: none"> • 36.5% not accessible enough, 23% in the middle/not sure, 40.5% agree it’s accessible • More guidance / form overly technical / onerous bid requirements/help for community groups needed • More promotion
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Neighbourhood Fund conclusions: Overall the Neighbourhood Fund was viewed as a success, with some fantastic investments into schemes delivering on the Community Plan overarching objective of building social capital and bridging the gap.

Ward Allocation Scheme conclusions: It is clear from councillors who took part in the consultation that there was a majority view that it could do more to meet their expectations, whether it be scope, flexibility, funding or officer support and accessibility.

A theme that came through especially in interviews across both Ward Allocation Scheme and Neighbourhood Fund was that residents could do with more help in accessing funding including struggling with the technical asks of the Neighbourhood Fund application form, and that these accessibility problems were exacerbated during the previous year of lockdowns, when restrictions made it very difficult for everyone involved to progress proposals.

It was suggested that there were other constraints in terms of some wards inability to progress Ward Allocation Scheme proposals with a small number of wards with well-established community groups in a far better position to move proposals forward raising a question of fairness.

In the officer interviews responses picked up on issues with fairness given the difficulties resourcing the applications that had come in. The difficulty in resourcing applications put into focus what would need to be done to provide the “end to end” support councillors were appealing for especially for the final year of the scheme with wards trying to make up time lost over the previous year’s lockdowns.

In the interviews officers suggested initial investment in project delivery and engagement resourcing would be helpful to help provide the support for councillors to successfully deliver projects from the existing “menu” list of projects in the final year of delivery, and more outreach/support and promotion for the Neighbourhood Fund bidders in the upcoming 2021 bidding round.

Agreeing with the views of a number of key Cabinet members officer interviewees considered that priorities for Neighbourhood CIL investment could be reassessed with the findings of the Your Merton survey and that this could involve a review of the scope of the Ward Allocation Scheme after the completion of the current scheme next year.

2.4 Cabinet resolutions – scope for current review

At the 22 June 2021 Cabinet Meeting members resolved for officers to undertake a further review in late 2022 following the end of the Ward Allocation Scheme.

At the Cabinet Meeting held on 19th September Members endorsed preparations to occur in the Autumn/Winter 2022-23 towards approving a new Ward Allocation Scheme.

The paper approved by members set out that the work over the autumn/winter is proposed to be as follows:

- a) the review would pick up on the findings of the review carried out in the Spring 2021 and consider reflections following the final 9 months of the Ward Allocation Scheme when a large proportion of activity occurred.
- b) Work on the assumption that a new Ward Allocation Scheme will be implemented in the next three years, including allowing councillors more focussed time and more officer support to work up projects with their communities in the first year (for example, until April 2024) and having a second phase over two years for delivering these projects in each ward.

3 Headlines – Review Findings

3.1 Ward Allocation Scheme Outcomes

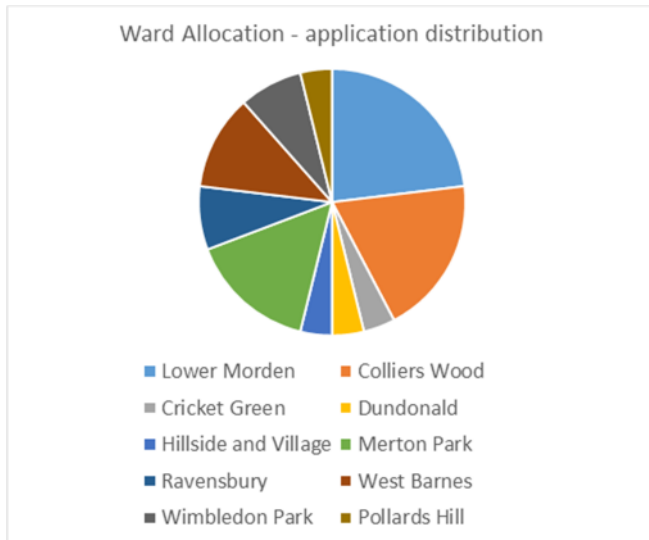
This section presents the outcomes of the Ward Allocation Scheme up to its conclusion in March 2022 (being the point when new bids from ward councillors could not be considered for approval) in comparison to the findings of the interim report in May 2021.

Table 4: Ward Allocation Scheme 2021 vs 2022 Summary

Ward	Budget	Applications Received	Committed Spend as at May 2021	Committed Spend as at March 2022
Abbey	£15,000	5	-	10,000
Cannon Hill	£15,000	6	-	14,933
Colliers Wood	£15,000	15	3,278	15,000
Cricket Green	£15,000	2	-	15,000
Dundonald	£15,000	1	-	15,000
Figges Marsh	£15,000	2	-	15,000
Graveney	£15,000	2	-	10,019
Hillside	£15,000	1	-	15,000
Lavender Fields	£15,000	2	-	10,019
Longthornton	£15,000	3	-	10,019
Lower Morden	£15,000	6	14,748	14,748
Merton Park	£15,000	14	1,466	15,000
Pollards Hill	£15,000	4	-	15,000
Ravensbury	£15,000	5	2,883	15,000
Raynes Park	£15,000	2	-	1,534
St Helier	£15,000	0	-	-
Trinity	£15,000	3	-	15,000
Village	£15,000	1	-	15,000
West Barnes	£15,000	3	-	-
Wimbledon Park	£15,000	4	1,900	14,980
	£300,000	81	£ 24,275	£ 236,252

Figure 3: Ward coverage Application distribution

May 2021



March 2022

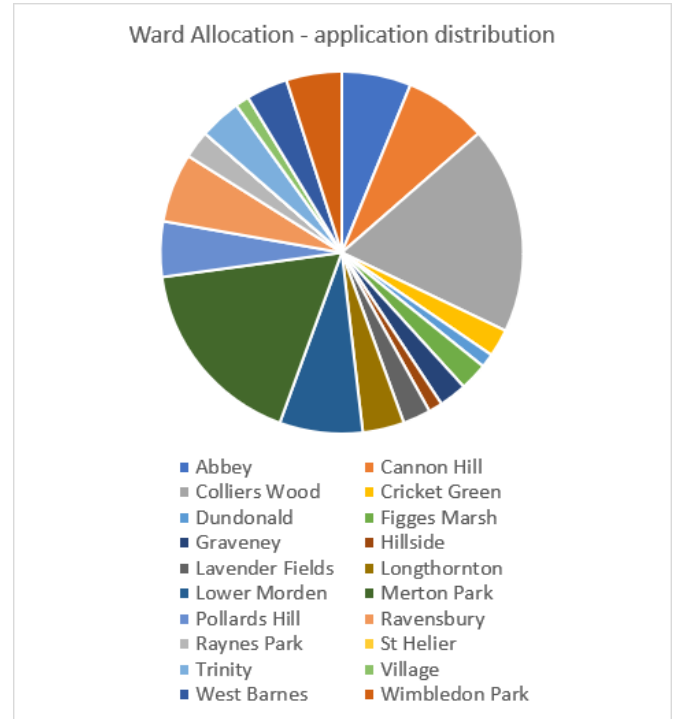


Figure 4: Ward coverage - spend %

March 2021



March 2022

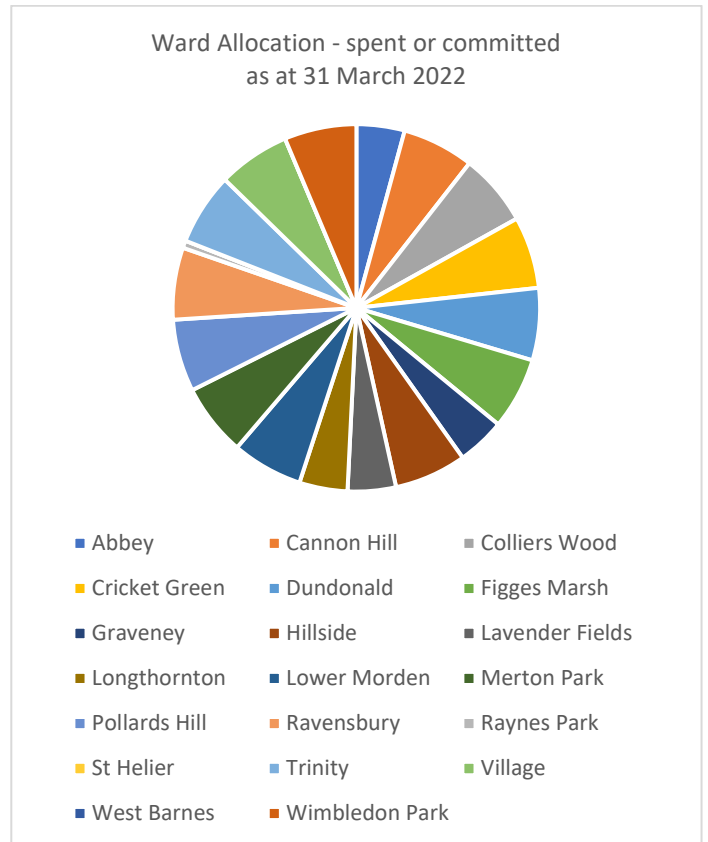
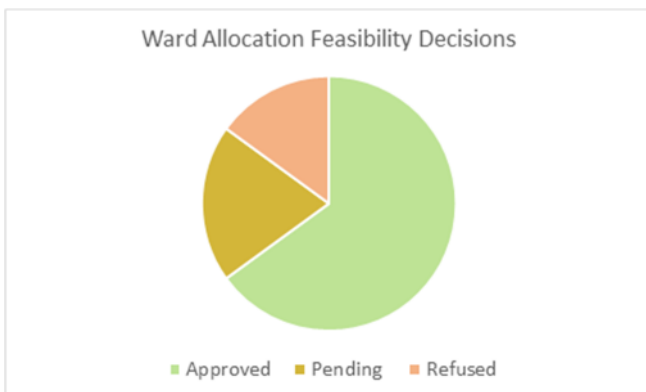
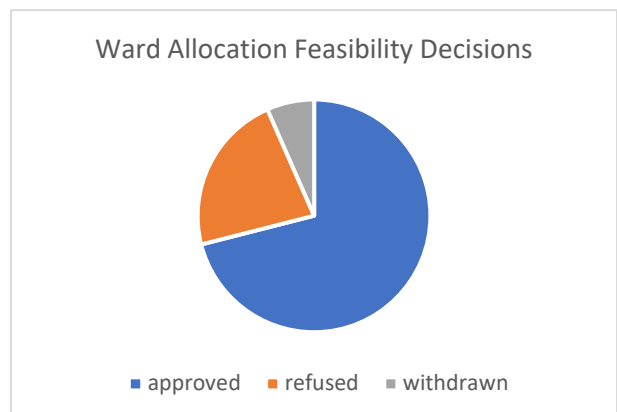


Figure 5: Feasibility decisions

May 2021

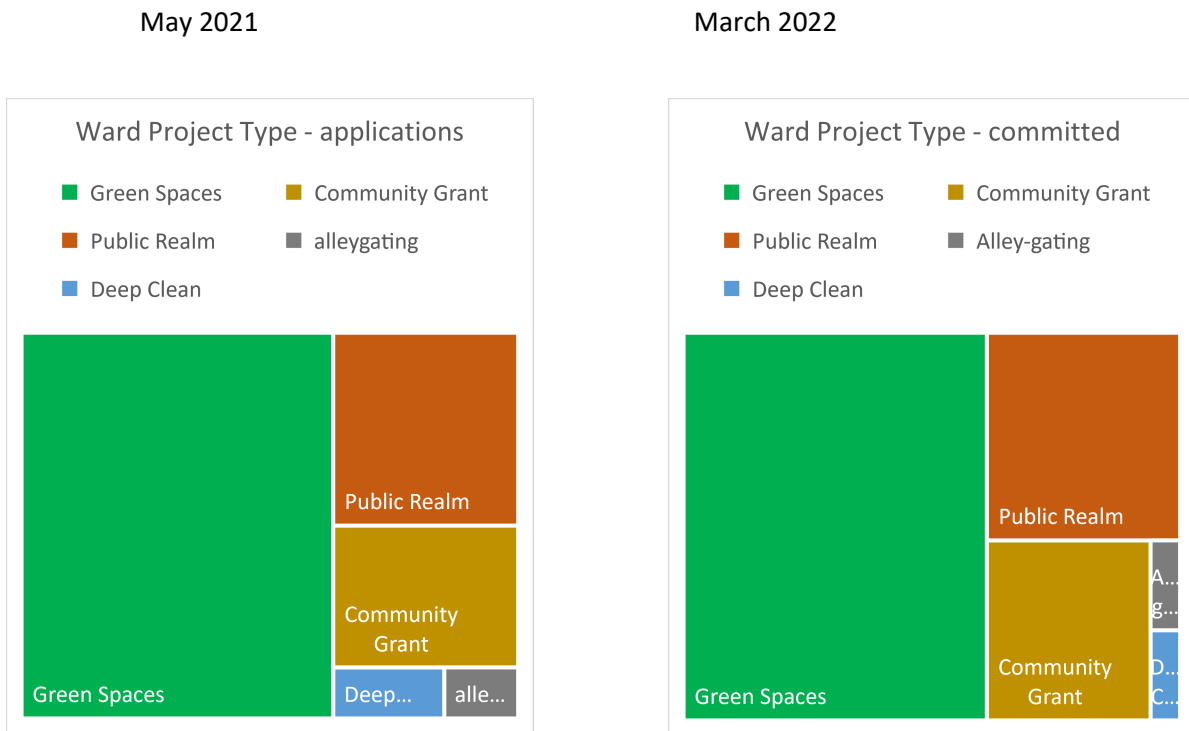


March 2022



Note: Out of scope bids were excluded in 2021
Demand and delivery – Project Type

Figure 6: Applications vs Committed Spend by Project Type



Observations of the comparisons between the interim findings and those at the end of the scheme portray the reality in terms of the large rush of bids to be delivered within the final 3 months of the scheme.

Some wards pooled together all or most of their £15k to help fund larger projects that were already being delivered. These wards required less support compared to other wards given the projects were already being developed or delivered outside of the scheme and funding and staffing was already in place for this development and delivery. Such schemes due to the size and scale had been selected following significant development, procurement, budget approvals for ongoing costs and engagement that is proportionate to such larger scale scheme.

A number of wards including Merton Park and Colliers Wood were very active in terms of numbers of proposals and officers struggled to keep track of all the requests. Multiple councillors, residents and community groups were contacting various teams and officers with costs being identified but not tallied centrally, presenting a real risk of the £15k budgets being oversubscribed and requiring project support and management beyond the capability of the resourcing put in place for the scheme.

Some wards struggled to identify any proposals and others, while identifying some general types of interventions that they would like to see in their wards found it difficult identify a specific project within the scope of the scheme that officers could confirm as deliverable in terms of the feasibility decisions.

Bids within the Green Spaces team remit including for parks (table tennis tables, benches and bins were common) and highway planters and verge bulb planting made up the vast majority of bids by the end of the scheme. Especially during the final three-month rush to spend their £15k pots, a

number of successful typologies of schemes notably table tennis tables were offered to struggling wards with the outcome being a substantial increase in the table tennis offer across Merton’s parks.

Community grants were increasingly popular and these were able to be committed for projects that were “ready to go” e.g. providing the final gap funding to secure the viability of existing projects or community clean-up events or (provided it didn’t require costly traffic management to be arranged by FM Conways) planting existing high street beds. A number of public realm projects were supported including along Wimbledon Hill Road with Hillside and Village wards contributed their £15k pots to add to funding by S106 contributions from All England Lawn Tennis Club, Neighbourhood Fund and Strategic CIL funding for the project.

3.2 Ward Allocation Scheme learnings

Update of SWOT analysis

The assessment of the performance of the Ward Allocation Scheme in May 2021 was set out as a SWOT analysis looking at the feedback from stakeholders including councillors and officers, including comments on what aspects of the scheme they viewed as strengths and those that are considered weaknesses, and moving forward ideas on opportunities for how the scheme could be enhanced and threats to the success of WAS. Following completion of the scheme the ongoing relevance of the feedback has been reviewed so that it can be considered in terms of solutions for how a new round of ward allocations could be implemented that address the key subsisting issues and opportunities identified.

The SWOT analysis from 2021 is shown below with shaded text providing status updates as at March 2022 against the findings of the 2021 review.

Table 4: Updated SWOT analysis

Strengths	Weaknesses	Opportunities	Threats
New Items			
2021 Items			
	Green = resolved Yellow = partly resolved Red = unresolved		Green – not subsisting Yellow = easing Red = subsisting
Ward councillors decide	Low take up/spending Resolved	Engaging members	Ongoing covid issues not subsisting
Lower Morden delivery of small park improvements	Set list too restrictive “doesn’t excite” Partly Resolved	Community/school bid	Resourcing subsisting
Supports active public space improvement groups (C.W.)	Unhelpful for less active (“time poor”) communities Unresolved	Publicise spending	Ward priorities vary subsisting

	Not clear to members Partly Resolved	Link to exciting bids	Timing - final year subsisting
Aligned with election period	Criteria too difficult Partly Resolved	Recovery & green bids	Split wards subsisting
Pooling across wards	Limited value Partly Resolved		
list of projects more deliverable	Lack of engagement Partly Resolved	Accessible form	
	Not tied to CIL income Unresolved	Match funding – trees	
	Less organised wards Unresolved	Tech officer ideas	
	Implementation delay Partly Resolved	Crowdfunding ideas	
	councillor agreement Partly Resolved	Reach less organised	
	Invoicing delays/bal. Partly Resolved	Late summer planting	
	Off-list queries/quotes Unresolved		
	Site visits/repeat Unresolved		

4 Way Forward

4.1 Purpose of section

The purpose of this section is to identify solutions for the implementation of a further round of ward allocation investments.

4.2 Identifying solutions

The following table sets out the feedback from the SWOT analysis and solutions to the issues /ideas raised:

Table 5: Findings and solutions

Findings	Solution for new WAS
<p>Hard to reach wards</p> <ul style="list-style-type: none"> • Struggling wards need more help • Criteria too difficult/not clear to cllrs • Limited engagement • Outreach to less organised • Tech officer ideas 	<ul style="list-style-type: none"> • An initial engagement phase • Officers suggest projects • Promote proven project typologies • Clarify where there's scope for sponsoring larger projects.
<p>Councillor aspirations</p> <ul style="list-style-type: none"> • Ward priorities vary • Link to exciting bids • Limited value • Crowdfunding ideas • Out of scope bids • Queries drawing resources • Repeat bids • Site visits 	<ul style="list-style-type: none"> • Sponsoring existing projects • Engagement re. community grant opportunities/flexibilities • Phasing to allow dedicated engagement and development time/support. • Proven deliverable project typologies • Through engagement, be clear about what's out of scope, e.g. in-contract spend, tree planting (grants for friends group planting in park might be okay) projects with ongoing maintenance/revenue implications
<p>Programming, Support and Resources</p> <ul style="list-style-type: none"> • Initial investment in project delivery & engagement resources • Difficult to find right officers • Not enough resources • Timing – too many bids received to process and bidders want decisions & delivery support straight away • Seasonal activity – e.g. planting, painting 	<ul style="list-style-type: none"> • Phase delivery of scheme to manage workloads & expectations, seasonal activity programming, budget control • Year 1 – engagement & development • Year 2 – application and approvals, start delivery & spend (with bidding windows for in-year seasonal activity) • Year 2 – delivery & spend only • Funding for Public Space project coordination

<p>Accounting</p> <ul style="list-style-type: none"> • Invoice issue from term contractor – WAS projects not invoiced/itemised separately from other spends. 	<ul style="list-style-type: none"> • First phase to corral proposals into one shortlist per ward for officer to assess as to whether falls within £15k • Consider invoice narrative or separate reporting from contractor to identify actual WAS invoiced spend • Funding for Public Space project coordination
<p>Democracy</p> <ul style="list-style-type: none"> • Split ward problem • Representation/proportionality 	<ul style="list-style-type: none"> • Allow £5k per councillor in wards with councillors from different political parties where all three ward cllrs agree and cllrs can then bid individually. <i>Explanation: Would limit the amount of resources applied to resolving disagreements on individual cllrs bids.</i> • Limit on number of bids per councillor where split is agreed. <i>Explanation: split wards would increase the number of bidders and the resources to support bids is finite.</i> • New 2 councillor wards to be allocated £10,000, which reflects proportionately smaller population (the basis for having 2 councillors instead of 3.)

4.3 The recommended approach

Reflecting on the findings of the review officers consider that with a number of changes a new round of ward-based neighbourhood CIL investments can be implemented with improvements that would address many of the issues identified. The summary points are set out below in terms of what the new scheme would look like:

- **Duration** – 1st April 2023 to 31st March 2026
- **Funding**
 - £15,000 for wards with three councillors
 - £10,000 for wards with two councillors
- **General rule** – Projects must be physical enhancements to *free-to-use* and *freely accessible* public spaces.

Explanation: Proposals must meet Neighbourhood CIL rules and given the large number of potential bids and limited monitoring resources the council would not wish to invest

Ward Allocation Scheme funding in projects with a risk that the public neighbourhood benefit that address demands of development won't be achieved.

- **Who can apply**
 - applications can only be submitted by a councillor; and
 - must be endorsed by **all three/two** ward councillors.
 - a dedicated application form will be provided for the application stage
- **Phased implementation** as follows:

Phase 1

- | | |
|---|---|
| 1 st April 2023 to 31 st March 2024 | <ul style="list-style-type: none">• Engagement• Project development/feasibility• Preparing bids |
|---|---|

Phase 2

- | | |
|---|---|
| 1 st April 2024 to 31 st March 2025 | <ul style="list-style-type: none">• Submitting bids (“application stage”)• Bid windows (for seasonal activities)• Decision making• Programming delivery• Start spending |
|---|---|

Phase 3

- | | |
|---|---|
| 1 st April 2025 to 31 st March 2026 | <ul style="list-style-type: none">• No more bids• Spending• Reporting |
|---|---|

- **Specific project parameters** – In-scope options for councillors and out of scope items:

In scope

Projects that would be appropriate for Ward Allocation Scheme investments would be as follows:

Notes

- Sponsoring existing/larger projects

For schemes prioritised for delivery or non-council schemes (via grants) where project funding, development and project management support has been secured outside of the Ward Allocation Scheme process.

- More than one ward can contribute to one project, via pooling their Ward Allocation Funds*
- In contract spends (if no budget for contracted spend exists)

This will be for enhancements that may be covered in a contract with the council's term contractors IdVerde, FM Conways or Veolia for which a budget hasn't been allocated, and not routine maintenance which is generally budgeted for
 - Projects suggested by officers

*Officers will provide lists of projects that are already occurring (pipeline, programmed or being implemented) that wards can contribute to, whether to add additional benefits or to provide gap funding to secure delivery. This should help wards with less time to develop bids and less active community groups. Note that it might not be possible to suggest specific projects for every ward – the wards without a project may wish to select a **project typology** to be implemented in their selected location – see next option*
 - Officer supported project typologies

A list of typologies – e.g. table tennis tables, bulb planting – with narratives about what to expect/applicability criteria/bidding windows will be set out to councillors during the engagements in phase 1. Location acceptability would still need to be considered.
 - Grants to community groups

Given the wide variety of projects and different types of organisations, proposals will need to be developed and checked and accountability of community groups will need to be verified during phase 1. Payment on a cost recovery basis may be considered where groups aren't fully incorporated but have a group bank account and evidence of payment (for approved project costs) from that account can be provided. The funding will not be available for expenditure incurred by individuals.

Out of scope

Projects that would not be appropriate for Ward Allocation Scheme investments would be as follows:

Notes

- In contract spends (where budget for contracted spend exists) *This will tend to be routine maintenance items*
- Projects with unacceptable maintenance/revenue implications *Identified project typologies, are less likely to fall into this category*
- Tree planting *Exceptions to be discussed during phase 1:*
 - *planting in parks by community groups to establish whether location/maintenance implications are acceptable.*
 - *Sponsoring existing projects (see **Sponsoring** option above)*

- **Split ward agreement**

- Allow for individual allocation of £5k per councillor in split wards – with ward councillors from different political parties – where all three ward councillors (or two for two-councillor wards) agree and can then bid individually.
- Agreement would need to be reached, by the councillors for any wards wishing to take this approach, no later than 30th September 2023
- The agreement form would include a declaration that the councillors will not unreasonably impede the development and delivery of the other councillors' projects.
- There would be a limit on the number of bids per councillor where a split is agreed so that split wards are not disproportionately favoured in terms of the level of officer support, given the finite resources available for that support.
- Phases remain the same so if agreement isn't secured promptly development of bids would need to occur swiftly to allow sufficient feasibility assessment during phase 1 (deadline 31st March 2024).

4.4 [Summing up how the recommended approach addresses issues raised](#)

The changes to the scheme from the first iteration that completed last year reflect a reconciliation of the two themes that ran through the feedback that:

- the types of projects and amount of support from the council for their delivery needs to better match councillors aspirations; and

- the councillors' expectations should better match the amount of support that council is able to offer.

The solution to split the delivery into three phases – offers, on one side, to provide certainty for officers in terms prioritising workloads and, on the other side, focus for councillors to develop their lists of projects and have their bids approved well in advance of the expenditure deadline – should support a more flexible approach in terms of the variety and scope of projects that councillors can apply for.



**London Borough of Merton
Neighbourhood CIL Review Report (interim)**

Spring 2021

Version control:

Version 0.3	Draft - Internal circulation	24 May 2021
Version 0.4	Draft – internal amends	26 May 2021
Version 0.5.1	Cabinet Version – appendix added (ideas and approaches)	22 June 2021 Cabinet

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DRAFT

1 Executive Summary

1.1 Since 2018, Merton's Neighbourhood Fund has successfully allocated over £4 million towards supporting the borough's community facilities, local charities, green spaces, streetscapes, town centres and neighbourhood parades in response to growing demand on the council's infrastructure from new development. The smaller Ward Allocation Scheme has been supporting councillors to deliver park improvements, bulb planting, local clean ups and community grants within their wards. This funding forms a portion of the Community Infrastructure Levy (CIL) income which the council collects through the planning system from new development in the borough.

1.2 This review aims to assess the performance of the Neighbourhood Fund and Ward Allocation Scheme now they have been in operation for 3-4 years and investigate whether this approach is the best way of spending CIL in the community. An overview and background of the two funding streams will be provided to define the context, differences (including strategic CIL), processes and priorities including project examples.

1.3 The aim and methodology chapter provides a breakdown of the intended process for the review including the scope, comparisons with the various approaches taken by other boroughs across London and how consultation of a range of key stakeholders has been undertaken to understand issues from different perspectives and potential solutions.

1.4 The review findings provide a summary of the performance of the two funds based on how the proportion of CIL has been allocated and spent, including the number of requests received and approved feasible bids including by type and location across the borough to correlate with where CIL income has been received. Consultation findings provide key insights from the stakeholders and is presented through a SWOT analysis of the Ward Allocation Scheme and Neighbourhood Fund including cross-cutting issues and solutions that feed into the discussion and future options.

1.5 Detailed options analysis is undertaken in the discussion section in response to the SWOT analysis findings before final recommendations are made to suggest improvements that the council can make through Cabinet, policy changes, officer tools and further work to be carried out to assist in making the spending of CIL easier to deliver better community infrastructure outcomes.

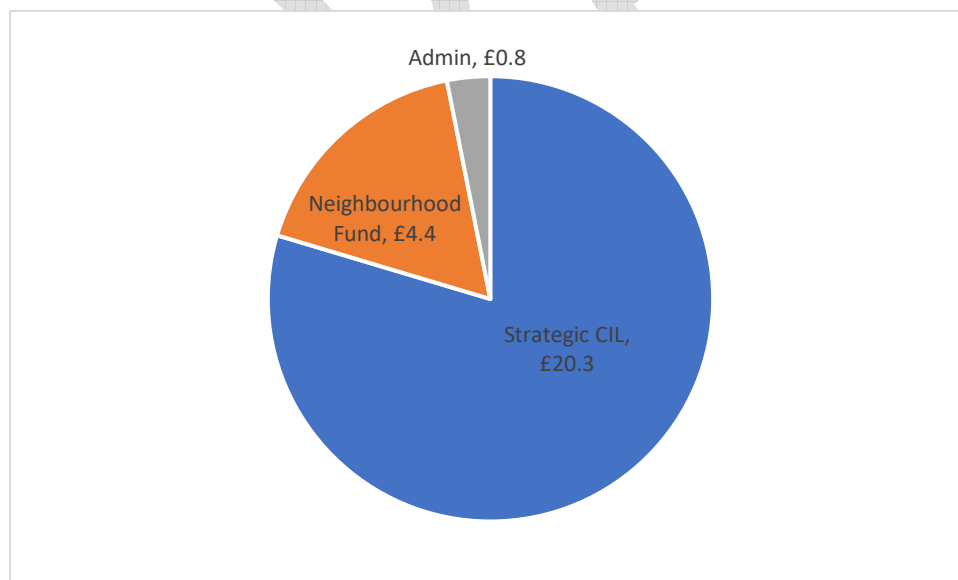
2 Introduction

2.1 Since 2014, the council has been collecting the Community Infrastructure Levy (CIL) associated with new development in Merton through the planning process under the CIL Regulations (2010). CIL helps to fund infrastructure in the borough such as local schools, parks, paths, open spaces and healthcare facilities and aims to address the increased demand from new developments. This review focuses on the neighbourhood component of CIL, to be explained below, in terms of performance to-date, issues, ideas and opportunities for improvement of local infrastructure spending and outcomes in Merton related to new development and ward-based projects.

2.2 As shown in Figure 2, the neighbourhood component comprises 15% of annual CIL income for Merton. This is legislated by the government whose published Planning Practice Guidance states communities need to be engaged in deciding how best to prioritise spending these funds with consideration of where development is taking place. Ultimately in a unitary authority like Merton the CIL Regulations dictate that it is for the council to decide how Neighbourhood CIL is to be spent to address the demands that development places on its area. Development phasing, infrastructure delivery and strategic objectives are key considerations that inform the council's coordination of local infrastructure needs. The council will use Neighbourhood CIL receipts to deliver projects across the borough where it considers necessary to deliver strategic priorities to support development pressures, demands and opportunities.



Figure 2: 3 Year CIL Breakdown (£m)



2.3 Current neighbourhood approaches to CIL in Merton are the Neighbourhood Fund and Ward Allocation Scheme to support local projects. The table below aims to provide a comparison between the different CIL pots with this review focusing on the two neighbourhood approaches. Whilst the Neighbourhood Fund is the main pot of Neighbourhood CIL funding, the Ward Allocation Scheme (£300k) is a sub-pot of this 15% allocation.

Table 1: CIL pot comparisons

	Strategic CIL (£20.3m 2019-21)	Neighbourhood Fund (£4.4m 2018-20)	Ward Allocation Scheme (£15k/ward March 2019-22)
What can it fund?	Must fund infrastructure (e.g. roads, schools, or NHS)	Not restricted to infrastructure (e.g. social capital support)	Small-scale public realm bids
Scale of funding	Funds new, or improved, development-related infrastructure	Local projects to support development demands	Ward-based projects
Process for funding approval	Capital bidding process – generally major projects with longer timeframes	Cabinet approval process - deliverable short-term projects without onerous ongoing costs	Local projects chosen from a pre-determined set list to reduce maintenance costs
Bidding process	Competitive bidding on infrastructure priorities	Open bidding – borough-wide	Agreed by all 3 ward members
Delivers	Infrastructure Delivery Plan - linked to Local Plan	Local priorities, Community Plan, Climate Action Plan	Local priorities, Community Plan, Climate Action Plan

Neighbourhood Fund

2.4 Under the CIL Regulations, a portion (15%) of CIL can be spent on neighbourhood projects which led to the creation of the Neighbourhood Fund by Cabinet in September 2017. This followed public consultation (November 2016-January 2017) by the council to determine local priorities across the borough. Each year, an open bidding round calls for bids from the community and council staff for local projects that address the impacts of development and the priorities which are as follows:

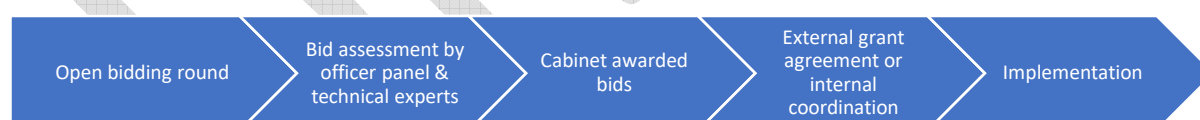


Figure 3: Neighbourhood Fund process

- **Community Facilities:** to support improvements to community facilities such as libraries and leisure centres and to support walking and cycling;
- **Green Spaces:** improvements to green space such as recreation grounds and nature walks;
- **Streetscapes:** improvements to the look and feel of residential streets such as roads, pavements and other landscape features; and
- **Town Centres & Neighbourhood Parades:** initiatives such as new pavements, planting and shopfront improvements.

2.5 The bids are assessed by a panel of officers in consultation with infrastructure providers and council decision makers against the Neighbourhood Fund criteria before recommendations are submitted to Cabinet to decide on the awarded bids for that year. Since 2018, over £4.4 million has been allocated to a wide range of projects supporting local charities, community groups, local

facilities, greenspaces, green economy, heritage and culture and town centres. For more details, refer to Chapter 4 of this report.

Ward Allocation Scheme

2.6 Following a pilot project, the Ward Allocation Scheme was formally set up in January 2019 as a means to allow councillors to fund small scale projects within their ward using CIL funding. £300,000 was allocated from the Neighbourhood Fund so each ward had £15,000 to spend within the electoral term (by March 2022). This was provided to complement the borough-wide Neighbourhood Fund and allow local wards to fund their own public realm projects.

2.7 The scheme was set up as a set list of projects (refer to Table 2) that were straightforward to implement and maintain and delivered once agreed by all ward members and deemed feasible by officers. Pooling across wards was also allowed to provide flexibility in the scheme for larger projects if needed.

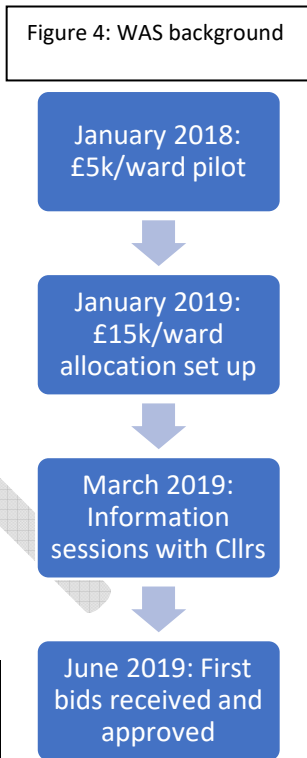


Table 2: Ward Allocation Scheme Projects

Bulb planting	Highway & public right of way improvements
Supporting volunteer clean ups	Footway & street structures (decluttering, renewal and vegetation clearance)
Painting street light columns	Park bins (painting or replacement)
Park fence railings (painting or renewing)	Seating in park (new provision)
Installing playground equipment (within £15k budget)	Deep cleaning pavements
Grants to community groups	Alley-gate schemes

2.8 By limiting resourcing costs, the intention was for more of the funds to be spent directly on local initiatives. Whilst the council has existing large contracts with Veolia (waste, cleaning), IdVerde (greenspaces) and FM Conway (highways, street lighting), the set list of projects include ‘out-of-



Figure 5: Ward Allocation Scheme Process

contract’ projects that would otherwise not be delivered by the council. Figure 4 below shows the process from when all ward councillors submit their agreed bid to an officer check to ensure feasibility and maintenance implications before proceeding to delivery.

3 Aim & Methodology

Scope

3.1 This review aims to assess the performance of the Neighbourhood Fund and Ward Allocation Scheme since inception and investigate whether when taken together this approach is the best way of spending Neighbourhood CIL. The intention is to explore options for improvement based on key issues, ideas and opportunities raised through stakeholder consultation and review of other London borough's approaches to align with government guidance and policy.

3.2 As outlined in the original Cabinet report (September 2017) for the Neighbourhood Fund, a review would be undertaken on the council's priority themes after at least three years. After three successful bidding rounds, now is a good opportunity to look at the performance of the Neighbourhood Fund as well as the related Ward Allocation Scheme which is two years through its prescribed implementation period ending March 2022.



Figure 6: Review Methodology

3.3 The diagram above steps through the intended methodology of the review from initial scoping and collation of existing information to reviewing other borough approaches and consulting key stakeholders before reviewing the findings and providing final recommendations within this report.

Review of other approaches

3.4 Merton is a member of the London CIL Coordination Group and CIL Planning Officers Society (POS) Group. This promotes knowledge sharing at regular meetings hosted by Transport for London and POS between various councils across London and the south-east to discuss different approaches, experiences and learnings such as local CIL spending.

Consultation

3.5 A range of stakeholders have been consulted through interviews and surveys to ascertain firsthand feedback on the operation of the Neighbourhood Fund and Ward Allocation Scheme to-date including issues and opportunities and related priorities and links to council policies such as the updated Community Plan.

3.6 This consisted of virtual interviews on MS Teams with party lead councillors, Cabinet Members for planning and Covid-19 recovery and key council officers involved in the planning, prioritisation and delivery of neighbourhood projects. This was complemented by Survey Monkey insights where all councillors were encouraged to provide feedback. Figure 7 below summarises the stakeholders consulted.

Figure 7: Stakeholders

Interviews

- Party Leaders
- Cabinet Members - Planning & Recovery
- Delivery, Finance, Local Economy, Policy, Climate Change, Project Management and Lead Officers

Survey

- All Councillors

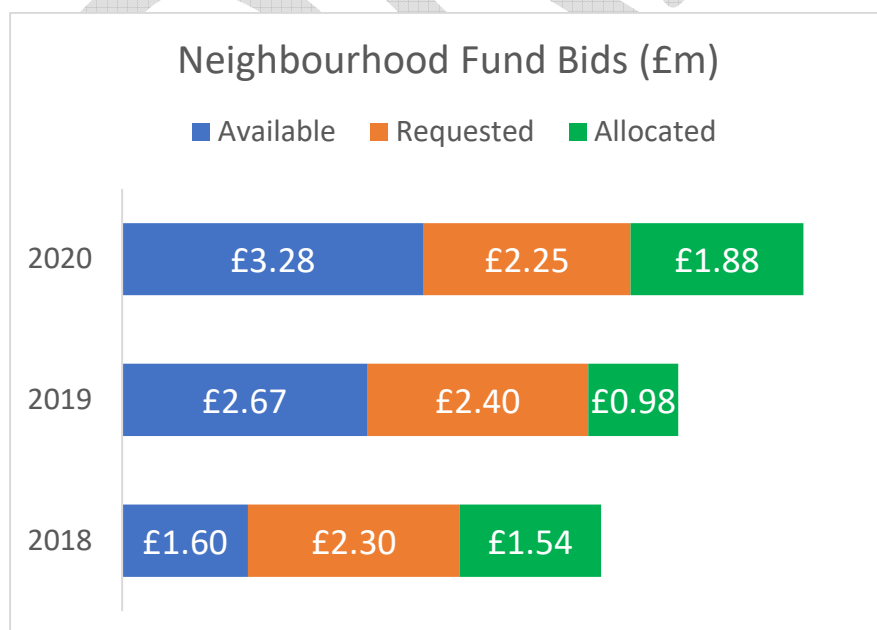
4 Review Findings

Neighbourhood Fund implementation facts & figures

4.1 As shown in Figure 8, the available funds have increased over the past few years from £1.6m (2018) to £3.28m in 2020 and this can be attributed to the significant CIL income the council has received from major schemes like the Wimbledon Stadium development.

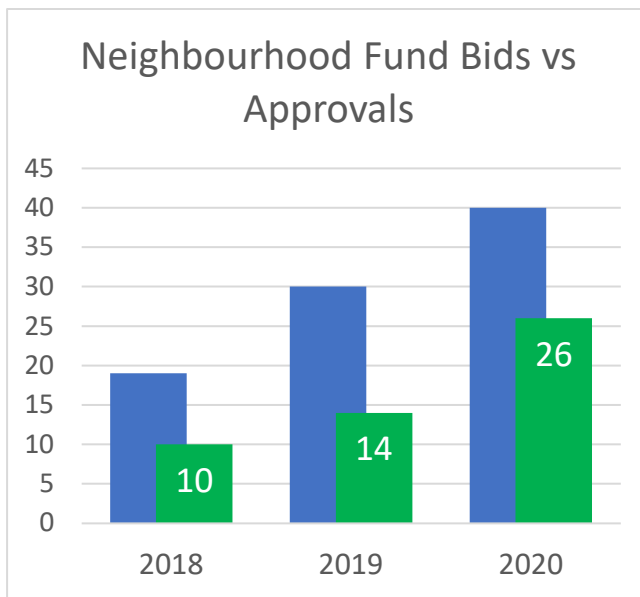
4.2 Interestingly, the quantum of requested funding has been consistently around £2.3m, but Figure 9 shows more bids are actually being received each year. Fortunately, to-date there have been no refusals given due to insufficient funding, just those that didn't meet the criteria, but this will need to be considered moving forward based on forecasting CIL income from major schemes and when they are implemented meaning that the council may need to prioritise between competing bids.

Figure 8: Neighbourhood Fund bids



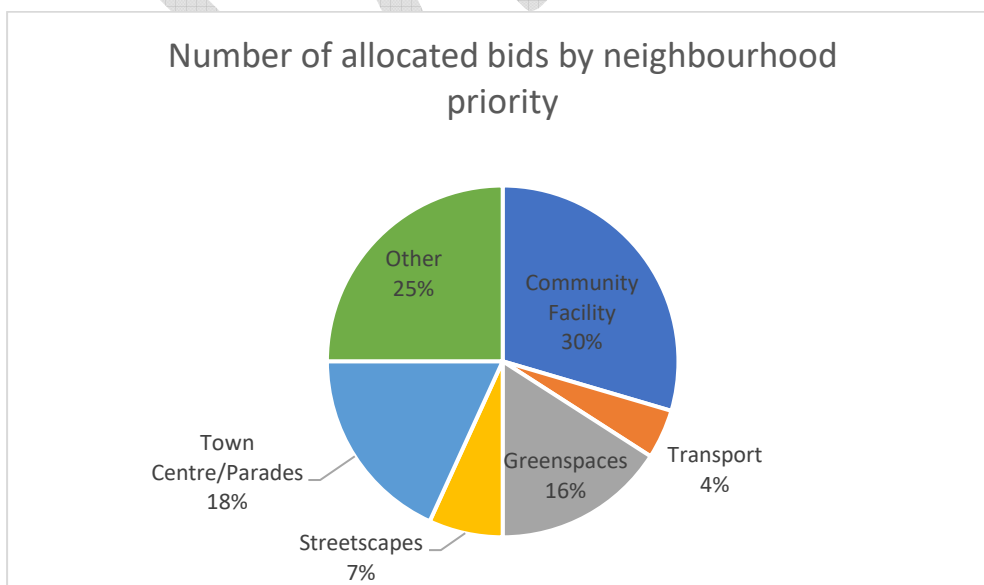
4.3 Whilst 2019 had the lowest allocation of approved bids (£0.98m), this was mainly due to only 41% of bids meeting the criteria including a lack of demonstrated deliverability and limited wider public benefit. Between 2018 and 2020, both the amount of funding and number of bids increased in terms of allocations due to a major bid in coordination with the Morden Town Centre regeneration and the unique impacts around the pandemic which brought additional interest from community groups such as BAME Voice, Uptown Youth, Carers Support and Citizen’s Advice. Figure 9 confirms growing interest in the Neighbourhood Fund.

Figure 9: Bids and approval comparison



4.4 Community Facility bids comprise the main type of allocated bids such as the Polka Theatre upgrade, Deen City Farm improvements and supporting Commonsense Community Development Trust. This is closely followed by other bids which is broken down in Figure 11. As the parade façade and related public realm improvements are a key council priority tied to development areas they make up the largest financial proportion of bids (£1.8m – 41%) covering Colliers Wood High Street, The Broadway, Haydons Road and Bramcote Parade.

Figure 10: Type of bids by number



4.5 As there have been a number of 'other' bids it is worth considering how they relate such as the London Borough of Culture which provided a great opportunity to bring the community together through a festival of film screenings across Merton, Q&A with filmmakers and even a virtual reality event with match-funding from the GLA. Green Economy bids such as Sustainable Merton's community champions, Library of Things and Community Fridge Network help with local outreach to directly address the climate emergency as per the Climate Strategy and Action Plan.

Figure 11: Other bid types

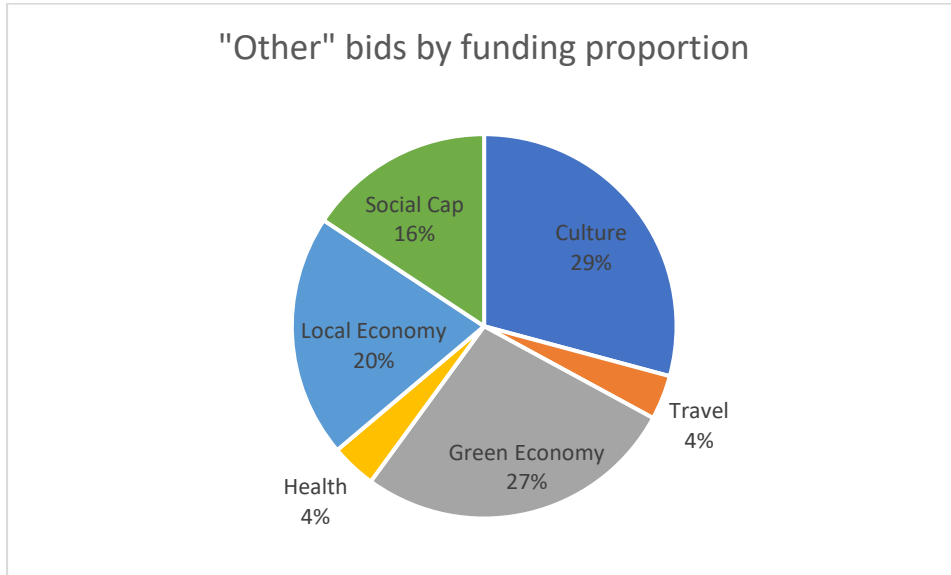
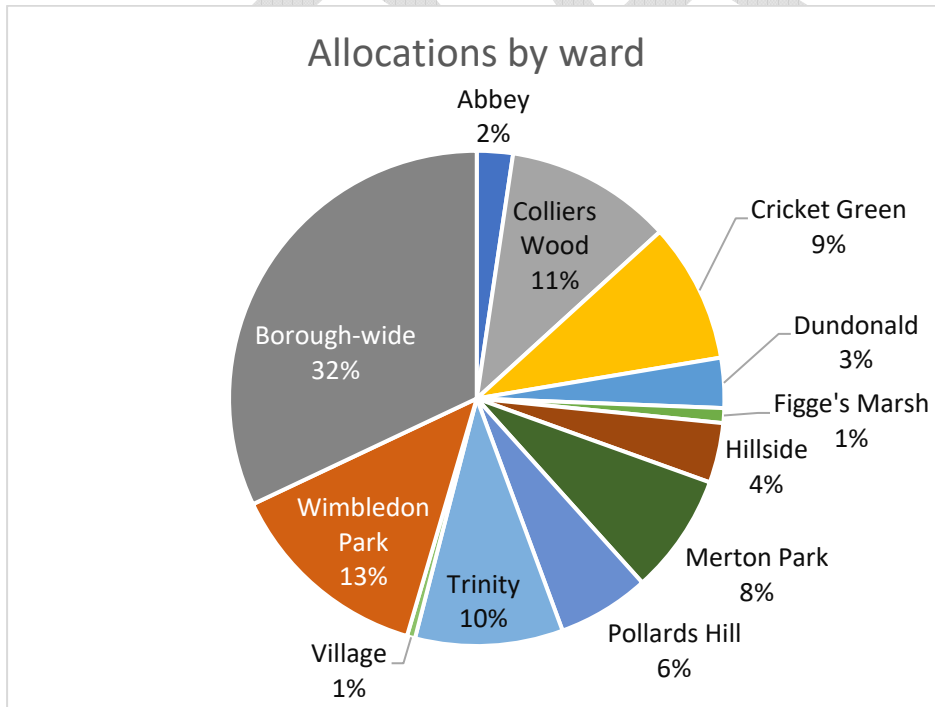
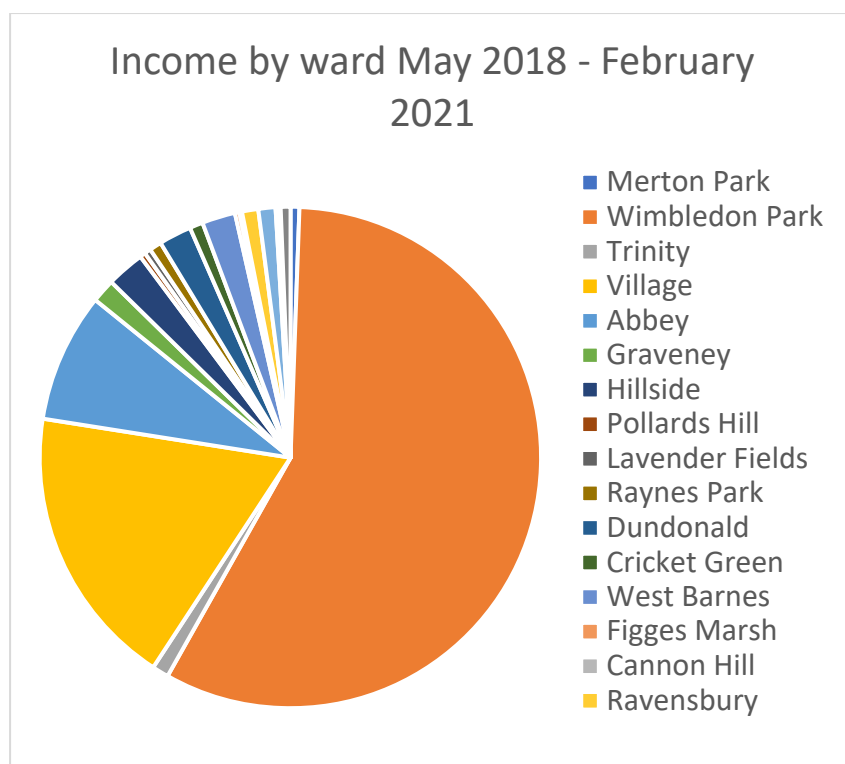


Figure 12: Allocations by ward



4.6 Figure 12 reflects the location of allocated bids by ward with the highest being for bids that provide borough-wide benefits such as the previously mentioned London Borough of Culture, community champions but also additional resourcing for greenspaces. Wimbledon Park has the highest allocation due to parade and local parks investment in line with the stadium development.

Figure 13: CIL Income



Ward Allocation Scheme implementation facts & figures

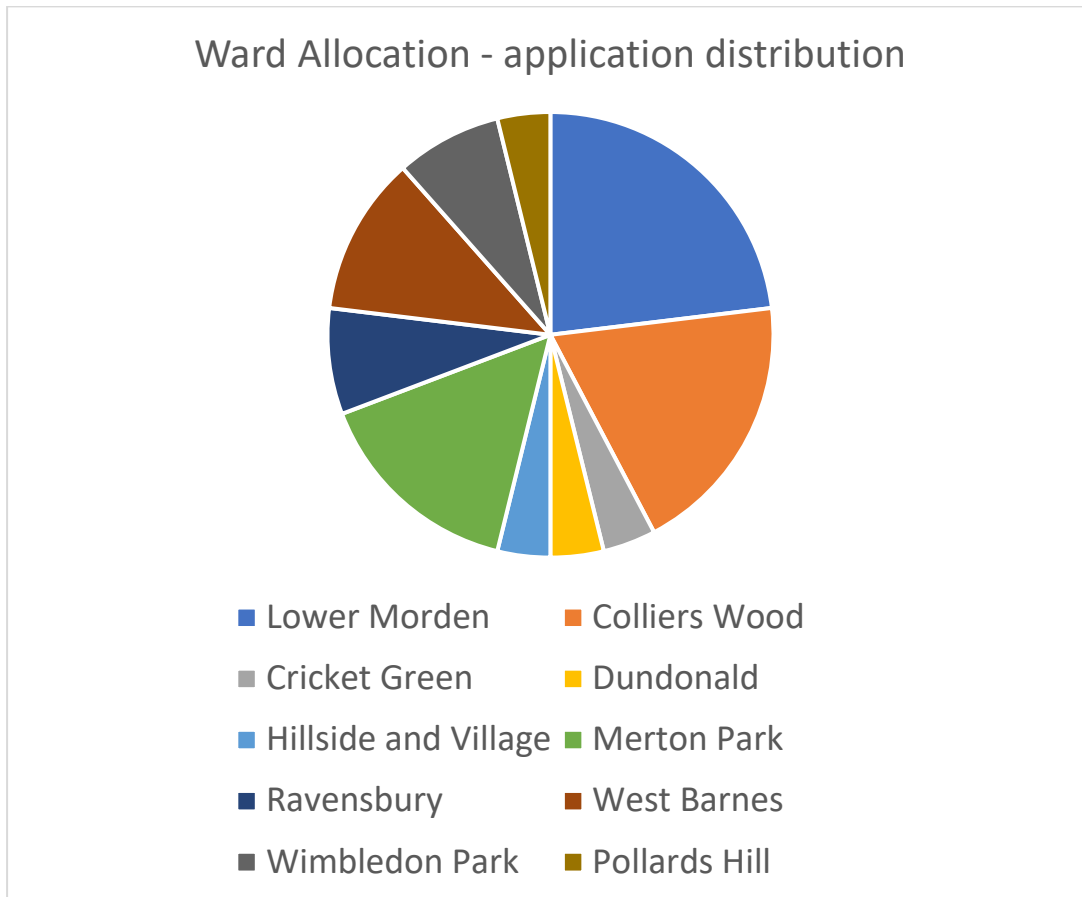
4.7 As of April 2021, 45% of wards have not submitted a bid request under the Ward Allocation Scheme. Only 5 wards spent WAS in FY2019/20 and FY2020/21. 3% of the overall allocation has been spent in first two years to show the scheme has struggled to get member interest and make it easy for them to deliver local public realm projects.

Table 3: Ward Allocation Scheme Summary

Ward	Budget	Bids Received	Spend FY 19-20	Spend FY 20-21	Pending	Total	Available
Abbey	£15,000	N	£0			£0	£15,000
Cannon Hill	£15,000	Y	£0			£0	£15,000
Colliers Wood	£15,000	Y	£0	£3,278	£7,281	£10,559	£4,441
Cricket Green	£15,000	Y	£0		TBC	£0	£15,000
Dundonald	£15,000	Y	£0		TBC	£0	£15,000
Figges Marsh	£15,000	N	£0			£0	£15,000
Graveney	£15,000	N	£0			£0	£15,000
Hillside	£15,000	Y	£0		£15,000	£15,000	£0
Lavender Fields	£15,000	N	£0			£0	£15,000
Longthornton	£15,000	N	£0			£0	£15,000
Lower Morden	£15,000	Y	£3,036	£11,712		£14,748	£252
Merton Park	£15,000	Y	£441	£1,025		£1,466	£13,534
Pollards Hill	£15,000	Y	£0		£1,384	£1,384	£13,616
Ravensbury	£15,000	Y	£2,883			£2,883	£12,117
Raynes Park	£15,000	N	£0			£0	£15,000
St Helier	£15,000	N	£0			£0	£15,000
Trinity	£15,000	N	£0			£0	£15,000
Village	£15,000	Y	£0		£15,000	£15,000	£0
West Barnes	£15,000	Y	£0			£0	£15,000
Wimbledon Park	£15,000	Y	£1,900		£13,100	£15,000	£0
			£8,260	£16,014	£50,381	£76,040	£223,960

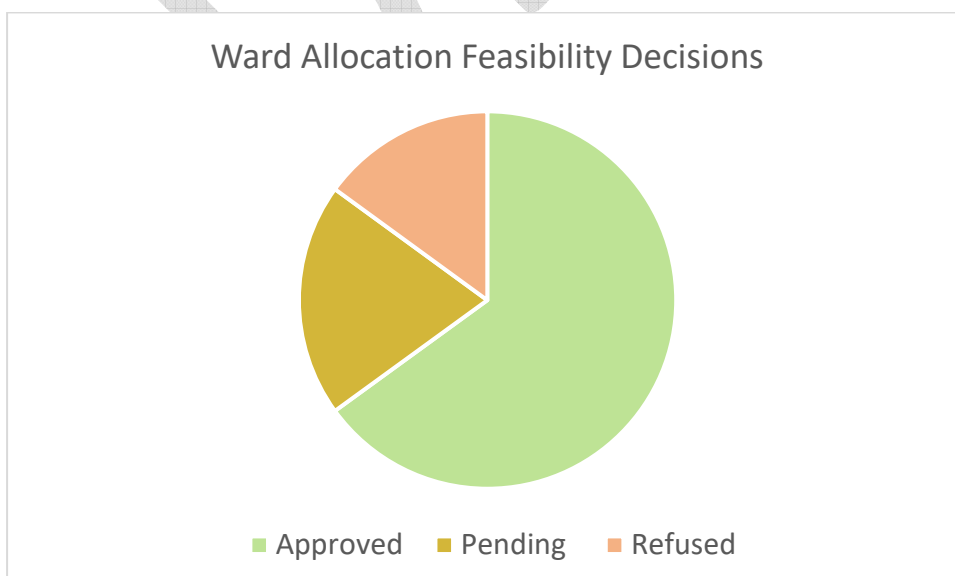
4.8 Figure 14 identifies the wards where funding has been allocated the most such as Lower Morden, Colliers Wood and Merton Park. As mentioned previously, Lower Morden have spent almost all of their allocation whereas most wards are yet to spend theirs.

Figure 14: Ward distribution



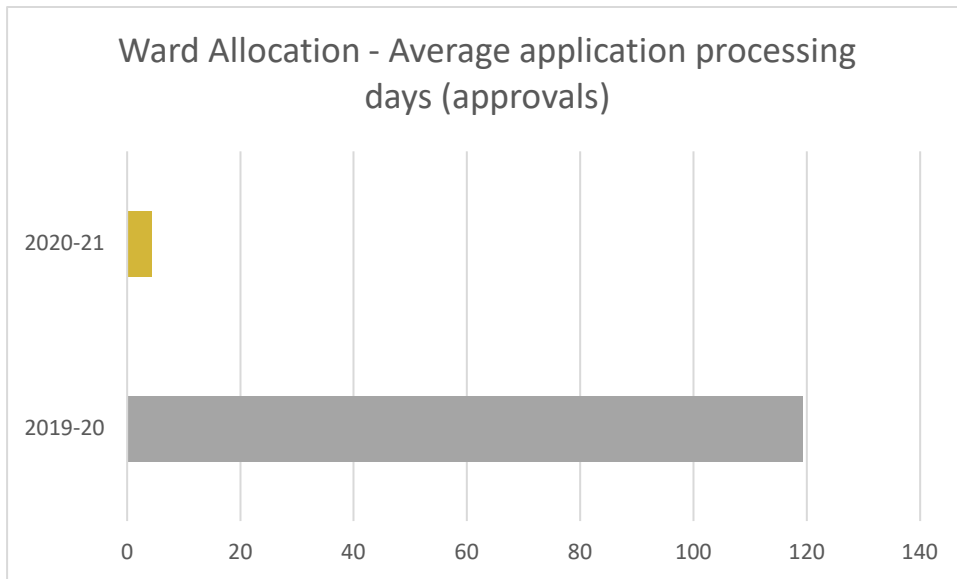
4.9 The graph below shows that most of the applications received for feasibility checks have been approved but it is noted that out of scope requests have been excluded in this instance.

Figure 15: Ward Allocation Decisions



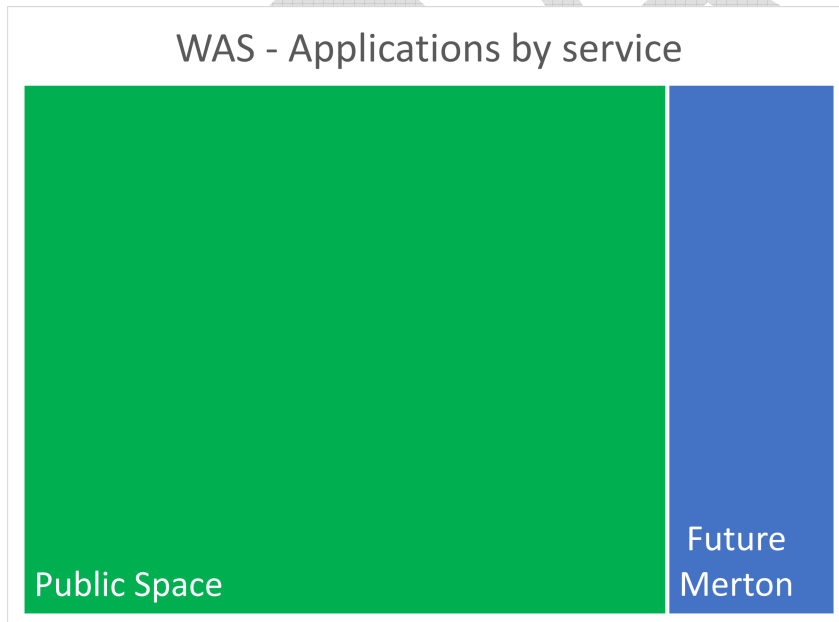
4.10 Teething issues have been experienced in initial schemes which resulted in delays in approving feasibility but recent projects are being approved in a timely manner as shown below.

Figure 16: Ward Allocation processing



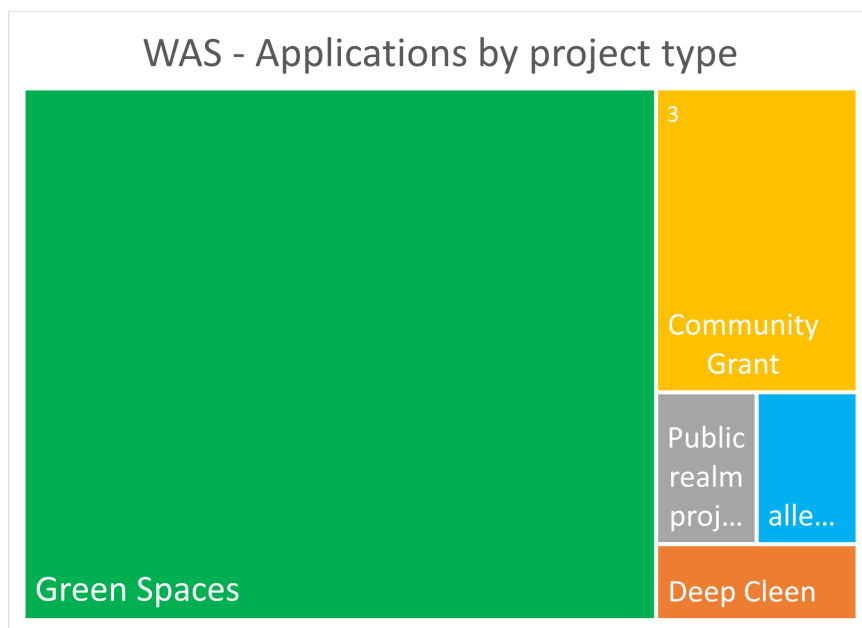
4.11 Almost 80% of applications are related to the Public Space team which has put a lot of pressure on them to deliver whilst impacting on their standard delivery needs such as other strategic CIL and capital projects.

Figure 17: Council delivery team



4.12 Related to the above, Green Spaces is the common project type received such as playground upgrades, benches or railing improvements. This is followed by community grants to local organisations to deliver projects and clean ups themselves.

Figure 18: Ward applications by type



4.13 There have been a number of out of scope and/or vague requests and/or request without all three ward member agreement which take up a lot of officer time and reduce the ability to coordinate and deliver other schemes. Some out of scope examples include fox extermination and restoring public realm. A lot of these are more extensive bespoke projects than can be resourced from £15,000, which would have to include more of the funding to be spent on project management. These projects may be better suited to alternative funding streams or be unfeasible noting the need for improved understanding and tools between officers and councillors in order to manage expectations and seek appropriate funding streams.

Other borough approaches

4.14 A initial 'light touch' review of London boroughs based on accounts at pan London and England network group meetings indicates a mix of approaches from ward-based, to zone and borough-wide methods of assessing and spending Neighbourhood CIL. For example Hackney are moving to a single pot like Merton's Neighbourhood Fund to provide greater flexibility instead of the zoned approach as funds were not getting spent as intended. Unfortunately a more comprehensive review of boroughs was not possible during the current review timeframes. See recommendation 4 in paragraph 6.1 which proposes a comprehensive survey of other London borough approaches as part of a review following the completion of the Ward Allocation scheme in 2022.

Consultation findings

4.15 Through interviews and surveys, councillors provided feedback to the review along with key council officers. The Neighbourhood Fund is generally viewed as being successful with a number of wide-ranging projects being delivered but improvements can be made, such as the bidding process and increasing exposure. Whereas the Ward Allocation Scheme has clearly struggled with limited small-scale projects from members due to a range of factors to be detailed below.

Ward Allocation Scheme

4.16 As highlighted earlier in the report, there has been a clear lack of ward spending and delivered projects which (not including the pandemic impact) councillors have put down mainly due to difficulty in negotiating the process, not being able to meet the criteria and implementation delays.

Strengths

4.17 The key strength of the ward scheme is that it is only open to councillors to direct local CIL spending into their wards from ring-fenced CIL funds. Pooling between wards is also allowed for larger projects, where agreed, and has been explored by some members such as for the Wimbledon Hill Road Green Link between Hillside and Village wards. Lower Morden was the only ward to use up practically all of its £15,000 allocation on a playground surface repair, park benches and bulb planting.

Weaknesses

4.18 Feedback from councillors and key officers outlined that being restricted to a set list of projects was the main issue. This has led to councillors requesting out of scope projects to be priced up before being denied, resulting in frustration on all sides. Even though the set list contains 'out of contract' maintenance-type works (i.e. not generally delivered by the council), some councillors compared it to maintenance and preferred more exciting projects for their constituents. Members noted it was not clear what could be applied for and difficulty in accessing or completing the online intranet application form.

4.19 Officer support, implementation delays and financial transparency were also noted due to councillors being passed on between different departments, officers not responding, or keeping members updated, in a timely manner. As the ward projects are 'out of contract' there is a tendency for officers and contractors not to have the resources to deliver as quickly as "in contract" projects resulting in slow implementation. Due to the lag time in council receiving quotes or invoices from our contractors, such as invoicing through Croydon (IdVerde invoices Croydon for Merton spends and these invoices cover all work within a given set of months and aren't split by project or funding type), this makes it difficult to provide up-to-date financial records on the schemes.

4.20 As mentioned above, members would prefer more exciting projects and believe the current process to be too restrictive and the criteria too difficult to meet. Whilst some noted that this scheme was not tied to where CIL income is generated, the Neighbourhood Fund and larger strategic CIL pots are used to focus some of the spending on areas that are affected by development, whether it be on small scale immediate neighbourhood projects in the vicinity of development or large borough wide projects where the impact and demands of development extend across multiple parts of the borough and beyond. This will be discussed further later in the report. The final point of weakness relates to councillor agreement that is needed for all ward schemes and is especially an issue in wards where councillors do not all belong to the same political party which may result in no project being delivered.

Opportunities

4.21 To make it easier for members, there are a few options that will be raised here and discussed in the next chapter in detail. These include:

- a) a clearer line of communication between councillors and the officers coordinating the scheme and delivering projects;

- b) a new form that is easily accessible and submitted (including FAQs);
- c) exploring how the set project list can be improved whilst managing on-going financial risks to the council;
- d) ensuring lists can be appropriately resourced so that the projects can be delivered without affecting service delivery; and
- e) annual reports, newsletters or similar would be helpful to share successes and give members ideas for their wards as well as greater transparency of funds to be, or already, spent.

4.22 As we recover from the impacts of Covid-19, opportunities to use ward funding could be explored to promote a green recovery and related projects in line with the Climate Strategy and Action Plan. There was strong support for ward funding to be used as match funding to deliver a wider range of projects through local community group or school-led initiatives which could be paired with the Neighbourhood Fund, Strategic CIL, Section 106 or external grants such as lottery or crowdfunding for instance.

4.23 Bids that require technical officer input or competing priorities may be best served when recommended by the officer to relevant ward members instead, ensuring those in greatest need are prioritised and are able to be delivered efficiently as opposed to a range of bids that may not be able to be delivered due to resourcing or technical constraints. Key projects such as tree planting, active transport, playgrounds and highway works were raised by members and need to be prioritised in a strategic manner to enable efficient delivery where needed most.

4.24 Other opportunities raised through consultation include officer support for wards that are less organised or are yet to submit any bids towards the end of the electoral period with potential ideas to spend their ward allocation such as the key late summer planting window, pooling, trees in highways or match funding with local organisations.

Threats

4.25 Covid-19 has had a significant impact on delivery of projects in 2020 and may well continue to do so. This will have resourcing implications, as combined with the pre-existing backlog of Green Space CIL projects including Neighbourhood Fund and ward bids, making it difficult to deliver park-related bids. As Green Spaces have been allocated funding for extra resourcing and are currently hiring for the position, it is hoped this enable swift delivery of existing and upcoming projects moving through the second half of 2021 and into 2022. Being the final financial year of the ward allocation (ends 31 March 2022), there will be a flurry of activity and officers will need to manage expectations and potentially direct councillors towards more deliverable schemes within the electoral period.

4.26 As ward schemes require agreement between all councillors, this may prove to be a roadblock such as in Cannon Hill where three separate parties are represented. For split wards where two or three parties are represented and cannot come to an agreement the ward allocation may need to be split to ensure the funds do not go unspent but the lesser amount will impact on what may be delivered for the ward.

Strengths	Weaknesses	Opportunities	Threats
Ward councillors decide	Low take up/spending	Engaging members	Ongoing covid issues
Lower Morden delivery of small park improvements	Set list too restrictive "doesn't excite"	Community/school bid	Resourcing
Supports active public space improvement groups (C.W.)	Unhelpful for less active ("time poor") communities	Publicise spending	Ward priorities vary
	Not clear to members	Link to exciting bids	Timing - final year
Aligned with election period	Criteria too difficult	Recovery & green bids	Split wards
Pooling across wards	Limited value		
list of projects more deliverable	Lack of engagement	Accessible form	
	Not tied to CIL income	Match funding – trees	
	Less organised wards	Tech officer ideas	
	Implementation delay	Crowdfunding ideas	
	councillor agreement	Reach less organised	
	Invoicing delays/bal.	Late summer planting	
	Off-list queries/quotes		
	Site visits/repeat		

Neighbourhood Fund findings

4.27 As highlighted earlier in the report the Neighbourhood Fund has been relatively successful and is a view shared by most stakeholders consulted. The flexibility and open bidding nature has allowed for a wide range of community bids to be delivered including social capital projects that have borough-wide benefits such as the Polka Theatre or other community facilities ensuring they provide outreach programmes for local kids or others in need and maintain accessibility for school groups. Deen City Farm has also benefited through an upgraded horse riding area, lighting and weatherproof paths which can result in reduced operating costs and therefore annual revenue grant cost savings for the council.

Strengths

4.28 As the fund is well established there are a number of exciting projects that have been delivered including the London Borough of Culture in partnership with the Mayor of London to provide a range of themed film screenings across the borough, including Q&A's with filmmakers to connect with the community and a range of cultural events including a virtual reality event that allowed locals to experience Merton's history through immersive technology. Another highly successful project benefitting from Neighbourhood Fund investment is the Towards Employment programme, as set out in more detail in the case study below.

4.29 Other key projects delivered by the council or in progress include upgraded shopfront parades in Wimbledon (Queen's Road & The Broadway), Colliers Wood (High Street), Mitcham (Bramcote Avenue) and Haydons Road which relates to the Wimbledon Stadium development which has been the council's main CIL revenue generating scheme to date.

4.30 The key difference to other CIL funding streams is that the Neighbourhood Fund is flexible, not being restricted to just infrastructure, and an open bidding round. This allows anyone to submit a bid and it can include social capital initiatives such as our support for local community organisations (Commonside, Upton Youth, MVSC Youth and BAME Voice) in relation to volunteers, support services, medical referrals, mental health and job assistance such as STEM-related and up-skilling opportunities for local kids and job seekers. Community examples focused on physical upgrades include the Merton Priory Trust's Chapter House performance space, Age UK Merton's upgraded facility and South Mitcham Community signage. These projects help to address many of the Community Plan's strategic objectives, namely the overarching goal of bridging the gap.

4.31 As new developments increase the borough's infrastructure needs, Local Economy and CSF officers have reiterated the positive and long-lasting impacts Neighbourhood CIL provides as gap funding by meeting immediate increased social needs such as increased job opportunities for local residents and at risk youths. But this also leads to long-term social impacts with an improved local economy, less people needing to access government benefits, safer communities and reduced related impacts and costs to the council in the long-term. Towards Employment is the council's highly successful programme as set out in the following case study.

Case Study – Towards Employment (Neighbourhood Fund investment)

The highly successful Towards Employment programme was set up by Merton Council's Children, Schools and Families (CSF) department in July 2020 with initial gap funding (£60,904) from the Neighbourhood Fund. The programme provides young people (YP) in Merton with local employment, apprenticeship and training opportunities with priority being given to those most in need of support.

Over 120 Merton residents have been engaged to-date, of which:

- *83% of YPs identify as BAME;*
- *59% of YPs reside in Merton's most deprived wards (Cricket Green, Figges March, Lavender, Pollards Hill, Ravensbury and St Helier);*
- *Circa. 6% have declared a SEN; and*
- *Circa. 5% have declared being in care.*

One of the main outputs of the programme was its key involvement of 30 Merton YPs in the widely circulated 'Create Not Hate' campaign in partnership with Trevor Robinson OBE and his leading ad firm, Quiet Storm to develop job skills and industry contacts for the YPs. They used the increased awareness of institutional racial bias as a creative vehicle for our diverse YP to develop related short films (broadcast on ITV news), billboards across London, t-shirts and other media to share personal experiences and shine a spotlight on the topic of race but also to provide opportunities for YPs and the need for greater diversity in the advertising industry.



Billboards that were across London. Photo credit: Create Not Hate



YP at Quiet Storm offices in Soho taking part in graphic design master class

Other key parts of the programme include the provision of CV, application and interview preparation support (56 YPs). 27 job interviews have been secured to-date including 17 job or apprenticeship starts during lockdown and 12 YP have undergone construction skills certification scheme (CSCS) card training.



YPs working with Quiet Storm on the Create Not Hate campaign. Photo credit: Create Not Hate

In terms of current and future projects, Towards Employment has job-clubs and employment pathways being set up with the railway industry (potential HS2 jobs), Groundworks and guaranteed interviews at Just Eat utilising their electronic bikes to assist with fleet decarbonisation goals. The team is also working with Met Police to deliver 3 sessions on YP's experiences with Stop and Search to be filmed for social media and potential broadcast.

The seed funding provided by the Neighbourhood Fund (£114k over two years) helped CSF win additional funding (circa. £200k external grant funding) showcasing the financial return on investment by being able to secure this funding for the benefit of Merton residents. Without the CIL funding, the Towards Employment team would not exist, have been able to achieve the above or be in a position to bid and evidence capacity to upscale and keep supporting the young people of Merton and the associated impacts this has on the families of Merton and related council support services.

Weaknesses

4.32 Accessibility has been one of the key themes arising out of the consultation, as the current bidding process tends to favour established groups who have the time, resources and experience with submitting well-prepared and detailed bids. The bid criteria is in place to ensure bids are transparently selected, deliverable, meet CIL regulations and do not generate unsustainable financial burdens on the council but the process has been described as onerous by some members. They have said the complex application form puts off grassroots bidders and is overly time consuming for time-poor constituents.

4.33 Therefore, this is being reviewed to see how it can be improved along with increasing exposure of the fund to attract more bidders from across the community to submit their ideas and others who have been unsuccessful in the past and reignite their interest in the fund. Some comments have been received in terms of the bid form being too long and other comments stated that some questions are too similar. Such comments will be addressed through improvements to the bid form that strike a better balance between accessibility and deliverability & statutory compliance with the CIL Regulations. Lastly, the grant agreements and timing of external grant payments has been an issue in the past but has improved each year and a simpler agreement using a Policy team template will streamline the agreement process and allow funds to be released earlier.

Opportunities

4.34 Covid-19 recovery, including local economy and employment support, are key Merton priorities in upcoming funding rounds and the Neighbourhood Fund will look to support the nexus between them and existing priorities such as addressing development demand, the Climate Emergency and Bridging the Gap to provide a more flexible form of funding than other direct Covid-support national/regional/local funding streams. In late 2020, Merton was able to support carers, citizens advice and home schooling IT bids related to the impacts of Covid, plugging a funding gap not covered by other funding streams.

4.35 Consultation outlined better linking of major developments to local bids as one area that can be improved on beyond just the Wimbledon Stadium development. Over the next ten years Estate Regeneration schemes, Benedicts Wharf and Morden Regeneration will provide over £40 million of CIL to address demands represented by all of Merton's investment priorities and stretching across all areas of the borough and beyond. With the Estate Regeneration Schemes already being implemented, demands are already being felt and while Neighbourhood Fund Cabinet reports highlight the link between strategic developments and recommended investments, more could be done to promote these linkages so that our communities can understand the basis for investment decisions.

4.36 As previously mentioned, a simplified bidding process will help bidders who are less experienced and time poor in order to compete with established bidders. By targeting a wider range of bidders across the borough and beyond, we can tap into new entrants with new ideas and hopefully continue to attract unsuccessful bidders through updated and clearer guidance. This could include a bi-annual newsletter which was raised as an idea to share progress on CIL funded projects and showcase successful projects to get councillors, officers and bidders examples of what is being delivered.

4.37 Green Spaces, playgrounds, outdoor gyms and trees were important topics discussed and will need to be investigated further as there are significant constraints to delivery. The Neighbourhood Fund provides a great opportunity to address the Climate Emergency and this has occurred with previous Sustainable Merton bids to support community volunteers sharing advice on waste, air quality, energy and food as well the Community Fridge bid that was vital during 2020 and a Library of Things bid to promote the sharing economy based in Morden.

Threats

4.38 As lockdown restrictions are eased, Covid-19's impacts may return which threatens to delay or defer Neighbourhood Fund projects and recovery efforts in Merton as it has done last year. Resourcing is a constant issue that needs to be managed and balanced between expectations and what can be delivered by the council and its contractors especially with the backlog of Green Spaces schemes that are yet to be delivered. Officers have advised that this also impacts on the council's ability to deliver capital projects which has negative impacts on the council and scrutiny implications. Parade refurbishments have become very popular with interest for more but resourcing is again an issue together with procurement complexities/delays and there needs to be a balance between growing expectations and strategic prioritisation of areas most in need. Scope creep is a factor to be considered in all bids but especially the parades based on initial schemes which should result in better informed estimates for future projects.

Strengths	Weaknesses	Opportunities	Threats
Good outcomes so far	Accessibility to all suits time rich	Covid recovery – econ.	Covid delivery
Well established		Promote big development investment links	Resourcing – impact capital delivery
Flexible projects	Fairness/repeat bids	Support bidders	Technical input
Open bidding	Onerous bidding	Target less involved	Parade capacity
Bridging the gap	Member interest low	Newsletter - successes	Scope creep
Social capital	Grant agreement time	Climate focus	
Pollards Hill Lighting – estate	Failed bid frustration	Tree strategy/carbon	
Morden TC	Suit established group	Active travel	
Borough-wide zone flexibility	Shorter bid form	GS & public realm – outdoor activities	
	Similar questions in bid form	'Paid for' branding	
		Employment support	
		NF as gap funding	
		Private tree planting	
		Social media/priority engagement	

Cross-cutting priorities and issues

4.39 Stakeholders were asked to reflect on the original priorities from 2017 as they guide CIL spending for both the Neighbourhood Fund and Ward Allocation Scheme as per the CIL Regulations. In terms of the existing priorities, there was a general consensus that they are all still vitally important (including community facilities, town centres and streetscapes) but the borough's green spaces narrowly topped the survey which is understandably being valued higher in the wake of the pandemic. This was reflected in the record number of parks-related bids in the 2020 Neighbourhood Fund bidding round (30%) and ward scheme bids for trees, benches, green links, and play and fitness equipment for all ages and a new Morden Recreation Ground community multi-sport pitch that was later approved as a strategic capital CIL bid.

4.40 When the existing priorities were compared with related themes such as the updated Community Plan, new Climate Strategy and Action Plan and Covid recovery, they all ranked highly to cement their ongoing significance. Survey feedback identified support for local economy and the high street recovery, local environment and youth activities as the key themes that stood out. Councillor and officer interviews reiterated the immediate need to address Covid recovery by helping our town centres to rebound and supporting job and volunteer placement programmes such as Towards Employment as many in the borough are being affected, especially those early on in their careers.

4.41 Certain issues such as accessibility to bidders and councillors, ease of bidding, officer support and resourcing have arisen between both funding streams which illustrate they need to be addressed to enhance neighbourhood outcomes and ensure this CIL funding remains successful for local residents. Potential solutions have been raised earlier in this section and they will be analysed further in the Discussion before making final recommendations.

5 Discussion

5.1 Based on the lack of spend and consultation findings, it is clear the Ward Allocation Scheme has struggled to engage with members and allow them to deliver the types of projects they want to deliver. This has to be balanced with what can be delivered and is sustainable for the council moving forward, especially the related financial and lifetime impacts related to new assets. An easier process that councillors understand, entices them to be involved and have sufficient officer support to deliver projects efficiently, especially in its final year, will enable projects to be delivered smoothly.

5.2 Whilst the Neighbourhood Fund has been relatively successful, the review points to where it can still be improved such as improving accessibility in the community and to support the borough's recovery by attracting a wider range of bidders, be better linked to major developments and ensure strategic direction is provided for key priorities.

5.3 The key Ward Allocation Scheme issues identified through the review are:

1. Difficulty for Members to make viable bids;
2. Only 20% of wards delivered a project;
3. Strict set-list of projects; and
4. Resourcing and officer support.

5.4 The key Neighbourhood Fund issues include:

5. Ensuring fit-for-purpose CIL community funding;
6. Accessibility and exposure of the fund to the wider community;
7. Maintaining relevance of priorities and themes; and
8. Delivery and resourcing.

Options

5.5 Based on the review findings, this section assesses potential key options in response to the issues identified in relation to the two CIL funding streams. Options should not be viewed as either/or proposals and it's possible to consider a combination of proposals across multiple options to form the basis of future approaches.

Ward Allocation Scheme Options

5.6 **Option 1 – make more of existing:** The biggest issue holding the scheme back has been the difficulty for councillors to make viable bids due to a range of factors such as not being clear what can be applied for, the strict scope of works and criteria which was set up with the intention to prioritise small scale public realm projects which were not by covered by existing council contracts. However, clearly this has made it hard for bids to be made. To address this the following options are proposed:

- a. Promote funding opportunities through schools or community groups:
This has been proposed as a great 'existing way' to deliver projects in partnership with local organisations which may be easier delivered by external parties.
- b. Directing enquiries to more appropriate funding streams:
As a number of enquiries relate to complex bids that exceed the £15,000 threshold, they may be better delivered through the Neighbourhood Fund or Strategic CIL funding.

- c. Promoting match or gap funding options:
Similar to the above options, this can help get more complex projects off the ground with potential additionally and option to deliver something greater.
- d. Accessible and simplified bid form and website FAQs:
One of the key issues is when forms are not submitted to formalise all ward Members' support and answer FAQs but there have been access issues too.

5.7 Option 2 – synchronisation/timetabling/help for struggling wards: Prior to this review, only Lower Morden, Colliers Wood, Ravensbury, Merton Park and Wimbledon Park (20%) had spent some (or in Lower Morden's case, practically all) of their allocation highlighting the low number of bids that have been submitted and subsequently delivered. Recent interest has helped but this will need to be balanced out over the final electoral year. These options are:

- a. Technical officers to provide councillors with ideas or project windows:
Certain projects like planting can only occur at certain points in the year so in some instances it would be best where technical officers can provide Members who may opt in with shovel ready projects or delivered ideas avoiding lengthy consultations.
- b. Split ward funding:
For wards that are in a clear deadlock where it is a split party ward, their £15k allocation may have to be split evenly (£5k each) between the 3 local councillors to avoid no spend at all.
- c. Strategic prioritisation to manage expectations for popular projects:
Tree planting and playground works are understandably in demand but have numerous cost, maintenance, resourcing and physical constraints to be considered.
- d. Support quieter or less organised wards:
Similar to the officer input option previously, some wards have no or limited grassroots organisation or have made no bids so will need extra support. E.g. officer-led outreach or ward pooling.

5.8 Option 3 – list expansion, “league table” promotion, contingency pot: The pre-selected set-list of projects has proved to be a stumbling block which was reflected in the consultation feedback with calls for an expansion of the scope that needs to be balanced with relative constraints but here are some options:

- a. A Contingency pot:
This was proposed as a small fund for completely unforeseen costs.
- b. Newsletter to provide transparency on latest projects and successes:
A tool that could be used to track spending and engage in friendly competition to see who can do the best for their local area and give others a reminder or idea.
- c. Investigate set list expansion:
Other viable in-demand projects like table tennis courts could be added

5.9 Option 4 – focus on technical and coordination officer resourcing: Resourcing and officer support is a key issue, especially with the high number of Green Spaces requests and their limited capacity each year which is now a backlog that is also affecting capital delivery which will need to be addressed through the following:

- a. A single point of contact to project manage delivery and invoicing:
This was the top survey response to avoid lengthy project delays or risk of slipping through the cracks and proactive management of issues as they arise.
- b. Improved coordination between FutureMerton coordinators and infrastructure providers and contractors:
Also note that there has only been a low number of bids to-date so these issues could be exacerbated if more wards start bidding given we are in the last year of the scheme. This could lead to more significant backlogs to-date and so accountability and coordination needs to be managed better.
- c. Sufficient resourcing:
As seen with Green Spaces, additional funds can be allocated where needed but unforeseen staffing changes has had an impact and there is a backlog of projects.
Whilst some neighbourhood funding was allocated towards resourcing, at the time of writing this is yet to be implemented but was in progress in terms of recruitment a new member of staff.

Neighbourhood Fund Options

5.10 Option 1: This fund is striving to increase its accessibility and exposure so that a wider range of bidders are encouraged to apply each year to keep increasing the breadth and range of bids and ideas we receive. For example last year's round included bids from Wimbletech CIC, Living Streets and a parkrun in the borough. Some options include:

- a. Engaging with the least active wards:
Whilst the Neighbourhood Fund is set up to benefit the borough we can use our networks to target areas that are yet to bid such as St. Helier, Longthornton or Graveney;
- b. Targeting more local businesses:
Considering recent setbacks, there are likely to be many bids but using our Local Economy contacts might be very valuable in upcoming rounds.
- c. Merton Connected networks:
Maximising the use of our partner's networks such as Merton Connected which is the rebranded Merton Voluntary Service council and its revamped database.
- d. Encourage bidders to re-apply and avoid bidder burnout where possible:
Improved communications, forms, transparency and feedback to ensure unsuccessful bidders know what they need to re-apply in future rounds.
- e. Perceptions of fairness and attracting new bidders:
There are some established organisations such as the Polka Theatre, Sustainable Merton and Deen City Farm who have successfully bid more than once. While these funding bids were all justified and met the criteria for award, this can detract from the perception of fairness. Organisations such as the Climate Action Group will help

coordinate a panel of community representatives to pull in ideas and help them to make a bid.

- f. Use Your Merton to connect with more residents;
- g. Bid survey form filter, idea vs. developed bid form

5.11 Option 2: Maintaining relevance of priorities and themes; and

- a. Simplifying wording of current priorities
- b. Formalise Climate Strategy & Action Plan into priorities or criteria or reference it clearer from the Community Plan?
- c. Neighbourhood priorities survey
- d. Community Plan - Covid Recovery, high streets & employment support
These will be reviewed following the Your Merton survey
- e. Popular NCIL projects such as parades, public realm improvements, play areas and trees may need to have strategic prioritisation to manage expectations and provide proactive prioritisation

5.12 Option 3: Delivery and resourcing.

- a. Resourcing, staffing and backlog in greenspaces projects
- b. Officer support, prompting and technical advice;
- c. Newsletter, promotion and branding

Cross-cutting

5.13 Overall issues and options – One of the key topics of this review is to ensure the approach to CIL funding is the best way to spend CIL funds in terms of distribution geographically. The council may wish to consider alternative ways of allocating funding, for example spending the funding in the ward where it is generated, however this would ignore the fact that development demands cut across wards and extend across the borough and beyond. It also would fail in many ways to make good and effective use of Neighbourhood CIL which is very flexible to address these wide-ranging demands, providing funding for projects that can't benefit from Strategic CIL, S106 funding or other government funding streams. Accordingly rather than changing the current approach in terms of allocating Neighbourhood CIL flexibly across the borough to meet development demand, plus a Ward Allocation scheme, to only spending Neighbourhood CIL in the immediate area/ward where the funding was generated, the council should consider the following options in terms of the overall approach to Neighbourhood CIL spending:

- Refresh Neighbourhood CIL investment priorities based on Your Merton survey findings (due late 2021) and community plan objectives and strategies arising from it
- Follow a programming approach, for example using a multi-year programme with a different theme or set of themes every year that could be voted on by the council, i.e. streetscapes Y1, parks Y2, street cleaning Y3, pooling resources making it more economical.
- Consider the future of ward based allocations exploring whether the Ward Allocation Scheme model can be adapted as proposed above and/or whether there can be an element of a

limited pot of funding to be tied for expenditure in the more immediate area of the development from which the CIL is paid.

- Improve the accessibility and understanding of the overall approach and provide more support for stakeholders in navigating through the bid forms and understanding the priorities and criteria for investment decisions so that they can focus their efforts on the right funding source and make the most of their limited time.

Options round up

5.14 Following discussions with management and lead Cabinet Members, it is clear that the focus for the next year should be to deliver the Ward Allocation Scheme as efficiently and effectively as possible in its final year. Accordingly given the backlogs in council delivery teams and the expected rush from Wards to spend Ward Allocation Funding before the local elections in May 2022, there has been a direction to focus on delivering from the existing list of Ward Allocation Scheme projects and that this will be supported by investing in officer resources in terms of engagement and technical delivery.

5.15 Accessibility of both the Ward Allocation Scheme and the Neighbourhood Fund will be focussed on for the next year so investments are made where needed most and not only for projects put forward by those best placed to do so. In particular with respect to the Neighbourhood Fund accessibility is of utmost importance given challenges faced by our communities recovering from the impacts of the Coronavirus Pandemic and it is clear that the areas that need investment most and where outreach should occur is in supporting the local economic recovery and investments into social capital and the public realm to support healthy lifestyles and rebuild communities.

5.16 It is considered that a more in-depth and wide-ranging review of Neighbourhood CIL should be carried out following the end of the Ward Allocation Scheme in March 2022. This will give officers a chance to assess the implementation of the Ward Allocation Scheme across its full three-year duration after more than a year after we have emerged from the second national lockdowns and the expected rush from wards in the final run-in to the elections has occurred. It will also enable existing ward councillors to maximise the benefits of the three-year Ward Allocation Scheme and, from May 2022 enable any new ward councillors to help shape the new process within their wards. It will also enable officers to assess the findings of the Your Merton survey to help reassess resident's priorities for investment post Covid, and take note as to the success of investments into accessibility and promotion. By this time more reports and feedback from bidders (successful and unsuccessful) will be available and a survey of other boroughs can be carried out. This further material will add value to the review so that the issues can be assessed in more depth and assessed in the context of Neighbourhood CIL implementation across the country.

6 Recommendations

6.1 Recommendations for the council arising out of the review are as follows:

Ward Allocation Scheme

1. Implement enhanced engagement with councillors to identify and resource the delivery of Ward Allocation Scheme investments from the existing list of prescribed projects by the end of the scheme in March 2022.

2. Look to utilize existing Neighbourhood CIL allocations for both Public Space and Ward Allocation coordination to help resource implementation of Ward Allocation Scheme for the final year of its duration, and take the pressure off the delivery of strategic projects using other funding such as Merton Capital, Neighbourhood Fund, Strategic CIL and other external grants.

Full Review of Neighbourhood CIL in the summer of 2022

3. Carry out of a full review of the implementation of Neighbourhood CIL (to include the Ward Allocation Scheme and the Neighbourhood Fund) following the completion of the Ward Allocation Scheme in 2022.
4. Your Merton findings and monitoring of final year of WAS to feed into Review in 2022. Also other councils & bidders survey.

Accessibility and Promotion

5. Carry out a series of improvements to the promotion of the Neighbourhood Fund accessibility of both Ward Allocation Scheme and Neighbourhood Fund application forms.

7 Conclusions

7.1 It is clear that there have been some successes in the implementation of Neighbourhood CIL in Merton during the review period, however that there is still much to do. The review has picked up areas for improvements in the short term for the Ward Allocation Scheme focusing on resourcing the delivery of projects from the existing list of items including helping to meet councillors wishes in that regard.

7.2 Accessibility is a matter to be looked at for more attention looking at breaking the barriers for members of the community in terms of the difficulties with the Neighbourhood Fund bidding form or using partner organisations to promote the achievements of CIL to get the message out to communities and individuals that have found it difficult to access or benefit from funding in the past especially in the most deprived parts of the borough, that there is this pot of funding and to provide guidance for prospective grassroots/community bidders.

7.3 Moving forward there is an opportunity to carry out a wholesale review following the completion of the Ward Allocation Scheme and the 2022 local elections to assess the implementation of that scheme together with the improvements to accessibility of the Neighbourhood Fund and to refresh priorities for Neighbourhood CIL investment picking up on the findings of the Your Merton survey of residents. The review could also look at how other councils are approaching spending Neighbourhood CIL and seek to establish a refreshed basis for Merton to take this funding forward to help support the demands development places on the borough.

8 Appendices

8.1 List of Neighbourhood CIL ideas for investments & approaches – from councillor and officer interviews and surveys

- High Street and local economy support
- Employment, skills, training related bids – expand CSF Towards Employment to older age groups, also need in west so across borough, skilled workforce = prosperous borough
- Volunteering programmes employment pathways, green economy/climate action plan linkage opportunities as below
- Improved connectivity - network blackspots (SCIL bid) - alternative funding due complexity
- Green Economy support for waste reduction, build low carbon skills, encourage green business, green and local products and promoting reuse
- Meanwhile uses - high streets improve vitality
- Market days, street closures to traffic
- Train station mural
- Active travel schemes, school behaviour change, LTNs
- Technical officer-led ward projects for wards that wish to opt-in
- Park improvements and links on webpage to refer to a potential 'Parks strategy'
- Healthy communities theme post-covid/outdoor gyms strategy
- Improved walking routes
- Heritage trail - Merton Park
- Tree planting programme/greening/wilding/biodiversity support
- Parklets and greening streets/planting verges
- Conversion of disused buildings in parks to cafes or community facilities
- Water supply for local community groups to maintain gardens
- Community/school vegetable garden
- Bollards or similar to protect grass verges
- Water fountains
- Pollards Hill community centre and roundabout improvements
- Improved access on alleyways
- Step free access to library
- Filling pot holes
- Tree maintenance
- Project Coordination - technical capacity/support (incl. £150k public space bid)
- Donations/part funding of school or community grants or match/crowdfunding

DRAFT

Committee: Cabinet

Date: 20 February 2023

Subject: Reference from the Overview and Scrutiny Commission – Scrutiny of the Business Plan 2023-27

Lead officer: Roger Kershaw, Interim Executive Director, Finance & Digital

Lead member: Councillor Edward Foley, Chair, Overview and Scrutiny Commission

Contact officer: Rosie Mckeever, Rosie.Mckeever@merton.gov.uk, 020 8545 4035

Recommendations:

- A. That Cabinet, in taking decisions relating to the Business Plan 2023-27, consider the recommendations made to the Overview and Scrutiny Commission (set out in paragraphs 2.4 to 2.5 below) by the other Overview and Scrutiny Panels.
-

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. To inform Cabinet of the recommendations and comments resulting from scrutiny of the Business Plan 2023-27 by the Overview and Scrutiny Commission and Overview and Scrutiny Panels at their meetings in January 2023.

2 DETAILS

- 2.1. Each of the Overview and Scrutiny Panels and the Overview and Scrutiny Commission has examined the budget and business plan proposals relating to the service areas within their remit.
- 2.2. No reference was made to the Commission or Cabinet from the Children and Young People Scrutiny Panel or the Sustainable Communities Panel.
- 2.3. The Commission RESOLVED to forward to Cabinet the recommendation made by the Healthier Communities Overview and Scrutiny Panel (set out in paragraph 2.4)
- 2.4. “The Healthier Communities and Older People Overview and Scrutiny Panel agree the saving in principle. This is on the basis that the public health team provide additional information* on the detail of the proposal to the Overview and Scrutiny Commission”.
- 2.5. The additional information was supplied to the Commission and can be found in Appendix A.
- 2.6. The Overview and Scrutiny Commission discussed the savings proposals and the capital programme relating to its remit.
- 2.7. Commission Members welcomed the opportunity to scrutinise the latest iteration of the Budget and Business Plan 2023-27 and RESOLVED to send no further recommendations to Cabinet.

3 ALTERNATIVE OPTIONS

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

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. The Constitution contains the requirements for consulting scrutiny on the budget and business plan. There was an initial phase of scrutiny in November 2021, with the second round completing in January this year, representing the formal consultation of scrutiny on the proposed Business Plan, Budget and Capital Programme.

5 TIMETABLE

- 5.1 Scrutiny of the 2023-27 Business Plan was undertaken as follows: -
- Healthier Communities & Older People Scrutiny Panel: 10 January 2023
 - Children & Young People Overview & Scrutiny Panel: 11 January 2023
 - Sustainable Communities Overview & Scrutiny Panel: 19 January 2023
 - Overview and Scrutiny Commission: 25 January 2023

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

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

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. The process for developing the budget and business plan is set out in Part 4C of the Council's Constitution. The role of the Overview and Scrutiny Commission and panels with regard to the development of the budget and business plan is set out in Part 4E of the Constitution.
- 7.2. The legal and statutory implications relating to the budget and business plan are contained in the reports elsewhere on this agenda.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

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

9 CRIME AND DISORDER IMPLICATIONS

- 9.1. None for the purposes of this report.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1. None for the purposes of this report.

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

- 11.1 Appendix A – Public Health 2023 2024 Savings Equality Analysis.

12 BACKGROUND PAPERS

- 12.1. None

Equality Analysis



Please refer to the guidance for carrying out Equality Analysis (available on the intranet).
Text in blue is intended to provide guidance – you can delete this from your final version.

What are the proposals being assessed?	To enable Public Health to make a contribution to preventative services commissioned via the Civic Pride Fund (CH113).
Which Department/ Division has the responsibility for this?	Public Health, Community and Housing

Stage 1: Overview

Name and job title of lead officer	Dr Dagmar Zeuner, Director of Public Health
1. What are the aims, objectives and desired outcomes of your proposal? (Also explain proposals e.g. reduction/removal of service, deletion of posts, changing criteria etc)	<p>The Civic Pride Grants Programme supports a broad range of voluntary and community sector partners to deliver services that help to prevent or delay deterioration in health and wellbeing. A common feature of many of the funded projects, alongside their preventative value, is the contribution they make to reducing inequalities within the borough, including health inequalities.</p> <p>Community and Housing make a substantial contribution to the Civic Pride Grant Programme with a total contribution of £1.7m per annum over each of the next three years. To date the entire contribution has been funded from Adult Social Care budgets. As a consequence of rising demand and the increasing complexity of the needs individuals are presenting with there are, and will continue to be, significant pressures on Adult Social Care budgets. These pressures are both a local and a national issue impacting on all local authorities with social care responsibilities. The application of the enhanced social care precept in combination with the additional funding committed by Government is widely viewed nationally by sector leaders as being insufficient to meet the increased levels of demand, and this is reflected locally.</p> <p>This proposal is therefore intended to support the Department in continuing to meet its statutory requirements under the Care Act 2014 and other relevant social care legislation by reviewing expenditure across our Public Health functions to enable a contribution of £330k per annum to the Department's contribution to the Civic Pride Grants Programme. This funding will support projects within the Grants programme that are consistent with the Public Health Grant conditions and that support prevention and the reduction of health inequalities. The proposed review will be achieved without impacting on our statutory Public Health duties.</p>

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	<p>The £330k of Adult Social Care budget the Public Health contribution frees up will be directly reinvested in meeting our statutory duties under the Care Act 2014 and other relevant social care legislation, thus helping to protect some of the most vulnerable residents in our communities.</p> <p>As noted above, the contribution from the Public Health budget to the Civic Pride Grant Programme will fund specific preventative activities (appendix one provides examples of project expenditure that complies with Public Health Grant conditions.), that aim to provide support to those in need; develop active and supportive communities; provide activities that prevent, reduce and delay the need for health and social care services; and which contribute to tackling health inequalities.</p> <p>More work will follow when the council has received the details of the Public Health Grant for 2023/24 so that we can be sure that we are starting from the correct baseline budget (PH grant 2022/23 was 11.9M), however this review will involve delivering:</p> <ul style="list-style-type: none"> • efficiencies through the reduction in overheads e.g. office, paper, transport, events • service transformation i.e. channel shift to more use of digital services) • holding a smaller reserve • further opportunities for service integration across Merton, South West London boroughs and London
2. How does this contribute to the council's corporate priorities?	<p>The Community and Housing funding within the Civic Pride Grant programme makes a significant contribution to the Nurturing Civic Pride priority.</p> <p>Supporting preventative activities and projects that reduce inequalities, including health inequalities, makes a positive contribution to the Building a Sustainable Future priority.</p>
3. Who will be affected by this proposal? For example who are the external/internal customers, communities, partners, stakeholders, the workforce etc.	<p>Some of the most vulnerable residents in our communities, who are in receipt of Adult Social Care services, or who will need these services in the future will benefit from the reinvestment of funds into Adult Social Care budgets.</p> <p>It is intended that the budget review will prioritise areas of expenditure that do not directly impact on residents and communities. If, once the Public Health Grant is confirmed by central Government and final work to identify the sources of the £330k is progressed, there are any elements of the proposals that could have an adverse impact on residents with protected characteristics further Equalities Impact Assessments will be undertaken on those specific elements. If it is identified that possible adverse impacts cannot be suitably mitigated replacement savings will be pursued.</p>
4. Is the responsibility shared with another department, authority or organisation? If so, who are the partners and who has overall responsibility?	<p>The statutory Adult Social Care and Public Health functions both sit within the Community and Housing Department. The Public Health team work closely with a range of colleagues across the Council and with health and voluntary and community sector partners to address health inequalities and to promote health and wellbeing.</p>

Stage 2: Collecting evidence/ data

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

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

The evidence that has been considered as part of this assessment includes:

- The Merton Story, Joint Strategic Needs Assessment
- Public Health Outcomes Framework, Public Health England
- Benchmarked data on public health services
- Service level data from public health commissioned services

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Stage 3: Assessing impact and analysis

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

Protected characteristic (equality group)	Tick which applies		Tick which applies		Reason Briefly explain what positive or negative impact has been identified
	Positive impact		Potential negative impact		
	Yes	No	Yes	No	
Age	X			X	Reinvesting £330k into Adult Social Care budgets will have a positive impact on the Council's ability to continue meeting its statutory Care Act duties, including to older people and adults with disabilities.
Disability	X			X	
Gender Reassignment		X		X	
Marriage and Civil Partnership		X		X	
Pregnancy and Maternity		X		X	
Race		X		X	
Religion/ belief		X		X	
Sex (Gender)		X		X	
Sexual orientation		X		X	

Socio-economic status		X		X	
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7. If you have identified a negative impact, how do you plan to mitigate it?

No negative impacts are identified at this stage. However, as noted above, once the Public Health Grant is confirmed by central Government and final work to identify the sources of the £330k is progressed, there are any elements of the proposals that could have an adverse impact on residents with protected characteristics further Equalities Impact Assessments will be undertaken on those specific proposals. If it is identified that possible adverse impacts cannot be suitably mitigated alternative savings will be pursued.

Stage 4: Conclusion of the Equality Analysis

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

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

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Outcome 1 – The EA has not identified any potential for discrimination or negative impact and all opportunities to promote equality are being addressed. **No changes are required.**

Outcome 2 – The EA has identified adjustments to remove negative impact or to better promote equality. **Actions you propose to take to do this should be included in the Action Plan.**

Outcome 3 – The EA has identified some potential for negative impact or some missed opportunities to promote equality and it may not be possible to mitigate this fully. **If you propose to continue with proposals you must include the justification for this in Section 10 below, and include actions you propose to take to remove negative impact or to better promote equality in the Action Plan. You must ensure that your proposed action is in line with the PSED to have ‘due regard’ and you are advised to seek Legal Advice.**

Outcome 4 – The EA shows actual or potential unlawful discrimination. **Stop and rethink your proposals.**

Stage 5: Improvement Action Pan

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

This action plan should be completed after the analysis and should outline action(s) to be taken to mitigate the potential negative impact identified (expanding on information provided in Section 7 above).

Negative impact/ gap in information identified in the Equality Analysis	Action required to mitigate	How will you know this is achieved? e.g. performance measure/ target)	By when	Existing or additional resources?	Lead Officer	Action added to divisional/ team plan?

Note that the full impact of the decision may only be known after the proposals have been implemented; therefore it is important the effective monitoring is in place to assess the impact.

Stage 6: Reporting outcomes

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10. Summary of the equality analysis

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

This Equality Analysis has resulted in an Outcome **1** Assessment

In summary, the proposed saving is intended to be achieved without detriment to health and wellbeing outcomes for residents and will have a positive impact on residents in receipt of Adult Social Care services who have protected characteristics. Although no negative impacts have been identified at this stage provision has been made to mitigate any such impacts which emerge at a later stage in finalising the proposal.

Stage 7: Sign off by Director/ Head of Service

Assessment completed by	Barry Causer, PH Lead for COVID-19 Resilience Julia Groom, Consultant in Public Health	Signature:	Date: 17/01/2023
Improvement action plan signed off by Director/ Head of Service	Dr Dagmar Zeuner, Director of Public Health	Signature:	Date: 17/01/2023

Appendix One – Re-profiling of the Public Health grant to contribute to Civic Pride Fund (CH113) example projects.

Theme 2: Services that grow strengths and capabilities.			
The services that provide good quality information, support and non-accredited advice, accredited advice and casework and specialist and/or legal representation where necessary.			
Organisation	Description	Funding agreed over 3 years	Funding agreed per annum
Wimbledon Guild	Provide a preventative, strengths-based Wellbeing Support service, offering a holistic assessment and 1:1 support for vulnerable, isolated older people with limited connections in the community.	£148,293.00	£49,431.00
Age UK Merton	Proposal to put in place an integrated Community Support Service (CSS), bringing together established Information and Advice and Living Well services, to further grow strengths and capabilities for older clients in Merton.	£107,678.31 (partial contribution to overall grant of £530,581.20)	£35,892.77 (partial contribution to overall grant of £176,860.40)
Total investment by Public Health for Theme 2		£255,971.31	£85,323.77

Theme Three: Active, supportive communities			
The services that co-design support and solutions with people and communities to help grow their relationships and connections and increase their level of activity.			
Organisation	Description	Funding agreed over 3 years	Funding agreed per annum
Merton Mencap	My Life My Community Saturday Hub for adults with a learning disability and/or Autism	£68,520.00	£22,840.00
Attic Theatre	To provide two weekly singing groups and in addition a dance and movement workshop for people with Dementia and their carers.	£38,514.00	£12,838.00
Commonside	To provide a drop-in community café, a range of activities for older and vulnerable residents in Pollards Hill and a hot two-	£142,574.01	£47,524.67

	course meal Monday to Friday.		
Friends in St Helier	To provide a range of activities, outreach support and outings for older people to socialise, join in with activities and eat a hot meal together.	£150,410.01	£50,136.67
Merton and Morden Guild	To provide 16 (growing to 20) preventative activities per week for older people in Merton.	£122,102.49	£40,700.83
Merton Community Transport	To provide an excursion club (two trips per month) supporting members of the community struggling with loneliness and isolation to places of interest.	£43,966.23	£14,655.41
Merton Vision	A range of support and activities based at the Merton Vision community centre, including volunteer support, preventative activities, building travel confidence, communication support, low vision and lighting advice and social interaction.	£154,351.08	£51,450.36
NEMCA (North East Mitcham Community Association)	A range of support and activities based at the Merton Vision community centre, including volunteer support, preventative activities, building travel confidence, communication support, low vision and lighting advice and social interaction.	£13,590.87	£4,530.29
Total investment by Public Health for Theme 3		£734,028.69	£244,676.23
Total investment by Public Health		£990,000	£330,000

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Committee: Cabinet

Date: 20 February 2023

Agenda item:

Wards: All

Subject: Budget and Medium Term Financial Strategy 2023-27

Lead officer: Interim Executive Director, Finance and Digital
Roger Kershaw

Lead member: Councillor Billy Christie

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

Recommendations:

1. That Cabinet considers and agrees the response to the Overview and Scrutiny Commission;
2. That the Cabinet resolves that, having considered all of the information in this report and noted the positive assurance statement given by the Interim Executive Director, Finance and Digital based on the proposed Council Tax strategy, the maximum Council Tax in 2023/24, equating to a Band D Council Tax of £1,449.68, which is an increase of below 5% be approved and recommended to Council for approval.
3. That the Cabinet considers all of the latest information and the comments from the scrutiny process, and makes recommendations to Council as appropriate
4. That Cabinet resolves that the Budget and Medium Term Financial Strategy 2023-27 including the General Fund Budget and Council Tax Strategy for 2023/24, and the Medium Term Financial Strategy (MTFS) for 2023-27 as submitted, along with the draft Equality Assessments (EAs), be approved and recommended to Council for approval subject to any proposed amendments agreed at this meeting;
5. That the Cabinet resolves that, having considered all of the latest information and the comments from the scrutiny process, the Capital Investment Programme (as detailed in Annex 1 to the Capital Strategy); the Treasury Management Strategy, including the detailed recommendations in that Section, incorporating the Prudential Indicators and the Capital Strategy as submitted and reported upon be approved

and recommended to Council for approval, subject to any proposed amendments agreed at this meeting;

6. That Cabinet notes that the GLA precept will not be agreed by the London Assembly until the 23 February 2023, but the provisional figure has been incorporated into the draft MTFS
 7. That Cabinet request officers to review the savings proposals agreed and where possible bring them forward to the earliest possible implementation date
 8. That Cabinet note that there may be minor amendments to figures and words in this report as a result of new information being received after the deadline for dispatch and that this will be amended for the report to Council in March.
 9. That Cabinet consider and approve the Risk Management Strategy.
-

1. Purpose of report and Executive Summary

- 1.1 This report summarises the work that has been undertaken since April 2022 towards formulating the Budget and Medium Term Financial Strategy 2023-27 including the Budget for 2023/24, Medium Term Financial Strategy 2023-27, Treasury Management Strategy and Capital Strategy 2023-27. It describes the steps taken to ensure that business planning is integrated with financial planning. It sets out details of how the budget has been structured to ensure that a balanced budget is set for 2023/24 and progress towards a balanced budget over the medium term. A separate section is provided for Schools budgets.
- 1.2 The report sets out the draft Capital Programme 2023-27. It details the work that has been undertaken to produce a programme that is aligned with business planning requirements and also integrated with the revenue budget.
- 1.3 The Medium Term Financial Strategy (MTFS) is updated to reflect the Council's anticipated financial outlook over the period 2023-27.
- 1.4 The Cabinet is being invited to consider the various responses from scrutiny bodies to the draft budget proposals as set out in a separate report on the agenda for this meeting. The Overview and Scrutiny Commission and panels considered the budget savings proposals agreed by Cabinet on 5 December 2022 and 16 January 2023.

2. Introduction

- 2.1 At this Cabinet meeting, Members are presented with reports that provide a comprehensive presentation of all issues relevant to the formulation of the Council's Budget and Medium Term Financial Strategy 2023-27

- 2.2 The report includes details about the General Fund revenue budget and explains how this information has been used to produce a draft budget and Council Tax levy.
- 2.3 The Council's Budget 2023-27 consists of a number of key elements and the report is structured into three main sections for ease of reference :-
- Section 1: The Medium Term Financial Strategy including the General Fund Revenue Budget and Council Tax strategy;
 - Section 2: The Capital Strategy and Treasury Management Policy Statement;
 - Section 3: Schools budgets – funded by Dedicated Schools Grant (DSG)
 - Section 4: Risk Management Strategy

2.4 The Scrutiny Function

2.4.1 The Overview and Scrutiny Commission and Panels considered new savings proposals and proposed amendments to previously agreed savings and the draft capital programme 2023-27 agreed by Cabinet on 5 December 2022 during the January 2023 cycle of meetings. Draft Equalities Impact Assessments associated with new savings proposals and draft Service Plans were also included in the Member's Information Packs sent to all Members at the end of December 2022 and considered by Scrutiny panels and the Commission during the January 2023 cycle of meetings. On 16 January 2023, Cabinet considered and agreed additional savings proposals and also referred these to the Overview and Commission for consideration at its meeting on 25 January 2023.

During the January 2023 cycle of meetings, the available details relating to the MTFs, revenue and capital budgets and the Business Plan have been considered by the Scrutiny Panels on the following dates:-

Healthier Communities & Older People Overview & Scrutiny Panel	10 January 2023
Children and Young People Overview & Scrutiny Panel	11 January 2023
Sustainable Communities Overview & Scrutiny Panel	19 January 2023
Overview and Scrutiny Commission	25 January 2023

2.5 Feedback from Scrutiny Process

A summary of findings and recommendations from the Overview and Scrutiny Commission is provided in a comprehensive report on the scrutiny of the Budget and Medium Term financial Strategy 2023-27 as a separate report on the agenda for this meeting.

- 2.6 This report incorporates the outcome of the final Local Government Finance Settlement. Appendix 1 provides the Council Tax resolutions.
- 2.7 The meeting of the Council, to set the Council Tax and General Fund budget (revenue and capital) for 2023/24 and agree Medium Term Financial Strategy 2023-24 will be on 1 March 2023.
- 2.8 Delivery of the Business Plan, including the budget and service plans, will be monitored throughout the year in line with the corporate Performance Management Framework.

3. Budget 2023/24 and Medium Term Financial strategy 2023-27

- 3.1 Further information about the Budget 2023/24 and the Medium Term Financial Strategy 2023-27 is included in Section 1 of this report.

4. Financial, resource and property implications

- 4.1 All relevant implications are included in the report with further details in the appendices.

5. Legal and statutory implications

- 5.1 The Local Government Act 2003 requires the Chief Finance Officer to report to Council as part of the budget process on the robustness of the estimates and the adequacy of the proposed financial reserves. The Council is required by the Local Government Finance Act 1992 to make specific estimates of gross revenue expenditure and anticipated income leading to the setting of the overall budget and council tax. The amount of council tax must be sufficient to meet the council's legal and financial commitments, ensure the proper discharge of its statutory duties and lead to a balanced budget.
- 5.2 The Localism Act 2011 amended the legislation regarding the calculation of council tax. It also provides for a council tax referendum to be held if an authority increases its relevant basis amount of council tax in excess of principles determined by the Secretary of State.
- 5.2.1 The Secretary of State has ruled that for most principal authorities, which includes Merton council, for 2023-24, the following referendum principles will apply :-
- For 2023/24, the relevant basic amount of council tax of an authority such as a London borough, is excessive if the authority's relevant basic amount of council tax for 2023-24 is 5% (comprising 2% for expenditure on adult social care, and 3% for other expenditure), or more than 5%, greater than its relevant basic amount of council tax for 2022-23.

- 5.3 In considering the budget for 2023/24, and the possible reduction or alteration of service provision, members must consider the Public Sector Equality Duty under s149 Equality Act 2010. The council must, when exercising its functions, have due regard to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited by the Equality Act and to advance equality of opportunity and foster good relations between those who share a 'protected characteristic' under the Act and those who do not share a protected characteristic. A 'protected characteristic' is defined in the Act as age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. Marriage and civil partnership are also protected characteristics for the purposes of the duty to eliminate discrimination. Members must consider how the decision will contribute to meeting these duties in light of other relevant circumstances such as economic and practical considerations.
- 5.4 The specific proposed savings contained in the material before Council will be subject to separate decision making processes (either by Cabinet, Cabinet member or Officer). Some of the proposed savings will require a consultation process to be undertaken and the product of consultation (together with the equality analysis) must be conscientiously taken into account in finalising any decisions. If, as a result of the consultation process there are changes to proposed savings alternative arrangements will need to be made to deliver reductions in spend. The proposals contained in the budget report are not fixed or rigid decisions to impose specific reductions in spending.
- 5.5 The budget decision is not the final decision affecting the provision of an element of a service and individual saving proposals are not set in stone - a detailed assessment of the impact of savings proposals will be undertaken if required when specific policies have been formulated.
- 5.6 The Council's processes for the development and adoption of the budget are set out in the Budget and Policy Framework Procedure Rules contained in Part 4C of the Constitution.

6. Human Rights, Equalities and Community Cohesion Implications

- 6.1 In identifying spending reductions, services where at all feasible, have sought to minimise the impact of the reductions on traditionally disadvantaged groups. The proposed budget reflects the Council's spending priorities for the year and the Council's core commitment to equal opportunities in employment and service delivery. The Council has a corporate policy of endeavouring to redeploy staff affected by reorganisation and other staffing changes. Every effort is therefore made to redeploy any staff affected by spending reductions.
- 6.2 A number of meetings with Staff Side have taken place and they have been advised of the Council's savings proposals and consultation is

ongoing and they will be further involved in any proposals affecting staff when they are to be implemented.

- 6.3 It is anticipated that the Budget will be set at a level which enables the Council to continue to be Human Rights compliant.
- 6.4 Equality and community issues are also addressed in savings proposals. Draft equalities assessments of savings proposals have been provided and these were discussed at Scrutiny meetings.

7. Risk Management and Health and Safety Implications

- 7.1 Each saving proposal has been assessed in terms of service impact and reputational impact and these have been included in reports to the Scrutiny Panels.
- 7.2 In setting the budget the level of risk has been an important factor in setting the assumptions on which the overall budget is based. The level of reserves and balances, as well as the level of contingencies available have been taken into account as well as an assessment of pressures identified as part of current year monitoring. Account has also been taken, as far as possible, of the likely impact of expected legislative and technical changes.
- 7.3 Risk management and health and safety implications were considered as part of the Capital Strategy.

8. Consultation undertaken or proposed

- 8.1 Reports have been made on progress of the Budget and Medium Term Financial Strategy to Cabinet on 10 October 2022, 5 December 2022 and 16 January 2023.
- 8.2 In addition, Scrutiny Panels and the Overview and Scrutiny Commission have scrutinised the proposed budget and Medium Term Financial Strategy .
- 8.3 There have been and will be further detailed consultations held by all service departments in relation to some of their proposals.
- 8.4 In accordance with statute, consultation will take place with business ratepayers at a meeting to be held on 15 February 2023. A verbal update will be provided at the Cabinet meeting.
- 8.5 Further, regarding the capital programme, meetings of the Capital Programme Board were held, consisting of key officers from each department.

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

**SECTION 1: Budget 2023/24 and Medium Term Financial Strategy
2023-27**

Appendix 1:	Draft Resolutions to Council
Appendix 2:	Local Government Finance Settlement 2022-23
Appendix 3:	Collection Fund, Council Tax Base, NNDR1 and Funding Methodology
Appendix 4:	Other Corporate items in the MTFS
Appendix 5:	Analysis of the transition from Council in March 2021 to a balanced budget
Appendix 6:	Statement of Council Tax requirements and balances
Appendix 7:	Revised MTFS incorporating changes
Appendix 8:	Reserves
Appendix 9:	Budget summaries 2023/24
Appendix 9a:	Standard Subjective Analysis
Appendix 10:	Risk Analysis for the General Fund

**SECTION 2: Capital Strategy and Treasury Management Strategy
2023-27**

SECTION 3: Schools budget 2023/24

SECTION 4: Risk Management

Background Papers – the following documents have been relied on in drawing up this report but do not form part of the report

Reports to Cabinet
Budget files in Corporate Services department
Centrally held financial information and other papers held by the Children Schools and Families Finance Team.

**SECTION 1: GENERAL FUND REVENUE BUDGET 2023/24, COUNCIL TAX
STRATEGY AND MEDIUM TERM FINANCIAL STRATEGY 2023-27**

1. Background to Financial Planning

- 1.1 The approach to Medium Term Financial Planning provides a great deal of flexibility in decision making and enables the impact of alternative options to be modeled. This has assisted with progress towards a balanced budget over the four year plan.
- 1.2 The MTFS has been re-priced and rolled forward a year so that each year from 2023/24 to 2026/27 starts from the approved budget 2022/23 and is built up showing the cumulative effect of variations over the period. Council on 2 March 2022 agreed the Budget 2022/23 and MTFS 2022-26. Whilst a balanced budget was set for 2022/23 there was a gap remaining in future years which needs to be addressed, as shown in the following table:-

Table 1: Budget Gap Council 2 March 2022

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
MTFS gap (cumulative)	4,618	18,791	21,659	27,767

- 1.3 Since then, reports to Cabinet on 10 October 2022, 5 December 2022 and 16 January 2023 have presented updated information to Members, setting out the financial implications as assumptions have been reviewed and decisions made.
- 1.4 The decisions made in respect of each element of the MTFS impact on the overall financial position of the Authority. To balance the budget over 2023-27, an overall package of decisions of options and variables that need to be included in the budget have been modelled, enabling the impact of different scenarios to be seen. The details set out in this section summarise those that represent the most up to date information available.
- 1.5 The development of the MTFS 2023-27 is the first for two years that hasn't been heavily impacted by the pandemic. COVID-19 has clearly affected the past two financial years and although there is some residual impact, the main issue in formulating the budget for 2023/24 is the current cost of living crisis and high level of inflation. This is going to continue to have implications across the MTFS planning period and as far as possible the financial impact has been recognised in the Business Plan reports to Cabinet.
- 1.6 Setting a Balanced Budget
- 1.6.1 Resource and expenditure projections have been continually updated throughout the year to inform Members and officers of the overall position

for 2023-27. A four-year forward plan is presented, but it is still a legal requirement that a balanced (i.e. fully funded) budget is achieved for 2023/24. There are a number of ways in which a balanced budget is achieved:

- Reducing expenditure/costs;
- Identifying new savings or additional income;
- Adjusting the level of Council Tax ;
- Using unallocated reserves as a temporary measure pending the implementation of the options above.

1.6.2 Budget savings proposals have been formulated within the overall constraints of the resource projections. The proposals have been approved in principle by the Cabinet and then considered by Overview and Scrutiny Panels as part of the scrutiny process. Scrutiny Panels met during January 2022 and their feedback on the Council's spending proposals is set out in a separate report elsewhere on the agenda for this meeting.

1.6.3 The Medium Term Financial Strategy (MTFS) for the Council supports the achievement of the business plan and any financial implications arising from the agreed plan are included in financial planning for 2023/24 and beyond. The MTFS brings together all of the key elements relating to the Council's financial position which are reflected in the General Fund, and the Capital Programme.

1.6.4 The last detailed MTFS which was reported to Cabinet on 16 January 2023 showed that the budget gap was:-

Table 2: Budget Gap Cabinet 16 January 2023

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Cumulative				
MTFS Gap (Cabinet January '23)	0	0	2,523	5,859

1.6.5 As with previous years, the business planning process is a multi-year approach and this includes a review of total planned expenditure and income over the period 2023-27.

1.6.6 There have been further changes to some of the key budget variables as more information has become available and the details are set out in this report.

1.6.7 One of the key objectives is to balance the budget and there has been a major improvement in recent years in the ability to look over a long-term period and identify significant savings over more than one year.

1.6.8 The Business planning framework aims to enable strategic resource allocation and investment decisions to be made that allow for services to transform and change at different times in the future and which would otherwise be very difficult to plan under an annual planning framework. This improved long-term financial planning process is the best way to ensure that budgets are robust and sustainable.

2. **Local Government Finance Settlement 2023-27**

2.1 Local Government Finance Settlement

2.1.1 The financial projections in the report to Cabinet on 16 January 2023 were based on the information as announced in the provisional Local Government Finance Settlement on 19 December 2022. Information in this report has been updated as more information has become available. The Settlement was only for one year, 2023/24 but there has been an indication that funding for some grants will continue. The ongoing cost of living crisis and high level of inflation continues to present the government with significant challenges, and it is difficult to forecast future inflation levels with certainty. This makes it extremely difficult for the Council to plan over the medium term.

2.1.2 The Final Local Government Finance Settlement allocations were published on 6 February 2023 and details in this report have been updated for this.

2.1.5 Council Tax Referendum Threshold

The Final Settlement confirmed that the referendum threshold for principal local authorities such as Merton is as follows:-

- For 2023-24, the relevant basic amount of council tax is excessive if the authority's relevant basic amount of council tax for 2023-24 is 5% (comprising 2% for expenditure on adult social care, and 3% for other expenditure), or more than 5%, greater than its relevant basic amount of council tax for 2022-23

2.1.5 Latest details on the Local Government Settlement are included in Appendix 2 and have been incorporated into Merton's MTFs where applicable.

2.2 Settlement Funding Assessment and Business Rates

2.2.1 Merton's Settlement Funding Assessment allocation did not change in the Final Settlement from that reported to Cabinet on 16 January 2023 to which the following information on the Council's Settlement Funding Assessment (Revenue Support Grant + Retained Business Rates) was reported

Table 3: Settlement Funding Assessment 2023/24

- a) Settlement Funding Assessment (RSG + Business Rates) allocations have increased by 5.3% nationally and 5.5% in London. The details for Merton are:-

MERTON	2022-23 £m	2023-24 £m	Change £m	Change %
Settlement Funding Assessment	41.311	43.415	2.104	5.1
of which:				
Revenue Support Grant (RSG)	5.350	6.108		
Baseline Funding Level (BFL)	35.961	37.307		
(Tariff)/Top-Up (Included in BFL)	41.311	43.415		
	9.534	6.679		

- b) Core Spending Power will increase by 9.4% in cash terms nationally and 9.3% in London. There have been several changes since the provisional Settlement. Services Grant has increased by £19m nationally, Rural Services Delivery Grant by £10m nationally, New Homes Bonus by £0.7m nationally, and the Funding Guarantee has reduced by £3m nationally.

Merton's Core Spending Power has increased by £57,000 in the Final settlement and this is due an increase in the Services Grant allocation. Services Grant was introduced in 2022/23 as a one-off grant to provide funding to all tiers of local government in recognition of the vital services delivered at every level of local government but has been retained for a further year. Merton's Core Spending Power is as follows:-

Merton Core Spending Power: Local Government Finance Settlement 2023/24:	2022-23	2023-24	Year on Year Change	
	£ millions	£ millions	£ millions	%
Settlement Funding Assessment	41.311	43.415	2.104	5.1%
Compensation for under-indexing the business rates multiplier	3.675	6.355	2.679	72.9%
Council Tax Requirement excluding parish precepts	104.984	110.834	5.850	5.6%
Improved Better Care Fund	5.010	5.010	0.000	0%
New Homes Bonus	0.482	0.732	0.250	51.9%
Social Care Grant	6.282	10.430	4.148	66.0%
Market Sustainability and Fair Cost of Care Fund	0.505	0.000	(0.505)	-100%
ASC Market Sustainability and Improvement Fund	0.000	1.751	1.751	N/A
Lower Tier Services Grant	0.429	0.000	(0.429)	-100%
ASC Discharge Fund	0.000	0.702	0.702	N/A
Services Grant	2.479	1.454	(1.025)	-41.3%
Grants rolled in	0.516	0.000	(0.516)	-100%
Funding Guarantee	0.000	0.000	0.000	N/A
Core Spending Power	165.672	180.683	15.011	9.1%
	Change £m	15.011		
	Change %	9.1%		

- 2.2.2 Further details on the grants and New Homes Bonus are included in Appendix 2.
- 2.2.3 Outside of the Final Local Government Settlement, the government also announced on 6 February 2023 that every authority in England will receive a share of the accumulated surplus currently held in the business rates levy account. It was confirmed that £100 million will be returned to the sector on a one-off basis to be distributed based on each local authority's 2013/14 Settlement Funding Assessment.

Merton's share of this allocation is £301,587.

3. Review of Corporate and Technical Provisions

- 3.1 Previous reports to Cabinet have set out the details and assumptions on which the budget has been formulated. The latest information is set out in the following paragraphs.

3.2 Review of Technical and Corporate Provisions

- 3.2.1 Technical and corporate adjustments incorporated in the MTFS have been reported to Cabinet throughout the business planning process for 2023/24.
- 3.2.2 The key assumptions included in the MTFS have been continually reviewed and updated as the budget process has developed. It should be noted that any one-off adjustments will need to be addressed in future years. The latest information is set out in the following paragraphs :-

3.3 Inflation

- 3.3.1 Predicting the level of inflation over a four year period with accuracy is not easy, particularly in the current economic climate and given the size of the Council's budget can lead to large variances if the actual inflation levels vary from the assumptions.

3.3.2 Pay

2022-23: As reported to Cabinet in December 2022, the 2022/23 the pay award was agreed at c.6% but provision of 2% was included In the MTFS for 2022-26.

As reported to Cabinet in October 2022, each 1% of pay costs c. £0.990m and the following ongoing provision of a c. 6% pay award in 2022/23 has been included in the MTFS 2023-27:-

Table 6: Provision for 2022/23 Pay Award in the MTFS

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Additional Impact of a 6% pay award	3,960	4,039	4,120	4,202

2023/24 and future years:

The provision for future pay awards currently included in the MTFS 2023-27 as reported to Cabinet in October 2022 is :-

Table 7: Provision for Pay inflation over the MTFS period

(Cumulative £000)	2023/24	2024/25	2025/26	2026/27
Pay inflation (%)	3.0%	2.0%	2.0%	2.0%
MTFS 2023-27 (Latest)	2,974	4,957	6,940	8,923

It is recognised that the inflation rate is currently much more than 3% so if the 2023/24 award exceeds 3%, each 1% will cost c.£0.990m.

Further details on the pay negotiations for 2023/24 and beyond, and the impact on the MTFS will be reported when they are known.

London Living Wage

The MTFS includes the following provision for the estimated impact of the London Living Wage (LLW) on council contracts when they come up for renewal:-

Table 8: Provision for additional cost of LLW on major contracts

(Cumulative)	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Additional cost of LLW on major contracts based on contract renewal date	711	2,382	2,430	2,478

3.3.3 Prices

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

Table 9: Price inflation

(Cumulative)	2023/24	2024/25	2025/26	2026/27
Price inflation (%)	3%	2%	1.5%	1.5%

The Consumer Prices Index (CPI) rose by 10.5% in the 12 months to December 2022, down from 10.7% in November. CPI rose by 0.4% in December 2022, compared with a rise of 0.5% in December 2021. The largest downward contribution to the change in both the CPIH and CPI

annual inflation rates between November and December 2022 came from transport (particularly motor fuels), clothing and footwear, and recreation and culture, with rising prices in restaurants and hotels, and food and non-alcoholic beverages making the largest partially offsetting upward contributions. The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 9.2% in the 12 months to December 2022, down from 9.3% in November. The largest upward contributions to the annual CPIH inflation rate in December 2022 came from housing and household services (principally from electricity, gas, and other fuels), and food and non-alcoholic beverages. The RPI rate for December 2022 was 13.4%, down from 14.0% in November 2022.

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 10: Short Term Forecasts for the UK Economy

Source: HM Treasury - Forecasts for the UK Economy (January 2023)			
	Lowest %	Highest %	Average %
2022 (Quarter 4)			
CPI	8.9	11.2	10.7
RPI	11.6	18.6	13.7
LFS Unemployment Rate	3.5	4.1	3.7
2023 (Quarter 4)	Lowest %	Highest %	Average %
CPI	2.3	7.4	5.0
RPI	4.1	11.0	6.8
LFS Unemployment Rate	3.2	5.5	4.5

Independent medium-term projections for the calendar years 2022 to 2026 are summarised in the following table:-

Table 11: Medium Term Forecasts for the UK Economy

Source: HM Treasury - Forecasts for the UK Economy (November 2022)					
	2022	2023	2024	2025	2026
	%	%	%	%	%
CPI	9.0	7.4	3.2	2.6	2.7
RPI	10.4	9.0	4.1	4.0	3.9
LFS Unemployment Rate	3.7	4.2	4.3	4.1	4.2

3.3.4 Provision for Excess Inflation:

There is also a corporate provision which is held to assist services that may experience price increases greatly in excess of the inflation

allowance provided when setting the budget. There has been a significant increase in inflation and the cost of living since the budget was set in March 2022. As indicated in Table 11, it is expected that the level of inflation will remain very high during 2023 before falling in 2024 and thereafter. Given this forecast the provision has been increased in 2023/24 with a reduced provision in future years-

Table 12: Provision for Excess Inflation

	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000
Provision for Excess inflation (Cabinet Jan.2023)	5,208	3,808	3,808	3,808

3.3.5 Income

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

3.4 Collection Fund

3.4.1 The Collection Fund is a statutory fund separate from the General Fund. It accounts for income from Council Tax and from NNDR (Business Rates).

3.4.2 The Collection Fund accounts are kept on an accrual basis and a surplus or deficit for the year in the collection fund is estimated accordingly. The draft accounts for 2021/22 include the following surplus/deficit for Council Tax and NNDR as at 31 March 2022:-

Table 13: Collection Fund Surplus/Deficit as at 31 March 2022

	Surplus/ (deficit) as at 31/03/22 Outturn	Surplus/ (deficit) as at 31/03/22 Outturn	Total surplus/ (deficit) as at 31/03/22
	Council Tax £000	NNDR £000	£000
Central Government	N/A	(4,745)	(4,745)
GLA	590	(5,323)	(4,733)
Merton	1,949	(4,317)	(2,368)
Total	2,539	(14,385)	(11,846)

3.4.3 A review of the Collection Fund, related bad debt provisions, write offs, appeals and collection rates in 2022/23 and anticipated collection rates in 2023/24 has been undertaken. With respect to Business Rates, the NNDR1 return has been submitted which analyses the estimated Business Rates for 2023/24, estimated surplus/deficit as at 31st March 2023 and estimated Section 31 Grant for 2023/24, and the allocations between Merton, Central Government, and the GLA. For 2022/24

Business Rate Retention the shares will be 33% central government , 37% GLA and 30% Merton.

3.4.4 As a result of the further analysis, the estimated surplus/deficit on the Collection Fund as at 31st March 2023 is as follows:-

Table 14: Estimated Collection Fund Surplus/Deficit at 31 March 2023

	Surplus/ (deficit) as at 31/03/23 Estimate	Surplus/ (deficit) as at 31/03/23 Estimate	Total surplus/ (deficit) as at 31/03/23
	Council Tax	NNDR	
	£000	£000	£000
Central Government	N/A	(1,860)	(1,860)
GLA	314	(2,085)	(1,771)
Merton	1,018	(1,690)	(672)
Total	1,332	(5,635)	(4,303)

3.4.5 Collection Fund Deficits 2022/23 – Business Rates and Council Tax

This report includes the latest forecasts of the surplus/deficits for the Collection Fund 2022/23 for council tax and business rates. These will be the final forecasts for 2023/24 to be included within the council's Council Tax requirement 2023/24 and MTFs 2023-27.

Council Tax:

Based on a review in January 2023 of the bad debt provision and amounts to be written off during 2022/23, it is estimated that there will be a forecast surplus of £1.332m arising from Council Tax as at 31 March 2023.

There are two elements which make up the balance as at 31 March 2023

These are set out in the following table:-

Table 15: Estimated Council Tax Surplus in 2022/23 payable in 2023/24

Net Surplus apportionment for 2023/24	GLA £	LBM £	TOTAL £
Adjusted Collection Fund balance for 2022/23	544,639	1,907,986	2,452,625
2023-24 Estimated Deficit re 2020/21	(230,711)	(890,387)	(1,121,098)
Total share of the estimated surplus for 2022-23 to be paid in 2023/24	313,928	1,017,599	1,331,527

Business Rates

The calculation of the amounts and apportionments of the estimated Business Rates surplus/deficit element of the Collection Fund are made using the NNDR1 return which has to be made to the DLUHC by 31 January. The NNDR1 for 2023/24 is included in Appendix 3.

The calculation has been made more complicated by 2020-21 Collection Fund deficit phasing. On 2 July 2020, the Secretary of State announced that in response to the exceptional circumstances resulting from the COVID-19 pandemic, local authorities would be able to spread the payment of any estimated 2020-21 collection fund deficit over 3 years. 2023/24 is the final year of spreading the 2020/21 deficit

Table 16: Estimated Business Rates Deficit apportionment

	Government £000	Merton £000	GLA £000	Total £000
<u>2022/23 deficit to be paid in 2023/24</u>				
Prior Year Surplus/(Deficit)	192	174	215	581
In Year Surplus/(Deficit)	(1,420)	(1,290)	(1,592)	(4,302)
Total to be paid in 2022/23	(1,228)	(1,116)	(1,377)	(3,721)
<u>2020-21 deficit To be paid in 2023/24</u>				
Prior Year Surplus/(Deficit)	(632)	(574)	(708)	(1,914)
Total Surplus/(Deficit) @ 31/3/2023	(1,860)	(1,690)	(2,085)	(5,635)

3.4.7 Freedom Passes

Freedom Passes are administered by London Councils on behalf of London boroughs. Over the past year demand has begun to recover from the impact of COVID19. The number of journeys has increased and the Settlement is expected to cost 14% more than last year. This means that the effects of COVID19 will work through the settlement over the next three years. London Councils has now concluded its annual negotiations with transport operators

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

- The estimated average number of journeys made by Freedom Pass holders over the past two years
- Previous work to calculate expected average fares per trip taking into account fare increases and decreases within a “basket of fares”

When forecasting demand, London Councils officers have attempted to establish a baseline, as well as lower range higher range scenarios.

As reported to Cabinet in January 2023 London Councils provided a Lower range, Baseline, and Higher range estimate of the cost to Merton

of Freedom Passes and for the purposes of the MTFS, the higher range has been included as follows:-

Table 17: Provision for Freedom Pass costs in the MTFS

	MTFS 2023/24 £m	MTFS 2024/25 £m	MTFS 2025/26 £m	MTFS 2026/27 £m
Latest forecast (Higher range for 2024-26)	5.964	8.669	10.843	13.017

3.5 DSG DEFICIT

3.5.1 As part of the Autumn Statement published on 17 November 2022, the Chancellor of the Exchequer announced an additional £2 billion net for the national core schools budget in each of the next two years, on top of the existing provisional allocations published in July.

3.5.2 The Department for Education’s Funding Policy Unit has advised Merton that we should assume that the Council will receive an additional £1.8m of high needs funding in 2023-24, on top on the provisional funding allocation announced in July, taking the total allocation to £48.5m. In addition, we should also assume that this funding will form part of Merton’s baseline funding, and should therefore be included within the assumed 3% increases in subsequent years.

3.5.3 In light of this indicative settlement for High Needs Block, officers have revised the forecast for Merton’s Safety Valve Agreement.

3.5.4 Currently, the DSG deficit is represented in an unusable reserve and the Council is required to eliminate this by 2026/27. This will be achieved by the Safety Valve Agreement payments that the Council has negotiated with the Department for Education, application of the Council’s Spending Reserve and using the budget provision included for the Council’s contribution towards eliminating the deficit. Since the Safety Valve Agreement has been negotiated it has been possible to reduce the estimated annual budget contribution towards eliminating the deficit and this reduction was reported to Cabinet in October 2022.

3.5.5 Based on the latest forecast movement in the DSG Deficit in the unusable reserve is summarised as follows:-

Table 18: DSG Deficit Unusable Reserve over the Safety Valve Agreement Period

DSG Unusable Reserve	Forecast 2022/23 £m	Forecast 2023/24 £m	Forecast 2024/25 £m	Forecast 2025/26 £m	Forecast 2026/27 £m
B/F DSG Deficit	26.93	33.894	35.934	36.564	36.764
In year deficit	9.96	5.54	4.13	3.7	-0.9
Sub-total	36.894	39.434	40.064	40.264	35.864
Safety Valve Payments	(3.0)	(3.5)	(3.5)	(3.5)	(3.2)
Deficit c/f	33.894	35.934	36.564	36.764	32.664

3.5.6 Based on the latest forecast, the in-year deficit is eliminated by 2026/27 as per the Safety Valve Agreement. In the period up to 2026/27 the Council will cover the overall forecast deficit with the balance on the Council's reserve built up for this purpose which is added to the annual budget provision for the DSG deficit. Any surplus (Council reserve + annual budget) in excess of the balance on the DSG Deficit unusable reserve will be released for other purposes.

This is demonstrated in the following table:-

Table 19: Reserve to cover DSG Deficit Unusable Reserve over the Safety Valve Agreement Period

Reserve Cover for DSG	Forecast 2022/23 £m	Forecast 2023/24 £m	Forecast 2024/25 £m	Forecast 2025/26 £m	Forecast 2026/27 £m
B/f Provision	26.93	33.894	35.934	36.564	36.764
Budget provision for DSG Deficit	10.54	11.63	12.71	13.80	15.00
Revised balance	37.47	45.522	48.648	50.363	51.764
Sum Required to meet DSG Deficit	33.894	35.934	36.564	36.764	32.664
Balance available to be released/(overspend)	3.576	9.588	12.084	13.599	19.100
Less: Corporate contribution	0.5	0.5	0.5	0.5	0.5
Balance added back to reduce gap	3.076	9.088	11.584	13.099	18.600

3.5.7 This calculation was previously undertaken and reported to Cabinet at its meeting in January 2023. Provided that the plans to achieve the Safety Valve Agreement are achieved the DSG deficit will be eliminated by 2026/27.

3.6 Contingency

3.6.1 The latest MTFS includes provision of £2.5m in 2023/24 as a contingency to meet unforeseen cost and demand pressures with £3m in years 2024/25 to 2026/27.

3.7 Bad Debt Provision

3.7.1 The bad debt provision is calculated on the basis of an examination of debts within the council's financial systems to assess the probability of their collection. As part of the 2021/22 business planning process, due to the impact of the pandemic on residents and businesses it was deemed prudent to increase the provision for bad debts in 2021/22 and 2022/23 by £1m. Given the ongoing effects of Covid and inflationary pressures at the current time an increase of £0.500m has been made to the 2023/24 provision. The level of provision will be kept under review but over the MTFS period the current provision for bad debts is

Table 20: Provision for Bad Debts

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Bad Debt provision	1,000	500	500	500

3.8 Summary of Corporate and Technical Adjustments

3.8.1 The financial implications of the corporate and technical adjustments discussed in this report are summarised in Appendix 4.

4. **Proposed Amendments to Previously Agreed Savings**

4.1 **Unachievable Savings**

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

Where this is the case, in the first instance departments are asked to identify replacement savings from elsewhere within their overall budgets. It is accepted that unachievable savings have been more prevalent due to COVID19.

As reported to Cabinet in January 2023 and reported as part of the monthly monitoring report, there is one saving that will not be achieved and it will be necessary to adjust the MTFS to reflect this. The saving is in respect of saving 2020-21 CS11 which is for £50k from a restructure of the Commercial Services Section which will no longer take place following a service review.

5. Departmental Savings Proposals 2023-27

5.1 It was clear from the outset of the Business Planning process for 2023-27 that savings would be required to balance the MTFs over the four year period, with the added uncertainty of some ongoing implications of the pandemic on income and the cost of living crisis and high level of inflation.

5.3 Departmental Savings Proposals 2023-27

Controllable budgets and Savings Targets for 2023-27

Cabinet on 10 October 2022 agreed savings targets as follows:-

Table 22: Savings Targets 2023-2027

SAVINGS TARGETS BY DEPARTMENT	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
Corporate Services	993	2,889	908	222	5,012
Children, Schools and Families	608	1,767	555	136	3,066
Environment and Regeneration	1,246	3,624	1,139	278	6,287
Community and Housing	1,392	4,049	1,273	311	7,025
Total	4,239	12,329	3,875	947	21,390
Total (cumulative)	4,239	16,568	20,443	21,390	

5.3 Service departments reviewed their budgets to identify savings proposals to meet their savings targets.

5.4 As reported to Cabinet in December 2022, initial proposals were considered and agreed by Cabinet and forwarded to Overview and Scrutiny Panels and Commission in January 2023:-

Table 23: Savings Proposals – Cabinet 5 December 2022

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	TOTAL £000
Corporate Services	880	0	(100)	0	780
Children, Schools and Families	523	0	0	0	523
Environment and Regeneration	582	0	0	0	582
Community and Housing	1,113	0	0	0	1,113
TOTAL	3,098	0	(100)	0	2,998
Cumulative Total	3,098	3,098	2,998	2,998	

- 5.5 Details of the December savings proposals are included in the Member's Information Pack.
- 5.6 Draft Equalities Assessments for new savings are also included in the Member's Information Packs.
- 5.7 Further savings proposals were considered and agreed by Cabinet on 16 January 2023 and these were referred to the Overview and Scrutiny Commission for comment. The January 2023 savings proposals are summarised in the following table:-

Table 24: Savings Proposals – Cabinet 16 January 2023

<u>Cumulative</u>	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	TOTAL £000
Corporate Services	0	0	0	0	0
Children, Schools and Families	562	179	0	0	741
Environment and Regeneration	630	188	102	30	950
Community and Housing	0	0	600	0	600
Total	1,192	367	702	30	2,291
Total (cumulative)	1,192	1,559	2,261	2,291	

Table 25: Total Savings Proposals 2023-27

Total Savings 2023-27	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	TOTAL £000
Corporate Services	880	0	(100)	0	780
Children, Schools and Families	1,085	179	0	0	1,264
Environment and Regeneration	1,212	188	102	30	1,532
Community and Housing	1,113	0	600	0	1,713
TOTAL	4,290	367	602	30	5,289
Cumulative Total	4,290	4,657	5,259	5,289	

6. Departmental Growth Proposals 2023-27

- 6.1 Service department's budgets were under pressure during the year and having reviewed their service projections against current budgets identified some growth requirements which were needed in order to meet service demands. Cabinet considered and agreed the growth proposals at its meeting in December 2022 and referred them to Overview and Scrutiny Panels for comment. Details of growth proposals were included in the Member's Information pack and are summarised in the following table:-

Table 26: Growth Proposals 2023-2027

Cumulative growth	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000	Total £'000
Corporate Services	315	120	120	0	555
Children, Schools and Families	1,871	(475)	0	0	1,396
Environment and Regeneration	905	0	0	0	905
Community and Housing	274	0	(97)	0	177
Total	3,365	(355)	23	0	3,033
Cumulative	3,365	3,010	3,033	3,033	

7. Feedback from the Scrutiny Process:-

7.1 Comments from the Overview and Scrutiny Commission on 25 January 2023 are provided in a separate report on the agenda for this meeting.

7.2 Financial Implications of Changes arising from response to Scrutiny

7.2.1 The draft MTFS shown in Appendix 7 includes the impact of the savings and growth proposals recommended. If Cabinet decide to accept any changes to the savings and/or growth, the MTFS will be amended to reflect this.

8. **Budgetary Control 2022/23**

8.1 The revenue budgetary control information below summarises the corporate position using the latest available information as at 31 December 2022 as shown in a separate report on the agenda for this meeting.

8.2 At period 9 to 31 December 2022, the year-end forecast is a net £0.875m favourable variance compared to the current budget

**Table 27: Budget Monitoring Summary based on December 2022
(Period 9)**

	Current Budget 2022/23 £000	Full Year Forecast (Dec.) £000	Forecast Variance at year end (Dec.) £000
Corporate Services	32,049	33,170	1,121
Children, Schools and Families	62,112	63,094	982
Environment & Regeneration	13,508	18,852	5,344
Community and Housing	67,879	68,303	425
Net Overheads	(272)	(272)	0
Net Service Expenditure	175,275	183,147	7,872
Corporate	(8,494)	(16,812)	(8,318)
Total Expenditure	166,781	166,335	(446)
Funding	(166,781)	(167,210)	(429)
Net Expenditure	0	(875)	(875)

8.3 Based on December 2022 monitoring, the following pressures have been flagged:-

- a) Corporate Services: Customers, Policy and Improvement, Infrastructure and Technology, Resources, Human Resources, Housing Benefits Rent Allowance subsidies.
- b) Children's Schools and Families: High cost and dependency on agency staff, high cost of child placements and transport, DSG deficit
- c) Environment and Regeneration: The main areas of variance are Regulatory Services, Parking Services, Waste, Leisure & Culture, Greenspaces, Development & Building Control, Future Merton and Safer Merton. The primary reasons are the reduced revenue within Parking Services of £2.6m, a projected utility budget overspend of approximately £1.2m and increased inflationary costs for services, materials and equipment.
- d) Community and Housing: Adult Social Care, Housing General Fund, and libraries and heritage.

9. Capital Financing and Treasury Management

Treasury Management, Capital Financing and Investment Income:

- 9.1 Details are included in Section 2 of this report. Capital financing costs are derived from the draft capital programme which is included in the Capital Strategy and estimated revenue funding is built into the MTFs for the level of borrowing that is expected.
- 9.2 Details relating to how the capital programme has changed from that approved by Council in March 2022 to the capital programme for 2023-27 are discussed in the Capital Strategy part of this report and related appendices. The capital programme has continued to be subject to major review as part of monthly monitoring and the process of developing the Capital Strategy and Programme for 2023-27.
- 9.3 In addition to reviewing the capital programme, focus has also been maintained on the treasury management aspects of funding the programme, to improve forecasts of available funding and to minimise as far as possible the costs of funding capital. This has included improved cash flow forecasting to enable the programme to be funded from capital receipts and internal resources for as long as possible to take advantage of current low levels of interest. Work is also continuing to ensure that grants and contributions are utilised effectively and this work will continue into the closing of accounts process for 2022/23 to ensure that the revenue impact of the capital programme is minimised in 2023/24 and beyond.

Revenue Implications of Current Capital Programme

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.

- 9.4 There have been limited additions to the capital programme due to the current financial challenges and Budget Managers have been asked to further review current schemes in the programme to either reduce, defer or delete them. Any resulting revisions to the programme will be reported to Cabinet on an ongoing basis, along with any changes required. The current capital provision and associated revenue implications of the approved capital programme, based on November 2022 monitoring information and maximum use of capital receipts were reported to Cabinet in January 2023.

Since January 2023, the capital programme has continued to be reviewed and based on the latest December 2022 monitoring information the current position is:-

Table 28: Capital Programme and Revenue Implications 2023-27

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Capital Programme (after slippage)	45,219	44,541	53,975	42,374
Revenue Implications	10,882	11,217	11,078	12,958

The potential change in the capital programme since Council in March 2022 is summarised in the following table:-

Table 29: Change in Capital Programme and Revenue impact

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Capital Programme:				
- Council March 2022	21,971	15,830	37,477	29,982
- Revised Position with Slippage	45,219	44,541	53,975	42,374
Change	23,248	28,711	16,498	12,392
Revenue impact				
- Council March 2022	11,903	12,929	12,376	16,186
- Revised	10,882	11,217	11,078	12,958
Change	(1,021)	(1,712)	(1,298)	(3,228)

Further work is currently ongoing to review and challenge the assumptions these figures are based on.

- 9.5 The analysis of the budget for capital financing costs and investment income is set out in the following table:-

Table 30: Details of Budgets for capital financing costs

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
MRP(net of contributions)	4,841	5,197	6,129	7,861
Interest	6,041	6,020	4,949	5,097
Capital financing costs	10,882	11,217	11,078	12,958

9.6 **Investment Income**

- 9.6.1 The Council receives investment income on general investment and cash balances. The level of income has increased over the past year as interest rates have increased

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Interest – Council March 2022	(396)	(385)	(355)	(334)
Latest	(1,096)	(1,085)	(955)	(934)
Investment income- change	(700)	(700)	(600)	(600)

9.6.2 The Council is currently developing an investment strategy for the funds received from the sale of CHAS. This will reflect the investment of some of the proceeds for a longer term return and/or paying down debt together with releasing some funds for Capital investment/regeneration projects. However, to ensure maximum benefit to the Council's financial position the proceeds were immediately invested in treasury instruments which will generate a significant return for the Council.

9.7 For the purposes of the MTFs it has been assumed, given current market conditions, that the return to the Council over the Medium Term will be approximately £5.25m. This has been built into the MTFs and will be refined in line with the Investment Strategy.

10. GENERAL FUND BALANCES AND RESERVES

10.1 In determining an appropriate level of general fund balances previously, an analysis of the overall expenditure of the authority had been prepared. An updated version of this analysis has been prepared and is attached as Appendix 10. The overall level of balances is summarised below and compares with current GF balances of £14.000m as shown in the final accounts for 2021/22. Given the minimum level of risk is indicated to be £13.96m, there is no change proposed to the current GF balance.

Table 29: Indicative range of balances

	Min	Medium	Max
	£m	£m	£m
Level of balances	14.0	26.4	41.0

10.2 An alternative approach would be to look at a percentage based on the net spending of the authority. From the Audit Commission's report "Striking a Balance", most Chief Officers regarded an amount of between 3 and 5 per cent as a prudent level and the minimum the auditors would consider prudent. There are also some other areas of risk and unknowns in relation to the localisation of business rates and how this impact will flow through, in particular in relation to appeals. There is now an amount calculated for Merton called the safety net, below which income must fall before Merton becomes entitled to funding from central government. This approach is set out below, using an amount of 5 per cent for net spending, and 7.5% for safety net with amounts for DSG and business rates appeals.

Table 30: Indicative level of balances

	£m
Net spending	9.1
Safety Net	2.2
DSG	1.8
Appeals	1.3
Level of balances	14.4

- 10.3 Of the 17 out of 20 Outer London boroughs that have published draft Statements of Accounts as at February 2023, the average level of General Fund balances for outer London boroughs for 2021/22 was £14.801m, with a low of £7.078m and a high of £26.712m.
- 10.4 A review of Merton’s reserves has been undertaken and details are shown in Appendix 8. The estimated level of General Fund revenue reserves changes from £127.781m as at 31 March 2022 to £92.328m by 31 March 2027. If the reserves set aside as cover for the DSG deficit are excluded the estimated reserves changes from £100.841m as at 31 March 2022 to £85.877m at 31 March 2027.
- 10.5 The average level of earmarked reserves (excluding schools and HRA) for outer London boroughs for 2021/22 was £116.337m, with a low of £39.526m and a high of £347.7m. Merton, with £102.228m (excluding schools) is ranked 8th highest out of the 17 outer London boroughs that have published draft accounts..

11. Business Rates Funding 2023/24

- 11.1 The figures for Business Rates included in the Settlement Funding Assessment as part of the Local Government Settlement 2023/24 (paragraph 2 and Appendix 2 refer) are the Government’s estimate based on forecasts of annual uprates since the introduction of Business Rates Retention in 2013/14. The figures in the MTFS are more accurate, being based on local information on the latest forecast of Business Rates included in Merton’s NNDR1 form which is a statutory return that local authorities are required to submit to the Government by 31 January each year.

	NNDR1 Forecast 2023-2024
MERTON	£m
Revenue Support Grant	6.108
Estimated Share of Business Rates	28.685
Top-Up	6.679
Settlement Funding Assessment	41.472

- 11.2 In addition, the government has decided to support businesses by freezing business rates multipliers in 2023/24 and will compensate local authorities for loss of business rate income with Section 31 grant.

The amounts included in the MTFS for Business Rates 2023-27 is as follows:-

	MTFS 2023/24 £m	MTFS 2024/25 £m	MTFS 2025/26 £m	MTFS 2026/27 £m
Settlement Funding Assessment	41.472	42.716	43.997	45.317
Section 31 grant	3.872	3.988	4.108	4.231
Business Rates Funding (SFA+S.31 grant)	45.344	46.704	48.105	49.548

The Government will continue to operate a safety net threshold as part of Business Rates Retention. Safety net payments will ensure that a local authority's income does not drop below more than a set percentage of its baseline funding level. The safety net threshold is 7.5%.

12.1 Council Tax Strategy

- 12.1 The Localism Act 2011 amended the legislation regarding the calculation of council tax. It also provides for a council tax referendum to be held if an authority increases its relevant basis amount of council tax in excess of principles determined by the Secretary of State.

12.2 Council Tax Referendum Principles

The Government proposes the following package of referendum principles for 2023-24 for authorities that relate to Merton:

- a core council tax referendum principle of up to 3% for shire counties, unitary authorities, London boroughs, the GLA general precept, and fire authorities
- an Adult Social Care (ASC) precept of 2% on top of the core principle for local authorities with responsibility for adult social care.

- 12.3 For Merton, a Council Tax increase of 5% (3% core + 2% Adult Social Care) would be regarded as excessive but, for example, a core principle of 2.999% plus Adult Social Care precept of 2% (i.e. 4.999%) would be in accordance with the thresholds set.

13. Council Tax Base

- 13.1 Cabinet on 5 December 2022 agreed the Council Tax Base calculation for 2023/24. Details of the calculation are included as Appendix 3.

13.2 For 2023/24 the Council Tax Base has been calculated as:-

Table 31: Council Tax Base 2023/24

Council Tax Base 2023/24	77,694.3
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13.3 A separate council tax base calculation has been produced for the properties covered by the Wimbledon and Putney Common Conservators (WPCC) area. For 2023/24 the Council Tax Base for Wimbledon and Putney Commons Conservators has been calculated as:-

Table 32: WPCC Council Tax Base 2023//24

WPCC Council Tax Base 2023/24	11,761.2
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14 **Greater London Authority Precept and Other Levies**

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

14.2 The Mayor of London published his draft consolidated budget and provisional council tax precept for 2023-24 on 16 December 2022 for consultation. The consultation on the budget proposals will end on 13 January 2023.

14.3 Under these budget arrangements, the GLA's provisional precept on council taxpayers in the 32 London boroughs is £423.48 – a £27.89 or 7.1% increase compared to 2022/23. The proposed precept for council taxpayers in the City of London is £140.82 (an increase of £22.36 which excludes element of the rise relating to the Met Police). Both these amounts include the £20 bespoke additional flexibility which the government is again granting the Mayor of London to fund transport services in London.

14.4 As included in the January Cabinet report these council tax proposals were indicative and subject to change and it was announced that the Mayor of London would confirm his final precept once he had had an opportunity to consider the implications of the provisional local government and police finance settlements.

14.5 On 16 January 2023 the Mayor published his revised draft revenue budget and capital spending plan for 2023-24. This will be considered by the London Assembly at its meeting on 26 January 2023.

- 14.6 The proposed (revised) Band D precept on council taxpayers in the 32 London boroughs is now £434.14 – a £38.55 or 9.7% increase compared to 2022/23. The revised precept proposal for council taxpayers in the City of London which has its own police force is £142.01 (an increase of £23.55 which excludes the £15 element of the rise relating to the Metropolitan Police/MOPAC). These proposals are consistent with the maximum rises permitted under the specific government referendum principles for the GLA.
- 14.7 Both these amounts include the £20 bespoke additional flexibility which the government is again granting the Mayor to fund transport services in London.
- 14.8 This proposed precept will not be formally approved until the final draft budget plenary meeting of the London Assembly on 23 February.

15. Other Levies

- 15.1 The Council is required by statute to pay certain levies to the organisations listed below. Not all of the levies for 2023/24 have been confirmed and the latest position is as set out in the following table:-

Table 33: Other Levies

	2022/23 £000	2023/24 £000	2023/24 Change %
London Pension Fund Authority	254	TBA	
Lee Valley Regional Park	179	TBA	
Environment Agency	178	184	2.9%

15.2 Wimbledon and Putney Commons Conservators (WPCC)

- 15.2.1 A separate precept is levied in respect of those residents of properties bordering the Wimbledon and Putney Commons. The amount is calculated on the basis of the amount levied by the Commons Conservators and the Band D Council Tax in respect of the WPCC precept in 2023/24 will be £422,948, an increase of £0.047m (12.4%) from the 2022/23 levy of £376,231.

Table 34: Wimbledon and Putney Commons Conservators Precept

	2022/23 £000	2023/24 £000	Change %
Wimbledon & Putney Commons Conservators	376	423	12.4%

- 15.2.2 The average Band D cost to a council taxpayer in the WPCC area has changed from £32.14 in 2022/23 to £35.96 (11.9%) in 2023/24.
- 15.2.3 Any increase in the WPCC precept in excess of the referendum limit of 5% will impact on the level of council tax increase that the Council can make without triggering a local referendum.

15.2.4 Based on the WPC increase from £32.14 to £35.96 (11.9%) Merton will have to reduce its Council Tax Requirement by c. £26,000 to avoid exceeding the Referendum Principles.

16. CONCLUSIONS

16.1 It is a statutory requirement that the council sets a balanced budget in 2023/24.

16.2 In accordance with sections 52ZY and 68 of the Local Government Finance Act 1992 ('the 1992 Act'), section 139A of the Local Government Finance Act 1988, and section 230 of the Local Government Act 1972 authorities are required to supply information required to measure whether any proposed Council Tax increase is in excess of the principles laid down requiring a local referendum.

16.3 The Government return is the Council Tax Requirement form CTR1 and authorities are required to complete and submit this to the Ministry of Housing, Communities and Local Government within 7 days of approving their Council Tax requirements.

16.4 The Medium Term Financial Strategy assumes that all of the corporate provisions and proposals for savings, in 2023/24 discussed in this report are agreed and if this is the case, the following financial position is achieved:-

Table 35: Average Band D Council Tax

Average Council Tax Calculation at Band D	2022/23 £m	2023/24 £m
Budget Requirement	167.305	182.545
Settlement funding Assessment inc. Section 31 Grant	(43.778)	(45.344)
New Homes Bonus	(0.482)	(0.732)
PFI Grant	(4.797)	(4.797)
Adult Social Care Improved BCF	(5.009)	(5.010)
Social Care Grant	(6.282)	(10.430)
Collection Fund – (Surplus)/Deficit	1.010	0.673
Market Sustainability and Fair Cost of Care Fund	(0.505)	0
ASC Market Sustainability and Improvement Fund	0.0	(1.751)
ASC Discharge Fund	0.0	(0.702)
Services Grant	(2.479)	(1.397)
Council Tax Requirement	104.983	113.055
Council Tax Base	75,754.6	77,694.3
Average Council Tax*	1,385.84	1,455.13

NB The calculation of the average council tax is subject to Government verification via the submission of a return – Council Tax Requirement Form CTR1.

16.5 The calculation of Band D council tax for properties outside the Wimbledon and Putney Commons Conservators area is as follows:

Table 36: Council Tax calculation

Council Tax Calculation at Band D	2022/23 £m	2023/24 £m
Budget Requirement	167.305	182.545
WPCC	(0.376)	(0.423)
Settlement funding Assessment inc. Section 31 Grant	(43.778)	(45.344)
New Homes Bonus	(0.482)	(0.732)
PFI Grant	(4.797)	(4.797)
Adult Social Care Improved BCF	(5.009)	(5.010)
Social Care Grant	(6.282)	(10.430)
Collection Fund – (Surplus)/Deficit	1.010	0.673
Market Sustainability and Fair Cost of Care Fund	(0.505)	0
ASC Market Sustainability and Improvement Fund	0.0	(1.751)
ASC Discharge Fund	0.0	(0.702)
Services Grant	(2.479)	(1.397)
Balance to be met from Council Tax	104.607	112.632
Council Tax Base	75,754.6	77,694.3
Council Tax (Band D)	1,380.87	1,449.68

16.6 The implications for the level of Council Tax on a Band D property, including the GLA precept are set out as follows:-

Table 37: Band D Council Tax

Council Tax at Band D	2022/23 £	2023/24 £	% change from 2022/23
Merton (exc. WPCC)	1,380.87	1,449.68	5.0%
GLA Precept (Provisional)	395.59	434.14	9.7%
Implied Council Tax at Band D	1,776.46	1,883.82	6.0%

16.7 A summary Statement of Council Tax requirements and balances based on the proposals set out in this report is attached as Appendix 6, and a revised MTFs summary incorporating the proposed changes set out in this report is provided at Appendix 7.

17. Risk Management

17.1 The management of risk is strategically driven by the Corporate Risk Management Group. This is the central hub of a number of council mechanisms for risk management including a Corporate Key Strategic

Risk Register, departmental risk registers and project risk registers. The group collates on a quarterly basis the headline departmental risks and planned mitigation activity from each department, project and partnership, to be put forward for discussion at CMT. Reports on risk are made through the Standards and General Purposes Committee to Cabinet and Council. Developing a corporate business plan and setting a balanced budget 2023-27 and beyond has been highlighted as a key strategic risk on the corporate risk register.

- 17.2 Currently c.£2.2million of savings are being progressed for 2022-23 coupled with a further c. £4.3m of new savings identified for 2023-27. Current practice is to monitor delivery of savings as part of the monthly Business Plan Monitoring, it is envisaged that given the size of the savings target over the next three years, additional mechanisms may need to be established to monitor more transformational and longer term projects being brought forward.

18. Summary

- 18.1 Taking into account the changes that have taken place since the Cabinet meeting in January, before taking into account any changes that Cabinet are minded to make following the feedback from Scrutiny, the budget gap in the MTFs has changed to the following:-

Table 38: Cumulative MTFs Gap 2023-2027

	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000
Cumulative Gap exc. Savings	6,433	6,748	9,543	11,113
Savings	(6,433)	(6,748)	(7,247)	(7,277)
Gap Net of Savings	0	0	2,296	3,836

19 Future Years

- 19.1 As indicated in the updated MTFs there is a gap between the forecast level of resources and budget requirements for later years which will need to be addressed if balanced budgets are to be set for those years. The updated MTFs is set out in Appendix 7.
- 19.2 The budget process for 2024/25 will commence in the new financial year and some of the options available to the Council to eliminate the budget gaps include:-
- Savings – reduction/deletion of services
 - Savings – efficiencies including procurement
 - Income – increase in fees and charges/new sources of income/commercialisation
 - Council Tax increase
 - Use of balances

- Options arising from the Investment Strategy

20. Positive Assurance Statement

20.1 Section 25(2) of the Local Government Act 2003 requires the Chief Financial Officer of an authority to report on:

- (a) the robustness of the estimates made for the purposes of the calculations, and
- (b) the adequacy of the proposed financial reserves.

In doing so, the Interim Executive Director, Finance and Digital, has had particular regard to the guidance offered by the Chartered Institute of Public Finance and Accountancy and the views of the Council's external auditor. Financial resilience and demonstrating that the Council is a going concern have been important considerations in developing the budget for 2023/24 and MTFs 2023-27

20.2 One of the Council's stated principles is to keep council tax at or below the south London average. To achieve this, the Council must have regard to the major risks to its financial position and in particular:

- Maintaining effective management and delivery of services at a time of escalating price inflation
- That the council meets the terms set out in the DSG Safety Valve Agreement with the government to clear the DSG deficit by 2026/27 and ensure that the DSG services are managed within budget in the future
- The current economic position including the cost of living crisis and high levels of pay and prices inflation
- Whether budget setting and monitoring processes are robust and effective
- Demand pressures on the budget
- Delivering against the Council's priorities
- Identifying and achieving cost and income improvements
- Risks to Government funding levels, particularly in light of the delayed Fair Funding Review and possible revisions to Business Rates Retention
- Risks to other income streams including Business Rates Retention and proposed reset
- The ongoing impact of changing working practices and impact on income generation since the pandemic
- Managing an effective approach to working practices as the country moves out of the pandemic.

- 20.3 Since 2010 local government finance issues have been dominated by cuts in government funding and pressure to keep council tax increases down with a recent change in emphasis to allow council tax increases to help alleviate service pressures, particularly in adult social care. This year's Financial Settlement includes a Council Tax referendum threshold for 2023-24 of 5% (comprising up to 2% for expenditure on adult social care and 3% for other expenditure). This has again been brought into focus in this year's council tax setting where, due to the high level of inflation prevailing, the Wimbledon and Putney Commons Conservators proposed levy, means that there is a minor restraint on the Council's ability to set a council tax increase at the maximum level allowed within the Government's referendum limits. This will need to be kept under review if inflation struggles to get down to the Government's target of 2% over the MTFs period.
- 20.4 The Government has delayed introducing Business Rates reforms including the re-set of Business Rates baselines and there are potential changes to the New Homes Bonus scheme which will have implications for all councils.
- 20.5 It is pleasing to note that the MTFs has been balanced for both 2023/24 and 2024/25 with the Council well on track to balancing the whole budget over the full term for the MTFs. This has been achieved through a rigorous review of our financial position by the Management team and Members. Although there will clearly be new pressures going forward including the impact that inflation and the cost of living crisis will have on the Council's services the London Borough of Merton will be in a sound place financially to respond to those pressures.
- 20.6 The sale of CHAS and the investment of the proceeds has clearly improved the Council's financial sustainability going forward from the interest that will be earned from the investment returns. In addition, there will be an additional benefit to Merton as some of the proceeds are applied to legacy capital projects.
- 20.7 The Council has sufficient reserves over the life of the MTFs having eliminated any dependency on them to balance the budget. In fact, the level of reserves the Council currently has will facilitate a degree of one-off investment opportunity to be realised provided they avoid an ongoing revenue impact. The Council's reserves and their usage is linked to both the capital and revenue budget. A list of the current reserves held by the Council is attached at Appendix 8. The Council continues to hold specific reserves to support the DSG Safety Valve agreement that it reached with the DFE in February 2022.
- 20.8 Chief Officers have reviewed their budgets in line with departmental finance officers and are confident that the budgets set for their services are robust and with the corporate contingency will meet the strategic objectives and performance targets set out in the Business Plan.

20.9 In summary, it is the view of the Chief Financial Officer (being the Interim Executive Director, Finance and Digital) that the estimates are robust for the purposes of the required budget/council tax calculations and that the Council's reserves are adequate.

DRAFT RESOLUTIONS**Revenue Report:**

1. Members consider the views of the Overview and Scrutiny Commission set out in a separate report on the agenda (Item _), and approve the proposed budget for 2023/24 set out in Section 1 of the revenue report, together with the proposed Council Tax levy in 2023/24.
2. That it be noted that at its meeting on 5 December 2022 the Council calculated its **Council Tax Base for the year as 77,694.3** in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 2012(SI 2012: 2914).
3. That it be noted that the Council calculated the **Wimbledon and Putney Commons Conservators (WPCC) Tax Base for the year as 11,761.2** in accordance with regulation 6 of the Regulations, as the amounts of its Council Tax base for the year for dwellings in those parts of its area to which one or more special items relate.
4. That the Council agrees 4(a) - 4(i) below, which are calculated in accordance with Section 31A to 49B of the Localism Act 2011, amending Section 32 of the Local Government Finance Act 1992.
 - a) being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) (a) to (f) of the Act

	£m
Gross Revenue Expenditure of Service Committees	591.549
Corporate Provisions	(2.053)
Amounts Payable to the Levying Bodies	1.040
Contribution to/(from) Financial Reserves	(0.234)
Gross Expenditure	590.302

- b) being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) (a) to (d) of the Act

	£m
Gross Income	477.247

- c) being the amount by which the aggregate at 4(a) above exceeds the aggregate at 4(b) above, calculated by the Council, in accordance with Section 31(4) of the Act, as its Council Tax Requirement for the year

	£m
Council Tax Requirement for the Council's own purposes for 2023/24 (including special expenses re WPCC)	113.055

- d) being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of revenue support grant, and baseline funding (NNDR) to constitute the Council's Settlement Funding Assessment

	£m
Revenue Support Grant including Transition Grant	6.108
Baseline funding NNDR inc. top-up Grant	37.307
Settlement Funding Assessment	43.415

- e) being the amount at 4(c) above, divided by the amount for Council Tax Base at 2 above, calculated by the Council above, in accordance with Section 31B of the Act as the basic amount of its Council Tax for the year (including special items (WPCC)).

	£
Merton's General Band D Council Tax Levy (including properties within Wimbledon and Putney Commons Conservators area)	1,455.13

- f) being the aggregate amount of all special items referred to in Section 34(1) of the Act

	£
Wimbledon and Putney Commons Conservators Special Levy	422,948

- g) being the amount at 4(e) above, less the result given by dividing the amount at 4(f) above by the amount of the Council Tax Base at 2 above in accordance with Section 34 (2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special items (WPCC special levy) relates.

	£
Merton's General Band D Council Tax Levy (excluding WPCC)	1,449.68

- h) being the amounts given by adding to the amount at 4(g) above, the amounts of the special item or items relating to dwellings in the area of Wimbledon and Putney Commons Conservators (WPCC) mentioned above at 4(f) divided by the amount at 3 above, calculated in accordance with Section 34(1) of the Act, as the basic amounts of its Council Tax for the year for dwellings in the area of WPCC.

	£
Wimbledon and Putney Commons Conservators Band D	1,485.64

- i) being the amounts given by multiplying the amounts at 4(g) and 4(h) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 30 and 36 of the Local Government Finance Act 1992, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

Part of the Councils Area	Valuation Bands							
	A £	B £	C £	D £	E £	F £	G £	H £
	966.45	1,127.52	1,288.60	1,449.68	1,771.83	2,093.98	2,416.13	2,899.36
Parts inc. WPCC	990.42	1,155.49	1,320.56	1,485.64	1,815.78	2,145.92	2,476.06	2,971.28

5. To note that the Greater London Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below, and that the Council agrees the Council Tax levy for 2023/24 by taking the aggregate of 4(i) above and the Greater London Authority precept.

Precepting Authority	Valuation Bands							
	A £	B £	C £	D £	E £	F £	G £	H £
G L A	289.43	337.66	385.90	434.14	530.62	627.09	723.57	868.28

For information purposes this would result in the following Council Tax Levy for Merton residents:-

Part of the Council's Area	Valuation Bands							
	A £	B £	C £	D £	E £	F £	G £	H £
	1,255.88	1,465.18	1,674.50	1,883.82	2,302.45	2,721.07	3,139.70	3,767.64
Parts inc. WPCC	1,279.85	1,493.15	1,706.46	1,919.78	2,346.40	2,773.01	3,199.63	3,839.56

LOCAL GOVERNMENT FINANCE SETTLEMENT 2023/24

Background

The Chancellor of the Exchequer published an Autumn Statement 2023/24 on 17 November 2022. A summary of the key points was included in the report to Cabinet on 5 December 2022. The figures included in these documents underlie the allocations to local authorities announced in the Provisional Local Government Finance Settlement 2023/24 on 19 December 2022. A summary of the Provisional Settlement was reported to Cabinet in January 2023. The Final Local Government Finance Settlement allocations were published on 6 February 2023 and details on the Final Local Government Finance Settlement 2023/24 are provided in this Appendix.

Overview of the Final Local Government Settlement 2023-24

Details of the Final Local Government Settlement were published on 6 February 2023. The key changes in funding from the provisional settlement (PLGFS) are as follows:

- **Council Tax Requirement has increased by £90m nationally** - There is no change for London boroughs.
- **Services Grant has increased by £19m nationally (£4m for London boroughs)** – funded from unused contingency held back by DLUHC at the Provisional Settlement. Merton’s Services Grant has increased by £57k.
- **Rural Service Delivery Grant has increased by £10m nationally** – funded from unused contingency held back by DLUHC at the Provisional Settlement. London boroughs will not receive any of this increase.
- **New Homes Bonus has increased by £0.7m nationally** – funded from unused contingency held back by DLUHC at the Provisional Settlement. London boroughs will not receive any of this increase.
- **The Funding Guarantee has decreased by £3m nationally** due to changes in Core Spending Power driven by New Homes Bonus adjustments and the increase in Rural Services Delivery Grant. This decrease in funding does not impact London boroughs.
- Outside of the Final Local Government Settlement, the government also announced on 6 February 2023 that every authority in England will receive a share of the accumulated surplus currently held in the business rates levy account. It was confirmed that £100 million will be returned to the sector on a one-off basis to be distributed based on each local authority’s 2013/14 Settlement Funding Assessment. Merton’s share of this allocation is £301,587.

This is a summary of the main details included in the Final Settlement, with particular emphasis on the implications for Merton.

1. Settlement Funding Assessment (SFA)

This section sets out the main details included in the Provisional Settlement and assesses the implications for Merton’s finances as set out in the Medium Term Financial Strategy (MTFS).

The Settlement outlined core funding allocations (Settlement Funding Assessment)

The Settlement Funding Assessment is the total of Revenue Support Grant (RSG) and Baseline Funding (BF) from Business Rates. There has been an increase of 5.3% in SFA nationally in 2023/24. Details of changes in SFA for England, London boroughs and in Merton are summarised in the following table:-

	2019/20 Final £m	2020/21 Final £m	2021/22 Final £m	2022/23 Final £m	2023/24 Provisional £m
Merton (£m)	40.460	41.120	41.148	41.311	43.415
Annual % Change		1.6%	0.1%	0.4%	5.1%
Cumulative % change		1.6%	1.7%	2.1%	7.3%
England (£m)	15,958.163	16,208.506	16,206.706	16,348.214	17,137.110
Annual % Change		1.6%	0.0%	0.9%	4.8%
Cumulative % change		1.6%	1.6%	2.4%	7.4%
London Boroughs (£m)	2,713.504	2,757.716	2,760.736	2,754.539	2,907.143
Annual % Change		1.6%	0.1%	0.6%	5.5%
Cumulative % change		1.6%	1.7%	2.4%	8.0%

The Final Settlement broadly reflects the details set out in the Autumn Statement 2022 The main details are:-

- a) Settlement Funding Assessment (RSG + Business Rates) allocations have increased by 4.8% nationally and by 5.5% in London. The details for Merton are:-

MERTON	2022-23 £m	2023-24 £m	Change £m	Change %
Settlement Funding Assessment	41.311	43.415	2.104	5.1
of which:				
Revenue Support Grant (RSG)	5.350	6.108		
Baseline Funding Level (BFL)	35.961	37.307		
(Tariff)/Top-Up (Included in BFL)	41.311	43.415		
	9.534	6.679		

1.2 Core Spending Power

Core Spending Power is the Government's measure of the resources available to local authorities to fund service delivery. In 2023-24 it includes "roll forward" of core components from 2022-23 and also some new and discontinued funding streams.

New funding streams include:

- Adult Social Care Discharge Fund worth £300m: will be ringfenced for adult social care and will also help support capacity and discharge.

- Adult Social Care Market Sustainability and Improvement Funding worth £400m: will be combined with existing £162m Market Sustainability and Fair Cost of Care funding and be distributed using the existing ASC Relative Needs Formula.
- Core Spending Power (CSP) Funding Guarantee worth £136m: funding to ensure all authorities' CSP increases by at least 3% in cash terms.

Discontinued funding streams include:

- The Lower Tier Services Grant worth £111m in 2022-23 will be discontinued.
- Consolidated grants worth £239m in 2022-23 have been rolled into the Revenue Support Grant and Social Care Grant. These discontinued grants include Family Annexe Council Tax Discount grant (£7m), Local Council Tax Support Administration Subsidy grant (£69m), additional funding for food safety and standards enforcement (Natasha's Law, £2m), and the Independent Living Fund (£161m).

Core Spending Power in 2023-24 is therefore made up of:

- Settlement Funding Assessment
- Estimated Council Tax Requirement excluding Parish Precepts
- Compensation via Section 31 grant for under-indexing the business rates multiplier
- Additional Council Tax revenue from referendum principle for social care
- Potential additional Council Tax revenue from referendum principle for all districts.
- Improved Better Care Fund inc. Winter Pressures Grant
- New Homes Bonus and New Homes Bonus Returned Funding;
- Rural Services Delivery Grant
- Adult Social Care Support grant
- Social Care Grant rolling in previous allocations of the Independent Living fund
- Lower Tier Services Grant
- Adult Social Care Market Sustainability and Improvement Fund
- Adult Social Care Discharge Fund
- Services Grant to support all services delivered by councils

As Core Spending Power includes a number of assumptions, this is unlikely to be an accurate reflection of the actual resources available to local authorities. In particular it assumes:-

- All authorities that are eligible raise the social care precept to its maximum of 2% in 2023-24
- All authorities increase overall council tax by the maximum amount (5% in 2023-24, comprising 3% general and 2% ASC council tax)
- Tax base increases in 2023-24 at the same average rate for each authority as between 2018-19 to 2022-23

- New Homes Bonus allocations are based on a share of total national NHB of £291m.

In England the level of assumed spending power will increase by £4.0 bn (7.2%) in 2023-24 . In London boroughs the assumed increase is £737.7m (9.2%) in 2023-24

Core Spending Power	2019/20 Final	2020/21 Final	2021/22 Final	2022/23 Final	2023/24 Provisional	2023/24 Change
	£m	£m	£m	£m	£m	%
England	46,444.9	49,231.4	50,611.4	54,540.5	59,660.2	9.4%
London Boroughs	6,848.9	7,257.4	7,440.7	7,977.7	8,718.9	9.3%
Merton	142.7	150.8	153.7	165.7	180.7	9.1%

A summary of Merton's assumed Core Spending Power from 2019/20 to 2023/24 is included in the following table:-

Detailed Breakdown of Core Spending Power – Merton

	Final	Final	Final	Final	Provisional	Annual Change (22-23 to 23-24)	Cumulative Change (19-20 to 23-24)
	2019/20	2020/21	2021/22	2022/23	2023/24		
	£m	£m	£m	£m	£m	%	%
Council Tax	92.370	97.386	99.862	104.984	110.834	5.6%	20.0%
SFA	40.460	41.120	41.148	41.311	43.415	5.1%	7.3%
S.31 grant Compensation for business rates	1.153	1.441	1.874	3.675	6.355	72.9%	451.2%
Improved Better Care Fund	4.114	4.862	4.862	5.010	5.010	0.0%	21.8%
New Homes Bonus	2.108	1.438	0.612	0.482	0.732	51.9%	(65.3)%
Adult Social Care Support Grant	0.000	0.000	0.000	0.000	0.000	0.0	-
Winter Pressures Grant	0.748	0.000	0.000	0.000	0.000	0.0	-
Social Care Support Grant	1.278	0.000	0.000	0.000	0.000	0.0	-
Social Care Grant	0.000	4.058	4.466	6.282	10.430	66.0%	-
Market Sustainability and Fair Cost of Care Fund	0.000	0.000	0.000	0.505	0.000	(100.0)%	-
ASC Market Sustainability and Improvement Fund	0.000	0.000	0.000	0.000	1.751	-	-
Lower Tier Services Grant	0.000	0.000	0.399	0.429	0.000	(100.0)%	-
ASC Discharge Fund	0.000	0.000	0.000	0.000	0.702	-	-
Services Grant	0.000	0.000	0.000	2.479	1.454	(41.3)%	-
Grants rolled in	0.507	0.499	0.522	0.516	0.000	(100.0)%	(100.0)%
Funding Guarantee	0.000	0.000	0.000	0.000	0.000	-	-
Core Spending Power	142.738	150.804	153.745	165.672	180.683	9.0%	26.5%

1.3 Council tax referendum principles for principal local authorities

In terms of controlling the level of council tax increases that local authorities can set in 2023-24, without the need for a local referendum, the Government has decided that the core principles to be applied to authorities with social care responsibilities including London boroughs such as Merton are:-

- For 2023-24, the relevant basic amount of council tax is excessive if the authority's relevant basic amount of council tax for 2023-24 is 5% comprising 2% for expenditure on adult social care and 3% for other expenditure), or more than 5%, greater than its relevant basic amount of council tax for 2022-23.

Police and Crime Commissioners (PCCs) including the GLA charge for the Metropolitan Police will be allowed increases of £15.

GLA Council Tax Precept

The Mayor of London published the draft GLA budget for consultation on 16 December 2022 and the provisional Band D precept is £423.48 – a £27.89 or 7.1% increase compared to 2022/23. This amount includes the £20 bespoke additional flexibility which Government is again granting the Mayor to fund transport services in London.

However, it should be noted that the GLA council tax proposals are indicative and subject to change as the Provisional Settlement confirms the Mayor can increase the precept in the 32 boroughs by up to 9.7% which is £10.66 higher than the consultation proposal above currently published.

The Mayor will confirm the final precept once he has had an opportunity to consider the implications of the provisional local government and police finance settlements.

Summary Council Tax Proposals

The financial projections in this report are based on the following levels of council tax increase:-

	2023/24 %	2024/25 %	2025/26 %	2026/27 %
Council Tax increase - General	2.99	2.00	2.00	2.00
Council Tax increase - ASC	2.00	2.00	2.00	2.00
Total	4.99	4.00	4.00	4.00

1.4 Business Rates

1.4.1 Business Rates Revaluation 2023

The Provisional settlement has confirmed that the Government will proceed with a modified revaluation adjustment for the implementation of the 2023 business rates revaluation.

In order to preserve the growth incentive and minimise turbulence, the Government intends to strip out any gains or losses resulting purely from the revaluation or transfers to the central list by making an amended technical adjustment to tariffs or top-ups (baseline funding levels will remain unaffected). This fulfils the Government's commitment made at the outset of the retention scheme, that revaluations would, as far as practicable, mean authorities are no better or worse off. The government will keep the revaluation adjustment under review.

1.4.2 Compensation for Under-Indexing the Business Rates Multiplier

As announced in the Autumn Statement on 17 November 2022 the business rates multipliers will be frozen in 2023-24 at 49.9 pence and 51.2 pence, preventing them from increasing to 52.9 pence and 54.2 pence. In a break with policy since 2018 (when indexation changed from RPI to CPI), the government is only compensating councils for freezing business rates to the level of September CPI inflation rather RPI inflation. Merton's Core Spending Power calculation includes £6.355m for compensation for under-indexing the business rates multiplier.

1.4.3 NNDR1

Although the Provisional Settlement includes amounts for business rates and compensation for the under-indexing of the multiplier, these are based on the government's assumptions and may differ greatly from Merton's actual business rates profile.

The figures used in the Council's budget for 2023/24 will be based on the latest business rates information available for Merton which will be included in the government's NNDR1 Return which, as for all local authorities, has to be submitted by 31 January 2023.

The NNDR1 form for 2023/24 has now been received from Government. Meeting the 31 January deadline will be tight because, as for all local authorities, the impact of the Business Rates Revaluation 2023 means that changes are required to Revenues and Benefits systems. Civica, have advised that there is development work to be undertaken to incorporate the changes and an update on progress towards this is expected in early January.

1.5 Adult Social Care Funding

In the Autumn Statement published on 17 November 2022, the government announced that it is prioritising further investment in the NHS and social care, and in schools and that supporting these two public services is the government's priority for public spending. It stated that "the Autumn Statement makes up to £8 billion of funding available for the NHS and adult social care in England in 2024-25. This includes £3.3 billion to respond to the significant pressures facing the NHS, enabling rapid action to improve emergency, elective and primary care performance, and introducing reforms to support the workforce and improve performance across the health system over the longer term."

1.5.1 Improved Better Care Fund

The Improved Better Care Fund (iBCF) will continue at the same level as in 2022-23 (£2.1bn), with London Boroughs receiving £346m (16.3%). The grant will continue to be required to be pooled as part of the Better Care Fund.

The MTFs assumes that this level of funding continues over the four year period. This is summarised in the following table:-

Adult Social Care (iBCF)	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Improved Better Care Fund	5.009	5.009	5.009	5.009

1.5.2 Adult Social Care Discharge Grant

This is a new grant totalling £300m nationally and part of the £600m new funding announced in the Autumn statement 2022. The Discharge Funding grant is provided to upper tier authorities to ensure those people who need to draw on social care when they are discharged from hospital can leave as soon as possible. The Discharge Funding must be pooled as part of the Better Care Fund. The government will set out further details on the conditions of this funding in due course, with the funding intended to support improvements to adult social care and in particular to address discharge delays, social care waiting times, low fee rates and workforce pressures in the adult social care sector.

Merton's grant is:-

	2023/24 £000
Adult Social Care Discharge Fund	702

1.5.3 Adult Social Care Market Sustainability and Improvement Fund

The Provisional Settlement states that the Adult Social Care Market Sustainability and Improvement Funding Grant is provided to upper tier authorities to enable tangible improvements to be made to adult social care. As set out in the Autumn Statement 2022, the ASC funding reforms have been delayed to October 2025. The existing Market Sustainability and Fair Cost of Care Fund has been combined with new, ringfenced funding, announced in the Autumn Statement. Funding will be distributed using the ASC relative needs formula. London boroughs will receive £87m (15%) in 2023-24. The government expects this new grant funding to enable local authorities to make tangible improvements to adult social care particularly to address discharge delays, social care waiting times, low fee rates and workforce pressures in the adult social care sector.

As with the additional iBCF funding, there will be reporting requirements placed on the new Adult Social Care Grant against these objectives.

	2023/24 £000
ASC Market Sustainability and Improvement Fund	1,751

1.5.4 Social Care Grant

The Social Care Grant is a grant provided to upper tier authorities for social care expenditure, on both adult and children's social care.

Social Care Grant will total £3.9bn in 2023-24: an increase of £1.345bn (excluding £161m of funding for the Independent Living Fund which has also been rolled in to SCG). Around £1.285bn of this increase is funded by money previously earmarked for ASC funding reform, with an additional £80m redistributed from within the settlement. £1.185bn of this new funding will be allocated using the ASC Relative Needs Formula (RNF), with the remainder (£160m) used to equalise for the variation in yield that can be generated from the social care precept.

London boroughs will receive £612m (15.9%) of the Social Care Grant. The policy statement on 12 December confirmed a further £1.9bn nationally will be added to the grant in 2024-25 (bringing the total to £5.5bn), although the approach to distribution for 2024-25 has not been confirmed.

The MTFS currently assumes that in the first instance this grant will be applied to fund previously approved growth in Children, Schools and Families and Community and Housing

Social Care Grant (cumulative)	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Children's allocation (in Base budget)	4,635	4,635	4,635	4,635
Adult's allocation (in Base budget)	1,647	1,647	1,647	1,647
Children's FYE previous growth	390	390	390	390
Children's new growth	545	545	545	545
Former Independent Living Fund	301	301	301	301
Social Care Grant *	(10,430)	(10,430)	(10,430)	(10,430)
Balance	2,912	2,912	2,912	2,912

* Although funding beyond 2023/24 is not assured it has been assumed that grant at least equivalent to the growth currently provided in the MTFS will be received going forward.

1.6 Special and specific grants

The distribution of a number of grants was published alongside the Final Settlement. Within core spending power these include:-

- New Homes Bonus
- Services Grant
- Funding Guarantee
- Rural Services Delivery Grant (not applicable to London)

1.6.1 New Homes Bonus

The New Homes Bonus was introduced in 2011 and is a grant paid by central government to local councils to reflect and incentivise housing growth in their areas. It is based on the amount of extra Council Tax revenue raised for new-build homes, conversions and long-term empty homes brought back into use. There is also an extra payment for providing affordable homes.

It is paid annually from a top-slice of RSG. The Government has committed to setting out the future position of New Homes Bonus ahead of the 2024-25 local government finance settlement.

The Government is proposing to roll over last year's policy on New Homes Bonus for a new round of payments in 2023- 24, which will attract no new legacy payments as in 2022-23. The final year of legacy payments (totalling £221m) from the 2019-20 allocation has ended. The 2023-24 allocation totals £291m, funded through a top slice of Revenue Support Grant. The calculation methodology remains unchanged, with authorities needing to achieve tax base growth of greater than 0.4 per cent before they receive any New Homes Bonus funding.

New Homes Bonus allocations total £291m nationally (a reduction of £264m or 48%) and London borough provisional allocations total £49m (a reduction of £38m or 44%).

Merton's allocation as announced in the Final settlement is:-

New Homes Bonus	2023-24 £000
Merton	729

1.6.2 Services Grant

This is intended to provide funding to all tiers of local government in recognition of the vital services delivered at every level of local government. This was intended to be a one-off grant in 2022-23 and nationally has reduced from £822m in 2022-23 to £464m in 2023-24 due to the decision to reverse the National Insurance Contributions increase to fund the Health & Social Care Levy and a proportion has also been top sliced to fund an increase to the Supporting Families Programme. London boroughs will receive £86m (18.5%). It is assumed that, as for 2022-23, the grant will not be ring-fenced and conditions on reporting requirements will not be attached so that local authorities can provide support across the entire sector in recognition of the vital services delivered at every level of local government.

Merton's allocation as announced in the Final settlement is:-

Services Grant	2023-24 £000
Merton	1,454

1.6.3 Funding Guarantee

This new guarantee will ensure that all councils will see at least a 3% increase in their core spending power before any decisions about organisational efficiencies, use of reserves or council tax levels. The funding will total £136m and benefit 161 authorities across England (154 are Shire Districts which are receiving 99% of the funding). This guarantee is being funded by repurposing the Lower Tier Services Grant and using a proportion of the expired New Homes Bonus legacy payments. The increase in Core Spending Power used for this calculation excludes any newly rolled-in grants but includes growth in the council tax base as calculated in the normal way, increases in Baseline Funding Levels and growth in compensation for under-indexing the multiplier.

No London boroughs will receive this funding.

1.7 Schools funding

1.7.1 The allocations for the Dedicated Schools Grant (DSG), along with indicative additional funding announced at the 2022 Autumn Statement, have been published for financial year 2023-24. The DSG continues to be funded via four blocks as previously: the schools block, the central schools block (CSSB), the high needs block and the early years block. Supplementary funding has been made available through the Mainstream Schools Additional Grant (MSAG) for 2023-24. It is expected that this funding will be rolled into National Funding Formula allocations for 2024-25.

The main schools funding headlines are as follows:

- In 2023/24, a total of £58.6bn will be made available through the DSG and supplementary funding, of which £10.1bn (17%) will be allocated to London boroughs.
- England will receive a 6.9% increase in total funding from 2022-23 to 2023-24, while London will see only a 6.1% increase.
- £7.4bn (73%) of London's funding is accounted for via the schools block and the MSAG, reflecting a 5.3% increase from 2022-23 (below the England total increase of 6.3%).
- London will receive a total of £1.9bn via the high needs block, £78.5m of which is being granted through the additional £400m announced at the Autumn Statement 2022. This amounts to a 10.1% increase from 2022-23. Overall there will be a 10.7% increase in funding via this block.

- London will be granted £734m in 2023-24 through the early years block, reflecting a 4.9% increase from the previous year. England will see a 5.4% increase from 2022-23.
- The CSSB continues to decline, falling by 2.6% to £388.7mn in 2023/24 across England. London experiences a 4% drop in funding, to £68m.

1.7.2 For Merton the following allocations compared to 2022-23 were announced:-

Merton - Dedicated Schools Grant and Additional Funding	2022-23	2023-24	2023-24 Supplementary funding	2023-24 Total	Change	Change
	£m	£m		(£m)	(£m)	(%)
Schools block	143.925	149.708	5.144	154.853	10.928	7.6%
Central school services block	1.106	1.141	0.000	1.141	0.035	3.1%
High needs block	44.772	47.246	2.052	49.298	4.525	10.1%
Early years block	15.872	16.577	0.000	16.577	0.706	4.4%
Total DSG and supplementary funding allocation	205.675	214.672	7.196	221.869	16.194	7.9%

1.7.3 A more detailed analysis of Schools Funding is provided Section 3 of this report.

1.8 Fair Funding Review and Reset of Business Rates Retention Scheme

The Government has postponed any plans to reform its assessment of need and resources or to reset the business rates retention scheme until after the current parliament – i.e. 2025-26 at the earliest.

THE COLLECTION FUND, COUNCIL TAX BASE AND BUSINESS RATES

1. Introduction

- 1.1 This appendix summarises three key areas which are fundamental to the Council's revenue resource generation. It sets out the procedures and calculations that underpin each of them.

2. Collection Fund

- 2.1 The Collection Fund is a statutory fund separate from the General Fund. It accounts for income from Council Tax, including those properties within the Wimbledon and Putney Commons Conservators area. The bodies on whose behalf the council tax income has been raised are the Council and the Greater London Authority (which includes the services of the Metropolitan Police and the London Fire and Emergency Planning Authority (LFEPA)). The Council's demand on the Collection Fund is by its General Fund. The Greater London Authority's demand is expressed as a precept.
- 2.2 Under the localised arrangements for council tax support, the Collection Fund entries for council tax remain unchanged, and council tax discounts reduce the council tax base and the amount of collectable council tax income.
- 2.3 The Collection Fund also accounts for National Non-Domestic Rates and there have been significant changes to the treatment of NNDR due to the changes to local government funding arising from business rates retention and the Local Government Finance Act 2012 (Section 3, part 2).
- 2.5 The Collection Fund will account for receipts from business ratepayers, together with payments:
- to central government in respect of the central share. This will be 33% in 2023/24
 - to/from central government in respect of transitional protection payments where applicable
 - to relevant precepting authorities in respect of their share of rating income, in Merton's case this is central government and the GLA (37%).
- 2.6 While there remains a single Collection Fund, local authorities now have to be able to separate the elements relating to council tax and non-domestic rates and calculate separate surpluses or deficits on each.
- 2.7 A billing authority needs to ensure that its collection fund has sufficient resources to meet the demands on it at all times. To the extent that there is insufficient in the collection fund to meet those demands at any time, the billing authority has temporarily to "borrow" from its general fund.

- 2.8 The Collection Fund accounts are kept on an accrual basis and a surplus or deficit for the year in the collection fund is estimated accordingly.
- 2.9 The audited accounts for 2021/22 include the following surplus/deficit for Council Tax and NNDR as at 31 March 2022:-

	Surplus/ (deficit) as at 31/03/22 Outturn	Surplus/ (deficit) as at 31/03/22 Outturn	Total surplus/ (deficit) as at 31/03/22
	Council Tax £000	NNDR £000	£000
Central Government	N/A	(4,745)	(4,745)
GLA	590	(5,323)	(4,733)
Merton	1,949	(4,317)	(2,368)
Total	2,539	(14,385)	(11,846)

2.10 Surplus/Deficit as at 31 March 2023

An initial estimate of the surplus/deficit on the Collection Fund as at 31 March 2023 due to council tax and business rates is undertaken for budgeting purposes and this will be updated following the closure of accounts procedures for 2022/23.

A review of the Collection Fund, related bad debt provisions, write offs, appeals and collection rates in 2022/23 and anticipated collection rates in 2023/24 has been undertaken.

a) Council Tax

Based on a review in January 2023 of the bad debt provision and amounts to be written off during 2022/23, it is estimated that there will be a forecast surplus of £1.332m arising from Council Tax as at 31 March 2023. The £1.332m consists of a surplus of £2.453m payable in 2023/24 and the balance of the Exceptional Balance deficit of £1.121m.

There are two elements which make up the balance as at 31 March 2023. These are set out in the following table:-

Net Surplus apportionment for 2022/23	GLA £	LBM £	TOTAL £
Adjusted Collection Fund balance for 2022-23	544,639	1,907,986	2,452,625
2023-24 Estimated Deficit re 2020/21	(230,711)	(890,387)	(1,121,098)
Total share of the estimated surplus for 2022-23 to be paid in 2023/24	313,928	1,017,599	1,331,527

b) Business Rates

The calculation of the amounts and apportionments of the estimated Business Rates surplus/deficit element of the Collection Fund are made using the NNDR1 return which has to be made to the DLUHC by 31 January. The NNDR1 for 2023/24 is included with this Appendix.

The calculation has been made more complicated by 2020-21 Collection Fund deficit phasing over three financial years, concluding in 2023/24. On 2 July 2020, the Secretary of State announced that in response to the exceptional circumstances resulting from the COVID-19 pandemic, local authorities would be able to spread the payment of any estimated 2020-21 collection fund deficit over 3 years.

	Government £000	Merton £000	GLA £000	Total £000
<u>2022/23 deficit to be paid in 2023/24</u>				
Prior Year Surplus/(Deficit)	192	174	215	581
In Year Surplus/(Deficit)	(1,420)	(1,290)	(1,592)	(4,302)
Total to be paid in 2022/23	(1,228)	(1,116)	(1,377)	(3,721)
<u>2020-21 deficit To be paid in 2023/24</u>				
Prior Year Surplus/(Deficit)	(632)	(574)	(708)	(1,914)
Total Surplus/(Deficit) @ 31/3/2023	(1,860)	(1,690)	(2,085)	(5,635)

Summary

As a result of the further analysis, the estimated surplus/deficit on the Collection Fund as at 31st March 2023 is as follows:-

Estimated Collection Fund Surplus/Deficit at 31 March 2023

	Surplus/ (deficit) as at 31/03/23 Estimate	Surplus/ (deficit) as at 31/03/23 Estimate	Total surplus/ (deficit) as at 31/03/23
	Council Tax	NNDR	
	£000	£000	£000
Central Government	N/A	(1,860)	(1,860)
GLA	314	(2,085)	(1,771)
Merton	1,018	(1,690)	(672)
Total	1,332	(5,635)	(4,303)

3. Council Tax Base 2023/24

- 3.1 The council tax base is the measure of the number of dwellings to which council tax is chargeable in an area or part of an area. The Council Tax base is calculated using the properties from the Valuation List together with

information held within Council Tax records. The properties are adjusted to reflect the number of properties within different bands in order to produce the Council Tax Base (Band D equivalent).

- 3.2 Since 2013/14 the Council Tax Base calculation has been affected by the introduction of the new local council tax support scheme and technical reforms to council tax. On 30 November 2012, new regulations set out in the Local Authorities (Calculation of council Tax Base) Regulations 2012 (SI 2012:2914) came into force. These regulations ensure that new local council tax support schemes, implemented under the Local Government Finance Act 2012, are fully reflected in the council tax base for all authorities.
- 3.3 Under the regulations, the council tax base is the aggregate of the relevant amounts calculated for each valuation band multiplied by the authority's estimated collection rate for the year.
- 3.4 The relevant amounts are calculated as
- number of chargeable dwellings in each band shown on the valuation list on a specified day of the previous year,
 - adjusted for the number of discounts, and reductions for disability, that apply to those Dwellings
- 3.5 All authorities notify the MLUHC of their unadjusted Council Tax Base using a CTB Form using valuation list information as at 12 September 2022.
- 3.6 The CTB form (October 2022) includes the latest details about the Council Tax Support Scheme and the technical reforms which impacted on discounts and exemptions.
- 3.7 There is a separate council tax base for those properties within the area covered by Wimbledon and Putney Commons Conservators. The Conservators use this, together with the Council Tax bases from RB Kingston, and Wandsworth to calculate the levy which is charged each year.
- 3.8 Assumptions in the MTFs for calculating the 2023/24 Council Tax Base
- 3.8.1 In producing a forecast of council tax yield in future years, there are two key variables to be considered:-
- the year on year change in Council Tax Base
 - the council tax collection rate
- 3.8.2 The draft MTFs reported to Cabinet assumes that the Council Tax Base increases by 0.5% per year and that the collection rate is 98.75% in each of the years.

4. UNADJUSTED COUNCIL TAX BASE 2023/24

4.1 Information from the October 2022 Council Tax Base Return

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

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

Unadjusted Council Tax Base	2023/24
Merton – General	78,677.8
Wimbledon & Putney Common Conservators	11,910.1

5. ASSUMPTIONS IN THE MTFS ADJUSTING FOR COVID19

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

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

5.2 The MTFS approved by Council in March 2022 assumed that the Council Tax Base increases by 0.5% per year and that the collection rate will be 98% in 2022/23, and 98.75% in 2023/24 and in future years. This was to reflect the impact of Covid-19 and the assumption that the collection rate would eventually return to the levels prior to the pandemic.

5.3 Based on these assumptions the revised estimated Council Tax Base used in the MTFS 2023-27 is as set out in the following table:-

Council Tax Base - Revised Calculation 2022/23 to 2025/26				
	2023/24	2024/25	2025/26	2026/27
Council Tax Base	78,677.8	78,677.8	79,071.2	79,466.6
Assumed Annual increase	-	393.4	395.4	397.3
Estimated Council Tax Base before collection rate adjustment	78,677.8	79,071.2	79,466.6	79,863.9
Collection Rate	98.75%	98.75%	98.75%	98.75%
Estimated Council Tax Base after collection rate adjustment	77,694.3	78,082.8	78,473.4	78,865.6

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

6. IMPLICATIONS FOR COUNCIL TAX YIELD 2023-27

- 6.1 Based on a collection rate of 98.75% (paragraph 3.8.2 refers), on a like for like basis (i.e. assuming council tax charges do not change) the estimated income in 2023/24 compared to 2022/23 is summarised in the following table:-

Council Tax: Whole area	2022/23	2023/24
Tax Base	75,754.6	77,694.3
Band D Council Tax	£1,380.87	£1,380.87
Estimated Yield	£104.607m	£107.286m
Change: 2022/23 to 2023/24 (£m)		£2.679m
Change: 2022/23 to 2023/24 (%)		2.6%

6.2 Analysis of changes in yield 2022/23 to latest 2023/24

- 6.2.1 The reasons for the change in estimated yield, excluding any change in Council Tax level, between 2022/23 and the latest 2023/24 estimate based on the CTB data are:-

- Change in Council Tax Base before adjusting for collection rate by 1,377.2 from 77,300.6 to 78,677.8 which multiplied by the Band D Council Tax of £1,380.87 results in increased yield of c. £1.9m
- Change in Council Tax collection rate of 0.75% from 98% to 98.75%, equivalent to additional council tax base of 590 which multiplied by the Band D Council Tax of £1,380.87 results in increased yield of c. £0.8m

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

a) Number of Chargeable Dwellings and Exempt Dwellings

Between years the number of properties increased by 966 from 86,133 to 87,099 and the number of exempt dwellings increased by 4 from 994 to 998. This means that the number of chargeable dwellings increased by 962 between years. Based on a full charge, this equates to additional council tax of £1.328m.

b) Amount of Council Tax Support Reduction

Based on October 2021 there was a reduction of 8,086.0 to the Council Tax Base for local council tax support. This has reduced to 7,441.2 in based on

October 2022 which is a change of 644.8 and equates to an increase in council tax of about £0.890m.

c) Changes in Discounts, Exemptions and Premiums

Overall, the number of properties subject to discounts or exemption increased by 867 and those subject to premiums increased by 40 between October 2021 and October 2022.

d) Change in collection rate

There has been a change made to the estimated collection rate of 0.75%, which has increased from 98% to 98.75%.

Summary

The following puts the individual elements together to show how the potential council tax yield changes between 2022/23 and 2023/24:-

	Approx. Change in Council Tax Base	Approx. Change in Council Tax yield
		£m
Increase in number of chargeable dwellings	966.0	1.328
Change in Council Tax Support Reductions	644.8	0.890
Change in discounts, exemptions, premiums and distribution	(261.1)	(0.354)
Change in collection rate	590.0	0.815
Total	1,939.7	2.679

6.3 Council Tax Yield 2023/24

6.3.1 The draft MTFs assumes a Council Tax increase of 5% being 2% for Adult Social Care Precept and 3% for other expenditure in 2023/24. Assuming this the estimated Council Tax yield for 2023/24 is:-

Council Tax: Whole area	Tax Base	Band D 2023/24	Council Tax Yield 2023/24	Council Tax Yield 2022/23
Merton	77,694.3	1,449.68	£112.6m	£104.6m

6.3.2 The government has published the Council Tax Referendum Principles for 2023/24 relating to Council Tax increases for general and Adult Social Care precepts.

6.3.3 The updated MTFS is based on the following assumptions, subject to the Council Tax Referendum Principle limits announced in the Local Government Finance Settlement 2023/24:-

	2023/24	2024/25	2025/26	2026/27
Increase in CT Base	0.5%	0.5%	0.5%	0.5%
Collection Rate	98.75%	98.75%	98.75%	98.75%
Council Tax – General	3%	2%	2%	2%
Council Tax – Adult Social Care precept	2%	2%	0%	0%

6.3.4 Based on the estimated Council Tax Base calculations set out in the table in paragraph 5, and annual Council Tax increases as set out for the latest MTFS assumptions in the table above, the estimated council tax yields over the MTFS period would be:-

	2023/24	2024/25	2025/26	2026/27
Council Tax (Band D) b/f from previous year	£1,380.87	£1,449.68	£1,507.66	£1,537.81
General - 3% increase 23/24, 2% – Other years	£41.29	£28.99	£30.15	£30.75
ASC -2% Increase 23/24,24/25 , 0% other years	£27.52	£28.99	0	0
Revised Council Tax (Band D)	£1,449.68	£1,507.66	£1,537.81	£1,568.56
	£m	£m	£m	£m
Estimated Council Tax Yield	112.6	117.6	120.4	123.1

6.3.5 The change in the Council Tax yield compared to that included in the MTFS approved by Council in March are:-

	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m
MTFS (Council 2 March 2022)	108.1	110.8	113.5	116.1
Revised Estimated Council Tax Yield	112.6	117.6	120.4	123.1
Change	4.5	6.8	6.9	7.0

7. SUMMARY

7.1 Based on the information discussed, the council tax bases for 2023/24 and compared to 2022/23 are summarised in the following table:-

Council Tax Base	2022/23	2023/24	Change
Whole Area	75,754.6	77,694.3	2.6%
Wimbledon & Putney Common Conservators	11,705.0	11,761.2	0.5%

7.2 Year on Year Analysis

	2023/24 CT Base	2023/24 Band D £	2023/24 Yield £000	2022/23 CT Base	2022/23 Band D £	2022/23 Yield £000
Merton General	77,694.30	1,278.06	99,298	75,754.60	1,236.77	93,691
ASC 2017/18	77,694.30	33.06	2,569	75,754.60	33.06	2,504
ASC 2018/19	77,694.30	11.35	882	75,754.60	11.35	860
ASC 2019/20	77,694.30	23.43	1,820	75,754.60	23.43	1,775
ASC 2020.21	77,694.30	24.56	1,908	75,754.60	24.56	1,861
ASC 2021/22	77,694.30	38.30	2,976	75,754.60	38.30	2,901
ASC 2022/23	77,694.30	13.40	1,041	75,754.60	13.40	1,015
ASC 2023/24	77,694.30	27.52	2,138	75,754.60	-	-
Sub-total: ASC		171.62	13,334		144.10	10,916
Total: Merton		1,449.68	112,632		1,380.87	104,607
WPCC	11,761.20	35.96	423	11,705.00	32.14	376
GLA	77,694.30	434.14	33,730	75,754.60	395.59	29,968

The amounts collected for the GLA and WPCC are paid over to each of them as precepts.

8. Business Rates

8.1 As previously reported, due to continuing uncertainty surrounding business rates income caused by the pandemic and the cost of living crisis, for the third year running London boroughs have decided to suspend the operation of the London business rates pool.

8.2 Therefore, in 2023/24 final projections for Business Rates retention in 2023/24 are based on NNDR1 returns for 2023/24 which were returned to Central government by 31 January 2023.

8.3 NNDR1

The statutory framework effectively requires a billing authority, before the beginning of a financial year, to forecast the amount of business rates that it will collect during the course of the year and, from this, to make a number of allowable deductions in order to arrive at a figure for its non-domestic rating income. It is the non-domestic rating income that is shared between the parties to the scheme, being central government, the GLA and Merton. The

framework also sets out how the billing authority is to treat allowable deductions – requiring that either they are paid to major precepting authorities, or transferred to the authority's General Fund.

- 8.4 The calculations that authorities make before the start of the financial year determine how much they must pay to central government and their major precepting authorities during the course of the year. Since these payments are fixed at the outset of the year, it follows that any difference between forecast amounts and final outturns will result in a surplus, or deficit on the billing authority's Collection Fund. Any such surplus or deficit is shared between government, billing authorities and their major preceptors (excluding policing bodies) in line with their share of the business rates baseline. As previously reported due to COVID-19 the Government agreed that local authorities could spread any deficit incurred in 2020/21 over three financial years rather than the usual one year.
- 8.5 The estimate for the actual income figure (or net rate yield) for 2023/24 is based on the NNDR1 return to the DLUHC. This had to be returned to the DLUHC by 31 January 2023 and calculates the amounts to be paid to central government, to the GLA and the amount to be retained by Merton to be used as part of the budget setting process.
- 8.6 The Business Rates forecast for 2023/24 included in the MTFs is based solely on Merton's NNDR1 return for 2023/24. It is extremely difficult to forecast Business Rates income over the four year MTFs period as there are a number of unknowns which can have a significant impact. In particular:-
- The ongoing impact of Covid-19, the cost of living crisis and potential economic recession on Business Rates and the ability of businesses to recover and how long it will take.
 - The extent to which the Government provide financial support if the external pressures listed above continue to impact on businesses.
 - Business rates levels in the future and future economic and demographic changes including the decline of the high street and impact on businesses of greater use of on-line shopping
 - The impact of the business rates revaluation
 - The level of business rates appeals
- 8.7 The figures for Business Rates included in the Settlement Funding Assessment are the Government's estimate based on forecasts of annual uprates since the introduction of Business Rates Retention in 2013/14. The figures in the MTFs are based on the latest forecast of Business Rates included in Merton's NNDR1 form which is a statutory return that local authorities were required to submit to the Government by 31 January.

- 8.8 The Government will continue to operate a safety net threshold as part of Business Rates Retention. Safety net payments will ensure that a local authority's income does not drop below more than a set percentage of its baseline funding level. The safety net threshold is 7.5%.
- 8.9 Due to the variability of some of the factors, it is inevitable that the final figure at the end of each year will be different to the estimate. Therefore, a further calculation is required at the end of each year to estimate the surplus or deficit on the Collection Fund (as is also done for Council Tax).
- 8.10 The calculation of the amounts and apportionments of the estimated Business Rates surplus/deficit element of the Collection Fund are made using the NNDR1 return which has to be made to the DLUHC by 31 January. The NNDR1 for 2023/24 is included in this Appendix
- 8.11 Forecasting Business Rates over the MTFS period
Given that it is impossible to know what next year's business rates income will be, it is even more difficult to accurately forecast this over the following three years of the MTFS.
- 8.12 The projections in the MTFS going forward assume a 3% annual uplift. There is considerable uncertainty at present due to the current economic and inflationary pressures, including any remaining effect of the pandemic, problems of reducing footfall in town centres, the impact of Brexit and others which may all have a detrimental impact on future income streams. This will be kept under close review as part of next year's business planning process.



Department for Levelling Up,
Housing & Communities

NATIONAL NON-DOMESTIC RATES RETURN NNDR1 2023-24

Please e-mail to : nndr.statistics@levellingup.gov.uk

Please enter your details after checking that you have selected the correct authority name

Forms should be returned to the Department for Levelling Up, Housing and Communities by Tuesday 31 January 2023

All figures should be entered in whole £

Please remember that a copy of this form, certified by your Chief Financial Officer / Section 151 officer should also be sent to your relevant Precepting Authorities, and Pool Leads (if applicable).

These instructions highlight the special features of the form and should be read in conjunction with the **Guidance Notes and Validation notes.**

Completing the form

1. The form can be set up for each individual local authority by selecting the appropriate authority name from the list. The example shows the local authority ZZZZ. Once a local authority name is selected the spreadsheet will automatically complete the data for the white cells with a blue border.

2. There are three different type of input cells:



* White, Black Border - these are blank for new data - Please ensure all white cells are filled before submitting the form including entering zeroes where appropriate.



* White background, green border - These cells are information cells and have the appropriate formula in them. **Please do not overwrite the formula.**



* White background, blue border - actual data entered by the Department for Levelling Up, Housing and Communities into these cells.

The **Total column** is greened out - there is no need to enter data in any of these cells.

In addition areas of the form are **greyed out** - especially for those authorities that do not have designated areas. **Please do not enter data** in these areas as this will cause delay as we will have to ask you to complete a revised form.

Entering data

3. All values in the form should be entered in whole £. Except for part 1 of the form, **receipts** (eg sums due to the billing authority from ratepayers, or central government) should always be entered as **positive numbers**. **Payments from the authority, or amounts foregone** (eg reliefs given to ratepayers) should always be entered as **negative numbers**.

4. Where possible, you will be prevented from entering data with the wrong sign (+ve when it should be -ve or vice versa).

Updates

We will use this area to list any updates to the form in the future if required

Checking the Validation Sheet

5. Once the form has been completed go to the validation sheet and check if any of the data require any further explanation. The data are compared with the NNDR1 for 2022-23 and, if the change in number or percentage terms is higher or lower than we would normally expect, you are asked to provide an explanation for the change in the box provided.

For further details on the types of checks we do see *Validation notes for NNDR1 2023-24*.

Submitting the Form

6. When the data have been checked and verified please email the complete file to nndr.statistics@levellingup.gov.uk

7. The form should be sent by your Chief Financial / Section 151 Officer. The email should include the officer's electronic signature and the following statement:

I confirm that the entries in this form are the best I can make on the information available to me and amounts are calculated in accordance with regulations made under Schedule 7B to the Local Government Act 1988. I also confirm that the authority has acted diligently in relation to the collection of non-domestic rates.

8. A copy of the form must also be sent to your NNDR contact at all your major precepting authorities.

9. If you experience any problems using the form please email

nndr.statistics@levellingup.gov.uk

NATIONAL NON-DOMESTIC RATES RETURN - NDR1

2023-24

Please e-mail with certification to: nndr.statistics@levellingup.gov.uk by no later than 31 January 2023.

All figures must be entered in whole £

If you are content with your answers please return this form to DLUHC as soon as possible

Select your local authority's name from this list:

Manchester
Mansfield
Medway UA
Melton
Merton
Mid Devon

Authority Name
E-code
Local authority contact name
Local authority contact number
Local authority e-mail address

Merton
E5044
Donald Freeman
020 8545 3048
donald.freeman@merton.gov.uk

Ver 1.1

PART 1A: NON-DOMESTIC RATING INCOME

This section of the form uses entries from other parts to calculate the forecast net business rates income for the authority in 2023-24. Note that you still need to enter data for line 5 and line 9a, but otherwise it is all calculated. Also please note that Parts 1B and 1C are below.

COLLECTABLE RATES

1. Net amount receivable from rate payers after taking account of transitional adjustments, empty property rate, mandatory and discretionary reliefs and accounting adjustments £ **84,051,786**

TRANSITIONAL PROTECTION PAYMENTS

2. Sums due to the authority **11,870,448**

3. Sums due from the authority **0**

COST OF COLLECTION (See Note A)

4. Cost of collection formula **256,365**

5. Legal costs **50,000**

6. Allowance for cost of collection **306,365**

SPECIAL AUTHORITY DEDUCTIONS

7. City of London Offset : Not applicable for your authority **0**

DISREGARDED AMOUNTS

8. Amounts retained in respect of Designated Areas **0**

9. Amounts retained in respect of Renewable Energy Schemes (see Note B) **0**

of which:

9a. sums retained by billing authority **0**

9b. sums retained by major precepting authority **0**

10. Amounts retained in respect of Shale Oil and Gas Sites Schemes (see Note C) **0**

NON-DOMESTIC RATING INCOME

11. Line 1 plus line 2, minus lines 3, 6 to 9 and 10 **95,615,869**

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1

2023-24

Please e-mail with certification to: nndr.statistics@levellingup.gov.uk by no later than 31 January 2023.

All figures must be entered in whole £

If you are content with your answers please return this form to DLUHC as soon as possible

Local Authority : Merton

Ver 1.1

PART 1B: PAYMENTS

This page is for information only; please do not amend any of the figures

The payments to be made, during the course of 2023-24 to:

- i) the Secretary of State in accordance with Regulation 4 of the Non-Domestic Rating (Rates Retention) Regulations 2013;
- ii) major precepting authorities in accordance with Regulations 5, 6 and 7; and to be
- iii) transferred by the billing authority from its Collection Fund to its General Fund,

are set out below

	Column 1 Central Government	Column 2 Merton	Column 3 Greater London Authority	Column 4	Column 5 Total
Retained NNDR shares					
12. % of non-domestic rating income to be allocated to each authority in 2023-24	£ 33%	£ 30%	£ 37%	£ 0%	£ 100%
Non-Domestic Rating Income for 2023-24					
13. Non-domestic rating income from rates retention scheme	31,553,236	28,684,761	35,377,872	0	95,615,869
14. (less) deductions from central share	0				0
15 TOTAL:	31,553,236	28,684,761	35,377,872	0	95,615,869
Other Income for 2023-24					
16. add: cost of collection allowance		306,365			306,365
17. add: amounts retained in respect of Designated Areas		0			0
18. add: amounts retained in respect of renewable energy schemes		0	0		0
19. add: amounts retained in respect of Shale oil and gas sites schemes		0	0	0	0
20. add: qualifying relief in Designated Areas		0	0	0	0
21. add: City of London Offset		0			0
22. add: in respect of Port of Bristol hereditament		0			0
Estimated Surplus/Deficit on Collection Fund					
23. Surplus/Deficit at end of 2022-23 (+ve = surplus, -ve = deficit) (including adjustment for three year spread)	£ -1,859,606	£ -1,690,551	£ -2,085,013	£ 0	£ -5,635,171
TOTAL FOR THE YEAR					
24. Total amount due to authorities	£ 29,693,630	£ 27,300,575	£ 33,292,859	£ 0	£ 90,287,063

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1

2023-24

Please e-mail with certification to: nndr.statistics@levellingup.gov.uk by no later than 31 January 2023.

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Local Authority : Merton

Ver 1.1

PART 1C: SECTION 31 GRANT (See Note D)

This page is for information only; please do not amend any of the figures

Estimated sums due from Government via Section 31 grant, to compensate authorities for the cost of changes to the business rates system announced in the 2013 to 2016 and 2022 Autumn Statements, 2020 and 2021 spending reviews, and 2017 (March and November), 2018 (October) and 2021 (October) Budgets

	Column 2	Column 3	Column 4	Column 5
Adjustment Factor: 1.17	Merton	Greater London Authority		Total
	£	£	£	£
Multiplier Cap				
25. Cost of cap on 2014-15, 2015-16 and post-2018-19 and freezing of 2021-22, 2022-23 and 2023-24 small business rates multipliers	4,886,182	6,026,291	0	10,912,473
Small Business Rate Relief				
26. Cost of doubling SBRR & threshold changes for 2023-24	1,150,756	1,419,265	0	2,570,021
26a. Additional compensation for loss of supplementary multiplier income	79,409	97,938	0	177,347
27. Cost to authorities of maintaining relief on "first" property	0	0	0	0
Rural Rate Relief				
28. Cost to authorities of providing 100% rural rate relief	0	0	0	0
Supporting Small Business Scheme				
29. Cost to authorities of providing relief	10,533	12,991	0	23,524
Designated Areas qualifying relief in 100% business rates retention areas				
30. Cost to authorities of providing relief	0	0	0	0
Local newspaper relief				
31. Cost to authorities of providing relief	0	0	0	0
Public lavatories relief				
32. Cost to authorities of providing relief	0	0	0	0
Retail, Hospitality and Leisure relief				
33. Cost to authorities of providing relief	2,991,139	3,689,070	0	6,680,209
Freeports relief				
34. Cost to authorities of providing relief	0	0	0	0
Low-carbon heat networks relief				
35. Cost to authorities of providing relief	0	0	0	0
TOTAL FOR THE YEAR				
36. Amount of Section 31 grant due to authorities to compensate for reliefs	9,118,019	11,245,555	0	20,363,574

NB To determine the amount of S31 grant due to it, the authority will have to add / deduct from the amount shown in line 36, a sum to reflect the adjustment to tariffs / top-ups in respect of the multiplier cap (See notes for Line 36)

This completed Excel form should be e-mailed to nndr.statistics@levellingup.gov.uk and any relevant precepting authorities by the Chief Financial / Section 151 Officer. The email should include the officer's electronic signature and the following statement:

I confirm that the entries in this form are the best I can make on the information available to me and amounts are calculated in accordance with regulations made under Schedule 7B to the Local Government Act 1988. I also confirm that the authority has acted diligently in relation to the collection of non-domestic rates.

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2023-24

All figures must be entered in whole £

Note that any reliefs for the year 2023-24 announced after this form has gone out may be covered by future supplementary data collections

If you are content with your answers please return this form to DLUHC as soon as possible

Ver 1.1

Local Authority : Merton

PART 2: RELIEFS AND NET RATES PAYABLE

This section of the form is for you to enter the gross rates value and the amount of various business rates reliefs forecast for 2023-24. This will then calculate the forecast net rates payable. These values also populate the section 31 payment calculations in Part 1.

You should complete column 1 only

	Column 1 BA Area (exc. Designated areas) Complete this column	Column 2 Designated areas Do not complete this column	Column 3 TOTAL (All BA Area) Do not complete this column
	£		£
GROSS RATES PAYABLE (All data should be entered as +ve unless specified otherwise) - see Note E			
1. Rateable Value at <input type="text" value="13/01/2023"/>	<input type="text" value="244,543,792"/>	<input type="text"/>	<input type="text" value="244,543,792"/>
2. Small business rating multiplier for 2023-24 (pence) <input type="text" value="49.9"/>			
3. Gross rates 2023-24 (RV x multiplier)	<input type="text" value="122,027,352"/>	<input type="text"/>	
4. Estimated growth/decline in gross rates (+ = increase, - = decrease)	<input type="text" value="0"/>	<input type="text"/>	
5. Forecast gross rates payable in 2023-24	<input type="text" value="122,027,352"/>	<input type="text"/>	<input type="text" value="122,027,352"/>
TRANSITIONAL ARRANGEMENTS (See Note F)			
6. Revenue foregone because increases in rates have been deferred (Show as -ve)	<input type="text" value="-11,870,448"/>	<input type="text"/>	<input type="text" value="-11,870,448"/>
7. Changes as a result of estimated growth / decline in cost of transitional arrangements (+ = decline, - = increase)	<input type="text" value="0"/>	<input type="text"/>	
8. Forecast net cost of transitional arrangements	<input type="text" value="-11,870,448"/>	<input type="text"/>	<input type="text" value="-11,870,448"/>
TRANSITIONAL PROTECTION PAYMENTS (See Note F(a))			
9. Sum due to/(from) authority	<input type="text" value="11,870,448"/>	<input type="text"/>	<input type="text" value="11,870,448"/>

NATIONAL NON-DOMESTIC RATES RETURN - NDR1
2023-24

All figures must be entered in whole £
Note that any reliefs for the year 2023-24 announced after this form has gone out may be covered by future supplementary data collections

If you are content with your answers please return this form to DLUHC as soon as possible

Ver 1.1

Local Authority : Merton

PART 2: RELIEFS AND NET RATES PAYABLE

This section of the form is for you to enter the gross rates value and the amount of various business rates reliefs forecast for 2023-24. This will then calculate the forecast net rates payable. These values also populate the section 31 payment calculations in Part 1.

You should complete column 1 only

	Column 1 BA Area (exc. Designated areas)	Column 2 Designated areas	Column 3 TOTAL (All BA Area)
MANDATORY RELIEFS (See Note G) (All data should be entered as -ve unless specified otherwise)			
Small Business Rate Relief			
10. Forecast of relief to be provided in 2023-24	-4,495,956		-4,495,956
11. <i>of which:</i> relief on existing properties where a 2nd property is occupied	0		0
12. Additional yield from the small business supplement (Show as +ve)	2,532,539		2,532,539
13. Net cost of small business rate relief (line 10 + line 12)	-1,963,417		-1,963,417
Charitable occupation			
14. Forecast of relief to be provided in 2023-24	-7,326,872		-7,326,872
Community Amateur Sports Clubs (CASCs)			
15. Forecast of relief to be provided in 2023-24	-107,479		-107,479
Rural rate relief			
16. Forecast of relief to be provided in 2023-24	0		0
Public Lavatories relief (see note H)			
17. Forecast of relief to be provided in 2023-24	0		0
18. Forecast of mandatory reliefs to be provided in 2023-24 (Sum of lines 13 to 17)	-9,397,768		-9,397,768
19. Changes as a result of estimated growth/decline in mandatory relief (+ = decline, - = increase)	-47,000		-47,000
20. Total forecast mandatory reliefs to be provided in 2023-24	-9,444,768		-9,444,768
UNOCCUPIED PROPERTY (See Note J) (All data should be entered as -ve unless specified otherwise)			
Partially occupied hereditaments			
21. Forecast of 'relief' to be provided in 2023-24	0		0
Empty premises			
22. Forecast of 'relief' to be provided in 2023-24	-942,412		-942,412
23. Forecast of unoccupied property 'relief' to be provided in 2023-24 (Line 21 + line 22)	-942,412		-942,412
24. Changes as a result of estimated growth/decline in unoccupied property 'relief' (+ = decline, - = increase)	-1,000,000		-1,000,000
25. Total forecast unoccupied property 'relief' to be provided in 2023-24	-1,942,412		-1,942,412

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2023-24

All figures must be entered in whole £
Note that any reliefs for the year 2023-24 announced after this form has gone out may be covered by future supplementary data collections

If you are content with your answers please return this form to DLUHC as soon as possible

Ver 1.1

Local Authority : Merton

PART 2: RELIEFS AND NET RATES PAYABLE

This section of the form is for you to enter the gross rates value and the amount of various business rates reliefs forecast for 2023-24. This will then calculate the forecast net rates payable. These values also populate the section 31 payment calculations in Part 1.

You should complete column 1 only

	Column 1 BA Area (exc. Designated areas)	Column 2 Designated areas	Column 3 TOTAL (All BA Area)
DISCRETIONARY RELIEFS (See Note K) (All data should be entered as -ve unless specified otherwise)			
Charitable occupation			
26. Forecast of relief to be provided in 2023-24	-189,583		-189,583
Non-profit making bodies			
27. Forecast of relief to be provided in 2023-24	-26,771		-26,771
Community Amateur Sports Clubs (CASCs)			
28. Forecast of relief to be provided in 2023-24	0		0
Rural shops etc			
29. Forecast of relief to be provided in 2023-24	0		0
Small rural businesses			
30. Forecast of relief to be provided in 2023-24	0		0
Other ratepayers (refer to guidance for further details)			
31. Forecast of relief to be provided in 2023-24	-100,000		-100,000
<i>of which:</i>	<i>of which:</i>		
32. Relief given to Case A hereditaments			
33. Relief given to Case B hereditaments	0		
34. Relief given to Freeports (see Note L)			
35. Forecast of discretionary relief to be provided in 2023-24 (Sum of lines 26 to 31)	-316,354		-316,354
36. Changes as a result of estimated growth/decline in discretionary relief (+ = decline, - = increase)	-5,000		
37. Total forecast discretionary relief to be provided in 2023-24	-321,354		-321,354

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2023-24

All figures must be entered in whole £
Note that any reliefs for the year 2023-24 announced after this form has gone out may be covered by future supplementary data collections

If you are content with your answers please return this form to DLUHC as soon as possible

Ver 1.1

Local Authority : Merton

PART 2: RELIEFS AND NET RATES PAYABLE

This section of the form is for you to enter the gross rates value and the amount of various business rates reliefs forecast for 2023-24. This will then calculate the forecast net rates payable. These values also populate the section 31 payment calculations in Part 1.

You should complete column 1 only

	Column 1 BA Area (exc. Designated areas)	Column 2 Designated areas	Column 3 TOTAL (All BA Area)
DISCRETIONARY RELIEFS FUNDED THROUGH SECTION 31 GRANT			
(See Note M) (All data should be entered as -ve unless specified otherwise)			
Rural Rate Relief			
38. Forecast of relief to be provided in 2023-24	0		0
Supporting Small Business Scheme			
39. Forecast of relief to be provided in 2023-24	-30,000		-30,000
Local newspaper relief			
40. Forecast of relief to be provided in 2023-24	0		0
Retail, Hospitality and Leisure relief			
41. Forecast of relief to be provided in 2023-24	-8,519,280		-8,519,280
Low-carbon heat networks relief			
42. Forecast of relief to be provided in 2023-24	0		0
43. Forecast of discretionary reliefs funded through S31 grant to be provided in 2023-24 (Sum of lines 38 to 42)	-8,549,280		-8,549,280
44. Changes as a result of estimated growth/decline in Section 31 discretionary relief (+ = decline, - = increase)	-43,000		
45. Total forecast of discretionary reliefs funded through S31 grant to be provided in 2023-24	-8,592,280		-8,592,280
NET RATES PAYABLE			
46. Forecast of net rates payable by rate payers after taking account of transitional adjustments, unoccupied property relief, mandatory and discretionary reliefs	£ 89,856,090		£ 89,856,090

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2023-24

All figures must be entered in whole £

If you are content with your answers please return this form to DLUHC as soon as possible

Ver 1.1

Local Authority : Merton

PART 3: COLLECTABLE RATES AND DISREGARDED AMOUNTS

Enter accounting adjustments in this section, which calculations will deduct from the net rates calculated from entries in Part 2.

You should complete column 1 only

	Column 1 BA Area (exc. Designated areas)	Column 2 Designated Areas	Column 3 TOTAL (All BA Area)
	Complete this column	Do not complete this column	Do not complete this column
	£	£	£
NET RATES PAYABLE			
1. Sum payable by rate payers after taking account of transitional adjustments, empty property rate, mandatory and discretionary reliefs	89,856,090	0	89,856,090
(LESS) LOSSES (Data should be entered as -ve)			
2. Estimated bad debts in respect of 2023-24 rates payable	-4,495,304	0	-4,495,304
3. Estimated repayments in respect of 2023-24 rates payable	-1,309,000	0	-1,309,000
COLLECTABLE RATES			
4. Net Rates payable less losses	84,051,786	0	84,051,786
DISREGARDED AMOUNTS (Data should be entered as +ve)			
5. Renewable Energy (see Note B)	0	0	0
6. Shale oil and gas sites scheme (see Note C)	0	0	0
7. Transitional Protection Payment		0	
8. Baseline		0	
DISREGARDED AMOUNTS			
9. Total Disregarded Amounts		0	0
DESIGNATED AREAS IN 100% BRR AUTHORITIES			
10. Designated Areas Qualifying Relief: Not applicable	0	0	0
DEDUCTIONS FROM CENTRAL SHARE			
11. Designated Areas Qualifying Relief	0	0	0
Port of Bristol			
12. In respect of Port of Bristol: Not applicable	0		0
DEDUCTIONS FROM CENTRAL SHARE			
13. Total Deductions	0	0	0

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2023-24

All figures must be entered in whole £

If you are content with your answers please return this form to DLUHC as soon as possible

Ver 1.1

Local Authority : Merton

PART 4: ESTIMATED COLLECTION FUND BALANCE

This section estimates the collection fund closing balance for the current year (not the forecast year otherwise referred to in this form). Please refer to guidance notes for details. Note that you can edit the blue-bordered cells, but you will be asked to provide a comment explaining why they are changed from the prepopulated figures.

OPENING BALANCE

1. Opening Balance (From Collection Fund Statement) £ **-14,385,186**

BUSINESS RATES CREDITS AND CHARGES

2. Business rates credited and charged to the Collection Fund in 2022-23 (enter as +ve) **74,515,857**

3. Sums written off in excess of the allowance for non-collection (enter as -ve) **0**

4. Changes to the allowance for non-collection **-602,470**

5. Amounts charged against the provision for alteration of lists and appeals following RV list changes (enter as +ve) **3,481,883**

6. Changes to the provision for alteration of lists and appeals **-5,197,964**

7. Total business rates credits and charges (Total lines 2 to 6) **72,197,306**

OTHER RATES RETENTION SCHEME CREDITS (enter as +ve)

8. Transitional protection payments received, or to be received in 2022-23 **0**

9. Transfers/payments to the Collection Fund for end-year reconciliations **0**

10. Transfers/payments into the Collection Fund in 2022-23 in respect of a previous year's deficit **13,052,272**

11. Total Other Credits (Total lines 8 to 10) **13,052,272**

OTHER RATES RETENTION SCHEME CHARGES (enter as -ve)

12. Transitional protection payments made, or to be made, in 2022-23 **-95,122**

13. Payments made, or to be made, to the Secretary of State in respect of the central share in 2022-23 **-25,130,935**

14. Payments made, or to be made to, major precepting authorities in respect of business rates income in 2022-23 **-28,177,110**

15. Transfers made, or to be made, to the billing authority's General Fund in respect of business rates income in 2022-23 **-22,846,305**

16. Transfers made, or to be made, to the billing authority's General Fund; and payments made, or to be made, to a precepting authority in respect of disregarded amounts in 2022-23 **-250,091**

17. Transfers/payments from the Collection Fund for end-year reconciliations **0**

18. Transfers/payments made from the Collection Fund in 2022-23 in respect of a previous year's surplus **0**

19. Total Other Charges (Total lines 12 to 18) **-76,499,563**

ESTIMATED SURPLUS/(DEFICIT) ON COLLECTION FUND IN RESPECT OF FINANCIAL YEAR 2022-23 - Surplus (positive), Deficit (Negative)

20. Opening balance plus total credits, less total charges (Total lines 1, 7, 11, 19) £ **-5,635,171**

APPORTIONMENT OF ESTIMATED SURPLUS / DEFICIT (See Note N)

	Column 1 Central Government	Column 2 Merton	Column 3 Greater London Authority	Column 4	Column 5 Total
21. % for distribution of prior year surplus/deficit (i.e. 2021-22)	33%	30%	37%	0%	100%
22. Total prior year surplus (+)/deficit (-)	-439,862	-399,874	-493,178	0	-1,332,914
of which:					
22a. Amount deferred in respect of estimated 2020-21 surplus-deficit	-631,660	-574,237	-708,225	0	-1,914,122
22b. Amount in respect of 2021-22	191,799	174,362	215,047	0	581,208
23. % for distribution of in-year surplus/deficit (i.e. 2022-23)	33%	30%	37%	0%	100%
24. In year surplus (+)/deficit (-)	-1,419,745	-1,290,677	-1,591,835	0	-4,302,257
25. Total (total lines 22 and 24)	-1,859,606	-1,690,551	-2,085,013	0	-5,635,171

OTHER CORPORATE ITEMS - CABINET February 2023				
	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000
Asset Rentals: Depreciation	(26,997)	(26,997)	(26,997)	(26,997)
WPCC	423	423	423	423
Bad Debt provision	1,000	500	500	500
Contingency	2,500	3,000	3,000	3,000
Pensions Strain/Redundancy	750	750	750	750
Local Election	0	0	0	400
Loss of HB Admin. Grant	49	59	46	51
Apprenticeship Levy	450	450	450	450
Internal Review	1,146	1,146	1,146	1,146
Croydon - Pensions addition	130	130	130	130
Contribution to Climate Change Reserve	0	450	0	0
Strategic Support	100	100	100	100
Other Corporate items	(20,449)	(19,989)	(20,452)	(20,047)

Summarised Transition from Council March 2022 to Cabinet 20 February 2023

Budget Forecast 2023/24 to 2026/27				
	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000
Budget Gap Council March 2022	4,618	18,791	21,659	27,767
Provision for Pay	3,738	3,628	3,885	3,927
Inflation - Prices and excess inflation	7,133	6,637	6,780	6,923
Savings - New 2023/24 and Amendments to existing savings	(4,240)	(4,607)	(5,209)	(5,239)
Review of corporate provisions	(676)	46	(81)	1
External Borrowing Costs	(637)	(1,358)	(1,324)	(2,905)
Social Care Grants (Net)	(935)	(935)	(935)	(935)
C&H: Taxicard and Concessionary Fares	(688)	(994)	(64)	2,110
Proposed Growth - Services	3,365	3,010	3,033	3,033
Investment Income	(5,610)	(5,580)	(5,559)	(5,548)
DSG Deficit - Safety Valve Agreement	(9,088)	(11,584)	(13,099)	(18,600)
Waste contract relet	0	0	1,800	3,000
Parking contract and Systems	0	0	900	900
Council Tax income	(4,580)	(6,781)	(6,843)	(6,905)
Targeted Council Tax discount	830	0	0	0
Business Rates	(1,128)	(2,046)	(3,001)	(3,993)
Collection Fund - t/f of Ctax surplus(-)/deficit	(1,908)	0	0	0
Collection Fund - t/f of BRates surplus(-)/deficit	1,117	0	0	0
New Homes Bonus	(432)	300	300	300
Use of Reserves	9,122	1,472	54	0
Rounding	0	0	0	1
Cabinet 20 February 2023	0	(0)	2,296	3,836

STATEMENT OF COUNCIL TAX REQUIREMENTS AND BALANCES

	ORIGINAL BUDGET 2018/19	ORIGINAL BUDGET 2019/20	ORIGINAL BUDGET 2020/21	ORIGINAL BUDGET 2021/22	ORIGINAL BUDGET 2022/23	ORIGINAL BUDGET 2023/24	2018/19 Band D Council Tax	2019/20 Band D Council Tax	2020/21 Band D Council Tax	2021/22 Band D Council Tax	2022/23 Band D Council Tax	2023/24 Band D Council Tax
	£m	£m	£m	£m	£m	£m	£	£	£	£	£	£
Merton												
Net Cost of General Fund Services	136.059	138.095	155.227	166.142	171.625	170.540	1,835.56	1,842.45	2,042.73	2,238.51	2,265.54	2,195.01
Contingency	1.500	1.500	1.500	1.500	1.500	2.500	20.24	20.01	19.74	20.21	19.80	32.18
	137.559	139.595	156.727	167.642	173.125	173.040	1,855.80	1,862.47	2,062.47	2,258.72	2,285.34	2,227.19
Levies												
Lee Valley	0.179	0.178	0.178	0.179	0.179	0.179	2.41	2.37	2.34	2.41	2.36	2.30
London Pensions Fund	0.260	0.258	0.253	0.258	0.258	0.258	3.51	3.44	3.33	3.48	3.41	3.32
Environment Agency	0.168	0.171	0.174	0.174	0.174	0.174	2.27	2.28	2.29	2.34	2.30	2.24
Total Levies	0.607	0.607	0.605	0.611	0.611	0.611	8.19	8.10	7.96	8.23	8.07	7.86
TOTAL BUDGET (before balances, etc adjustment)	138.166	140.202	157.332	168.253	173.736	173.651	1,863.98	1,870.56	2,070.43	2,266.95	2,293.41	2,235.05
Provisions, Contributions and Balances												
Appropriations to/from Reserves	(1.332)	(4.186)	(11.275)	(12.515)	(12.086)	(2.885)	(17.97)	(55.85)	(148.37)	(168.62)	(159.54)	(37.13)
TOTAL BUDGET REQUIREMENT	136.834	136.016	146.057	155.738	161.650	170.766	1,846.01	1,814.72	1,922.06	2,098.33	2,133.86	2,197.92
Less: Central Government Support												
Government (Formula) Grant:												
Revenue Support Grant (including Transition Grant)	0.000	0.000	(5.159)	(5.187)	(5.350)	(6.108)	0.00	0.00	(67.89)	(69.89)	(70.62)	(78.62)
National Non-Domestic Rates inc. Section 31 Grant	(47.611)	(44.026)	(38.676)	(36.551)	(38.428)	(39.236)	(642.32)	(587.39)	(508.96)	(492.47)	(507.27)	(505.01)
Covid - RNF and LCTS Grant				(6.811)	0.000	0.000				(91.77)	0.00	0.00
Brexit Grant		(0.210)	0.000	0.000	0.000	0.000		(2.80)	0.00	0.00	0.00	0.00
Social Care Grant				(4.466)	(6.282)	(6.282)				(60.17)	(82.93)	(80.86)
Adult Social Care Improved Better Care Fund	(2.115)	(1.054)	(4.862)	(4.862)	(5.009)	(5.009)	(28.53)	(14.06)	(63.98)	(65.51)	(66.12)	(64.47)
Market Sustainability and Fair Cost of Care Fund	0.000	0.000	0.000	0.000	(0.505)	0.000				0.00	(6.67)	0.00
ASC Market Sustainability and Improvement Fund	0.000	0.000	0.000	0.000	0.000	(1.751)				0.00	0.00	(22.54)
ASC Discharge Fund	0.000	0.000	0.000	0.000	0.000	(0.702)				0.00	0.00	(9.04)
Targeted Council Tax Discount	0.000	0.000	0.000	0.000	0.000	0.830				0.00	0.00	10.68
Services Grant	0.000	0.000	0.000	0.000	(2.479)	(1.379)				0.00	(32.72)	(17.75)
Total Government Grant + Baseline NNDR Funding:	(49.726)	(45.290)	(48.697)	(57.877)	(58.053)	(59.637)	(670.85)	(604.26)	(640.84)	(779.80)	(766.33)	(767.59)
Contribution to/(from) Collection Fund	(0.430)	1.301	(0.327)	1.647	1.010	1.503	(5.80)	17.36	(4.30)	22.19	13.33	19.35
Council Tax Requirement												
Merton - General (excluding WPC)	86.678	92.027	97.033	99.508	104.607	112.632	1,169.36	1,227.82	1,276.92	1,340.72	1,380.87	1,449.68
Merton - COUNCIL TAX FUNDING REQUIREMENT	86.678	92.027	97.033	99.508	104.607	112.632	1,169.36	1,227.82	1,276.92	1,340.72	1,380.87	1,449.68
Greater London Authority Precept												
Metropolitan Police Authority/Mayor's Office for Policing and Crime	16.169	18.148	19.159	19.826	20.994	22.697	218.13	242.13	252.13	267.13	277.13	292.13
Other Non-Police Services	5.641	5.875	6.075	7.164	8.974	11.033	76.10	78.38	79.94	96.53	118.46	142.01
Greater London Authority Precept	21.810	24.023	25.234	26.991	29.968	33.730	294.23	320.51	332.07	363.66	395.59	434.14
TOTAL COUNCIL TAX REQUIREMENT	108.488	116.050	122.267	126.499	134.575	146.362	1,463.59	1,548.33	1,608.99	1,704.38	1,776.46	1,883.82

DRAFT MTFS 2023-27:				
	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000
Departmental Base Budget 2022/23	173,022	173,022	173,022	173,022
Inflation (Pay, Prices)	17,128	22,273	26,752	31,018
NI increase	(1,001)	(1,013)	(1,025)	(1,038)
Pension Fund Revaluation	(452)	(428)	(404)	(380)
FYE – Previous Years Savings	(2,218)	(2,166)	(2,063)	(2,072)
FYE – Previous Years Growth	390	390	390	390
Amendments to previously agreed savings/growth	50	50	50	50
Change in Net Appropriations to/(from) Reserves	(3,226)	(3,226)	(3,676)	(3,676)
Taxi card/Concessionary Fares	769	3,474	5,648	7,822
Social Care - Additional Spend offset by grant/precept	2,249	(204)	(204)	(204)
Growth	3,365	3,010	3,033	3,033
DSG Safety Valve	0	0	0	0
Provision - DSG Deficit	2,540	1,130	700	(3,600)
Contract increases	0	0	2,700	3,900
Other	6,180	1,951	2,031	2,111
Re-Priced Departmental Budget	200,200	199,667	208,358	211,780
Treasury/Capital financing	5,281	5,646	5,528	7,419
Pensions	0	0	0	0
Other Corporate items	(20,449)	(19,989)	(20,452)	(20,047)
Levies	611	611	611	611
Sub-total: Corporate provisions	(14,557)	(13,732)	(14,313)	(12,017)
Sub-total: Repriced Departmental Budget + Corporate Provisions	185,643	185,935	194,045	199,762
Savings/Income Proposals 2022/23	(4,290)	(4,657)	(5,259)	(5,289)
Sub-total	181,353	181,278	188,786	194,473
Appropriation to/from departmental reserves	(752)	(752)	(302)	(302)
Appropriation to/from Balancing the Budget Reserve	609	1,473	53	0
ONGOING IMPACT OF COVID-19 (NET)	505	0	0	0
BUDGET REQUIREMENT	181,714	181,999	188,537	194,171
Funded by:				
Revenue Support Grant/Covid RNF & LCTS grant	0	0	0	0
Business Rates (inc. Section 31 grant)	(45,344)	(46,704)	(48,105)	(49,548)
Adult Social Care Grants inc. BCF	(5,010)	(5,010)	(5,010)	(5,010)
Social Care Grant	(10,430)	(7,518)	(7,518)	(7,518)
PFI Grant	(4,797)	(4,797)	(4,797)	(4,797)
New Homes Bonus	(732)	0	0	0
Council Tax inc. WPCC	(113,055)	(117,970)	(120,811)	(123,462)
Targeted Council Tax Discount	830	0	0	0
Collection Fund – (Surplus)/Deficit	673	0	0	0
ASC Market Sustainability and Improvement Fund	(1,751)	0	0	0
ASC Discharge Fund	(702)	0	0	0
Services Grant	(1,397)	0	0	0
TOTAL FUNDING	(181,714)	(181,999)	(186,241)	(190,335)
GAP including Use of Reserves (Cumulative)	0	0	2,296	3,836

Reserves

Forecast Movement in Reserves 2021-26	Bal. at 31/3/22 £'000	Net Movt. in year £'000	Bal. at 31/3/23 £'000	Net Movt. in year £'000	Bal. at 31/3/24 £'000	Net Movt. in year £'000	Bal. at 31/3/25 £'000	Net Movt. in year £'000	Bal. at 31/3/26 £'000	Net Movt. in year £'000	Bal. at 31/3/27 £'000
General Fund Reserve	14,000	0	14,000	0	14,000	0	14,000	0	14,000	0	14,000
Earmarked Reserves	89,256	2,178	91,434	308	91,742	384	92,126	(1,219)	90,907	(34,889)	56,018
Grants & Contributions	4,584	(174)	4,409	0	4,409	0	4,409	0	4,409	0	4,409
Total Available Gen. Fund Rev. Reser	107,840	2,004	109,844	308	110,152	384	110,536	(1,219)	109,317	(34,889)	74,428
Fixed to Contracts	1,955	0	1,955	0	1,955	0	1,955	0	1,955	0	1,955
Total General Fund revenue reserves	109,795	2,004	111,798	308	112,106	384	112,490	(1,219)	111,271	(34,889)	76,382
Schools Balances & Reserves	17,986	(40)	17,946	0	17,946	0	17,946	0	17,946	0	17,946
TOTAL	127,781	1,964	129,744	308	130,052	384	130,436	(1,219)	129,217	(34,889)	94,328

APPENDIX 8

Analysis	Bal. at 31/3/22 £'000	Net Movt. in year £'000	Bal. at 31/3/23 £'000	Net Movt. in year £'000	Bal. at 31/3/24 £'000	Net Movt. in year £'000	Bal. at 31/3/25 £'000	Net Movt. in year £'000	Bal. at 31/3/26 £'000	Net Movt. in year £'000	Bal. at 31/3/27 £'000
Earmarked Reserves											
Outstanding Council Programme Board Reserve	2,412	(15)	2,397	0	2,397	0	2,397	0	2,397	0	2,397
For use in future years' budgets	20,305	(10,643)	9,662	(1,009)	8,653	1,479	10,132	306	10,438	0	10,438
Revenue Reserve for Capital/Revenuisation	246	0	246	0	246	0	246	0	246	0	246
Energy renewable reserve	1,792	0	1,792	0	1,792	0	1,792	0	1,792	0	1,792
Repairs and Renewals Fund	2,090	501	2,591	0	2,591	0	2,591	0	2,591	0	2,591
Pension Fund additional contribution	(0)	0	(0)	0	(0)	0	(0)	0	(0)	0	(0)
Local Land Charges	801	(501)	300	0	300	0	300	0	300	0	300
Apprenticeships	1,294	(400)	894	0	894	0	894	0	894	0	894
Community Care Reserve	896	(590)	306	0	306	0	306	0	306	0	306
Local Welfare Support Reserve	595	0	595	0	595	0	595	0	595	0	595
LEP - New Homes Bonus funded projects	0	0	0	0	0	0	0	0	0	0	0
Corporate Services Reserves	4,879	(32)	4,847	0	4,847	0	4,847	0	4,847	0	4,847
Spending Review Reserve	26,940	7,803	34,743	2,542	37,285	1,130	38,415	700	39,115	(32,664)	6,451
COVID-19 Emergency Funding	106	(106)	(0)	0	(0)	0	(0)	0	(0)	0	(0)
Business Rates - Covid-19 Adjustments Reserve	6,319	2,277	8,596	0	8,596	0	8,596	0	8,596	0	8,596
COVID-19: Year End Balances - Government Grant	6,816	0	6,816	0	6,816	0	6,816	0	6,816	0	6,816
Your Merton Fund	2,764	(15)	2,749	0	2,749	0	2,749	0	2,749	0	2,749
Climate Change Reserve	3,550	0	3,550	0	3,550	0	3,550	0	3,550	0	3,550
Voluntary Sector Support/Merton Giving	802	(600)	202	0	202	0	202	0	202	0	202
Cost of Living Reserve	2,000	(1,000)	1,000	0	1,000	0	1,000	0	1,000	0	1,000
Income Loss Protection Reserve	2,500	5,500	8,000	(2,225)	5,775	(2,225)	3,550	(2,225)	1,325	(2,225)	(900)
Inflation Protection Reserve	2,000	0	2,000	0	2,000	0	2,000	0	2,000	0	2,000
Waste Contract Transition Reserve	0	0	0	1,000	1,000	0	1,000	0	1,000	0	1,000
Wimbledon Tennis Court Renewal Fund	150	0	150	0	150	0	150	0	150	0	150
Earmarked Reserves	89,256	2,178	91,434	308	91,742	384	92,126	(1,219)	90,907	(34,889)	56,018
Culture and Environment contributions	178	(148)	30	0	30	0	30	0	30	0	30
Culture and Environment grant	425	(27)	399	0	399	0	399	0	399	0	399
Childrens & Education grant	72	0	72	0	72	0	72	0	72	0	72
Adult Social care grants	2,803	0	2,803	0	2,803	0	2,803	0	2,803	0	2,803
Housing GF grants	866	0	866	0	866	0	866	0	866	0	866
Public Health Grant Reserve	240	0	240	0	240	0	240	0	240	0	240
Grants & Contributions	4,584	(174)	4,409	0	4,409	0	4,409	0	4,409	0	4,409
Total	93,840	2,004	95,844	308	96,152	384	96,536	(1,219)	95,317	(34,889)	60,428

Analysis	Bal. at 31/3/22 £'000	Net Movt. in year £'000	Bal. at 31/3/23 £'000	Net Movt. in year £'000	Bal. at 31/3/24 £'000	Net Movt. in year £'000	Bal. at 31/3/25 £'000	Net Movt. in year £'000	Bal. at 31/3/26 £'000	Net Movt. in year £'000	Bal. at 31/3/27 £'000
Insurance Reserve	1,955	0	1,955	0	1,955	0	1,955	0	1,955	0	1,955
Fixed to Contracts	1,955	0	1,955	0	1,955	0	1,955	0	1,955	0	1,955
Governor Support Reserve	34	0	34	0	34	0	34	0	34	0	34
Schools Reserve	0	0	0	0	0	0	0	0	0	0	0
CSF reserve	108	(40)	68	0	68	0	68	0	68	0	68
Refund of PFI contributions	0	0	0	0	0	0	0	0	0	0	0
Schools PFI Fund	6,292	0	6,292	0	6,292	0	6,292	0	6,292	0	6,292
Earmarked Schools Balances	11,218	0	11,218	0	11,218	0	11,218	0	11,218	0	11,218
Schools Standards Fund balances	0	0	0	0	0	0	0	0	0	0	0
Schools Fund	334	0	334	0	334	0	334	0	334	0	334
Schools Reserves	17,986	(40)	17,946	0	17,946	0	17,946	0	17,946	0	17,946

CAPITAL RESERVES

Forecast Movement in Reserves 2023-27	Bal. at 31/3/22 £'000	Net Movt. in year £'000	Bal. at 31/3/23 £'000	Net Movt. in year £'000	Bal. at 31/3/24 £'000	Net Movt. in year £'000	Bal. at 31/3/25 £'000	Net Movt. in year £'000	Bal. at 31/3/26 £'000	Net Movt. in year £'000	Bal. at 31/3/27 £'000
Capital Grants	1,362	0	1,362	(478)	884	0	884	0	884	0	884
Capital Contributions	0	0	0	0	0	0	0	0	0	0	0
CIL Reserve	22,785	5,657	28,442	(3,408)	25,034	4,770	29,804	5,761	35,565	5,376	40,941
S106 Reserve - CGU	6,902	0	6,902	(1,269)	5,633	(150)	5,483	(5)	5,478	(5)	5,473
Capital Receipts	0	187,323	187,323	0	187,323	0	187,323	0	187,323	0	187,323
Capital Reserves	31,049	192,980	224,029	(5,155)	218,874	4,620	223,494	5,756	229,250	5,371	234,621

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Forecast Movement in Reserves 2023-27	Bal. at 31/3/22 £'000	Net Movt. in year £'000	Bal. at 31/3/23 £'000	Net Movt. in year £'000	Bal. at 31/3/24 £'000	Net Movt. in year £'000	Bal. at 31/3/25 £'000	Net Movt. in year £'000	Bal. at 31/3/26 £'000	Net Movt. in year £'000	Bal. at 31/3/27 £'000
GF	14,000	0	14,000	0	14,000	0	14,000	0	14,000	0	14,000
Earmarked Reserves	89,256	2,178	91,434	308	91,742	384	92,126	(1,219)	90,907	(34,889)	56,018
Grants	4,584	(174)	4,409	0	4,409	0	4,409	0	4,409	0	4,409
Insurance	1,955	0	1,955	0	1,955	0	1,955	0	1,955	0	1,955
Schools	17,986	(40)	17,946	0	17,946	0	17,946	0	17,946	0	17,946
Sub-total: Revenue	127,781	1,964	129,744	308	130,052	384	130,436	(1,219)	129,217	(34,889)	94,328
Capital	31,049	192,980	224,029	(5,155)	218,874	4,620	223,494	5,756	229,250	5,371	234,621
	286,610	196,908	483,518	(4,539)	478,979	5,388	484,367	3,318	487,685	(64,407)	423,278

Draft Departmental Budget Summaries 2023-24

NB: The financial information in the budget summaries includes the latest available details but may be subject to small changes as figures continue to be reviewed. They are currently in the "old" departmental structure but budgets will be realigned into the "new" departmental structure by the start of 2023/24

SUMMARY					
FULL TIME EQUIVALENTS		2022/23	2023/24		
Total FTE Staff		1,929.4	2,000.1		
SERVICE AREA ANALYSIS					
		2022/23 Original Estimate £000	Inflation £000	Other Variations £000	2023/24 Original Estimate £000
Corporate Services		12,602	1,212	946	14,760
Education Services]				
	] CSF	66,036	2,634	860	69,531
Children's Services]				
Environment and Regeneration		17,645	1,881	(1,525)	18,001
Adult Social Care]				
Cultural Services	] C&H	70,855	3,643	1,027	75,525
Housing General Fund]				
Social Care Grant balance not yet allocated		0	0	2,912	2,912
Expenditure funded by Services Grant		0	0	1,397	1,397
Employers National Insurance for Social Care		393	0	(393)	0
Corporate Provision for National Minimum Wage		1,500	0	0	1,500
London Living Wage - Contract reletting		521	0	190	711
Pay Award not allocated yet		3,468	0	972	4,440
TOTAL NET SERVICE EXPENDITURE		173,020	9,371	6,386	188,777
<i>Corporate Provisions/Appropriations</i>		<i>(5,716)</i>	<i>0</i>	<i>(1,347)</i>	<i>(7,063)</i>
NET EXPENDITURE		167,305	9,371	5,039	181,714
Funded by:					
Revenue Support Grant		(5,350)	0	(758)	(6,108)
Business Rates		(38,428)	0	(808)	(39,236)
Improved Better Care Fund		(5,009)	0	0	(5,009)
Social Care Grant		(6,282)	0	(4,148)	(10,430)
Market Sustainability and Fair Cost of Care Fund		(505)	0	505	0
ASC Market Sustainability and Improvement Fund		0	0	(1,751)	(1,751)
ASC Discharge Fund		0	0	(702)	(702)
Services Grant		(2,479)	0	1,082	(1,397)
New Homes Bonus		(482)	0	(250)	(732)
Council Tax		(104,607)	0	(8,025)	(112,632)
Targeted Council Tax Discount		0	0	830	830
WPCC Levy		(376)	0	(47)	(423)
Collection Fund		1,010	0	(337)	673
PFI Grant		(4,797)	0	0	(4,797)
		(167,305)	0	(14,409)	(181,714)
NET		(0)	9,371	(9,371)	0
NB					
Public Health		0	0	0	0
Other Variations: Contingency/Other					
Major Items: Corporate Provisions		£000	fte		
Corporate borrowing and Investment		(6,109)		0.0	
Further provision for revaluation/RCCO		(70)		0.0	
Pension Fund		213		0.0	
Contingency and centrally held provisions		2,808		0.0	
Appropriation to/from Reserves		11,857		0.0	
Depreciation and impairment		(1,403)		0.0	
Cyber Security		(200)		0.0	
Change in levies		52		0.0	
Transport - Additional provision		(126)		0.0	
Elections		(400)		0.0	
Balance Sheet Management CT & HB		220		0.0	
CHAS - IP/Dividend		2,223		0.0	
Provision against DSG Deficit		(8,003)		0.0	
Loss of HB Admin. Grant		(23)		0.0	
Growth		(1,432)		0.0	
LPFA - Provision for deficit contribution		(86)		0.0	
Loss of income due to COVID		(638)		0.0	
Disaster Recovery		(80)		0.0	
Redundancy/Pension Strain		(250)		0.0	
Strategic Support		100		0.0	
TOTAL		(1,347)		0	

SUMMARY - SUBJECTIVE ANALYSIS

FULL TIME EQUIVALENTS		2022/23	2023/24	
Total FTE Staff		1,929.4	2,000.1	
SUBJECTIVE ANALYSIS OF ESTIMATES				
	2022/23 Original Estimate £000	Inflation £000	Other Variations £000	2023/24 Original Estimate £000
Expenditure				
Employees	107,562	5,072	5,933	118,568
Premises	8,684	257	(162)	8,778
Transport	9,889	264	1,323	11,476
Supplies and Services	218,451	1,870	5,873	226,194
Third Party Payments	98,610	1,934	(1,449)	99,095
Transfer Payments	65,708	0	370	66,078
Support Services	35,898	0	(1,535)	34,363
Depreciation and Impairment Losses	25,574	0	1,423	26,997
GROSS EXPENDITURE	570,375	9,397	11,777	591,549
Income				
Government Grants	(259,945)	0	(1,949)	(261,894)
Other Reimbursements and Contributions	(34,605)	(2)	(1,866)	(36,474)
Customer and Client Receipts	(68,506)	(24)	(2,214)	(70,744)
Interest	0	0	0	0
Recharges	(36,223)	0	1,916	(34,307)
Reserves	1,924	0	(1,278)	646
GROSS INCOME	(397,355)	(26)	(5,391)	(402,772)
NET EXPENDITURE	173,020	9,371	6,386	188,777
Corporate Provisions	(5,716)	0	(1,347)	(7,063)
NET EXPENDITURE	167,305	9,371	5,039	181,714
Funded by:				
Revenue Support Grant	(5,350)	0	(758)	(6,108)
Business Rates	(38,428)	0	(808)	(39,236)
Improved Better Care Fund	(5,009)	0	0	(5,009)
Social Care Grant	(6,282)	0	(4,148)	(10,430)
Market Sustainability and Fair Cost of Care Fund	(505)	0	505	0
ASC Market Sustainability and Improvement Fund	0	0	(1,751)	(1,751)
ASC Discharge Fund	0	0	(702)	(702)
Services Grant	(2,479)	0	1,082	(1,397)
New Homes Bonus	(482)	0	(250)	(732)
Council Tax	(104,607)	0	(8,025)	(112,632)
Targeted Council Tax Discount	0	0	830	830
WPCC Levy	(376)	0	(47)	(423)
Collection Fund	1,010	0	(337)	673
PFI Grant	(4,797)	0	0	(4,797)
	(167,305)	0	(14,409)	(181,714)
NET	(0)	9,371	(9,371)	0

Other Variations: Contingency/Other

Major Items: Corporate Provisions	£000	fte
Corporate borrowing and Investment	(6,109)	0.0
Further provision for revaluation/RCCO	(70)	0.0
Pension Fund	213	0.0
Contingency and centrally held provisions	2,808	0.0
Appropriation to/from Reserves	11,857	0.0
Depreciation and impairment	(1,403)	0.0
Cyber Security	(200)	0.0
Change in levies	52	0.0
Transport - Additional provision	(126)	0.0
Adjustment re Income re P3/P4	(400)	0.0
Balance Sheet Management CT & HB	220	0.0
CHAS - IP/Dividend	2,223	0.0
Provision against DSG Deficit	(8,003)	0.0
Loss of HB Admin. Grant	(23)	0.0
Growth	(1,432)	0.0
LPFA - Provision for deficit contribution	(86)	0.0
Loss of income due to COVID	(638)	0.0
Disaster Recovery	(80)	0.0
Redundancy/Pension Strain	(250)	0.0
Strategic Support	100	0.0
TOTAL	(1,347)	0

CORPORATE ITEMS ANALYSIS				
	2022/23			2023/24
	Original Estimate	Inflation	Other Variations	Original Estimate
	£000	£000	£000	£000
Expenditure				
Cost of Borrowing including Minimum Revenue Provision	11,066	0	(184)	10,882
Further provision for revaluation/RCCO	70	0	(70)	0
Pension Fund	24	0	213	237
Adjustment re Income re P3/P4	400	0	(400)	0
Provision for excess inflation	2,500	0	2,708	5,208
Bad Debt Provision	1,500	0	(500)	1,000
Redundancy/Pension Strain	1,000	0	(250)	750
Transport - Additional provision	126	0	(126)	0
Contingency	1,500	0	1,000	2,500
Apprenticeship Levy	450	0	0	450
Elections	400	0	(400)	0
Loss of HB Admin. Grant	23	0	(23)	0
LPFA - Provision for deficit contribution	86	0	(86)	0
Cyber Security	200	0	(200)	0
Strategic Support	0	0	100	100
Provision against DSG Deficit	10,543	0	(8,003)	2,540
Replenish Reserves	1,478	0	(1,478)	0
Internal Review	1,100	0	46	1,146
Croydon - Pensions Recovery	130	0	0	130
Disaster Recovery	80	0	(80)	0
Levies:-				
Lee Valley	179	0	0	179
London Pensions Fund	254	0	0	254
Environment Agency	178	0	5	184
WPCC	376	0	47	423
GROSS EXPENDITURE	33,664	0	(7,681)	25,983
Income				
Investment Income	(396)	0	(5,925)	(6,321)
Depreciation & Impairment	(25,593)	0	(1,403)	(26,997)
Appropriations to/from reserves (excluding Public Health)	(12,091)	0	11,857	(234)
Balance Sheet Management CT & HB	(220)	0	220	0
CHAS - IP/Dividend	(2,223)	0	2,223	0
Loss of income due to COVID	1,143	0	(638)	505
GROSS INCOME	(39,380)	0	6,334	(33,046)
NET EXPENDITURE	(5,716)	0	(1,347)	(7,063)



2023/2024 ESTIMATES

**CORPORATE SERVICES
DEPARTMENT**

SUMMARY: CORPORATE SERVICES DEPARTMENT

FULL TIME EQUIVALENTS (FTE)

Number of Permanent Staff

Number of Fixed term contracts

Total FTE

2022/23	2023/24
481.7	528.3
24.0	24.0
505.7	552.3

SERVICE AREA ANALYSIS

Customers, Policy and Improvement

Infrastructure & Technology

Corporate Governance

Resources

HR

Corporate Items

TOTAL EXPENDITURE

Contingency / Other

Capital Financing Adjustment

Levies

NET EXPENDITURE *

CHANGE BETWEEN YEARS			
2022/23 Original Estimate £000	Inflation £000	Other Variations £000	2023/24 Original Estimate £000
2,001	158	85	2,244
368	360	1,261	1,989
759	1,168	(1,306)	620
2,811	263	398	3,471
24	64	47	135
6,640	(800)	462	6,301
12,602	1,212	946	14,760
0	0	0	0
0	0	0	0
0	0	0	0
12,602	1,212	946	14,760

* Any difference due to roundings.

SUMMARY: CORPORATE SERVICES DEPARTMENT

FULL TIME EQUIVALENTS (FTE)

Number of Permanent Staff

Number of Fixed term contracts

Total FTE

2022/23	2023/24
481.7	528.3
24.0	24.0
505.7	552.3

SUBJECTIVE ANALYSIS OF ESTIMATES

	2022/23 Original Estimate £000	Inflation £000	Other Variations £000	2023/24 Original Estimate £000
Expenditure				
Employees	28,185	706	2,508	31,399
Premises	2,534	67	130	2,731
Transport	214	6	(7)	212
Supplies and Services	12,494	499	333	13,327
Third Party Payments	1,462	(40)	0	1,421
Transfer Payments	58,746	0	0	58,747
Support Services	12,562	0	(957)	11,605
Depreciation and Impairment Losses	2,805	0	(169)	2,636
GROSS EXPENDITURE	119,002	1,238	1,838	122,078
Income				
Government Grants	(61,056)	0	0	(61,056)
Other Reimbursements and Contributions	(1,721)	(2)	(187)	(1,910)
Customer and Client Receipts	(16,622)	(24)	(1,085)	(17,731)
Interest	0	0	0	0
Recharges	(29,167)	0	2,186	(26,982)
Reserves	2,167	0	(1,806)	361
GROSS INCOME	(106,400)	(26)	(892)	(107,318)
NET EXPENDITURE	12,602	1,212	946	14,760

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(451)	0.0
Growth	315	0.0
Transfer between departments	8	0.0
Technical adjustments	2,034	0.0
Depreciation adjustments	(169)	0.0
Overheads adjustments	1,230	0.0
Use of reserves	360	1.0
TOTAL	3,327	1.0

Customers, Policy and Improvement

The Customers, Policy and Improvement Division consists of: Merton Link (including the Cash Office, Translation Services and Contact Centre), Registrars, Corporate Communications, Policy and Strategy, Web Team and Consultation & Community Engagement

FULL TIME EQUIVALENTS (FTE)
Number of Permanent Staff
Number of Fixed term contracts
Total FTE

2022/23	2023/24
55.2	68.0
3.0	3.0
58.2	71.0

SUBJECTIVE ANALYSIS OF ESTIMATES

	2022/23 Original Estimate £000	Inflation £000	Other Variations £000	2023/24 Original Estimate £000
Expenditure				
Employees	2,462	74	600	3,135
Premises	97	3		99
Transport	2	0		2
Supplies and Services	2,731	77	258	3,065
Third Party Payments	167	5		171
Transfer Payments	0			0
Support Services	744		(58)	686
Depreciation and Impairment Losses	0			0
GROSS EXPENDITURE	6,202	158	799	7,159
Income				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	(3)	0	0	(3)
Customer and Client Receipts	(1,014)	0	0	(1,014)
Interest	0	0	0	0
Recharges	(4,230)	0	332	(3,898)
Reserves	1,046	0	(1,046)	0
GROSS INCOME	(4,201)	0	(714)	(4,915)
NET EXPENDITURE	2,001	158	85	2,244

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(47)	
Growth	315	
Transfer between departments	0	
Technical adjustments	683	
Depreciation adjustments	0	
Overheads adjustments	273	
Use of reserves	0	
TOTAL	1,224	0.0

INFRASTRUCTURE & TECHNOLOGY

The Infrastructure & Technology Division consists of Facilities Management, Procurement, IT Service Delivery, Business Systems, Post & Print Room and Transactional services.

FULL TIME EQUIVALENTS (FTE)

Number of Permanent Staff

Number of Fixed term contracts

Total FTE

2022/23	2023/24
109.8	117.9
7.0	7.0
116.8	124.9

SUBJECTIVE ANALYSIS OF ESTIMATES

	2022/23 Original Estimate £000	Inflation £000	Other Variations £000	2023/24 Original Estimate £000
Expenditure				
Employees	5,704	168	562	6,434
Premises	2,414	69	130	2,613
Transport	27	1	(0)	27
Supplies and Services	4,279	119	162	4,560
Third Party Payments	105	3		108
Transfer Payments	10	0		10
Support Services	1,865		(146)	1,719
Depreciation and Impairment Losses	2,805		(169)	2,636
GROSS EXPENDITURE	17,208	360	539	18,107
Income				
Government Grants	0			0
Other Reimbursements and Contributions	(36)		(146)	(182)
Customer and Client Receipts	(3,099)			(3,099)
Interest	0			0
Recharges	(14,206)		1,113	(13,093)
Reserves	501		(246)	255
GROSS INCOME	(16,840)	0	721	(16,119)
NET EXPENDITURE	368	360	1,261	1,989

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(278)	
Growth	0	
Transfer between departments	8	
Technical adjustments	1,100	
Depreciation adjustments	(169)	
Overheads adjustments	967	
Use of reserves	255	
TOTAL	1,883	0.0

CORPORATE GOVERNANCE

The Corporate Governance Division consists of Internal Audit, Investigations, Democracy Services, Electoral Services, Information team and SLLp (South London Legal Partnership)

FULL TIME EQUIVALENTS (FTE)

Number of Permanent Staff

Number of Fixed term contracts

Total FTE

2022/23	2023/24
149.4	164.0
6.0	6.0
155.4	170.0

SUBJECTIVE ANALYSIS OF ESTIMATES

	2022/23 Estimate £000	Inflation £000	Variations £000	2023/24 Estimate £000
Expenditure				
Employees	9,698	1,124	154	10,975
Premises	5	0	(0)	5
Transport	43	1	(2)	42
Supplies and Services	1,641	55	(79)	1,616
Third Party Payments	418	12		430
Transfer Payments	0			0
Support Services	593		(19)	574
Depreciation and Impairment Losses	0			0
GROSS EXPENDITURE	12,397	1,192	53	13,642
Income				
Government Grants	(13)			(13)
Other Reimbursements and Contributions	(130)			(130)
Customer and Client Receipts	(9,776)	(24)	(1,085)	(10,885)
Interest	0			0
Recharges	(2,054)		61	(1,993)
Reserves	335		(335)	0
GROSS INCOME	(11,638)	(24)	(1,359)	(13,021)
NET EXPENDITURE	759	1,168	(1,306)	620

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(59)	
Growth	0	
Transfer between departments	0	
Technical adjustments	(955)	
Depreciation adjustments	0	
Overheads adjustments	43	
Use of reserves	0	
TOTAL	(970)	0.0

RESOURCES

The Resources Division consists of Business Planning, Accountancy, Insurance, Treasury, Local Taxation, Bailiffs, Benefits Administration and Support team.

FULL TIME EQUIVALENTS

Number of Permanent Staff
Number of Fixed term contracts
Total FTE

2022/23	2023/24
134.3	138.6
6.0	6.0
140.3	144.6

SUBJECTIVE ANALYSIS OF ESTIMATES

	2022/23 Original Estimate £000	Inflation £000	Other Variations £000	2023/24 Original Estimate £000
Expenditure				
Employees	7,148	164	266	7,578
Premises	2	0		2
Transport	138	4	(5)	137
Supplies and Services	2,925	82	(21)	2,985
Third Party Payments	446	15		461
Transfer Payments	0			0
Support Services	2,223		(174)	2,049
Depreciation and Impairment Losses	0			0
GROSS EXPENDITURE	12,882	265	65	13,212
Income				
Government Grants	(1,039)			(1,039)
Other Reimbursements and Contributions	(1,465)	(2)	(41)	(1,508)
Customer and Client Receipts	(2,336)			(2,336)
Interest	0			0
Recharges	(5,315)		417	(4,898)
Reserves	83		(43)	40
GROSS INCOME	(10,071)	(2)	333	(9,741)
NET EXPENDITURE	2,811	263	398	3,471

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(66)	
Growth	0	
Transfer between departments	0	
Technical adjustments	265	
Depreciation adjustments	0	
Overhead adjustments	242	
Use of Reserves	40	
TOTAL	481	0.0

HR

The HR division consists of: Strategic HR, Business Partnerships, Corporate Learning & Development, Diversity, iTrent Client team, Recruitment & Resourcing, Central Operations Team. The function also interfaces with Staff Side.

FULL TIME EQUIVALENTS (FTE)

Number of Permanent Staff

Number of Fixed term contracts

Total FTE

2022/23	2023/24
33.0	39.9
2.0	2.0
35.0	41.9

SUBJECTIVE ANALYSIS OF ESTIMATES

	2022/23 Original Estimate £000	Inflation £000	Other Variations £000	2023/24 Original Estimate £000
Expenditure				
Employees	2,041	53	17	2,111
Premises	16	(5)	0	12
Transport	5	0	(0)	5
Supplies and Services	48	89	(1)	136
Third Party Payments	325	(74)	0	251
Transfer Payments	0			0
Support Services	396		(31)	365
Depreciation and Impairment Losses	0			0
GROSS EXPENDITURE	2,831	64	(15)	2,880
Income				
Government Grants	0		0	0
Other Reimbursements and Contributions	(87)		0	(87)
Customer and Client Receipts	(396)			(396)
Interest	0		0	0
Recharges	(2,525)		198	(2,327)
Reserves	201		(136)	65
	0			
GROSS INCOME	(2,807)	0	62	(2,745)
NET EXPENDITURE	24	64	47	135

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(1)	
Growth	0	
Transfer between departments	0	
Technical adjustments	17	
Depreciation adjustments	0	
Overheads adjustments	167	
Use of reserves	65	1.0
TOTAL	248	1.0

CORPORATE ITEMS

Corporate Management is composed of Housing Benefit subsidy payments and entitlements, Agency contract, Democratic Representation & Management, Coroners Court and Severance payments.

FULL TIME EQUIVALENTS(FTE)

Number of Permanent Staff

2022/23	2023/24
0	0

SUBJECTIVE ANALYSIS OF ESTIMATES

	2022/23 Original Estimate £000	Inflation £000	Other Variations £000	2023/24 Original Estimate £000
Expenditure				
Employees*	1,134	(878)	910	1,165
Premises	0			0
Transport	0			0
Supplies and Services	871	77	15	963
Third Party Payments	0			0
Transfer Payments	58,736			58,736
Support Services	6,741		(528)	6,212
Depreciation and Impairment Losses	0			0
GROSS EXPENDITURE	67,482	(800)	396	67,077
Income				
Government Grants	(60,004)			(60,004)
Other Reimbursements and Contributions	0			0
Customer and Client Receipts	0			0
Interest	0			0
Recharges	(838)		66	(772)
Reserves	0			0
GROSS INCOME	(60,842)	0	66	(60,776)
NET EXPENDITURE	6,640	(800)	462	6,301

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	0	
Growth	0	
Transfer between departments	0	
Technical adjustments	925	
Depreciation Adjustment	0	
Overheads adjustments	(463)	
Use of Reserves	0	
TOTAL	462	0.0

* The employee budgets shown here relate to employee redundancy payments. There are no FTEs in Corporate Items



2023/2024 ESTIMATES

CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

This Page contains the Budget for the whole Children, Schools and Families Department including funding provided directly to Merton's Schools

FULL TIME EQUIVALENTS

	2022/23	2023/24
Number of Permanent Staff	446.9	447.9
Number of DSG Staff	80.9	80.9
Number of Fixed term contracts	7.2	7.2
Total FTE	535.0	536.0

SUBJECTIVE ANALYSIS OF ESTIMATES

	2022/23 Estimate £000	Inflation £000	Other Variations £000	2023/24 Estimate £000	2023/24 DSG Estimate £000	2023/24 LA Estimate £000
Expenditure						
Employees	30,309	1,517	1,080	32,907	5,641	27,265
Premises	1,672	45	(317)	1,400	151	1,250
Transport	6,921	208	1,422	8,551	62	8,488
Supplies and Services	175,052	493	(592)	174,953	150,752	24,201
Third Party Payments	33,322	371	(300)	33,393	20,739	12,654
Transfer Payments	0	0	0	0	0	0
Support Services	5,636	0	(134)	5,502	233	5,269
Depreciation and Impairment Losses	10,236	0	415	10,652	0	10,652
GROSS EXPENDITURE	263,148	2,634	1,575	267,357	177,578	89,779
Income						
Government Grants	(186,428)	0	(895)	(187,323)	(174,576)	(12,747)
Other Reimbursements and Contributions	(8,174)	0	110	(8,064)	(2,206)	(5,857)
Customer and Client Receipts	(2,464)	0	71	(2,394)	(608)	(1,786)
Interest	0	0	0	0	0	0
Recharges	(46)	0	0	(46)	0	(46)
Reserves	0	0	0	0	0	0
GROSS INCOME	(197,112)	0	(715)	(197,826)	(177,390)	(20,436)
NET EXPENDITURE	66,036	2,634	860	69,531	189	69,342

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(1,425)	
Growth	2,261	
Overhead adjustments	(135)	
Depreciation adjustments	415	
Transfer between departments	0	
Use of Reserves adjustment	(300)	
NNDR Adjustments	(35)	
Technical adjustments	80	
TOTAL	860	0

SUMMARY: CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

SERVICE AREA ANALYSIS

	2022/23 Estimate £000	Inflation £000	Other Variations £000	2023/24 Estimate £000	2023/24 DSG Estimate £000	2023/24 LA Estimate £000
Senior Management	2,318	63	(639)	1,743	0	1,743
Childrens Social Care	24,253	1,015	125	25,394	45	25,348
Education	45,756	1,020	1,805	48,581	27,994	20,587
Schools	(17,959)	0	306	(17,653)	(27,851)	10,198
Other Childrens, Schools and Families	11,668	537	(738)	11,467	0	11,467
TOTAL NET EXPENDITURE	66,036	2,634	860	69,531	189	69,342

CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

Senior Management

This budget contains provision for the Senior Management of Children, Schools and Families Department.

FULL TIME EQUIVALENTS

Number of Permanent Staff
 Number of DSG Staff
 Number of Fixed term contracts
 Total FTE

2022/23	2023/24
3.0	3.0
0.0	0.0
0.0	0.0
3.0	3.0

SUBJECTIVE ANALYSIS OF ESTIMATES

	2022/23 Estimate £000	Inflation £000	Other Variations £000	2023/24 Estimate £000	2023/24 DSG Estimate £000	2023/24 LA Estimate £000
Expenditure						
Employees	555	11	0	566	0	566
Premises	20	1	(20)	0	0	0
Transport	3	0	0	3	0	3
Supplies and Services	1,701	51	(614)	1,139	0	1,139
Third Party Payments	3	0	0	3	0	3
Transfer Payments	0	0	0	0	0	0
Support Services	37	0	(5)	32	0	32
Depreciation and Impairment Losses	0	0	0	0	0	0
GROSS EXPENDITURE	2,318	63	(639)	1,743	0	1,743
Income						
Government Grants	0	0	0	0	0	0
Other Reimbursements and Contributions	0	0	0	0	0	0
Customer and Client Receipts	0	0	0	0	0	0
Interest	0	0	0	0	0	0
Recharges	0	0	0	0	0	0
Reserves	0	0	0	0	0	0
GROSS INCOME	0	0	0	0	0	0
NET EXPENDITURE	2,318	63	(639)	1,743	0	1,743

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(28)	
Overhead adjustments	(5)	
Transfer between departments	0	
NNDR Adjustments	(20)	
Technical adjustments	(586)	
TOTAL	(639)	0.0

CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

Children's Social Care

This budget contains the funding for central social work; family and adolescent service; Mash and child protection; permanency, placements and looked after children; as well as safeguarding, standards and training.

FULL TIME EQUIVALENTS

Number of Permanent Staff
Number of DSG Staff
Number of Fixed term contracts
Total FTE

	2022/23	2023/24
Number of Permanent Staff	203.8	204.8
Number of DSG Staff	1.0	1.0
Number of Fixed term contracts	7.2	7.2
Total FTE	212.0	213.0

SUBJECTIVE ANALYSIS OF ESTIMATES

	2022/23 Estimate £000	Inflation £000	Other Variations £000	2023/24 Estimate £000	2023/24 DSG Estimate £000	2023/24 LA Estimate £000
Expenditure						
Employees	11,245	706	603	12,553	40	12,513
Premises	13	0	(5)	9	0	9
Transport	211	9	(25)	195	0	194
Supplies and Services	347	10	(23)	335	1	334
Third Party Payments	9,907	290	(405)	9,792	0	9,792
Transfer Payments	0	0	0	0	0	0
Support Services	3,122	0	(14)	3,108	3	3,105
Depreciation and Impairment Losses	0	0	0	0	0	0
GROSS EXPENDITURE	24,845	1,015	131	25,991	45	25,946
Income						
Government Grants	(381)	0	0	(381)	0	(381)
Other Reimbursements and Contributions	(90)	0	(6)	(96)	0	(96)
Customer and Client Receipts	(121)	0	0	(121)	0	(121)
Interest	0	0	0	0	0	0
Recharges	0	0	0	0	0	0
Reserves	0	0	0	0	0	0
GROSS INCOME	(592)	0	(6)	(598)	0	(598)
NET EXPENDITURE	24,253	1,015	125	25,394	45	25,348

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(464)	
Growth	545	
Transfer between departments	0	
Overhead adjustments	(14)	
Depreciation adjustments	0	
Use of Reserves adjustment	0	
Technical adjustments	59	
TOTAL	125	0.0

CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

Education

This page contains the budgets for school improvement; early years and children's centres; education inclusion; as well as special educational needs and disability integrated service.

FULL TIME EQUIVALENTS

Number of Permanent Staff
 Number of DSG Staff
 Number of Fixed term contracts
 Total FTE

2022/23	2023/24
224.8	224.7
78.9	78.9
0.0	0.0
303.7	303.6

SUBJECTIVE ANALYSIS OF ESTIMATES

	2022/23 Estimate £000	Inflation £000	Other Variations £000	2023/24 Estimate £000	2023/24 DSG Estimate £000	2023/24 LA Estimate £000
Expenditure						
Employees	15,133	718	1,027	16,878	4,679	12,199
Premises	917	27	(287)	657	9	649
Transport	6,703	199	1,447	8,350	62	8,288
Supplies and Services	5,379	60	(377)	5,062	3,374	1,688
Third Party Payments	21,103	16	(18)	21,100	20,583	518
Transfer Payments	0	0	0	0	0	0
Support Services	2,305	0	(83)	2,222	230	1,992
Depreciation and Impairment Losses	436	0	18	454	0	454
GROSS EXPENDITURE	51,976	1,020	1,728	54,723	28,936	25,787
Income						
Government Grants	(1,152)	0	(109)	(1,261)	0	(1,261)
Other Reimbursements and Contributions	(2,804)	0	116	(2,688)	(334)	(2,353)
Customer and Client Receipts	(2,265)	0	71	(2,194)	(608)	(1,586)
Interest	0	0	0	0	0	0
Recharges	0	0	0	0	0	0
Reserves	0	0	0	0	0	0
GROSS INCOME	(6,220)	0	77	(6,142)	(942)	(5,200)
NET EXPENDITURE	45,756	1,020	1,805	48,581	27,994	20,587

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(337)	
Growth	1,556	
Overhead adjustments	(83)	
Transfer between departments	0	
Use of Reserves adjustment	(10)	
NNDR Adjustments	(15)	
Depreciation adjustments	18	
Technical adjustments	677	
TOTAL	1,805	0.0

CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

Schools

This budget covers schools funding as well as some centrally retained DSG money to support the schools function.

FULL TIME EQUIVALENTS

Number of Permanent Staff
Number of DSG Staff
Number of Fixed term contracts
Total FTE

2022/23	2023/24
0.0	0.0
1.0	1.0
0.0	0.0
1.0	1.0

SUBJECTIVE ANALYSIS OF ESTIMATES

	2022/23 Estimate £000	Inflation £000	Other Variations £000	2023/24 Estimate £000	2023/24 DSG Estimate £000	2023/24 LA Estimate £000
Expenditure						
Employees	922	0	0	922	922	0
Premises	147	0	(5)	142	142	0
Transport	0	0	0	0	0	0
Supplies and Services	156,582	0	700	157,282	147,377	9,905
Third Party Payments	156	0	0	156	156	0
Transfer Payments	0	0	0	0	0	0
Support Services	0	0	0	0	0	0
Depreciation and Impairment Losses	9,801	0	397	10,198	0	10,198
GROSS EXPENDITURE	167,608	0	1,092	168,700	148,597	20,103
Income						
Government Grants	(183,695)	0	(786)	(184,481)	(174,576)	(9,905)
Other Reimbursements and Contributions	(1,872)	0	0	(1,872)	(1,872)	0
Customer and Client Receipts	0	0	0	0	0	0
Interest	0	0	0	0	0	0
Recharges	0	0	0	0	0	0
Reserves	0	0	0	0	0	0
GROSS INCOME	(185,567)	0	(786)	(186,353)	(176,448)	(9,905)
NET EXPENDITURE	(17,959)	0	306	(17,653)	(27,851)	10,198

Other Variations are analysed as follows:

Major Items	£000	fte
Depreciation adjustments	397	
Use of Reserves adjustment	0	
NNDR Adjustments	0	
Technical adjustments	(91)	
TOTAL	306	0.0

CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

Other Children Schools and Families Budgets

This budget covers asylum seeker costs, past and present pension and redundancy costs, ESG income and PFI unitary charges.

FULL TIME EQUIVALENTS

Number of Permanent Staff
Number of DSG Staff
Number of Fixed term contracts
Total FTE

2022/23	2023/24
15.3	15.3
0.0	0.0
0.0	0.0
15.3	15.3

SUBJECTIVE ANALYSIS OF ESTIMATES

	2022/23 Estimate £000	Inflation £000	Other Variations £000	2023/24 Estimate £000	2023/24 DSG Estimate £000	2023/24 LA Estimate £000
Expenditure						
Employees	2,455	83	(550)	1,988	0	1,988
Premises	575	17	0	592	0	592
Transport	3	0	0	3	0	3
Supplies and Services	11,042	372	(279)	11,135	0	11,135
Third Party Payments	2,154	65	123	2,342	0	2,342
Transfer Payments	0	0	0	0	0	0
Support Services	171	0	(32)	140	0	140
Depreciation and Impairment Losses	0	0	0	0	0	0
GROSS EXPENDITURE	16,401	537	(738)	16,200	0	16,200
Income						
Government Grants	(1,200)	0	0	(1,200)	0	(1,200)
Other Reimbursements and Contributions	(3,408)	0	0	(3,408)	0	(3,408)
Customer and Client Receipts	(79)	0	0	(79)	0	(79)
Interest	0	0	0	0	0	0
Recharges	(46)	0	0	(46)	0	(46)
Reserves	0	0	0	0	0	0
GROSS INCOME	(4,733)	0	0	(4,733)	0	(4,733)
NET EXPENDITURE	11,668	537	(738)	11,467	0	11,467

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(596)	
Growth	160	
Transfer between departments	0	
Overhead adjustments	(33)	
Use of Reserves adjustment	(290)	
Technical adjustments	21	
TOTAL	(738)	0.0



2023/2024 ESTIMATES

ENVIRONMENT AND REGENERATION DEPARTMENT

SUMMARY: ENVIRONMENT & REGENERATION

FULL TIME EQUIVALENTS (FTE)

Permanent Staff

Fixed Term Contract

Total FTE

2022/23	2023/24
386	398
1	1
387	399

SERVICE AREA ANALYSIS

Public Space, Contracting & Commissioning

Public Protection and Development

Sustainable Communities

Senior Management and Support

TOTAL EXPENDITURE

	2022/23 Estimate £000	Inflation £000	Other Variations £000	2023/24 Estimate £000
Public Space, Contracting & Commissioning	19,267	871	(507)	19,632
Public Protection and Development	(12,239)	546	(1,011)	(12,704)
Sustainable Communities	10,605	446	(32)	11,019
Senior Management and Support	11	18	24	53
TOTAL EXPENDITURE	17,645	1,881	(1,525)	18,001

ENVIRONMENT AND REGENERATION DEPARTMENT

Departmental Summary

FULL TIME EQUIVALENTS (FTE)

Permanent Staff

Fixed Term Contract

Total FTE

2022/23	2023/24
386	398
1	1
387	399

SUBJECTIVE ANALYSIS OF ESTIMATES

	2022/23 Original Estimate £000	Inflation £000	Other Variations £000	2023/24 Original Estimate £000
Expenditure				
Employees	19,432	965	1,115	21,512
Premises	3,460	114	8	3,582
Transport	1,314	9	(3)	1,320
Supplies and Services	22,883	695	(937)	22,641
Third Party Payments	3,388	98	0	3,486
Transfer Payments	0	0	0	0
Support Services	7,951	0	(638)	7,313
Depreciation and Impairment Losses	11,701	0	1,216	12,917
GROSS EXPENDITURE	70,128	1,881	761	72,770
Income				
Government Grants	(49)	0	0	(49)
Other Reimbursements and Contributions	(12,167)	0	(107)	(12,274)
Customer and Client Receipts	(39,505)	0	(1,151)	(40,656)
Recharges	(2,076)	0	0	(2,076)
Reserves	1,314	0	(1,028)	285
GROSS INCOME	(52,483)	0	(2,287)	(54,770)
NET EXPENDITURE	17,645	1,881	(1,525)	18,001

Other variations are analysed as follows:

Major Items	£000	fte
Savings	(1,969)	0.0
Growth	255	1.5
Depreciation adjustments	1,216	0.0
Overheads adjustments	(613)	0.0
Transfer between departments	(113)	0.0
Technical adjustments	395	0.0
Use of Reserves adjustments	286	0.0
TOTAL*	(544)	1.50

* Any difference due to roundings.

ENVIRONMENT AND REGENERATION DEPARTMENT

Public Space, Contracting, and Commissioning:

Greenspaces, Leisure & Culture, Transport Services, and Waste Management and Operations.

FULL TIME EQUIVALENTS (FTE)

Permanent Staff

Fixed Term Contract

Total FTE

2022/23	2023/24
70	71
1	1
71	72

SUBJECTIVE ANALYSIS OF ESTIMATES

	2022/23 Original Estimate £000	Inflation £000	Other Variations £000	2023/24 Original Estimate £000
Expenditure				
Employees	3,406	185	38	3,629
Premises	1,435	50	19	1,504
Transport	1,066	1	(1)	1,066
Supplies and Services	17,715	562	(162)	18,114
Third Party Payments	2,588	73	0	2,661
Transfer Payments	0	0	0	0
Support Services	1,687	0	(147)	1,540
Depreciation and Impairment Losses	2,883	0	222	3,105
GROSS EXPENDITURE	30,781	871	(31)	31,621
Income				
Government Grants	(49)	0	0	(49)
Other Reimbursements and Contributions	(5,289)	0	165	(5,124)
Customer and Client Receipts	(6,601)	0	(215)	(6,816)
Interest	0			0
Recharges	0	0	0	0
Reserves	425	0	(425)	(0)
GROSS INCOME	(11,513)	0	(475)	(11,989)
NET EXPENDITURE	19,267	871	(507)	19,632

Other variations are analysed as follows:

Major Items	£000	fte
Savings	(362)	
Growth	178	
Depreciation adjustments	222	
Overheads adjustments	(147)	
Transfer between departments	0	
Technical adjustments	212	
Use of reserves adjustments	0	
TOTAL*	104	0.0

* Any difference due to roundings.

ENVIRONMENT AND REGENERATION DEPARTMENT

Public Protection: Regulatory Services Partnership, Parking Control, Safer Merton.

FULL TIME EQUIVALENTS (FTE)

Permanent Staff
Fixed Term Contract
Total FTE

2022/23	2023/24
214	222
214	222

SUBJECTIVE ANALYSIS OF ESTIMATES

	2022/23 Original Estimate £000	Inflation £000	Other Variations £000	2023/24 Original Estimate £000
Expenditure				
Employees	10,438	463	324	11,224
Premises	807	25	(3)	830
Transport	165	5	(1)	169
Supplies and Services	1,615	39	(241)	1,414
Third Party Payments	431	14		445
Transfer Payments	0			0
Support Services	3,360		(290)	3,070
Depreciation and Impairment Losses	424		10	433
GROSS EXPENDITURE	17,241	546	(201)	17,586
Income				
Government Grants	(0)			(0)
Other Reimbursements and Contributions	(5,738)		(150)	(5,888)
Customer and Client Receipts	(23,799)		(639)	(24,438)
Recharges	0			0
Reserves	57		(21)	36
GROSS INCOME	(29,480)	0	(810)	(30,290)
NET EXPENDITURE	(12,239)	546	(1,011)	(12,704)

Other variations are analysed as follows:

Major Items	£000	fte
Savings	(1,184)	
Growth	650	
Depreciation adjustments	10	
Overheads adjustments	(290)	
Transfer between departments	8	
Technical adjustments	325	
Use of Reserves adjustments	36	
TOTAL*	(446)	0

* Any difference due to roundings.

ENVIRONMENT AND REGENERATION DEPARTMENT

Sustainable Communities*: Traffic and Highway Services, Development Control, Building Control, Physical Regeneration, Spatial Planning and Policy, Regeneration Partnerships, Property Management, Transport Planning & Safety Education.

* Greenspaces and Leisure & Development transferred to Public Space, Contracting & Commissioning.

FULL TIME EQUIVALENTS (FTE)

Permanent Staff

Fixed Term Contract

Total FTE

2022/23	2023/24
94	97
94	97

SUBJECTIVE ANALYSIS OF ESTIMATES

	2022/23 Original Estimate £000	Inflation £000	Other Variations £000	2023/24 Original Estimate £000
Expenditure				
Employees	4,795	308	703	5,806
Premises	1,216	39	(9)	1,246
Transport	75	2		77
Supplies and Services	3,305	86	(523)	2,868
Third Party Payments	366	11		377
Transfer Payments	0			0
Support Services	2,768		(187)	2,582
Depreciation and Impairment Losses	8,394		984	9,379
GROSS EXPENDITURE	20,920	446	969	22,335
Income				
Government Grants	(1)			(1)
Other Reimbursements and Contributions	(1,140)		(123)	(1,262)
Customer and Client Receipts	(9,106)		(297)	(9,402)
Recharges	(900)			(900)
Reserves	832		(582)	250
GROSS INCOME	(10,315)	0	(1,001)	(11,316)
NET EXPENDITURE	10,605	446	(32)	11,019

Other variations are analysed as follows:

Major Items	£000	fte
Savings	(412)	
Growth	77	1.5
Depreciation adjustments	984	
Overheads adjustments	(187)	
Transfer between departments	(121)	
Technical adjustments	(157)	
Use of Reserves adjustments	250	
TOTAL*	434	1.5

* Any difference due to roundings.

ENVIRONMENT AND REGENERATION DEPARTMENT

Senior Management and Support: The Department's senior management and secretarial support, and Business Performance.

FULL TIME EQUIVALENTS (FTE)

Permanent Staff
Fixed Term Contract
Total FTE

2022/23	2023/24
8	8
0	0
8	8

SUBJECTIVE ANALYSIS OF ESTIMATES

	2022/23 Original Estimate £000	Inflation £000	Other Variations £000	2023/24 Original Estimate £000
Expenditure				
Employees	792	9	51	852
Premises	1	0	0	1
Transport	8	0	0	8
Supplies and Services	248	8	(12)	244
Third Party Payments	3	0	0	3
Transfer Payments	0	0	0	0
Support Services	135	0	(15)	120
Depreciation and Impairment Losses	0	0	0	0
GROSS EXPENDITURE	1,186	18	24	1,228
Income				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	0	0	0	0
Customer and Client Receipts	0	0	0	0
Recharges	(1,175)	0	0	(1,175)
Reserves	0	0	0	0
GROSS INCOME	(1,175)	0	0	(1,175)
NET EXPENDITURE	11	18	24	53

Other variations are analysed as follows:

Major Items	£000	fte
Salaries	19	
Savings	(11)	
Overheads adjustments	11	
Technical adjustments	16	
Use of Reserves adjustments	0	
TOTAL*	34	0.0

* Any difference due to roundings.

2023-24 ESTIMATES

COMMUNITY AND HOUSING DEPARTMENT

SUMMARY: COMMUNITY AND HOUSING DEPARTMENT

	2022/23	2023/24
Number of FTE Staff	481.29	484.39
Number of FTE TUPE staff	8.58	8.58
Number of Fixed Term contract	11.49	19.89
Total FTE	501.36	512.86

SERVICE AREA ANALYSIS

	2022/23 Original Estimate £000	Inflation £000	Other Variations £000	2023/24 Original Estimate £000
Adult Social Care	63,748	3,256	983	67,987
Libraries and Heritage	3,213	144	(202)	3,155
Merton Adult Education	33	0	1	34
Housing General Fund	3,861	243	244	4,348
Public Health	0	0	0	0
NET EXPENDITURE	70,855	3,643	1,027	75,524

COMMUNITY AND HOUSING DEPARTMENT
Total

The department includes Adult Social Care, Housing, Libraries, Public Health and Merton Adult Learning.

FULL TIME EQUIVALENTS	2022/23	2023/24
Number of FTE Staff	481.29	484.39
Number of FTE TUPE staff	8.58	8.58
Number of Fixed Term contract	11.49	19.89
Total FTE	501.36	512.86

SUBJECTIVE ANALYSIS OF ESTIMATES

	2022/23 Original Estimate £000	Inflation £000	Other Variations £000	2023/24 Original Estimate £000
Expenditure				
Employees	23,754	1,885	460	26,099
Premises	1,018	30	17	1,065
Transport	1,441	40	(89)	1,393
Supplies and Services	8,021	182	2,760	10,963
Third Party Payments	60,438	1,506	(1,149)	60,795
Transfer Payments	6,962	0	370	7,332
Support Services	9,749	0	194	9,942
Depreciation and Impairment Losses	832	0	(39)	793
GROSS EXPENDITURE	112,216	3,643	2,524	118,382
Income				
Government Grants	(12,412)	0	(1,054)	(13,465)
Other Reimbursements and Contributions	(12,544)	0	(1,682)	(14,226)
Customer and Client Receipts	(9,915)	0	(48)	(9,963)
Recharges	(4,934)	0	(270)	(5,204)
Reserves	(1,556)	0	1,556	0
GROSS INCOME	(41,361)	0	(1,497)	(42,858)
NET EXPENDITURE	70,855	3,643	1,027	75,524

Other Variations are analysed as follows:

Major Items	£000	fte
Salary	469	
Savings	(1,913)	
Growth	2,523	
Overheads adjustments	193	
Depreciation & NNDR adjustments	(38)	
Inflation	0	
Rebasing of Income	0	
Technical adjustments	1,341	
Transfers between departments	0	
Grants-social care	(619)	
Other	(929)	
TOTAL	1,027	0.00

COMMUNITY AND HOUSING DEPARTMENT
Adult Social Care

Adult Social Care is divided into three areas:- 1) Access & Assessment includes the following services:- older people, mental health, learning & physical disability, concessionary, reablement, equipment and safeguarding services. 2) Commissioning which includes:- Contracts, brokerage and voluntary organisation. 3) Direct Provision which includes all in-house provisions.

FULL TIME EQUIVALENTS	2022/23	2023/24
Number of FTE Staff	396.49	400.64
Number of FTE TUPE staff	8.58	8.58
Number of Fixed Term Contract	11.49	11.40
Total FTE	416.56	420.62

SUBJECTIVE ANALYSIS OF ESTIMATES

	2022/23 Original Estimate £000	Inflation £000	Other Variations £000	2023/24 Original Estimate £000
Expenditure				
Employees	19,627	1,653	(347)	20,932
Premises	398	12	(8)	402
Transport	1,404	39	(89)	1,354
Supplies and Services	4,607	159	1,829	6,594
Third Party Payments	48,525	1,393	(1,250)	48,667
Transfer Payments	6,432	0	370	6,802
Support Services	8,452	0	333	8,785
Depreciation and Impairment Losses	143	0	23	166
GROSS EXPENDITURE	89,587	3,256	860	93,703
Income				
Government Grants	(22)	0	(422)	(444)
Other Reimbursements and Contributions	(10,129)	0	(753)	(10,882)
Customer and Client Receipts	(9,197)	0	12	(9,185)
Interest	0	0	0	0
Recharges	(4,934)	0	(270)	(5,204)
Reserves	(1,556)	0	1,556	0
GROSS INCOME	(25,839)	0	123	(25,716)
NET EXPENDITURE	63,748	3,256	983	67,987

Other Variations are analysed as follows:

Major Items	£000	fte
Salaries	0	
Savings	(1,853)	
Growth- Social Care Funding, Market Sustainability, Social Care Precept	2,249	
Overheads adjustments	333	
Depreciation & NNDR adjustments	23	
Inflation	0	
Rebasing of Income	0	
Technical adjustments- Concessionary Fares	231	
Transfers between departments/Service	0	
Grants-social care	0	
Other Income	0	
TOTAL	983	0.00

COMMUNITY AND HOUSING DEPARTMENT
Library & Heritage Services

This service is provided through three main town centre libraries, Mitcham, Morden, Wimbledon and four neighbourhood libraries, Colliers Wood, Pollards Hill, Raynes Park and West Barnes. There are also additional services available for home visits and there is a Heritage Service located at Morden Library. The Service has also ventured into securing small grants from various organisations to produce various activities .

FULL TIME EQUIVALENTS

Number of FTE Staff

2022/23**2023/24**

Number of FTE TUPE staff

29.58

30.57

Number of Fixed Term Contract

0.00

0.00

Total FTE

0.00

1.00

29.58**31.57****SUBJECTIVE ANALYSIS OF ESTIMATES**

	2022/23 Original Estimate £000	Inflation £000	Other Variations £000	2023/24 Original Estimate £000
Expenditure				
Employees	1,156	110	39	1,306
Premises	536	16	25	576
Transport	4	0	0	4
Supplies and Services	563	17	(1)	579
Third Party Payments	36	1	0	38
Transfer Payments	0	0	0	0
Support Services	733	0	(144)	590
Depreciation and Impairment Losses	621	0	(61)	560
GROSS EXPENDITURE	3,651	144	(142)	3,652
Income				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	(85)	0	0	(85)
Customer and Client Receipts	(353)	0	(60)	(413)
Interest	0	0	0	0
Recharges	0	0	0	0
Reserves	0	0	0	0
GROSS INCOME	(438)	0	(60)	(498)
NET EXPENDITURE	3,213	144	(202)	3,155

Other Variations are analysed as follows:

Major Items	£000	fte
Salary	0	2.00
Savings	(60)	
Growth	0	
Overheads adjustments	(144)	
Depreciation adjustments	(61)	
Inflation	0	
Rebasing of Income	0	
Technical adjustments	63	
Transfers between departments	0	
Grants Decrease/(Increase)	0	
Other	0	
TOTAL	(202)	2.00

COMMUNITY AND HOUSING DEPARTMENT
Merton Adult Learning

This a commissioned service via South Thames College, RHACC, GSS and May Project Gardens. The service continues to provide popular courses whilst expanding provision for families and enhancing offer in Maths, English and employability courses.

FULL TIME EQUIVALENTS

	2022/23	2023/24
Number of FTE Staff	3.75	3.75
Number of FTE TUPE staff	0.00	0.00
Number of Fixed Term contract	0.00	0.00
Total FTE	3.75	3.75

SUBJECTIVE ANALYSIS OF ESTIMATES

	2022/23 Original Estimate £000	Inflation £000	Other Variations £000	2023/24 Original Estimate £000
Expenditure				
Employees	201	0	12	213
Premises	17	0	0	17
Transport	0	0	0	0
Supplies and Services	21	0	0	21
Third Party Payments	1,228	0	0	1,228
Transfer Payments	0	0	0	0
Support Services	33	0	1	34
Depreciation and Impairment Losses	0	0	0	0
GROSS EXPENDITURE	1,501	0	13	1,514
Income				
Government Grants	(1,468)	0	(12)	(1,479)
Other Reimbursements and Contributions	0	0	0	0
Customer and Client Receipts	0	0	0	0
Interest	0	0	0	0
Recharges	0	0	0	0
Reserves	0	0	0	0
GROSS INCOME	(1,468)	0	(12)	(1,479)
NET EXPENDITURE	33	0	1	34

Other Variations are analysed as follows:

Major Items	£000	fte
Salary	0	
Savings	0	
Growth	0	
Overheads adjustments	1	
Depreciation adjustments	0	
Inflation	0	
Rebasing of Income	0	
Technical adjustments	0	
Transfers between departments	0	
Grants-Decrease (Increase)	0	
Use of Reserves Adjustment	0	
TOTAL	1	0.00

COMMUNITY AND HOUSING DEPARTMENT
Housing General Fund

This service provides a statutory housing functions which includes prevention ,relief of homelessness, enforcement of regulations for the private rented sector and the provision of mandatory grant assistance for improvements and adaptations via the Disabled Facilities Grant.

FULL TIME EQUIVALENTS

Number of FTE Staff

Number of FTE TUPE staff

Number of Fixed Term Contract

Total FTE

	2022/23	2023/24
Number of FTE Staff	33.41	33.41
Number of FTE TUPE staff	0.00	0.00
Number of Fixed Term Contract	0.00	0.00
Total FTE	33.41	33.41

SUBJECTIVE ANALYSIS OF ESTIMATES

	2022/23 Original Estimate £000	Inflation £000	Other Variations £000	2023/24 Original Estimate £000
Expenditure				
Employees	1,471	122	330	1,924
Premises	65	2	0	67
Transport	31	1	0	32
Supplies and Services	223	7	0	229
Third Party Payments	3,713	111	0	3,824
Transfer Payments	530	0	0	530
Support Services	369	0	0	369
Depreciation and Impairment Losses	68	0	0	68
GROSS EXPENDITURE	6,470	243	331	7,044
Income				
Government Grants	(136)	0	(86)	(223)
Other Reimbursements and Contributions	(2,108)	0	0	(2,108)
Customer and Client Receipts	(365)	0	0	(365)
Interest	0	0	0	0
Recharges	0	0	0	0
Reserves	0	0	0	0
GROSS INCOME	(2,609)	0	(86)	(2,696)
NET EXPENDITURE	3,861	243	244	4,348

Other Variations are analysed as follows:

Major Items	£000	fte
Salary- Secondment	43	
Savings	0	
Growth	274	
Overheads adjustments	0	
Depreciation	0	
Inflation	0	
Rebasing of Income	0	
Technical adjustments	13	
Transfers between services	0	
Grants-(Increase)	(86)	
Other	0	
TOTAL	244	0.00

COMMUNITY AND HOUSING DEPARTMENT
Public Health

Public Health services comprise of • Mandatory Services : Sexual health, NHS health checks, National Child Measurement Programme, Commissioning Support to CCG and the council, Health Protection Oversight and Health Intelligence including JSNA. • Universal Services : Smoking Cessation, Drugs and Alcohol, Obesity, Health Visiting Services, Improving Health and Wellbeing and all funded by the Public Health Grant.

FULL TIME EQUIVALENTS	2022/23	2023/24
Number of FTE Staff	18.06	16.02
Number of FTE TUPE staff	0.00	0.00
Number of Fixed Term Contracts	0.00	7.49
Total FTE	18.06	23.51

SUBJECTIVE ANALYSIS OF ESTIMATES

	2022/23 Original Estimate £000	Inflation £000	Other Variations £000	2023/24 Original Estimate £000
Expenditure				
Employees	1,298	0	426	1,724
Premises	3	0	0	3
Transport	2	0	0	2
Supplies and Services	2,607	0	932	3,539
Third Party Payments	6,936	0	101	7,037
Transfer Payments	0	0	0	0
Support Services	162	0	3	165
Depreciation and Impairment Losses	0	0	0	0
GROSS EXPENDITURE	11,007	0	1,462	12,470
Income				
Government Grants	(10,786)	0	(533)	(11,320)
Other Reimbursements and Contributions	(221)	0	(929)	(1,150)
Customer and Client Receipts	0	0	0	0
Interest	0	0	0	0
Recharges	0	0	0	0
Reserves	0	0	0	0
GROSS INCOME	(11,007)	0	(1,462)	(12,470)
NET EXPENDITURE	0	0	0	0

Other Variations are analysed as follows:

Major Items	£000	fte
Salary	426	5.45
Savings	0	
Growth	0	
Overheads adjustments	3	
Depreciation adjustments	0	
Inflation	0	
Rebasing of Income	0	
Technical adjustments	1,033	
Transfers between departments	0	
Grants Reduction/(Increase)- for 2 years	(533)	
Other Income	(929)	
TOTAL	0	5.45

Standard Subjective Analysis – The Key

The CIPFA Service Reporting Code of Practice (SeRCOP) replaced the previous Best Value Accounting Code of Practice (BVACOP). SeRCOP applies to all local authority services throughout the United Kingdom .

The *Service Reporting Code of Practice* (SeRCOP) sets out guidelines for financial reporting, supplementing the principles and practice set out in the *Code of Practice on Local Authority Accounting in the United Kingdom*. It establishes proper practice with regard to consistent financial reporting below the statement of accounts level. It is prepared under International Financial Reporting Standards (IFRS) in accordance with the *Code of Practice on Local Authority Accounting*.

The aim is to ensure that there is consistent reporting of service costs and income across different service areas, thus building the framework for the production of comparative performance indicators. The code is revised annually to reflect changing circumstances across local authority services and changes in accounting standards.

The SeRCOP provides guidance in following areas:

- the definition of total cost
- service expenditure analysis – this provides service classifications and defines the mandatory divisions of service to which costs must be aggregated
- the recommended standard subjective analysis.

The **Recommended Standard Subjective Analysis** provides an analysis that is consistent with the subjective analysis required by government returns such as the Whole of Government Accounts.

Subjective Analysis (Source: Cipfa SeRCOP)**Groups** **Sub-groups****Employees**

This group includes the cost of employee expenses, both direct and indirect, to the authority.

Direct employee expenses and benefits

- Salaries
- Employer's National Insurance contributions
- Employer's retirement benefit costs:
 - current service costs
 - past service costs
 - settlements
- Agency staff
- Employee allowances (not including travel and subsistence)

Indirect employee expenses

- Relocation
- Interview
- Training
- Advertising
- Severance payments
- Employee-related schemes (eg welfare schemes, discount schemes)

Contributions to employee-related provisions

- Debits relating from soft loans - employees
- Employee expenses and benefits - Schools

Premises-related expenditure

This group includes expenses directly related to the running of premises and land.

- Repairs, alterations and maintenance of buildings
- Energy costs
- CRC allowances
- Rents
- Rates
- Water services
- Fixtures and fittings
- Apportionment of expenses of operational buildings
- Cleaning and domestic supplies
- Grounds maintenance costs
- Premises insurance
- Contributions to premises-related provisions

Transport-related expenditure

This group includes all costs associated with the provision, hire or use of transport, including travelling allowances and home to school transport.

Direct transport costs

- Repairs and maintenance, running costs and contributions to provisions in respect of vehicles, for example.
- Repairs and maintenance of (for example) roads are not included in this heading, but should be included in the relevant subjective headings (such as staff costs, supplies and services, etc).
- This could include the write-off in the year of any assets not deemed material by the authority's capital accounting policies (i.e. below de minimis thresholds set).

Recharges

Contract hire and operating leases

Public transport

Transport insurance

Car allowances

Contributions to transport-related provisions

Supplies and services

This group includes all direct supplies and service expenses to the authority.

Equipment, furniture and materials

- All items used in the operation or administration of the service, unless specifically contained in another sub-group (e.g. communications and computing). This could include the write-off in the year of any assets not deemed material by the authority's capital accounting policies (i.e. below de minimis thresholds set).

Catering

Clothes, uniform and laundry

Printing, stationery and general office expenses

Services

Communications and computing

Members' allowances

Expenses

Grants and subscriptions

Private Finance Initiative and Public Private Partnership schemes

Contributions to provisions

Miscellaneous expenses

Third party payments

A third party payment is a payment to an external provider or an internal service delivery unit defined as a trading operation – which is operating independently, in return for the provision of a service or a subdivision of service

- Independent units within the council; include services defined
- Joint authorities
- Other local authorities
- Health authorities
- Government departments
- Voluntary associations
- Other establishments
- Private contractors
- Other agencies
- Transport operators (in respect of concessionary fares)
- Debits relating from soft loans - third party payments

Transfer payments

This includes the cost of payments to individuals for which no goods or services are received in return by the local authority. Four sub-groups are suggested; however, this list is not exhaustive.

- Schoolchildren and students
- Adult Social Services clients
- Housing benefits
- Debits relating from soft loans - transfer payments

Support services

Charges for services that support the provision of services to the public. The charges should be apportioned or allocated to the service divisions which they support .

- Finance
- IT
- Human Resources
- Property Management/Office Accommodation
- Legal Services
- Procurement Services
- Corporate Services
- Transport Functions

Depreciation and impairment losses

This provides the subjective analysis that will record the revenue impact of capital items in the service revenue accounts of the authority.

- Depreciation
- Revaluation losses
- Loss on impairment of assets

Amortisation of intangible fixed assets
 Movement in fair value of investment property

Income

This group includes all income received by the service from external users or by way of charges. This group also includes recharges to internal users

Government grants

- Specific and special government grants.

Other grants reimbursements and contributions

- Revenue income received to finance a function/project jointly or severally undertaken with other bodies.
- Contributions from other local authorities.
- Value of costs recharged to outside bodies including other committees.

Customer and client receipts

- Sales of products or materials, data technology or surplus products.
- Fees and charges for services, use of facilities, admissions and lettings.
- Rents, tithes, acknowledgements, way leaves and other land and property-based charges of a non-casual user.

Interest

Recharges

- Value of costs recharged to internal users.

Credits resulting from soft loans

- All credits resulting from soft loans should be included in this subjective group (as a corporate entry).

Capital financing costs

This group includes the corporate capital financing costs of the authority.

Interest payments

- Interest payments will include the interest element of payments made under on Balance Sheet PFI/PPP schemes

Debt management expenses

Risk Analysis for General Fund

- 1 The Council's draft budget for 2023/24, has been analysed to identify key areas of risk. Costs that are regarded as fixed have been disregarded along with Schools' budgets.

	£m
Employees	112.9
Premises Related Expenditure	8.6
Transport Related Expenditure	11.4
Supplies and Services exc. DSG	75.4
Third Party Payments	86.4
Transfer Payments	66.1
Incomes	
Government Grants exc. DSG	87.3
Other Grants, Reimbursements and Contributions	35.0
Customer and Client Receipts	70.1
Savings	
Low Deliverability Risk	2.9
Medium Deliverability Risk	2.3
High Deliverability Risk	1.2
DSG (based on deficit - December 2022 monitoring)	35.6
Safety Net Threshold	2.2
Price Inflation Risk (per 1% increase)	1.5
Total	599.1

2. In addition the savings proposals for 2023-27 have been assessed in terms of deliverable risk. The level of deliverable risk is:

Risk Rating	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	Total 2023-27 £000
Low	2,915	175	(92)	0	2,998
Medium	2,340	140	591	30	3,101
High	1,203	0	0	0	1,203
Total	6,458	315	499	30	7,302

3. Using the data available the levels of risk for the key areas have been assessed as shown in the following table:-

Risk Analysis 2023/24

	£m	Min %	Mid %	Max %
Employees	112.9	0.30	0.50	0.75
Premises Related Expenditure	8.6	1.50	2.50	3.50
Transport Related Expenditure	11.4	1.00	2.00	3.00
Supplies and Services exc. DSG	75.4	1.50	2.00	3.00
Third Party Payments	86.4	4.00	5.50	7.50
Transfer Payments	66.1	2.75	3.75	4.75
Incomes				
Government Grants exc. DSG	87.3	1.00	2.00	3.00
Other Grants, Reimbursements and Contributions	35.0	1.00	2.00	3.00
Customer and Client Receipts	70.1	2.00	3.25	4.00
Savings				
Low Deliverability Risk	2.9	1.50		
Medium Deliverability Risk	2.3		3.00	
High Deliverability Risk	1.2			7.50
DSG (based on deficit - December 2022 monitoring)	35.6	5.00	25.00	50.00
Safety Net Threshold	2.2	100.00	100.00	100.00
Price Inflation Risk (per 1% increase)	1.5	25.00	50.00	75.00
Total	599.1			

4. Applying the risk levels in the table above produces the following level of addressed risk:

	£m	Min £m	Mid £m	Max £m
Employees	112.9	0.34	0.56	0.85
Premises Related Expenditure	8.6	0.13	0.22	0.30
Transport Related Expenditure	11.4	0.11	0.23	0.34
Supplies and Services exc. DSG	75.4	1.13	1.51	2.26
Third Party Payments	86.4	3.46	4.75	6.48
Transfer Payments	66.1	1.82	2.48	3.14
Incomes				
Government Grants exc. DSG	87.3	0.87	1.75	2.62
Other Grants, Reimbursements and Contributions	35.0	0.35	0.70	1.05
Customer and Client Receipts	70.1	1.40	2.28	2.81
Savings				
Low Deliverability Risk	2.9	0.0		
Medium Deliverability Risk	2.3		0.07	
High Deliverability Risk	1.2			0.09
DSG (based on deficit - December 2022 monitoring)	35.6	1.78	8.90	17.80
Safety Net Threshold	2.2	2.15	2.15	2.15
Price Inflation Risk (per 1% increase)	1.5	0.38	0.75	1.13
Total	599.1	13.96	26.35	41.02

Merton's Capital Strategy 2023-27



February 2023 – 4th Draft

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SECTION 2

Delivering Building a Better Merton Together

Merton as a borough has a huge amount to offer those who live, work or visit here. There is so much that our residents can take pride in – from hosting the internationally renowned Wimbledon Championships each year to the wealth of parks, green spaces and rivers across the borough, or the strong communities that pull together to support each other.

We have heard from our residents that they are ambitious for the future of Merton. Recent borough-wide engagement showed us that residents, businesses and communities want Merton to be a place that they can feel proud of – cleaner streets, improved town centres, safe neighbourhoods and green spaces that can be enjoyed by all. They want to be involved in the decisions that matter to them and see the Council take leadership in tackling the climate emergency¹.

‘Building a Better Merton Together’ is our Corporate Plan for 2023/24, setting out our ambition for rebuilding pride in Merton over the next four years and what we will be doing to achieve this over the coming year.

We have faced difficult times over the last two years, responding to the challenges of the Covid-19 pandemic and its impact on the borough. The cost-of-living crisis brings more challenges ahead for our residents, businesses, and wider communities, especially those who are most vulnerable.

We have shown that we work best when we work together and that will become even more important in the years ahead. The council cannot achieve these ambitions alone but will need to work closely and collaboratively with communities, businesses, and partners on a local and London-wide level to build a better Merton together.



Councillor Ross Garrod, Leader, Merton Council

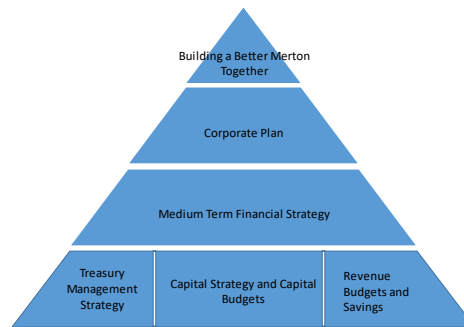


Councillor Billy Christie, Lead Member Finance & Corporate Services

SECTION 2

Strategic Planning Framework

The Capital Strategy is an integral part of the Council's Strategic and Financial Planning Framework:



The Corporate Plan is specific to Merton Council and sets out the council's vision and ambitions for improvement over the next four years and how this will be achieved. Corporate Planning and financial planning frameworks are closely aligned and integrated.

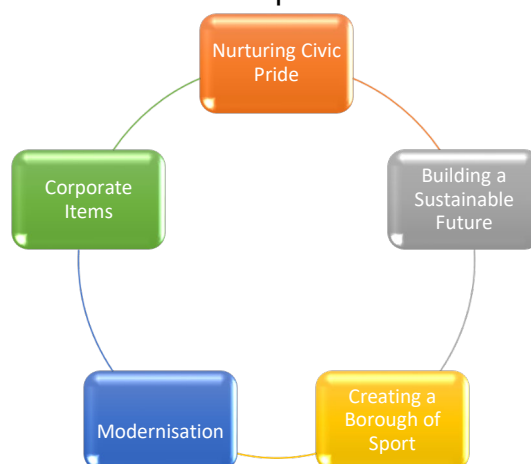
The Medium Term Financial Strategy (MTFS) is a 4 year plan which sets out our commitment to provide services that meet the needs of people locally, and represents good value for money. It links our council vision and priorities with forecasted resources and budgets. This shows how our finances will be structured and managed to ensure they support our priorities, and those of our partners. It incorporates the medium term impact on rate payers of activity within both the Capital Strategy and the Treasury Management Strategy.

Capital Strategy - The importance of having a meaningful and comprehensive Capital Strategy is recognized by the Chartered Institute of Public Finance and Accountancy's (CIPFA) in both its Prudential Code (2021) and Capital Strategy Guidance. It provides a high level overview of how capital expenditure, capital financing and treasury management activity contributes to the provision of services, along with an overview of how associated risk is managed and what the implications might be for future financial sustainability.

Treasury Management Strategy (TMS) summarises the management of the council's cash flows, its banking, money market and capital market transactions and the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.

Strategic Themes

The Corporate Plan sets out the key themes, for analysing the capital programme two further areas have been added modernisation and corporate items:



SECTION 2

Underneath these five Themes sit a set of priorities which we would work with our partners to develop and deliver on. The impact of the pandemic continues to be felt by all our communities, businesses and the local economy. As a Council we continue to respond to these challenges making sure we position ourselves to recover as quickly as possible from its effects. Strong financial management is at the heart of the Capital Strategy enabling it to play a key role in the Council's response.

Capital Strategy

The Council recognises the vital contribution its Capital Strategy plays in the economic growth of the borough. The significant and strategically planned investment shows that Merton is an ambitious borough looking to invest in improvements of placemaking to create an economic resilience which allows both local business and communities to thrive. It also welcomes the opportunity to work with the private sector to deliver its priorities and for the private sector to see Merton as a place it wants to invest in. The Council recognises that it needs to leverage private investment to create a resilient local economy and deliver the best outcomes for residents and businesses.

In developing the Capital Strategy, clear linkages have also been identified with not only the Corporate Plan, MTFs and TMS but departmental service and commissioning plans beneath this. It reflects the capital investment implications of the approved objectives of those plans, which themselves reflect the council's proposals set out in service based strategies such as the Primary Places Strategy, Local Implementation Plan (Transport), and Asset Management Plans.



SECTION 2

Evidence of Need

Merton is an outer London borough with a current population in 2021 of 204,676, projected to increase to 210,416 in 2026 and 221,303 in 2036 (BPO projections dated March 2021). The Borough Preferred Option (BPO) population projections are calculated using the Merton housing trajectory, as published in the Authority Monitoring Report (AMR) each year. This is considered to be the best estimate of assumed growth in Merton and is used for the Local Plan.

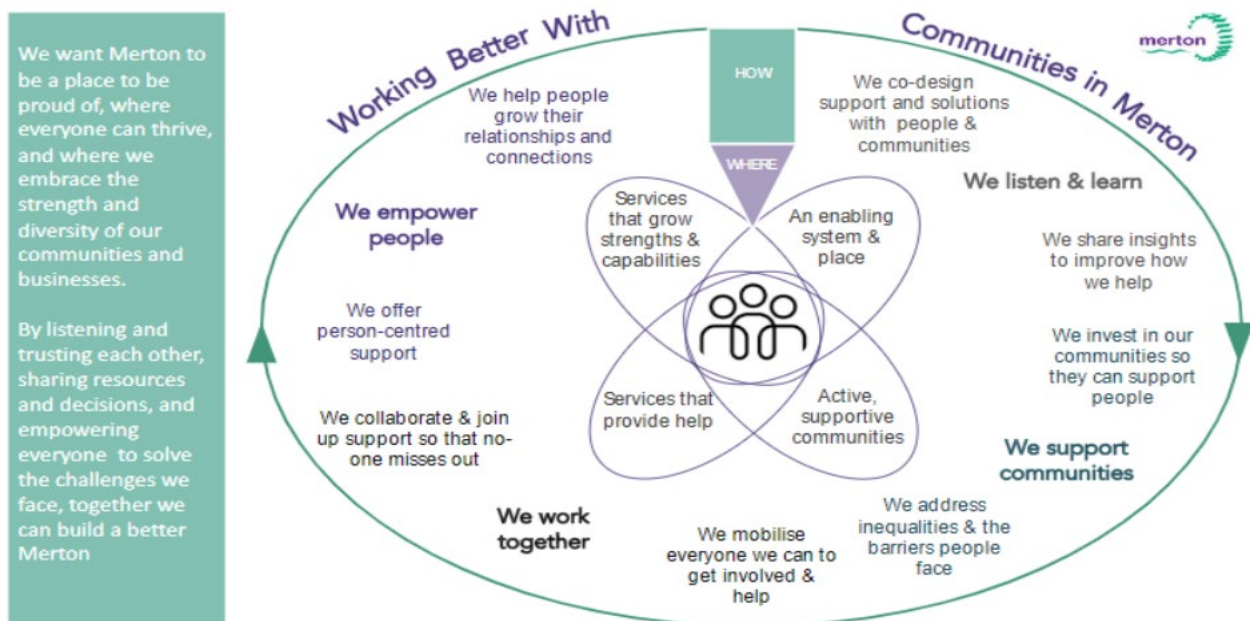
Over the next 15 years it is projected that the number of residents aged over 65 across Merton is projected to increase by a minimum of 43%. The population aged 85 and over is projected to increase by an even greater proportion, 52% (BPO March 2021). Local research supports the increasing need identified in the London Plan for housing designed for older people, including sheltered and extra-care.

The Local Plan sets out that the council will plan for 11,732 new homes over the 15 year plan period from 2021 to 2036. Delivery of this housing is required to meet the needs of the increase in population and growth; projected to be an overall increase of approximately 16,600 people.

The Infrastructure Delivery Plan identifies the anticipated strategic requirements for the provision of a range of different infrastructure types across the borough. These include transport, health, education, green and blue infrastructure, sport and leisure, community, utilities, climate change, economic development and emergency services.

The council must ensure that the necessary infrastructure required to support new residential and commercial development throughout the borough can be delivered at the right time, therefore addressing any existing shortfalls in provision.

The Authority has developed a framework which sets out how the council can take action at different levels to mobilise all the assets in the borough and to create the connectivity and community resilience needed to ensure that everyone gets help when they need it.



SECTION 2

Health and Wellbeing - Merton Health and Wellbeing Strategy 2019-2024 focuses on the influence that the wider determinants – the air we breathe, our schools, workplaces, homes, food, transport and relationships with friends and family – have on our health. This is in line with the report on Health Equity in England: Marmot Review 10 Years On published in 2020, and is focused on tackling health inequalities so that all residents can: Start Well, Live Well and Age Well in a Healthy Place.

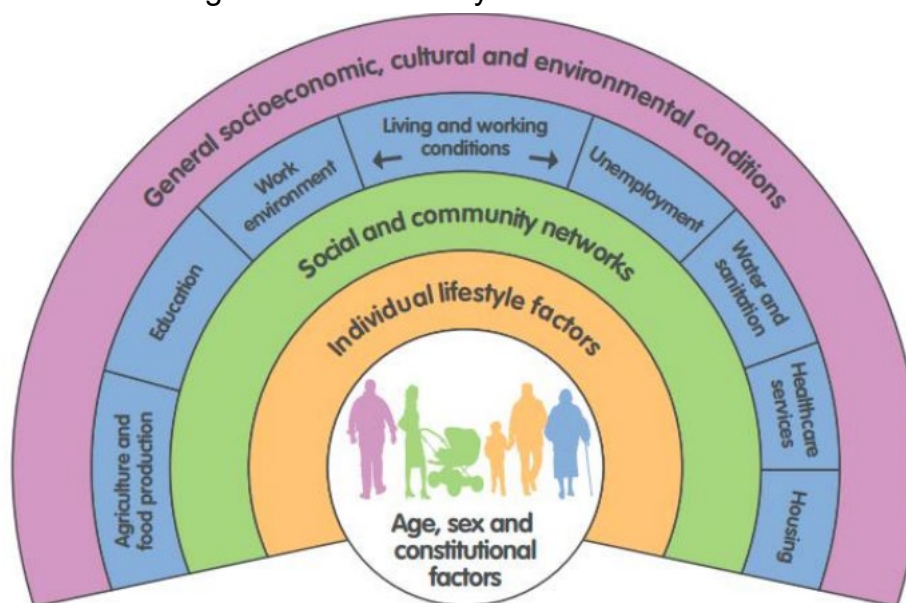


Diagram 1 – Wider determinants of health
Source: Dahlgren & Whitehead, 1991

The Merton Story (2021) is Merton's Joint Strategic Needs Assessment (JSNA), which sets out the population health and wellbeing needs for the Health and Wellbeing Board. It identifies the following key themes and challenges:

- Start well priorities: 1) Emotional health and wellbeing for Children and Young People; 2) Integrated children's services and 3) Developing pathways into adulthood
- Live well priorities: 4) East Merton model of health and wellbeing, 5) Diabetes, 6) Primary care at scale, 7) Primary mental healthcare
- Age well priority: 8) Integrated health and social care

The plan focused on the collaborative action that communities, health, social care and the voluntary sector could take together to deliver quality health and care services that support local people.

The Merton Story identifies that the main causes of ill health and premature deaths in Merton are cancer and circulatory disease such as coronary heart disease and stroke. Unhealthy behaviours, such as smoking, lack of physical activity, an unhealthy diet and using drugs and alcohol, can all contribute to these types of deaths. The Health and Wellbeing Strategy aims to make healthy choices easier and more preferred, particularly for people in areas with lower socio-economic conditions.

The mental health of residents is just as important as their physical wellbeing. Public Health England figures indicate that in 2017, it was estimated that 25,300 adults in Merton were suffering depression and anxiety. While this is lower than the London and England average, it suggests that not all adults who experience mental health issues visit a GP.

SECTION 2

The number of people in Merton with dementia is predicted to increase from 2,050 to 3,300 by 2035. The new Local Plan policies incorporate how dementia-friendly design through housing, transport and public realm can help to make communities more dementia-friendly.

Projections

The London Healthy Urban Development Unit (HUDU) has provided a spatial analysis of the population projections for Merton, to illustrate the interactions between the different types of health services in the borough and how the changes in future population may impact on these services:

- Overall healthcare provision; health centres, primary care networks, GPs and hospitals;
- Primary care floorspace;
- Mental health care floorspace; and
- Acute health care floorspace.

A new Merton Borough Health and Care Estates Strategy 2021 (MBES) has been prepared in partnership with Merton Borough Estates Group. The MBES reviews the needs of local health providers against the borough's housing and population growth and supports the delivery of Merton's Local Health and Care Plans. The MBES also takes into account some of the implications of Covid-19 on the healthcare system, although it is acknowledged that this is ongoing work and further information may be provided to the council as it comes forward.

Merton is unique to its neighbouring boroughs as there is no acute hospital within the borough. This results in residents travelling to the most convenient hospital close to where they live, either St George's University Hospital in Wandsworth, Epsom and St Helier Hospital in Sutton or Kingston Hospital in Kingston. The MBES 2021 identifies the key healthcare needs for the borough, setting out the areas and the projects that are considered to be a priority in meeting the health needs of the Merton population.



SECTION 2

Strategic Theme 1 - Nurturing Civic Pride

Civic pride is about the relationship that people and communities have with a place – not only their physical surroundings but also their feelings of identity and belonging. To nurture civic pride across Merton, however, the borough must become a fairer, more equal, and inclusive place. That means tackling inequalities and disadvantage across the borough and supporting those who are most in need. We want our local communities and businesses to be engaged and active partners in building a better Merton together, so we will take steps to encourage increased levels of volunteering and community involvement across the borough – helping us to nurture civic pride from the ground up.

There are 11 established priorities in this area which detailed below, capital investment is being utilised to deliver them where necessary

1. **Resident-centric customer service, communication, and engagement**
2. **Deliver a waste service that works for residents** the proposed capital programme includes £6 million investment in a new waste transfer station and £15 million for the replacement of the bulk of the waste and cleansing fleet with a carbon neutral alternative
3. **Invest in the appearance of our town centres and high streets and borough boundaries** the proposed programme provides £6 million match funding for Morden town centre regeneration.
4. **Support a thriving local economy and bring in an increased cultural offering to residents** the approved programme contains £14 million of regeneration schemes spread throughout the borough
5. **Increase levels of volunteering and community involvement across Merton**
6. **Giving children in Merton the best start in life and a Good or Outstanding education for all, including lifelong learning** from the mid-2000s the authority undertook considerable investment in expanding first primary, then secondary schools. The Authority is now forecasting a reducing school roll, apart from:
 - a. There are significantly higher pupil numbers reaching 6th form age form next September (2023) and there will be significantly increased demand.
 - b. There has been a more than doubling increase in the number of EHCPs over the last 7 years, from 1075 in January 2016 to 2467 in January 2022 (SEN2 count). As part of the safety valve intervention programme the council has agreed a range of actions and this includes a significant increase in the number of local special school places, with additional capital funding provided (circa £13m expected spend 2023-24 onwards).The indicative and approved Capital Programme includes circa £2.5 million p.a. grant funded provision for maintenance of school premises for maintained and voluntary controlled schools
- 7) **Keep Merton in top 3 safest boroughs** the proposed and indicative capital programme includes provision to replace, enhance and extend the CCTV provision within the borough. The capital programme also includes a small sum for to designing out crime in selected places throughout the borough.
- 8) **Address the cost-of-living crisis facing residents and businesses in Merton**
- 9) **Merton to secure London living wage accreditation and work towards becoming a London Living wage borough**
- 10) **Maximise Social Value in all our contracts**
- 11) **Equality, diversity, and inclusion in all policies**

SECTION 2

Strategic Theme 2 - Building a Sustainable Future

Working towards a greener, more sustainable, and resilient future for the borough means better housing, action on climate change and supporting the health and wellbeing of our local communities.

Supporting the health and wellbeing of our residents is integral to our work towards a sustainable future and Merton as a healthy place. With changes to local health and care systems in place, we will work closely with Integrated Care partners to ensure that there is local provision to meet the needs of the communities in Merton – advocating for fair and equal access to health care in Merton particularly for the east of the borough and working together to address health inequalities.

There are 13 established priorities in this area which detailed below, capital investment is being utilised to deliver them where necessary

1. **Build 400 homes on council owned land and ensure the increased supply of affordable homes in the borough** Like other London boroughs, Merton faces a housing crisis with increasing numbers of households in temporary accommodation and too many people living with high housing costs and poor-quality accommodation. The proposed capital programme includes £29 million for the provision of affordable housing and £9.8 million for the provision of learning disability housing
2. **Guardian of standards in social and private housing**
3. **Bring in planning policies that encourage sustainable development**
4. **Start regeneration of Morden and Mitcham town centres** the proposed programme provides £6 million match funding for Morden town centre regeneration.
5. **Establish key libraries as community hubs on the high street** the programme includes £0.2 million for the re-fit of West Barnes Library
6. **Achieve ambition for the council to be Net zero by 2030** - 89% of Merton residents in our latest residents' survey told us that it was important for the Council to act on climate change, and it remains a top concern for young people. There are regular updates to committees on the progress of this work – £0.5 million is being added to the capital programme for community retrofit loans and a business support scheme
7. **Boost Electric Vehicle infrastructure strategy and delivery across Merton** the Authority will be looking to utilise grant funding to develop the electric vehicle infrastructure within the borough.
8. **Increasing walking and cycling in the borough as active travel** just under £0.5million is within the proposed capital programme to fund cycle improvement schemes.
9. **Increase tree canopy and biodiversity in our parks and green spaces**
10. **Improving air quality in the Borough** the proposed capital programme includes £0.25million for the enhanced replacement of equipment
11. **Increase number of residents from low pay into good well-paid jobs and develop green skills**
12. **Work with ICB health partners to ensure that there is fair access to good quality health services in Merton** the proposed programme includes £0.15million contribution for the new Rowan Park facility
13. **Develop our approach to the One Public Estate within a wider approach to our assets** to maximise asset usage and rationalise the assets held.

SECTION 2

Strategic Theme 3 Creating a Borough of Sport

A priority for the administration is to establish Merton as a borough of sport. As the home of the Wimbledon Championships and AFC Wimbledon, Merton has a great sporting heritage to build on. From internationally renowned organisations like the All-England Club to grassroots clubs and organisations like Tooting and Mitcham FC, we want to strengthen our partnerships with sports clubs, organisations and businesses across the borough and promote increased participation in sports and activity. We will be working with Sport England to develop a blueprint, set our direction and seek funding to support this.

Our approach to establishing Merton as a borough of sport must be inclusive and closely linked to wider work on making Merton a healthy place. Health inequalities in Merton have been deepened by the impact of Covid-19 with residents in the East of the borough continuing to experience worse health outcomes compared to elsewhere in the borough. Involvement in sports and exercise activities not only delivers significant benefits to health and wellbeing but wider benefits such as social contact and connectedness. Sports can offer a positive outlet and diversion for young people as well as fun and healthy activity. Soft skills developed through the social elements of sport can also help with employment and offer routes out of poverty.

Through our Health and Wellbeing Board, we will develop an Actively Merton programme as part of a wider approach to embed health in all policies. Supporting our residents to be active and incorporate more movement into their lives will help prevent ill health and promote independence, especially for older people and disabled people. To support this, we will be investing in improvements to our local facilities and provision, including a full programme of improvements to sports pitches, tennis courts and our multi-use sports areas.

There are three established priorities in this area which detailed below, capital investment is being utilised to deliver them where necessary

- 1. National recognition of Merton's sporting heritage and access to weekly physical activity for all 4–16-year-olds and over 65s**
- 2. Increasing participation in sport and physical activity amongst all residents**
- 3. Investment in sporting and active infrastructure**

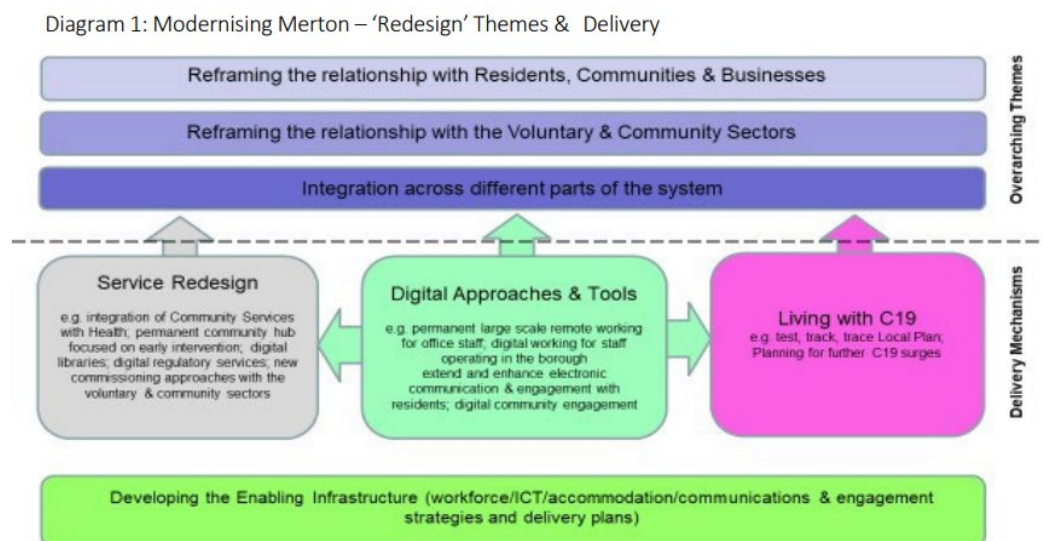
The proposed capital programme includes just under £12 million investment in sports and green spaces.



SECTION 2

Modernisation (4)

The Modernising Merton framework sets out high level themes for the Programme and the delivery mechanisms for turning aspiration into reality (see diagram below)



The Enabling Infrastructure strand of the Programme picks up the recommendations from the internal review and LGA Peer Challenge relating to the operation of the council’s internal functions, processes and governance, as well as the cross-cutting strategies and frameworks led by corporate functions that support departmental planning and delivery e.g. workforce planning, accommodation, ICT/digital. It is focused on several high level outcomes including:

- reducing bureaucracy and costs;
- freeing up capacity
- better alignment of ambition, priorities, activity and resources
- speedier decision making, with a sensible balance between risk and efficiency

A framework for the development of digital approaches is encompasses several, inter-linked strategic themes, including:

- a) Customer Access Ensure services can be accessed online 24/7 (primary channel) by residents who are able to self-serve, alongside redesigning secondary access channels (face to face and telephone) to integrate with digital approaches e.g. single view of the customer;
- b) Smarter Working Equip staff with the digital tools to improve the way they work, whether in offices, remotely, or in the borough;
- c) Digital Inclusion Coordinate digital inclusion activity across the borough to tackle the ‘digital divide’;
- d) Customer Single View Manage customer intelligence so that it can be safely and securely shared and analysed to join up service delivery and improve decision making;
- e) Technology and Automation Reduce the overall costs of Council services by redesigning service processes to maximise the use of technology.

The proposed programme includes just under £9 million investment in the Council’s computerised systems

SECTION 2

Corporate Items (5)

The authority retains three corporate budgets to maximise its flexibility and agility these are:

1. Acquisitions Budget £6.3 million for the purchase of land and buildings to aid the delivery of capital schemes
2. Capital Bidding Fund £1.0 million to provide match funding to lever in external funding for capital schemes
3. Capital Contingency £1.7 million to offset funding shortfalls in capital schemes

External and Partner Influences

The Council's capital investment plans are influenced by a number of external parties and factors: central government and its agencies, legislation requiring capital works, partner organisations, businesses developers and by the needs and views of other interested parties, particularly those of Borough residents

Government sponsored initiatives and programmes will influence the projects which the Council will include in its capital investment plans. In particular, its Housing Investment Programme in which the Council participates with regard to Disabled Facilities Grants, this is a major area of investment where the majority of funding is provided by Government.

Transport for London works closely with all London boroughs and community groups to integrate transport planning and operations across the Capital. This results in the provision of ring-fenced funding for work to be undertaken by Merton.

The Authority is working closely with the Department of Education to develop plans to reduce and contain the increasing revenue pressure from independent sector SEN placements, this is resulting in the provision of additional SEN places within the capital programme.

Where required by legislation to carry out works of a capital nature, such as to comply with the Disablement Disability Act or Health and Safety requirements, or anti-pollution regulations, the Council will consider the most effective way to discharge its obligations and appropriate provision will be made in its Capital Programme once it has determined that it shall carry out the necessary work and that this should be capitalised.

The Council works with a wide range of partners from the public, private, voluntary and community sectors, all of which have an influence over its spending priorities. Wherever possible the Council will seek to work in partnership with others to deliver its capital investment programme in order to provide facilities which meet its own and partners' needs. When working with the private sector, the objective will be to maximise the benefits to the Council and the community from any projects, both in terms of outputs and in relation to obtaining funding for the project.

Regard will be given to the Council's obligations under Disabled Access requirements in putting forward proposals for capital investment and in the design of any facilities which are proposed. Wherever possible the principles of financial and environmental sustainability will be incorporated into any capital projects.



SECTION 2

Property as a Corporate Resource

The Asset Management Strategy provides the overarching aims and framework for managing the Council's property portfolio within the context of the council's corporate priorities.

The Council also works closely with a wide range of partners, such as the health sector, police and education services. The Property Strategy acknowledges the importance of joint working with these organisations and the need to be consistent with the Community Plan and planning framework.

The Council's aim is to maximise the contribution of property assets to the delivery of the councils objectives, with the flexibility to continually adapt to changing demands.

The Financial Aims are to:

- Maximise capital receipts.
- Maximise revenue income.
- Reduce revenue cost.
- Reduce capital expenditure.

The Service aims are to:

- Minimise the amount of office accommodation.
- Improve quality and suitability of property assets.
- Match property to approved service requirements.

It ensures that its properties are fit for purpose by making proper provision and action for maintenance and repair. The organisation makes investment and disposal decisions based on thorough option appraisal. The capital programme gives priority to potential capital projects based on a formal objective approval process.

Whole life project costing is used at the design stage for significant projects where appropriate, incorporating future periodic capital replacement costs, projected maintenance and decommissioning costs.

The Asset Management Plan/Strategy is being reviewed and will include greater emphasis on the use of the council's property assets to support the council's Transformation Programme, regeneration and increased income/revenue generation.

The Authority the CIPFA Fixed Asset IT System to manage, maintain and account for its fixed assets, Property Management, Facilities management and Capital Finance utilise the system.

Under the requirements of the Localism Act 2011 parish councils and local voluntary and community organisations have the right to nominate local land or buildings they would like to see included in a list of assets of community value which is maintained by the Local Authority. Once listed the owner must allow community interest groups up to six months to make an offer before the property can be sold to another. It is envisaged that this may lengthen the disposal time for some properties if they are listed as assets of community value by the council.



SECTION 2

Capital Investment Mapping

The Authority has the following identified priorities:

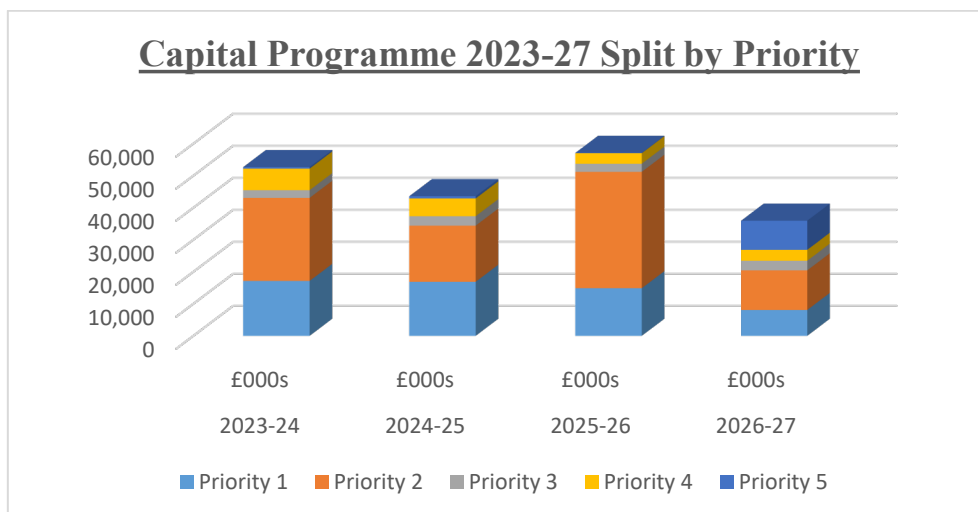
1. Nurturing Civic Pride – is about the relationship that people and communities have with a place this includes their physical surroundings and feelings of identity and belonging.
2. Building a Sustainable Future - Working towards a greener, more sustainable, and resilient future for the borough means better housing, action on climate change and supporting the health and wellbeing of our local communities.
3. Creating a Borough of Sport - From internationally renowned organisations like the All-England Club to grassroots clubs and organisations like Tooting and Mitcham FC, we want to strengthen our partnerships with sports clubs, organisations and businesses across the borough and promote increased participation in sports and activity.
4. Modernisation - The aims of the programme are two-fold. Firstly, to plan and support recovery as the country emerges from the pandemic. Secondly, to capture and build on some of the new ways of working to develop a modern council fit for the future.
5. Corporate Budgets

The table analyses the priority information contained in Annex 3, showing the investment in each priority:

Capital Programme 2023-27 Split by Priority

Priority	2023-24	2024-25	2025-26	2026-27
	£000s	£000s	£000s	£000s
1	17,144	16,881	14,870	8,079
2	25,932	17,527	36,349	12,370
3	2,400	2,958	2,525	3,005
4	6,734	5,535	3,280	3,400
5	474	700	100	9,097
Total	52,685	43,601	57,124	35,951

The chart below reflects this budget over the five strategic priorities of the organisation:



The Detail ...

SECTION 2

Capital Investment Planning

Capital resources 2023-27

Capital expenditure is funded from a variety of sources:-

- Grants which are not ring-fenced to be spent on a specific project or service
- Specific grants - earmarked for a specific project or purpose
- Capital receipts from the disposal of surplus and under-utilised land and property and repayment of principal
- Other contributions such as Section 106/CIL
- Council Funding – through revenue funding, use of reserves or borrowing.

Capital receipts

Capital receipts generated from the disposal of surplus and under-utilised land, property and other assets are a major source of funding and the potential available capital resources are under constant review and revision. The forecast of capital receipts included in this report are based on a forecast of planned land and property disposals. In addition, after the transfer of the housing stock to Merton Priory Homes, the council continues to receive a share of the receipts from Right to Buy applications and through future sharing arrangements, receipts from the sales of void properties, sales of development land and VAT saving on expenditure on stock enhancements.

Projected Capital Receipts

Due to the impact of Covid 19 and Brexit a cautious view has been taken of the potential capital receipts identified. Much of the anticipated capital receipts are as a result of the VAT shelter agreement entered into with Merton Priory Homes as part of the housing stock transfer. There are current proposals for some of the properties under this agreement to be redeveloped which could result in a reduction in receipts from the VAT shelter agreement (ends in the financial year 2024/25), however a Development and Disposals Clawback Agreement was entered into as part of the same transfer and this could result in a significant capital receipt should these development plans go ahead.

The following table represents an estimate of an anticipated cash flow and therefore these future capital receipts have been utilised to fund the capital programme:-

Anticipated Capital Receipts	2023/24	2024/25	2025/26	2026/27
	£000s	£000s	£000s	£000s
Sale of Assets	0	0	0	0
Right to buy/VAT Shelter*	900	900	500	500
Total	900	900	900	500

* Umbrella agreement with Clarion ceases March 2025

As there is currently no need to enter into external borrowing, investment balances will rise with the addition of capital receipts until utilised to fund the capital programme. Average expected interest rates on investments across the years of the capital programme are approximately 2.43%, as such an increase in receipts of £1m would be expected to generate a £2,430 increase in interest in a full year.

SECTION 2

Grant Funding

The Table below summarises the allocated grants being utilised to fund the budgeted proposed capital programme over the planning period:

Grants	2022/23	2023/24	2024/25	2025/26	2026/27
	£000s	£000s	£000s	£000s	£000s
Heritage Lottery Fund (earmarked)	349	0	0	0	0
Environment Agency (earmarked)	204				
Transport for London LIP/Department for Transport (earmarked) Capital	1,465	269	0	0	0
TOTAL: E&R	2,019	269	0	0	0
School Condition 2021-22 (semi-ringfenced)	1,362	0	0	0	0
School Condition 2022-23 (semi-ringfenced)	1,767	633	0	0	0
Estimated School Condition Future Years (semi-ringfenced)*	0	2,500	2,500	2,500	2,500
High Needs (ringfenced)	4,318	4,513	6,065	0	0
Estimated High Needs (ringfenced)	0	0	0	0	900
Devolved Formula Capital (Earmarked)	1,082	TBA	TBA	TBA	TBA
Family Hubs	15	15			
TOTAL: CSF	8,543	7,661	8,565	2,500	3,400
De-Carbonisation Grant	207				
Salix Grant		1,500	1,637		
TOTAL: CS	207	1,500	1,637	0	0
Disabled Facilities Grant Allocation 2020-21	768	0	0	0	0
Support Health & Social Hospital Discharges	0	0	0	0	172
Disabled Facilities Grant Allocation 2021-22	286	827	339	0	0
Disabled Facilities Grant Allocation 2022-23 Onwards	0	0	488	827	138
TOTAL: C&H	1,054	827	827	827	310
TOTAL GRANT FUNDING	11,823	10,257	11,029	3,327	3,710



SECTION 2

Contributions

The Table below summarises the budgeted contributions being utilised to fund the proposed capital programme over the planning period:

Capital Contributions	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	2026/27 £000s
Strategic Community Infrastructure Levy	4,126	6,481	2,216	6,629	2,800
Neighbourhood Community Infrastructure Levy	957	1,249	0	0	0
Section 106 Agreements	310	4,449	1,728	0	0
School Contributions	200	0	0	0	0
Clarion Contributions to fund CPOs	0	13,934	0	0	0
Total Used to Fund the Programme	5,593	26,113	3,944	6,629	2,800

In accordance with the Community Infrastructure Levy (CIL) Regulations the Authority is required to provide an Annual Infrastructure Funding Statement which provides analysis of income and expenditure in relation to CIL and Section 106

It is envisaged that the budgeted capital programme will slip, the table below shows the expected outturn position and the summary funding position. Balances held by the authority will generate interest until utilised to fund the capital programme (detail in Annex 2).

Capital Expenditure	2022/23 Estimate £000	2023/24 Estimate £000's	2024/25 Estimate £000's	2025/26 Estimate £000's	2026/27 Estimate £000's
Capital Expenditure	30,123	52,685	43,601	57,124	35,951
Slippage and Underspends	(6,069)	(7,466)	940	(3,149)	6,423
Total Capital Expenditure *	24,054	45,219	44,541	53,975	42,374
Financed by:					
Capital Receipts *	3,135	900	900	500	500
Capital Grants & Contributions	14,229	33,150	18,793	10,238	7,262
Revenue Provisions	708	1,169	1,438	229	40
Net financing need for the year	5,982	10,000	23,410	43,008	34,571

* Includes Multi-Function Devices finance lease

The total anticipated resourcing of the capital programme after allowing for slippage is summarised in the following table:-

	2023/24 £000s	2024/25 £000s	2025/26 £000s	2026/27 £000s
Grant & Contributions *	33,150	18,793	10,238	7,262
Council Funding	12,068	25,747	43,738	35,111
Total	45,219	44,541	53,975	42,374

* This table shows the grants and contributions applied to fund the programme after allowing for slippage.

SECTION 2

Impact of the Capital Programme on Revenue

The capital strategy recognises that the prudential framework provides the council with flexibility, subject to the constraints of the council's revenue budget. This flexible ability to borrow, either from internal cash resources or by external borrowing, coupled with the revised treatment of finance leases with effect from 1 April 2010, means that prudential borrowing is used for the acquisition of equipment, where it is prudent, affordable and sustainable. Since 2006/07 it has been possible to borrow from internal cash resources rather than external borrowing and it is forecast that this will continue to be the case until 2025/26. Over the period 2023-27 the Authority is scheduled to repay £26.5 million (24.03%) of long term debt. This will be kept under review as part of general Treasury Management.

The revenue effects of the capital programme are from capital financing charges and from additional revenue costs such as annual maintenance charges. The capital financing charges are made up of interest payable on loans to finance the expenditure and of principal repayments on those loans. The principal repayments commence in the year after the expenditure is incurred and are calculated by the application of the statutory Minimum Revenue Provision. The interest commences immediately the expenditure is incurred. The revenue effects of the capital programme are fully taken account of in the MTFS, with appropriate adjustments for slippage, timing of capital payments and the use of internal investment funds.

Annual Minimum Revenue Provision (MRP) Statement

Under guidance from the Department for Communities and Local Government, authorities are required to prepare an annual statement on their policy on making MRP. This mirrors the existing requirements to report to the council on the Prudential borrowing limit and investment policy. The statement is set out in Section 3 of the Treasury Management Strategy.

The revenue effects of the capital programme are built into the MTFS and are summarised below:

MTFS March 2022	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	2026/27 £000s
MRP	4,960	5,863	6,909	7,786	11,348
Interest on Borrowing	6,106	6,041	6,020	4,949	4,838
Total Borrowing Costs	11,066	11,903	12,929	12,736	16,186
Interest on Investments	(73)	(62)	(32)	(11)	0
CCLA Investment Two Loans @ £10m	(323)	(323)	(323)	(323)	(323)
Total Borrowing Costs Net of Investment interest	10,670	11,519	12,575	12,402	15,863

Proposed Programme Business Plan 2023-27	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	2026/27 £000s
MRP	4,841	4,841	5,197	6,129	7,861
Interest on Borrowing	6,106	6,041	6,020	4,949	5,097
Total Borrowing Costs	10,947	10,882	11,217	11,078	12,958
Interest on Investments	(639)	(1,430)	(722)	(181)	0
CCLA Investment Two Loans @ £10m	(457)	(323)	(323)	(323)	(323)
Total Borrowing Costs Net of Investment interest	9,851	9,129	10,172	10,574	12,635

SECTION 2

Movement in Projected Costs	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s	2026/27 £000s
MRP	(119)	(1,021)	(1,712)	(1,658)	(3,487)
Interest on Borrowing	0	0	0	0	259
Total Borrowing Costs	(119)	(1,021)	(1,712)	(1,658)	(3,228)
Interest on Investments	(566)	(1,368)	(690)	(170)	0
CCLA Investment Two Loans @ £10m	(134)	0	0	0	0
Total Borrowing Costs Net of Investment interest	(819)	(2,389)	(2,402)	(1,828)	(3,228)

Debt repayment

The council has had a strategy to reduce its level of debt when opportunity arises in the market. The average interest payable on outstanding debt is 5.5%. For the period 2023-27, capital receipts may continue to be used to pay the premiums on the repayment of those authority debts which have high fixed interest charges, if the terms offered will result in appropriate revenue savings. Any decision to repay debt early will be considered alongside the funding however, this is unlikely to be the case in the short to medium term requirement of the programme.

The Table below shows the maturity structure of current external debt

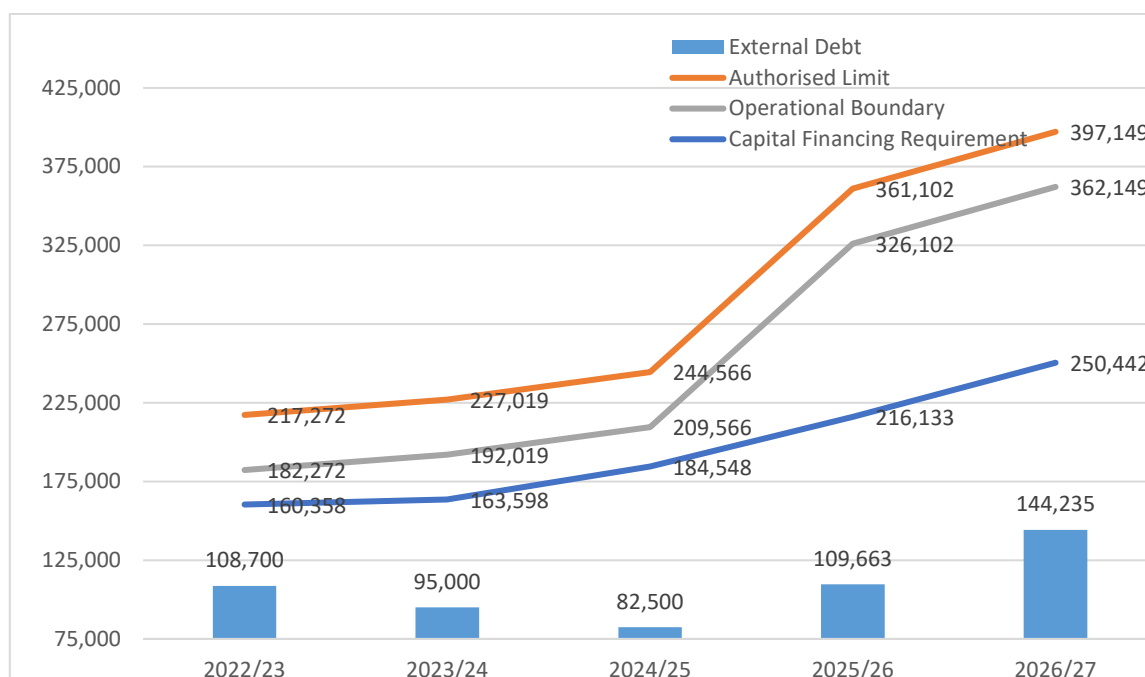
Maturity Structure of Borrowing		
Length of Time	Actual November 2022	Value £'000
less than 1 year	0.28%	310
1 to 2 years	24.03%	26,200
2 years to 5 years	4.13%	4,500
5 years to 10 years	0.92%	1,000
10 years to 20 years	10.55%	11,500
20 years to 30 years	18.81%	20,500
30 years to 40 years	22.93%	25,000
40 years to 50 years	18.35%	20,000
Total	100.00%	109,010

Internal borrowing to fund unsupported capital expenditure will reduce the balances available to invest under the treasury management strategy. In contrast, external borrowing will provide additional balance to invest under the Treasury Management Strategy until utilised.

SECTION 2

The chart below shows the debt related treasury activity limits discussed in detail in 4.4 of the Treasury Management Strategy and incorporates the proposed capital programme and funding strategy contained in this document.

Treasury Management Limits on Activity



The Table below summarises the Indicative Capital Programme for 2027 to 2032. Additional detail is provided as Annex 5:

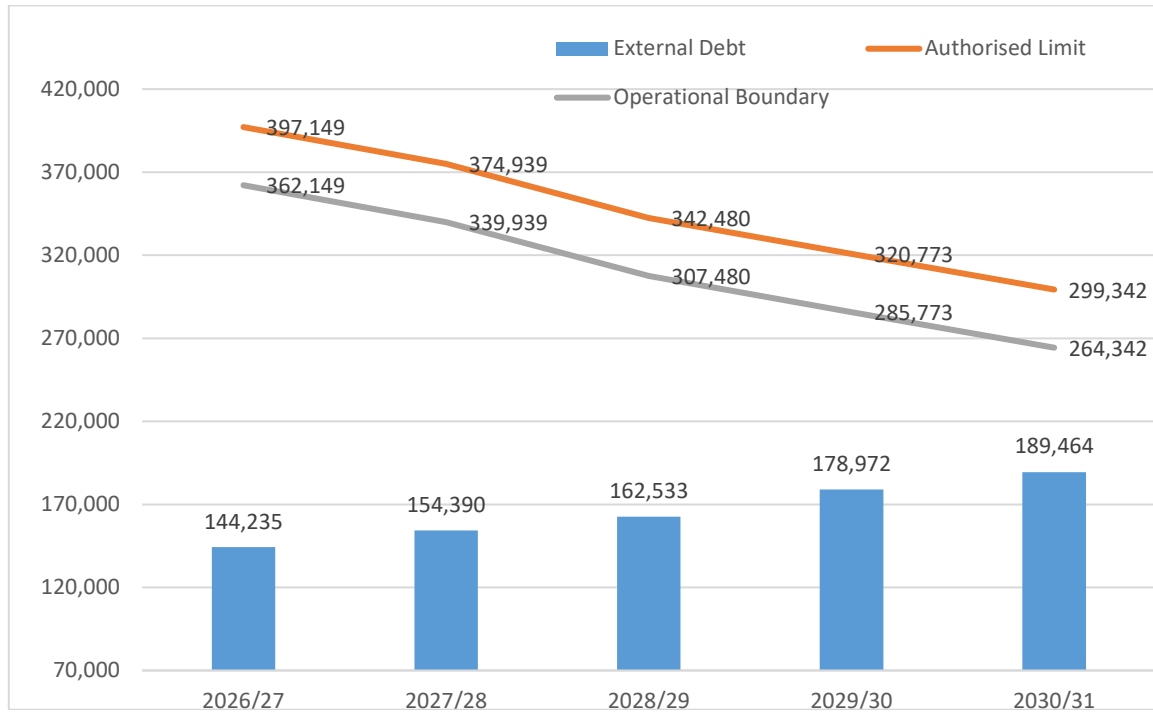
Department	Indicative Budget 2027-28	Indicative Budget 2028-29	Indicative Budget 2029-30	Indicative Budget 2030-31	Indicative Budget 2031-32
Corporate Services	3,230	3,570	4,405	5,530	3,550
Community and Housing	515	375	375	725	375
Children, Schools and Families	2,500	2,500	2,500	2,500	2,500
Environment and Regeneration	6,842	5,454	12,934	5,119	6,576
Total	13,087	11,899	20,214	13,874	13,001

Please note these figures do not include any allowance of grant funding or expenditure for Transport for London and Disabled Facilities.

For every £1 million capital expenditure that is funded by external borrowing it is estimated that there will be annual revenue debt charges of between £247k for assets with a life of 5 years to £67k for an asset life of 50 years.

SECTION 2

The Table below shows the impact of the indicative programme 2026-31 on the Authority's debt:



SECTION 2

Capital Investment Strategy for Non-Core Activity

This section of the strategy details the approach adopted in non-core investment activity and sets out how this will help the Authority to deliver its core functions. The definition of Investment covers all financial assets of a local authority as well as non-financial assets that the organisation holds primarily to generate financial returns, such as investment property portfolios.

During the period 2023-27 the Authority is planning the following investment activity:

- i) Section 5 of the Treasury Management Strategy sets out the Authority's short to medium term Investment Strategy. This strategy focusses on short to medium term low risk investments.
- ii) Having sold the financial interest in CHAS the Authority will be considering balancing the activity in (i) with debt redemption and legacy asset investment.

From 1 April 2018 (financial year 2018/19) the International Financial Reporting Standard 9 (Financial Instruments) came into force. Its purpose was to make accounting for financial instruments more transparent.

Security - The activity in relation to non-core investment will result in:

- i) Short to Medium Term investment of available cash resources in low risk low return investment.

Liquidity

- i) Short to medium term cash investments can be liquidated easily and will boost the interest generated.
- ii) Debt redemption will reduce the MRP annual charge and reduce the annual interest due on loans easing the financial pressure on revenue budgets:

The authority has also loaned money to MSJCB and should the Authority need to liquidate this loan it could be sold.

Yield - Expected yield:

- i) Section 5 of the Treasury Management Strategy details the yield expected from short to medium term cash investments

In assessing whether investment assets retain sufficient value to provide security of investment officers will be mindful of the fair value model in the International Accounting Standard 40: Investment Property.

Borrowing in Advance of Need

Section 4.2 of the Treasury Management Strategy details the current and future level of under borrowing by the Authority and sets out the Authority's borrowing strategy linked to this and internal borrowing.

Current indications are that interest rates are likely to rise making it more expensive to borrow, but will start to reduce in around 2 years. Consideration will be given to the timing of required borrowing to minimise the cost to the Authority and with regard to the current debt portfolio (detailed in Section 4.5 of the Treasury Management Strategy)

Capacity, Skills and Culture

The Authority will where appropriate, buy in expertise to progress loan and investment activity. It is also appropriate in some cases to develop expertise internally.

SECTION 2

Capital Planning Process

Capital Bids and Prioritisation Criteria

The authority has an annual bidding process for capital resources, in keeping with corporate priorities and identified service priorities. Submitted bids are reviewed and challenged as part of the process. Proposed capital bids are subject to scrutiny in the autumn and January. The table below summarises the movement in the capital programme from this year's process (detail in Annex 4):

Department	Revised Budget	Revised Budget	Indicative Budget	Indicative Budget
	2023-24 £000s	2024-25 £000s	2025-26 £000s	2026-27 £000s
Corporate Services	16,651	4,180	(9,316)	2,938
Community and Housing	4,980	10,722	15,762	9,204
Children, Schools and Families	4,633	4,437	79	(10,300)
Environment and Regeneration	8,371	8,313	12,730	4,035
Total	34,635	27,652	19,255	5,877

Given the scarcity of financial resources the Authority has dovetailed the CIL annual bidding processes with the capital bidding process.

Corporate Governance

Accounting Definitions and Practices

The council's approach to Capital Accounting follows the Code of Practice on Local Authority Accounting, which itself is based on the International Financial Reporting Standards (IFRS) and guidance issued by CIPFA and professional accounting networks.

As in previous years, there has been continual review of the Capital Programme to ensure that expenditure meets the strict definition of capital expenditure and to identify any items which would be more appropriate to be charged to revenue. This has not resulted in any major changes to the future programme.

The de-minimis level of capital expenditure for the authority is set at £10,000 per project. This applies to all schemes within our capital programme, however, in exceptional circumstances thresholds below this may be considered where specific items of expenditure are below this de-minimis level but meet proper accounting definitions of capital expenditure.

Individual schools may choose to adopt the above de-minimis limit or use the limit of £2,000 as mentioned in some Department for Education and HMRC guidance for various types of school.

IFRS 9 requires that investment in risk capital will need to be valued annually at fair value with any loss or gain being written through the profit and loss account in the year it occurs.

IFRS 16 will require all but short-term de-minimis leasing rental/leasing arrangements appear on the Authority's balance sheet from the financial year 2024/25.

SECTION 2

Capital Programme Board

Merton's Capital Strategy is coordinated by the Capital Programme Board. The board, is effectively a sub-group of the Corporate Management Team (CMT). It comprises the *Directors of Corporate and Environment and Regeneration Services* with selected key managers from each service department.

The Terms of Reference of the Board are:

- Lead on the development and maintenance of the capital investment strategy and ensure it is consistent with the council's strategic objectives, TOMs and service plans.
- Ensure that the capital investment strategy informs and is informed by the asset management plan.
- Ensure there is a transparent and clearly communicated process for allocation of capital funds with clear and well documented criteria and decision making process.
- Monitor progress of capital funded schemes and any other critical schemes as determined by CMT. Receive joint reports from Finance/departmental staff on progress against deliverables, milestones and budget forecasts.
- In conjunction with other governing bodies, consider/approve business cases that involve capital investment.
- Monitor issues arising as a result of changes in accounting treatment of capital expenditure and ensure the organisation responds accordingly.
- Assess capital schemes in the context of the Medium Term Financial Strategy to ensure they are affordable in revenue terms.
- Receive reports from the Property Management and Review Manager relating to capital funds coming from the disposal of property, in collaboration with the Property and Asset Management Board.
- Receive benefits reports from Programme/Project Managers when capital projects/programmes are closed. Monitor key benefits to ensure they are realised for large capital schemes.

The role of the Board is to:

- Set framework and guidelines for capital bids;
- Draft the capital programme for consideration by CMT and Cabinet;
- Review capital bids and prioritise in accordance with the council's strategic objectives;
- Identify and allocate capital funds;
- Monitor progress of capital programmes/projects and key variances between plans and performance;
- Monitor budgets of capital programmes/projects against forecasts;
- Monitor benefits and ensure they are realised. Monitor capital receipts
- Develop and share good practice

The Board is accountable to the Corporate Management Team who will receive reports and escalated matters from the Board on a regular basis. CMT will set the strategy and direction, the Capital Programme Board will operationalise this and escalate concerns and ideas. The Board will refer to, and take advice from, the Procurement Board on any proposals and/or decisions that have a procurement dimension. The Board will work closely with the Property and Asset Management Board on any property/asset related proposals.

The Board will make agendas and minutes available to the other Governance Boards within 5 working days of the meeting.

SECTION 2

During the budget process the Executive Director Finance and Digital recommends to Cabinet an initial view as to how the Capital Programme should be funded. However, this recommendation will be informed by the Capital Programme Board's consideration of the capital receipts available and the forecast of future property disposals and the final funding during the closure of accounts will depend on the precise financial position. At this stage it is intended to utilise internal borrowing, capital grant, direct revenue financing, capital receipts and earmarked reserves. Any capital loans given out by the authority, dependent on the size, will normally be funded from capital receipts as the repayments will be received as capital receipts. It will be reported to Members in advance when it is proposed to use external borrowing.

The council has had a robust policy for many years of reviewing its property holding and disposing of surplus property, this is detailed in the Asset Management Plan/Strategy (AMP/S) which also includes policy and procedures for land and property acquisition. All capital receipts are pooled, unless earmarked by Cabinet, and are used either to finance further capital investment or for the payment of premiums on repayment of higher interest loans.

Capital Programme Approval and Amendment

The Capital Programme is approved by Council each year. Any change which substantially alters the programme (and therefore the Prudential Indicators) requires full Council approval. Rules for changes to the Capital Programme are detailed in the council's Constitution within Financial Regulations and Financial Procedures and the key points are summarised here.

For virements which do not substantially alter the programme the below approval limits apply:

- Virements up to £5k can be signed off by the budget manager and the Chief Financial Officer (CFO) is informed of these changes as part of the monthly financial monitoring
- Virements £5k up to £100k must be approved by the Chief Officer of the area or areas affected along with the Chief Financial Officer, typically this will be as part of the monthly financial monitoring report to CMT however approval can be sought from these officers at any time if necessary
- Virements £100k and upwards go to Cabinet for approval
- Any virement which diverts resources from a scheme not started, resulting in a delay to that scheme, will be reported to Cabinet
(Please note virement rules are cumulative i.e. two virements of £5,000 from one project; the latter would require the approval of Chief Officers)

For increases to the programme for existing schemes up to £100,000 must be approved by the Executive Director Finance and Digital. Increases above this threshold must be approved by Cabinet. In accordance with the Prudential Code if the increase in the Capital Programme will substantially change prudential indicators it must be approved by Council.

For new schemes, the source of funding and any other financial or non-financial impacts must be reported and the limits below apply:

- Budgets of up to £50k can be approved by the Chief Financial Officer in consultation with the relevant Chief Officer
- Budgets of £50k up £500k will be submitted to Cabinet for approval
- Budgets over £500k will be submitted to full Council for approval

Approval thresholds are kept under review.

SECTION 2

Capital Monitoring

The Council approves the four-year Capital Programme in March each financial year. Amendments to the programme are approved appropriately by CMT, Cabinet and Council. Budget managers are required to monitor their budget monthly, key reviews are undertaken in September and November. November monitoring provides the final opportunity for budget managers to re-profile budgets into future financial years and January monitoring provides the final opportunity for budget managers to vire their budgets within the current financial year.

December monitoring information feeds into the Authority's Medium Term Financial Strategy (MTFS) and is used to assess the revenue impact over the period of the strategy with minor amendments in the later months. November monitoring is also used to measure the accuracy of year-end projections.

Councillors receive regular monitoring reports on the overall position of capital expenditure in relation to the budget. They also receive separate progress reports on key spend areas.

Capacity, Skills and Culture

Team planning and staff appraisals highlight staff developmental requirements and monitor their progression. Qualified financial staff meet the continual professional development requirements of their relevant CCAB organisation.

Member induction and development is led corporately by the Authority's Human Resources division, this is supplemented, where appropriate, with additional financial briefings.



SECTION 2

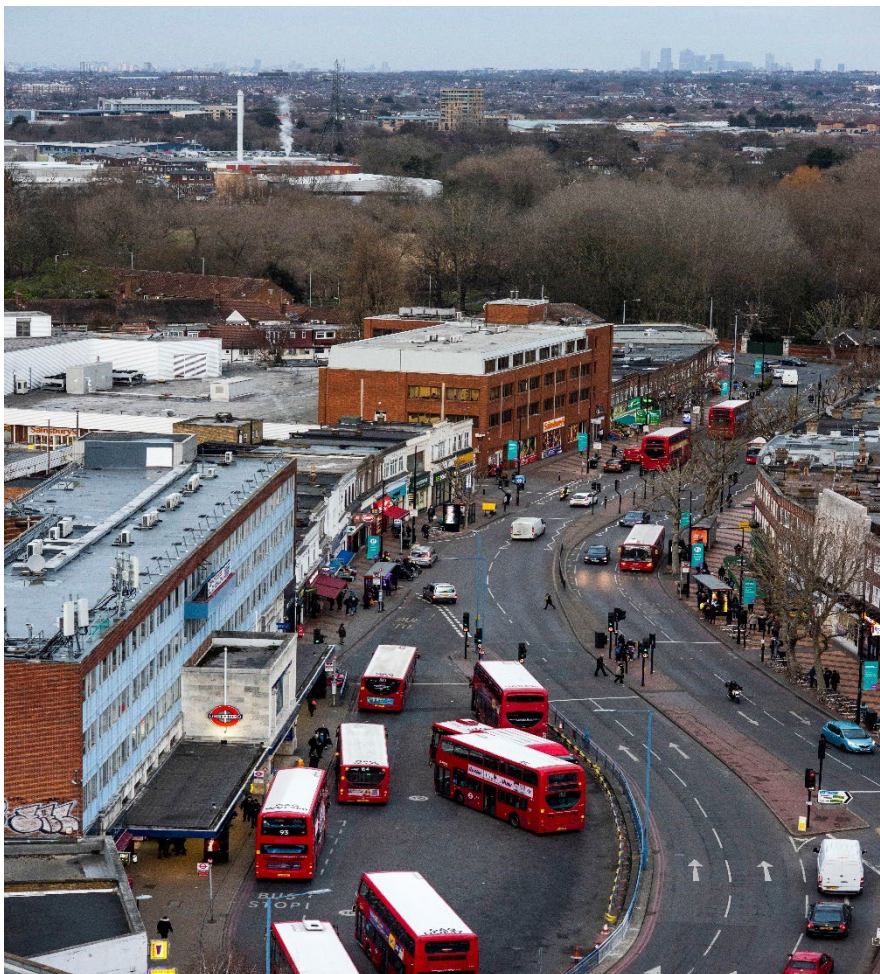
Risk Management and Assessment

The management of risk is strategically driven by the Corporate Risk Management group. The group collates on a quarterly basis the headline departmental risks and planned mitigation activity from each department, project and partnership. From this information a Key Strategic Risk Register is compiled and presented to CMT quarterly for discussion and onto Cabinet and Standards and General Purposes Committee annually. The Authority's Risk Management Strategy is reviewed and updated annually and presented to CMT, Cabinet and Council.

Risk Appetite - The council recognises that its risk appetite to achieve the corporate priorities identified within its corporate plan could be described in general as an "informed and cautious" approach. Where significant risk arises, we will take effective control action to reduce these risks to an acceptable level.

It is also recognised that a higher level of risk may need to be accepted, for example, to generate higher returns from loans and investment. To offset this there are areas where the council will maintain a very cautious approach for example in matters of compliance with the law, and public confidence in the council, supporting the overall "informed and cautious" position on risk.

Within its portfolio of risk Merton is developing a balance between financial and non-financial investments



SECTION 2

Capital Investment Programme - Schemes for Approval 2022-27

Annex 1

Department	Revised Budget 2022-23 £000's	Revised Budget 2023-24 £000's	Revised Budget 2024-25 £000's	Revised Budget 2025-26 £000's	Revised Budget 2026-27 £000's
Corporate Services	7,544	22,221	8,935	3,580	12,697
Community and Housing	1,095	5,952	11,442	16,452	9,685
Children, Schools and Families	9,257	8,033	8,737	3,479	3,400
Environment and Regeneration	12,578	16,479	14,487	33,613	10,169
Total	30,474	52,685	43,601	57,124	35,951

Department	Revised Budget 2022-23 £000's	Revised Budget 2023-24 £000's	Revised Budget 2024-25 £000's	Revised Budget 2025-26 £000's	Revised Budget 2026-27 £000's
Corporate Services					
Facilities Management	2,412	3,790	3,980	950	950
Information Technology & Business Systems	4,074	3,373	4,355	2,630	2,750
Finance	0	700	0	0	0
Corporate Items	1,058	14,358	600	0	8,997
Total Corporate Services	7,544	22,221	8,935	3,580	12,697
Community and Housing					
Adult Social Care	0	0	0	0	0
Housing	1,066	5,952	11,102	16,102	9,685
Libraries	29	0	340	350	0
Total Community and Housing	1,095	5,952	11,442	16,452	9,685
Children, Schools and Families					
Primary School	2,602	3,083	2,500	2,500	2,500
Secondary Schools	289	0	0	0	0
SEN Schools and ARPs	4,986	4,563	6,237	979	900
Other	1,381	387	0	0	0
Total Children, Schools and Families	9,257	8,033	8,737	3,479	3,400
Environmental and Regeneration					
Public Protection and Development	802	3,576	420	465	480
Street Scene and Waste	386	324	1,024	20,778	524
Sustainable Communities	11,390	12,580	13,043	12,370	9,165
Total Environmental and Regeneration	12,578	16,479	14,487	33,613	10,169
Total Capital	30,474	52,685	43,601	57,124	35,951

Please Note:

1. Excludes budget relating to future year announcements of Better Care Fund
 2. Excludes indicative budgets relating to future year announcements for Transport for London and Schools Condition Grant
- OSC = Overview and Scrutiny, CYP = Children and Young People, HCOP = Healthier Communities and Older People and SC - Sustainable Communities

SECTION 2

FUNDING THE CAPITAL PROGRAMME 2022-27Annex2

Merton	Capital Programme £000s	Funded by Merton £000s	Funded by grant and capital contributions £000s
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2022/23 Current Budget	30,474	12,810	17,664
Potential Slippage b/f	0	0	0
2022/23 Revised Budget	30,474	12,810	17,664
Potential Slippage c/f	(4,761)	(1,452)	(3,309)
Potential Underspend not slipped into next year	(1,660)	(1,534)	(126)
Total Spend 2022/23	24,054	9,825	14,229

2023/24 Current Budget	52,685	16,682	36,370
Potential Slippage b/f	4,761	1,452	3,309
2023/24 Revised Budget	57,446	18,134	39,679
Potential Slippage c/f	(10,015)	(4,304)	(6,077)
Potential Underspend not slipped into next year	(2,212)	(1,760)	(452)
Total Spend 2023/24	45,219	12,068	33,150

2024/25 Current Budget	43,601	28,630	14,972
Potential Slippage b/f	10,015	4,304	6,077
2024/25 Revised Budget	53,616	32,933	21,050
Potential Slippage c/f	(7,232)	(5,759)	(1,841)
Potential Underspend not slipped into next year	(1,842)	(1,427)	(415)
Total Spend 2024/25	44,541	25,747	18,793

2025/26 Current Budget	57,124	47,168	9,956
Potential Slippage b/f	7,232	5,759	1,841
2025/26 Revised Budget	64,356	52,928	11,796
Potential Slippage c/f	(8,657)	(7,881)	(1,143)
Potential Underspend not slipped into next year	(1,724)	(1,309)	(415)
Total Spend 2025/26	53,975	43,738	10,238

2026/27 Current Budget	35,951	29,441	6,510
Potential Slippage b/f	8,657	7,881	1,143
2026/27 Revised Budget	44,608	37,322	7,653
Potential Slippage c/f	(1,746)	(1,862)	(250)
Potential Underspend not slipped into next year	(488)	(348)	(140)
Total Spend 2026/27	42,374	35,111	7,262

SECTION 2

Detailed Capital Programme 2023-27

Annex 3

Cost Centre Narrative	Project Narrative	Priority	Scrutiny	Revised Budget 2023-24 £000s	Revised Budget 2024-25 £000s	Revised Budget 2025-26 £000s	Proposed Budget 2026-27 £000s
Business Improvement							
Customer Contact Programme	Customer Contact Programme	4	OSC	483	0	1,000	1,000
Customer Contact Programme	Web Content Management System	4	OSC	0	100	0	0
Business Systems	Ancillary System	4	OSC	0	0	0	50
Business Systems	Youth Justice	4	OSC	0	0	100	0
Business Systems	Parking System	4	OSC	270	400	0	0
Business Systems	Payroll System	4	OSC	0	0	0	160
Business Systems	Invoice Scanning SCIS/FIS	4	OSC	150	0	0	0
Business Systems	Environmental Asset Management	4	OSC	240	250	0	0
Business Systems	Housing System (Capita Housing)	4	OSC	0	0	120	0
Business Systems	Revenue & Benefits	4	OSC	300	400	0	0
Business Systems	Payments project	4	OSC	0	150	0	0
Business Systems	GIS Mapping (Spectrum Spatial Analyst Replac	4	OSC	100	0	200	300
Business Systems	LLPG&LSG System ((Gazetteer Management Sy	4	OSC	0	0	0	100
Business Systems	Planning&Public Protection Sys	4	OSC	241	550	0	0
Business Systems	Exacom	4	OSC	0	40	0	0
Business Systems	Safer Merton Case Management	4	OSC	0	60	0	0
Business Systems	Transport Management System	4	OSC	0	0	150	0
Replacement SC System	Replacement SC System	4	OSC	819	1,000	0	0
Replacement SC System	SEN Case Management	4	OSC	0	0	0	170
Facilities Management							
Works to Other Buildings	Repair and Maintenance	4	OSC	650	650	650	650
Civic Centre	Civic Centre Cycle Parking	2	OSC	60	0	0	0
Civic Centre	Civic Centre Boilers	2	OSC	2,400	2,500	0	0
Civic Centre	Workplace design	4	OSC	530	530	0	0
Invest to Save	Project General	2	OSC	100	300	300	300
Invest to Save	Photovoltaics	2	OSC	50	0	0	0
Information Technology							
Planned Replacement Program	Project General	4	OSC	770	1,405	1,060	970
Resources							
Financial Systems	Improving Financial Systems	4	OSC	700	0	0	0
Corporate Budgets							
Multi-Functioning Device (MFD)	Multi-Functioning Device (MFD) - Finance Lea	5	OSC	0	600	0	0
Acquisitions Budget	Acquisitions Budget	5	OSC	0	0	0	6,316
Capital Bidding Fund	Capital Bidding Fund	5	OSC	0	0	0	1,000
Corporate Capital Contingency	Corporate Capital Contingency	5	OSC	0	0	0	1,681
Westminster Coroners Court	Westminster Coroners Court	5	OSC	379	0	0	0
Governance	New Election Booths	5	OSC	45	0	0	0
Compulsory Purchase Order	Clarion - CPO	2	OSC	13,934	0	0	0
Total Corporate Services				22,221	8,935	3,580	12,697

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

Priority

1. Nurturing Civic Pride – is about the relationship that people and communities have with a place this includes their physical surroundings and feelings of identity and belonging.
2. Building a Sustainable Future - Working towards a greener, more sustainable, and resilient future for the borough means better housing, action on climate change and supporting the health and wellbeing of our local communities.
3. Creating a Borough of Sport - From internationally renowned organisations like the All-England Club to grassroots clubs and organisations like Tooting and Mitcham FC, we want to strengthen our partnerships with sports clubs, organisations and businesses across the borough and promote increased participation in sports and activity.
4. Modernisation - The aims of the programme are two-fold. Firstly, to plan and support recovery as the country emerges from the pandemic. Secondly, to capture and build on some of the new ways of working to develop a modern council fit for the future.
5. Corporate Budgets

Please Note:

1. Excludes budget relating to future year announcements of Better Care Fund
2. Excludes indicative budgets relating to future year announcements for Transport for London and Schools Condition Grant

SECTION 2

Detailed Capital Programme 2023-27 continued....

Annex 3

Cost Centre Narrative	Project Narrative	Priority	Scrutiny	Revised Budget 2023-24 £000s	Revised Budget 2024-25 £000s	Revised Budget 2025-26 £000s	Proposed Budget 2026-27 £000s
Housing							
Disabled Facilities Grant	Project General	2	SC/HCOP	827	827	827	310
Major Projects Affordable Hou	Empty Homes Strategy	2	SC/HCOP	125	375	375	375
Major Projects Affordable Hou	Affordable Housing Fund	2	SC/HCOP	5,000	5,000	10,000	9,000
Major Projects Social Care H	LD Supported Living	2	SC/HCOP	0	4,900	4,900	0
Libraries							
Library Enhancement Works	West Barnes Re-Fit	2	SC	0	200	0	0
Libraries IT	Library Management System	2	SC	0	140	0	0
Library Major Projects	Library Self Service	2	SC	0	0	350	0
Total Community and Housing				5,952	11,442	16,452	9,685

Cost Centre Narrative	Project Narrative	Priority	Scrutiny	Revised Budget 2023-24 £000s	Revised Budget 2024-25 £000s	Revised Budget 2025-26 £000s	Proposed Budget 2026-27 £000s
Primary Schools							
Hollymount	School Capital Maintenance	1	CYP	50	0	0	0
Hatfield School	School Capital Maintenance	1	CYP	35	0	0	0
Joseph Hood School	School Capital Maintenance	1	CYP	66	0	0	0
Wimbledon Park	School Capital Maintenance	1	CYP	50	0	0	0
Sherwood	School Capital Maintenance	1	CYP	8	0	0	0
William Morris School	School Capital Maintenance	1	CYP	10	0	0	0
Unlocated Primary School Proj	School Capital Maintenance	1	CYP	2,864	2,500	2,500	2,500
Special Schools							
Perseid School	School Capital Maintenance	1	CYP	50	0	0	0
Unlocated SEN	Medical PRU	1	CYP	30	0	0	0
Mainstream SEN (ARP)	West Wimbledon Primary ARP expansion	1	CYP	235	0	0	0
Mainstream SEN (ARP)	Cranmer Primary School New ARP	1	CYP	623	0	0	0
Mainstream SEN (ARP)	Further Primary School ARP expansion	1	CYP	200	216	0	0
Mainstream SEN (ARP)	Raynes Park school ARP expansion 1	1	CYP	1,015	1,019	0	0
Mainstream SEN (ARP)	Secondary School ARP Expansion 2	1	CYP	300	576	0	0
Mainstream SEN (ARP)	Secondary School ARP Expansion 3	1	CYP	500	1,209	0	0
Mainstream SEN (ARP)	Secondary School ARP Expansion 4	1	CYP	30	700	979	0
Mainstream SEN (ARP)	Safety Valve - New ARP	1	CYP	0	0	0	900
Perseid Lower School	Perseid School Expansion	1	CYP	1,580	2,517	0	0
Other							
Children's Centres	Bond Road Family Centre	1	CYP	30	0	0	0
Children's Centres	Family Hubs	1	CYP	15	0	0	0
Youth Provision	Pollards Hill Digital Divide	1	CYP	276	0	0	0
Other	Children's Safeguarding	1	CYP	0	0	0	0
Other	Care Leaving Accommodation	1	CYP	66	0	0	0
Total Children, Schools & Families				8,033	8,737	3,479	3,400

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5. Corporate Budgets

SECTION 2

Detailed Capital Programme 2023-27 continued.....

Annex 3

Cost Centre Narrative	Project Narrative	Priority	Scrutiny	Revised Budget 2023-24 £000s	Revised Budget 2024-25 £000s	Revised Budget 2025-26 £000s	Proposed Budget 2026-27 £000s
Public Protection and Development							
On Street Parking - P&D	Pay and Display Machines/emissions	4	SC	107	0	0	0
On Street Parking - P&D	Replacement ANPR cameras with air quality / t	1	SC	300	300	300	300
Off Street Parking - P&D	Car Park Upgrades	4	SC	675	0	0	0
Off Street Parking - P&D	Peel House Car Park	4	SC	700	0	0	0
CCTV Investment	CCTV cameras and infrastructure upgrade	1	SC	1,052	0	0	0
CCTV Investment	CCTV business continuity and resilience Dark F	1	SC	173	0	0	0
CCTV Investment	Rapid deployment cameras	1	SC	0	0	45	45
CCTV Investment	5 new permanent cameras per year, and enhance	1	SC	135	100	100	100
CCTV Investment	Designing out crime for ASB, violence and incre	1	SC	35	20	20	0
CCTV Investment	Brangwyn Crescent / Commons side Easte Improve	1	SC	52	0	0	0
CCTV Investment	Willow Lane Bridge BID - Improvement Projec	1	SC	27	0	0	0
Public Protection and Develop	Upgrade and Replace the Boroughs Automated A	2	SC	250	0	0	0
Public Protection and Develop	Noise Monitoring Equipment	2	SC	70	0	0	0
Public Protection and Develop	Project General	2	SC	0	0	0	35
Street Scene and Waste							
Fleet Vehicles	Replacement of Fleet Vehicles	2	SC	300	0	1,212	0
Alley Gating Scheme	Project General	1	SC	24	24	24	24
Waste SLWP	Project General	1	SC	0	0	42	0
Waste SLWP	Replacement of Fleet Vehicles	2	SC	0	0	15,000	0
Waste SLWP	Waste Transfer Station	1	SC	0	1,000	4,500	500
Waste SLWP	Electricity Sub Station	2	SC	0	0	0	0
Sustainable Communities							
Street Trees	Street Tree Programme	2	SC	60	60	60	60
Highways & Footways	Street Lighting Replacement Pr	2	SC	290	290	290	290
Highways & Footways	Traffic Schemes	1	SC	150	150	150	150
Highways & Footways	Surface Water Drainage	1	SC	100	100	100	60
Highways & Footways	Repairs to Footways	1	SC	1,300	1,300	1,300	1,300
Highways & Footways	Maintain AntiSkid and Coloured	1	SC	60	60	60	60
Highways & Footways	Borough Roads Maintenance	1	SC	2,200	2,200	2,200	1,800
Highways & Footways	Highways bridges & structures	1	SC	626	260	260	260
Highways & Footways	Motspur Park Station Access for All	2	SC	500	0	0	0
Highways & Footways	Haydons Road Access for All	2	SC	100	0	0	0
Highways & Footways	Various Culverts Strengthening & Upgrade	2	SC	208	0	0	0
Highways & Footways	ANPR Cameras Supporting Enforcement of Sch	1	SC	200	200	200	0
Highways & Footways	Residential Secure Cycle Storage	2	SC	26	0	0	0
Highways & Footways	Pollards Hill Cycling & Active Travel	2	SC	200	750	850	0
Cycle Route Improvements	Cycle Access/Parking TfL	2	SC	159	0	0	0
Cycle Route Improvements	Haydons Rd Bridge cycle lane	2	SC	135	0	0	0

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5. Corporate Budgets

SECTION 2

Detailed Capital Programme 2023-27 continued.....

Annex 3

Cost Centre Narrative	Project Narrative	Priority	Scrutiny	Revised Budget 2023-24 £000s	Revised Budget 2024-25 £000s	Revised Budget 2025-26 £000s	Proposed Budget 2026-27 £000s
Mitcham Area Regeneration	Rowan Park Community Facility Match Funding	2	SC	150	0	0	0
Mitcham Area Regeneration	Pollards Hill Bus Shelter/Toilets Refurbishment	1	SC	250	0	0	0
Mitcham Area Regeneration	SMCA Springboard	1	SC	87	0	0	0
Mitcham Area Regeneration	Mitcham Cricket Green	1	SC	54	0	0	0
Mitcham Area Regeneration	The Small Quarter Phase 2	1	SC	22	0	0	0
Mitcham Area Regeneration	Chapter House	1	SC	33	0	0	0
Wimbledon Area Regeneration	Crowded Places/Hostile Vehicle Mitigation	1	SC	180	0	0	0
Wimbledon Area Regeneration	Wimbledon Public Realm Implementation	1	SC	475	0	0	0
Wimbledon Area Regeneration	Wimbledon Village - Heritage Led Public Realm	1	SC	800	0	0	0
Wimbledon Area Regeneration	Kenilworth Green Pocket Park	2	SC	65	0	0	0
Wimbledon Area Regeneration	Cannizaro Park Valley Path	2	SC	83	0	0	0
Wimbledon Area Regeneration	Survive to Thrive	1	SC	116	0	0	0
Morden Area Regeneration	Morden Town Centre Improvements	1	SC	200	0	0	0
Morden Area Regeneration	Morden TC Regen Match Funding	2	SC	0	2,000	2,000	2,000
Borough Regeneration	Lost Rivers Repairs	2	SC	300	0	0	0
Borough Regeneration	42 Graham Rd Mitcham	5	SC	50	0	0	0
Borough Regeneration	Civic Pride Public Realm Improvements	1	SC	50	1,500	1,500	0
Borough Regeneration	Shopping Parade Improvements	1	SC	260	800	460	0
Borough Regeneration	Carbon Offset Funding	2	SC	50	0	0	0
Borough Regeneration	Community Retrofit Loan	2	SC	280	125	125	0
Borough Regeneration	Business Retrofit Support Scheme	2	SC	0	0	0	0
Morden Leisure Centre	New Running Track	3	SC	400	1,500	850	0
Wimbledon Park	New Wimbledon Park lakeview building - inclu	3	SC	0	0	500	2,000
Sports Facilities	Leisure Centre Plant & Machine	3	SC	300	250	250	280
Sports Facilities	Canons New Sports Hall Equipment	3	SC	0	0	0	0
Parks Investment	Parks Investment	3	SC	300	300	300	300
Parks Investment	Sports Drainage	3	SC	150	0	0	0
Parks Investment	Refurbishment of Mertons Multi Use Sports Are	3	SC	175	0	0	0
Parks Investment	Tennis Court Refurbishments	3	SC	150	75	75	75
Parks Investment	New interactive water play feature at Wimbledd	3	SC	0	183	0	0
Parks Investment	22. Bridges and Structures	1	SC	36	80	80	80
Parks Investment	23. Existing Green Flag Improvement Program	3	SC	50	150	100	0
Parks Investment	24. New Green Flag Improvement Programme	3	SC	50	150	100	0
Parks Investment	28. Parks Security Measures & Traveller Preve	1	SC	75	50	50	0
Parks Investment	29. Playground Priority Upgrades Programme	3	SC	350	350	350	350
Parks Investment	30. Wandle Tree Trail Safety & Management Pr	2	SC	60	60	60	0
Parks Investment	Paddling Pools (borough wide) OPTION 1	3	SC	70	0	0	0
Parks Investment	Morden Park Playground	3	SC	76	0	0	0
Parks Investment	Merton Saints BMX Club	3	SC	130	0	0	0
Parks Investment	Durnsford Road Recreation Ground	3	SC	45	0	0	0
Parks Investment	Garfield Recreation Ground MUGA	3	SC	120	0	0	0
Parks Investment	Green Gym for Moreton Green	3	SC	35	0	0	0
Mortuary Provision	Project General	5	SC	0	100	100	100
Total Environment & Regeneration				16,479	14,487	33,613	10,169
Total Capital				52,685	43,601	57,124	35,951

SECTION 2

Growth/(Reductions) proposed Programme 2022-26 **Annex 4**

Department	Revised Budget 2023-24 £000's	Revised Budget 2024-25 £000's	Revised Budget 2025-26 £000's	Revised Budget 2026-27 £000's
Corporate Services	16,651	4,180	(9,316)	2,938
Community and Housing	4,980	10,722	15,762	9,204
Children, Schools and Families	4,633	4,437	79	(10,300)
Environment and Regeneration	8,371	8,313	12,730	4,035
Total	34,635	27,652	19,255	5,877

Department	Revised Budget 2023-24 £000's	Revised Budget 2024-25 £000's	Revised Budget 2025-26 £000's	Revised Budget 2026-27 £000's
Corporate Services				
Facilities Management	2,115	3,030	0	0
Information Technology & Business Systems	178	1,150	150	60
Finance	0	0	0	0
Corporate Items	14,358	0	(9,466)	2,878
Total Corporate Services	16,651	4,180	(9,316)	2,938
Community and Housing				
Adult Social Care	0	0	0	0
Housing	4,980	10,582	15,822	9,405
Libraries	0	140	(60)	(201)
Total Community and Housing	4,980	10,722	15,762	9,204
Children, Schools and Families				
Primary School	583	0	0	0
Secondary Schools	0	0	0	0
SEN Schools and ARPs	3,663	4,437	79	(10,300)
Other	387	0	0	0
Total Children, Schools and Families	4,633	4,437	79	(10,300)
Environmental and Regeneration				
Public Protection and Development	2,552	(60)	0	0
Street Scene and Waste	0	1,000	4,500	500
Sustainable Communities	5,820	7,373	8,230	3,535
Total Environmental and Regeneration	8,371	8,313	12,730	4,035
Total Capital	34,635	27,652	19,255	5,877

SECTION 2

Indicative Capital Programme 2027-32

Annex 5

Project Narrative	Priority	Scrutiny	Indicative Budget 2027-28	Indicative Budget 2028-29	Indicative Budget 2029-30	Indicative Budget 2030-31	Indicative Budget 2031-32
Business Improvement							
Customer Contact Programme	4	OSC	1,000	0	0	1,000	1,000
Ancilliary System	4	OSC	0	0	0	0	50
Youth Justice	4	OSC	0	0	100	0	0
School Admissions System	4	OSC	125	0	0	0	0
Parking System	4	OSC	0	0	0	600	0
Payroll System	4	OSC	0	0	0	0	160
Invoice Scanning SCIS/FIS	4	OSC	150	0	0	0	150
Environmental Asset Management	4	OSC	0	0	0	500	0
Housing System (Capita Housing)	4	OSC	0	0	0	120	0
Revenue & Benefits	4	OSC	0	0	0	750	0
Payments project	4	OSC	0	150	0	0	0
LLPG&LSG System ((Gazetteer Manag	4	OSC	0	0	0	0	100
Planning&Public Protection Sys	4	OSC	0	0	0	550	0
Exacom	4	OSC	0	0	40	0	0
Safer Merton Case Management	4	OSC	0	0	60	0	0
Transport Management System	4	OSC	0	0	150	0	0
Replacement SC System	4	OSC	0	1,100	1,000	0	0
SEN Case Management	4	OSC	0	0	0	0	170
Facilities Management							
Repair and Maintenance	4	OSC	650	650	650	650	650
Project General	2	OSC	300	300	300	300	300
Information Technology							
Project General	4	OSC	1,005	770	1,405	1,060	970
Resources							
Improving Financial Systems	4	OSC	0	0	700	0	0
Corporate Budgets							
Multi-Functioning Device (MFD) - Fin	5	OSC	0	600	0	0	0
Total Corporate Services			3,230	3,570	4,405	5,530	3,550

Project Narrative	Priority	Scrutiny	Indicative Budget 2027-28	Indicative Budget 2028-29	Indicative Budget 2029-30	Indicative Budget 2030-31	Indicative Budget 2031-32
Housing							
Empty Homes Strategy	2	HCOP	375	375	375	375	375
Libraries							
Library Management System	2	SC	140	0	0	0	0
Library Self Service	2	SC	0	0	0	350	0
Total Community and Housing			515	375	375	725	375

Project Narrative	Priority	Scrutiny	Indicative Budget 2027-28	Indicative Budget 2028-29	Indicative Budget 2029-30	Indicative Budget 2030-31	Indicative Budget 2031-32
School Capital Maintenance	1	CYP	2,500	2,500	2,500	2,500	2,500
Total Children, Schools & Families			2,500	2,500	2,500	2,500	2,500

SECTION 2

Indicative Capital Programme 2027-32 continued.....

Annex 5

Project Narrative	Priority	Scrutiny	Indicative Budget 2027-28	Indicative Budget 2028-29	Indicative Budget 2029-30	Indicative Budget 2030-31	Indicative Budget 2031-32
Environment							
Pay and Display Machines/emissions	4	SC	0	0	60	0	0
Replacement ANPR cameras with air quality	1	SC	300	0	345	345	345
CCTV business continuity and resilience	1	SC	73	0	0	0	0
Rapid deployment cameras	1	SC	0	0	50	50	0
5 new permanent cameras per year, and	1	SC	100	100	100	100	100
Project General	2	SC	0	0	0	0	35
Replacement of Fleet Vehicles	2	SC	575	0	6,475	0	1,212
Project General	1	SC	24	24	24	24	24
Replacement of Fleet Vehicles	2	SC	0	0	1,290	0	0
Street Tree Programme	2	SC	60	60	60	60	60
Street Lighting Replacement Programme	2	SC	290	290	290	290	290
Traffic Schemes	1	SC	150	150	150	150	150
Surface Water Drainage	1	SC	60	60	60	60	60
Repairs to Footways	1	SC	1,300	1,300	1,300	1,300	1,300
Maintain AntiSkid and Coloured	1	SC	60	60	60	60	60
Borough Roads Maintenance	1	SC	1,800	1,800	1,800	1,800	1,800
Highways bridges & structures	1	SC	260	260	260	260	260
Various Culverts Strengthening & Upgrade	2	SC	0	0	0	0	150
Raynes Park Station Step Free Access	2	SC	250	250	0	0	0
Lost Rivers Repairs	2	SC	0	0	0	0	100
Watersport Fleet	3	SC	10	0	10	0	10
New Wimbledon Park lakeview building	3	SC	500	500	0	0	0
Leisure Centre Plant & Machine	3	SC	280	300	300	320	320
Parks Investment	3	SC	300	300	300	300	300
29. Playground Priority Upgrades Programme	3	SC	350	0	0	0	0
Project General	5	SC	100	0	0	0	0
Total Environment & Regeneration			6,842	5,454	12,934	5,119	6,576
Total Capital			13,087	11,899	20,214	13,874	13,001

OSC= Overview & Scrutiny, CYP=Children & Young People, HCOP=Healthier Communities & Older People & SC=Sustainable Communities

Priority

1. Nurturing Civic Pride – is about the relationship that people and communities have with a place this includes their physical surroundings and feelings of identity and belonging.
2. Building a Sustainable Future - Working towards a greener, more sustainable, and resilient future for the borough means better housing, action on climate change and supporting the health and wellbeing of our local communities.
3. Creating a Borough of Sport - From internationally renowned organisations like the All-England Club to grassroots clubs and organisations like Tooting and Mitcham FC, we want to strengthen our partnerships with sports clubs, organisations and businesses across the borough and promote increased participation in sports and activity.
4. Modernisation - The aims of the programme are two-fold. Firstly, to plan and support recovery as the country emerges from the pandemic. Secondly, to capture and build on some of the new ways of working to develop a modern council fit for the future.
5. Corporate Budgets

Please Note:

1. Excludes budget relating to future year announcements of Better Care Fund
2. Excludes indicative budgets relating to future year announcements for Transport for London and Schools Condition Grant

SECTION 2

Glossary of Terms

Asset Management Plan/Strategy (AMP/S) - An Asset Management Plan (AMP) is a tactical plan for managing an organisation's infrastructure and other assets to deliver an agreed standard of service. The plan is reviewed annually as part of the budget cycle.

Budget - Statement of the spending plans for the year.

Capital Expenditure - Expenditure on the acquisition of a fixed asset or expenditure, which adds to, and not merely maintains, the value of an existing fixed asset.

Capital Financing Requirement (CFR) - The total historical outstanding capital expenditure which has not yet been paid for from either revenue or capital resources i.e. a measure of the underlying borrowing need. (See Minimum Revenue Provision)

Capital Programme - Documentation which summarises the outcome of priority allocations contained in the capital strategy and details individual schemes for approval by Council / Cabinet.

Capital Programme Board - The Capital Programme Board ensures:

- that the overall capital investment strategy is consistent with strategic objectives, is affordable within the revenue budget strategy, and examines potential funding options
- that bids are submitted in accordance with the set framework and guidelines (including business cases, value for money and options appraisal) and prioritised in accordance of agreed criteria
- compiles and manages a multi-year capital programme for consideration by CMT and approval by Cabinet

Capital Projects/Schemes - Capital Projects / Schemes is the level at which Member approval is obtained.

Capital Receipts - Proceeds from the sale of fixed assets and repayments of capital grants and loans. These are divided into reserved and usable parts.

Capital Monitoring - The monthly comparison of actual spend against the anticipated spend (profiled budget) and the revision of projected year end spend where necessary. Periodically budget managers will be required to review their in year budget requirement and re-profile their projected expenditure over subsequent financial years.

Capital Strategy - A Capital Strategy is a core planning document designed to dovetail with the MTFS and Treasury Strategy to ensure that limited capital resources are deployed in accordance with corporate priorities / achieving our vision. The document will also detail how the proposed capital programme will be funded.

Chartered Institute of Public Finance and Accountancy (CIPFA) - The Institute produces standards and codes of practice that must be followed in preparing the Council's financial statements.

Corporate Governance - Corporate Governance is the system by which local authorities direct and control their functions and communicate to their communities.

Council's Borrowing Requirement - Based on projected spend, this is the amount of money a local authority will need to borrow to finance this projected spend.

Debt Rescheduling - Where certain debt may be redeemed and a further loan obtained. This may be undertaken to provide an even spread of debt redemption date and terms, It may also be used to optimise beneficial borrowing rates in the market while maintaining activity within acceptable risk levels.

Depreciation - Depreciation is a charge to the revenue account to reflect the reduction in the useful economic life of a fixed asset, reducing the value of the fixed asset in the balance sheet. It is not a charge to the General Fund as it is reversed in the Movement in Reserves Statement and replaced with the Minimum Revenue Provision.

SECTION 2

Glossary of Terms continued...

Earmarked Capital Resources/Grants - Money received by the Authority which has certain conditions / restrictions (loose terminology) over its use limiting the type of expenditure that it may be applied against. IFRS refers to Stipulations and sub divides them into Conditions and Restrictions. Earmarked grants (revenue or capital) are grants which are subject to restrictions.

Finance Lease - A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Situations that would normally lead to a lease being classified as a finance lease include the following:

- the lease transfers ownership of the asset to the lessee by the end of the lease term
- the lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than fair value at the date the option becomes exercisable and that, at the inception of the lease, it is reasonably certain that the option will be exercised
- the lease term is for the major part of the economic life of the asset, even if title is not transferred
- at the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset
- the leased assets are of a specialised nature such that only the lessee can use them without major modifications being made

Financial Year - The financial year runs from 1 April to the following 31 March.

Fixed Assets - Assets that yield benefits to the local authority and the services it provides for a period of more than one year. These assets can be tangible or intangible.

General Fund - The main fund of the Council, from which all expenditure is met and all income is paid, with the exception of those items, which by statute have to be taken to some other account.

Government Grants - Financial assistance by government and other bodies, in the form of cash transfers to an authority, issued in return for compliance with certain conditions relating to the activities of the authority.

Impairment - The loss of value in a fixed asset arising from physical damage, deterioration in the quality of service provided by the asset or from a general fall in prices. When this occurs the asset must be written down to the recoverable value. The charge is then reversed out from the General Fund in the Movement in Reserves Statement and replaced with the Minimum Revenue Provision.

International Financial Reporting Standard (IFRS) - International Financial Reporting Standards are a single set of accounting standards, developed and maintained by the IASB (International Accounting Standards Board) for the purposes of being applied on a globally consistent basis by developed, emerging and developing economies. The Code of Practice on Local Authority Accounting is based on IFRSs

Investment Strategy - The investment of the Authority's cash balances to optimise its strategic and operational needs.

Localism Act 2011 - It sets out a series of proposals with the potential to achieve a substantial and lasting shift in power away from central government and towards local people. They include: new freedoms and flexibilities for local government; new rights and powers for communities and individuals; reform to make the planning system more democratic and more effective

Minimum Revenue Provision - A provision, via a revenue charge, in respect of historical capital expenditure which has been financed by borrowing, as required by the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008

Operational Boundary - The operational boundary is a prudential indicator for monitoring the total external debt, gross of investments, and separately identifying borrowing from other long term liabilities.

SECTION 2

Glossary of Terms continued...

Operating Lease - A contract that allows for the use of an asset, but does not convey rights of ownership of the asset. An operating lease is not capitalised; it is accounted for as a rental expense in what is known as "off balance sheet financing." For the lessor, the asset being leased is accounted for as an asset and is depreciated as such.

Private Finance Initiative (PFI) - PFI contracts are agreements with private sector organisations to refurbish, maintain and operate fixed assets on behalf of public sector organisations such as local authorities.

Prudential Code - The Local Government Act 2003 requires the Council to have regard to the CIPFA Prudential Code for Capital Finance in Local Authorities. In doing so, the Council is required to set and monitor a series of Prudential Indicators, the key objectives of which are to ensure that, within a clear framework, the capital investment and borrowing plans of the council are affordable, prudent and sustainable.

Prudential Indicators – Are a set of performance indicators for treasury management.

Revenue Expenditure - Expenditure incurred on day to day running costs and confined to accounts within one financial year.

Reserves - This is a council's accumulated surplus income (in excess of expenditure) which can be used to finance future spending. Reserves can be either capital or revenue

Ringfenced Grant - A grant paid to councils which has conditions attached to it, which restrict the purposes for which it may be spent.

Risk Management - A risk is a threat, obstacle or, barrier, that will stop the Authority from achieving its ambitions, aims and objectives. Risk management is the process of managing the risks that may prevent delivery of desired outcomes so that the organisation can anticipate and respond positively to change. Merton's approach to risk management is to raise awareness, integrate it into day to day operations and establish a robust framework and procedures to identify, analyse, assess and manage risk.

Treasury Management - The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

Useful Life - This is the period over which the local authority derives benefit from the use of a fixed asset.

SECTION 2



LONDON BOROUGH OF MERTON

TREASURY MANAGEMENT STRATEGY STATEMENT- 2023-24

1. INTRODUCTION

1. Background

The Authority is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments commensurate with the Authority's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Authority's capital plans. These capital plans provide a guide to the borrowing need of the Authority, essentially the longer-term cash flow planning, to ensure that it can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet risk or cost objectives.

The contribution the treasury management function makes to the Authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

CIPFA defines treasury management as:

"The management of the local authority's borrowing, investments and cash flows, including its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day-to-day treasury management activities.

The Council is required to update and approve its policy framework and strategy for treasury management, annually, to reflect the changing market environment, regulation, and the Council's financial position.

The key issues and decisions are:

- a. To set the Council's Prudential Indicators for 2023/24 to 2026/27
- b. Approve the Minimum Revenue Provision (MRP) policy for 2023/24; and
- c. To agree the Treasury Management Strategy for 2023/24

SECTION 2

1.2 Reporting Requirements

1.2.1 Capital Strategy

The CIPFA 2021 Prudential and Treasury Management Codes require all local authorities to prepare a Capital Strategy report which will provide the following: -

- a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

The aim of the strategy is to ensure that all the Authority's elected members fully understand the overall long-term policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite.

1.2.2 Treasury Management Reporting

The Authority is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

- a. **Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers: -
 - the capital plans, (including prudential indicators)
 - a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time)
 - the Treasury Management Strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
 - an Annual Investment Strategy, (the parameters on how investments are to be managed)
- b. **A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision. In addition, this Authority will receive quarterly update reports.
- c. **An annual treasury report** – This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny

The above reports are required to be adequately scrutinised before being recommended to the Full Council. This role is undertaken by the Leader's strategic Group.

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1.2.3 Treasury Management Strategy for 2023/24.

The strategy for 2023/24 covers two main areas:

Capital issues

- the capital expenditure plans and the associated prudential indicators
- the minimum revenue provision (MRP) policy

Treasury management issues

- the current treasury position
- treasury indicators which limit the treasury risk and activities of the Authority
- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling
- the investment strategy
- creditworthiness policy; and
- the policy on use of external service providers

These elements cover the requirements of the Local Government Act 2003, DLUHC Investment Guidance, DLUHC MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

2. CAPITAL PRUDENTIAL INDICATORS 2023/24 – 2026/27

The Authority's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

The Council is required to calculate various indicators for the next three years. The aim of prudential indicators is to ensure that the Council's capital investment plans are affordable, prudent and sustainable. The prudential indicators are calculated for the Medium Term Financial Strategy (MTFS) period and are linked to the CIPFA Prudential Code and TM Code of Practice. The indicators relate to capital expenditure, external debt and treasury management.

The Council will monitor performance against the indicators and prepare indicators based on the Statement of Accounts (SoA) at year end. Actuals are calculated from the SoAs with estimates based on the Capital programme.

2.1 Capital Expenditure

The Council's capital expenditure plans are fundamental to its treasury management activity. The output of the capital expenditure plans is reflected in prudential indicators, which are designed to provide Council members an overview and confirm the impact of capital expenditure plans.

This indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle as reported in the MTFS. Environment and Regeneration figures include projects relating to Public Health programmes however these are fully funded and have no impact on the council's net financing need for the year or borrowing requirement

SECTION 2

Please find below the capital expenditure forecast.

Capital Forecast	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000
Corporate Services	5,809	17,771	12,055	4,551	12,538
Community & Housing	964	4,766	9,954	14,960	12,525
Children Schools & Families	7,847	8,499	8,455	3,752	3,388
Environment & Regeneration	9,434	14,183	14,076	30,712	13,922
Total	24,054	45,219	44,541	53,975	42,374

The above financing need excludes other long-term liabilities, such as PFI and leasing arrangements which already include borrowing instruments.

The table below shows how the capital expenditure plans are being financed by revenue or capital resources. A shortfall of resources means a borrowing need. The capital programme expenditure figures used in calculating the financing costs have been adjusted for slippage in the programme as at December 2022

	2022/23 Estimate £000s	2023/24 Estimate £000s	2024/25 Estimate £000s	2025/26 Estimate £000s	2026/27 Estimate £000s
Capital Budget	30,123	52,685	43,601	57,124	35,951
Slippage*	(6,069)	(7,466)	940	(3,149)	6,423
Leasing Budgets	0	0	(600)	0	0
Total Capital Expenditure	24,054	45,219	43,941	53,975	42,374
Financed by:					
Capital Receipts	3,135	900	900	500	500
Capital Grants & Contributions	14,229	33,150	18,793	10,238	7,262
Capital Reserves	0	0	0	0	0
Revenue Provisions	708	1,169	1,438	229	40
Other Financing Sources	0	0	0	0	0
Net financing need for the year (a)	5,982	10,000	22,810	43,008	34,571

* Please note the funding table in the Capital Strategy includes finance lease the table above excludes this expenditure.

2.2 The Council's Borrowing Need (the Capital Financing Requirement)

The second prudential indicator, Capital Financing Requirement (CFR), is the total historical outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. In other words, a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR includes any other long-term liabilities like PFI schemes and finance leases which have been brought onto the balance sheet. Whilst this increases the CFR, and therefore the Council's borrowing requirement, it should be noted that these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes.

The 2022/23 forecast movement in CFR shows a decrease of £0.657 million because MRP reduction is greater than the net financing need for the year (cap ex table v CFR table).

SECTION 2

The 2023/24 forecast capital outturn of £45.2m, 2024/25 of £44.52m, 2025/26 of £54.0m and 2026/27 of £42.3m are based on best estimates which may slip due to unforeseen circumstances and the nature of large projects and the level of grant income. Also, fees and charges for the Council may change.

Based on current forecasts the Council does not need to borrow over the funding period. However, the Council can borrow in advance of need if rates are likely to rise and borrowing becomes a lot more advantageous than it would be.

The Council is asked to approve the CFR projections in the following table:

	2021/22 Actual £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000
Capital Financing Requirement CFR b/f	167,461	160,947	160,358	163,598	184,548	216,133
Total CFR c/f	160,947	160,358	163,598	184,548	216,133	250,442
Movement in CFR	(6,514)	(589)	3,240	20,950	31,584	34,309
Movement in CFR represented by						
Net financing need for the year (above)	0	5,982	10,000	22,810	43,008	34,571
Less Capital MRP/VRP	(4,841)	(4,841)	(4,841)	(5,197)	(6,129)	(7,861)
Less Other MRP/VRP - leasing and PFI	(695)	(682)	(697)	(2,223)	(2,486)	(2,239)
Less Other MRP/VRP - PFI - Termination	(905)	(970)	(1,040)	(1,114)	(1,194)	(1,280)
Less Other financing movements						
Adjustment of PFI Liability						
Adjustment of Leasing Liability*	(73)	(77)	(182)	6,675	(1,615)	11,118
Adjustment of MRP						
Movement in CFR	(6,514)	(589)	3,240	20,950	31,584	34,309

* Figures include the estimated impact of IFRS 16

Actual and estimates of the ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long-term obligation costs net of investment income) against the net revenue stream. The indicator shows the proportion of the income received from Council tax, Revenue Support Grant (RSG) and National Non- Domestic Rate (NNDR) and some specific grants that is spent on paying the borrowing associated with delivery of capital investment (interest charges of long-term borrowing).

The table below shows the monetary values, ratio and includes leasing costs

	2021/22 Actual £'000	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27E estimate £'000
Net Revenue Financing Costs	846	106	(952)	4,660	(4,085)	13,392
Net Revenue Stream	160,266	166,781	181,714	181,999	186,241	190,335
Ratio of Financing Costs to Net Revenue Stream (Non HRA)	0.53%	0.06%	(0.5%)	2.56%	(2.2%)	7.04%

SECTION 2

Estimates of the incremental impact of capital investment decisions on council tax

The table below shows the incremental impact of changes in the capital programme (incorporating the effects of changes in treasury forecasts and investment decisions) on the Band D council tax.

	2021/22 Actual £	2022/23 Estimate £	2023/24 Estimate £	2024/25 Estimate £	2025/26 Estimate £	2026/27 Estimate £
Incremental Change in Net Revenue Financing Costs (£000)	(178)	(740)	(1,058)	5,612	(8,746)	17,477
Council Tax Base	74,220	75,755	77,694	78,083	78,473	78,866
Incremental Impact on Council Tax - Band D (£)	(2.40)	(9.77)	(13.62)	71.87	(111.45)	221.60
Council Tax - Band D (£)	1,340.72	1,380.87	1,449.68	1,507.66	1,537.81	1,568.56

3. MINIMUM REVENUE PROVISION (MRP) POLICY STATEMENT

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP). The Council has not made any provision for VRP in its capital expenditure.

From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be based on the asset life Method – CLG regulations (option 3).

This option will be applied for any expenditure capitalised under a capitalisation direction. It should be noted that this option provides for a reduction in the borrowing need over the approximate life of the asset.

The Council is required to have regard for the Local Government Involvement in Health Act 2007. This amended the Local Government Act 2003 enabling the Secretary of State to issue guidance on accounting practices and thus on MRP. Also, the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended) specifies that "A local authority shall determine for the current financial year an amount of minimum revenue provision which it considers to be prudent". Any MRP implications on how the Council will pay for unfinanced capital assets through revenue will be included in the MRP policy.

SECTION 2

The table below details the basis of the MRP calculation for all unfinanced capital expenditure incurred on or after 1 April 2008.

	(Years)
Assets valued over £1m	
Buildings	50
Mechanical & Electrical and External	20
External	20
Assets valued under £1m	
Buildings	40
Infrastructure (roads etc)	25
15 Year Asset	15
10 Year Asset	10
Computer software	4 and 5
Computer hardware	4 and 5
Large vehicles – e.g. buses, RCVs	7
Small vehicles – e.g. cars, vans	5
Other equipment e.g. CCTV	4 and 5
MRP years where there is no depreciation equivalent	
Land	50
Revenue Expenditure Funded by capital Under Statute e.g. Redundancy costs	20

4. TREASURY MANAGEMENT STRATEGY

4.1 The Prospects for Interest Rates and Economic Forecasts

The Council has appointed Link Group as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Link provided the following forecasts on 07.02.2023. These are forecasts for certainty rates, gilt yields plus 80 bps.

Link Group Interest Rate View	07.02.23												
	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26
BANK RATE	4.25	4.50	4.50	4.25	4.00	3.75	3.25	3.00	2.75	2.75	2.50	2.50	2.50
3 month ave earnings	4.30	4.50	4.50	4.30	4.00	3.80	3.30	3.00	2.80	2.80	2.50	2.50	2.50
6 month ave earnings	4.40	4.50	4.40	4.20	3.90	3.70	3.20	2.90	2.80	2.80	2.60	2.60	2.60
12 month ave earnings	4.50	4.50	4.40	4.20	3.80	3.60	3.10	2.70	2.70	2.70	2.70	2.70	2.70
5 yr PWLB	4.00	4.00	3.90	3.80	3.70	3.60	3.50	3.40	3.30	3.20	3.10	3.10	3.10
10 yr PWLB	4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.50	3.40	3.30	3.30	3.20
25 yr PWLB	4.60	4.60	4.40	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.40	3.40
50 yr PWLB	4.30	4.30	4.20	4.10	3.90	3.80	3.60	3.60	3.40	3.30	3.20	3.20	3.10

Since LINK's last update on 19 December, the Bank of England's Monetary Policy Committee (MPC) has increased Bank Rate to 4.00% from 3.50%. The increase was on 02.02.2023 and was in line with our expectations. However, there was a range of views within the Committee, with seven members voting for a 50 basis points increase and two for no increase at all.

- Over recent weeks, there has been a more upbeat feel to markets after a tumultuous 2022. The £ has been relatively stable at around \$1.22, and developed economy bond and equity markets have started 2023 in a positive mood with yields falling a little and equity markets rallying through January.

- Market expectations have softened a little and now price in Bank Rate to peak at 4.25% with the prospect of a reduction by the end of the year. There are, however, several caveats to be applied to that outcome.

SECTION 2

- Firstly, although market views remain similar to those of Link Group's Interest Rate Strategy Group (IRSG), we still see the peak in Bank Rate being at 4.5% in H1 2023. The challenges we foresee remain broadly as outlined in our December newsflash. That is, the CPI measure of inflation is currently at 10.5% and will need to fall considerably and quickly to persuade the MPC that they are not premature in thinking inflation will come back down below 4% by the end of the year. And remember, energy prices are expected to rise again in April. A typical household, for example, can expect to be paying £3,000 per annum under the revised scheme compared to the current £2,500. Moreover, the labour market is very tight (unemployment remains at a near 48 year low 3.7%), and average wage increases are still above 6% y/y, against the backdrop of a significant number of high profile on-going strikes in the public sector (the Bank would broadly want wage increases to be in the range of 3% - 3.5%).
- As for the housing market, annual price inflation rates are now c1% - 2% on the Halifax and Nationwide indices, but this masks the fact that mortgage approvals have fallen by more than 50% from their recent peak; up to 2 million households will see their fixed rate mortgages increase significantly through 2023; further falls in the housing market of 8% - 10% would not be unexpected; and many households in the private sector rental market will also see their rents move up too as buy-to-let debt servicing costs increase i.e. rents increased, on average, 4.2% in the year to December 2022 and that price trend is upwards.
- Regarding our forecast for PWLB rates, investors will likely remain a little nervous over the UK's future fiscal policy (the Budget is on 15 March) and foreign investors may require a "confidence premium" until it is clear that the Sunak Government is able to meet most of its spending commitments within acceptable financial constraints. As reported in December, in addition, the OBR forecasts the Central Government Net Cash Requirement is £650bn between 2023/24 and 2027/28 and maturing gilts will swell that figure to >£1.2trillion, and Quantitative Tightening will potentially push the eventual number even higher. So, the Bank and the Government will need to tread carefully in their messaging to markets and the way that funding requirements are met.
- Of course, what happens outside of the UK remains critical to movement in gilt yields. The US FOMC has led with increases of 450 basis points in the current tightening cycle and has a bit more work still to do, but at least average earnings are close to 4%, which partially offsets concern in respect of the tight labour market (unemployment is at a 54 year low of 3.4%). Similarly, the ECB has also continued to tighten monetary policy, currently to 2.5%, and rates may peak at 3.5%. Nonetheless, it is US monetary policies that will continue to have the greatest impact on global bond markets.
- From a practical standpoint those clients looking to borrow will, most probably, need to continue to focus on optimising their cashflow forecasts, and given the (still) relatively elevated level of rates right across the curve at present, seek to fund either temporarily from local authorities or with short-dated loans from the PWLB. You will see from our forecast that we expect both short- and longer-term rates to be somewhat lower over the duration of the forecast. Nonetheless, if certainty is paramount within your debt management strategy, we will help you to optimise any longer dated borrowing requirements you may have.
- On the flipside, if you are an authority that is fully funded or wishes to reduce its exposure to longdated debt, there may still be scope to repay loans prematurely (both market and PWLB) whilst the high discount rates prevail. Your Client Relationship Manager should be contacted if this is something you wish to look at.
- In terms of our forecast, our money market yield forecasts are based on expected average earnings by local authorities for 3 to 12 months. Our forecasts for average earnings are averages i.e., rates offered by individual banks may differ significantly from these averages, reflecting their different needs for borrowing short-term cash at any one point in time.

SECTION 2

PWLB RATES

Our current and previous PWLB rate forecasts below are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1 November 2012.

Link Group Interest Rate View 07.02.23													
	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26
BANK RATE	4.25	4.50	4.50	4.25	4.00	3.75	3.25	3.00	2.75	2.75	2.50	2.50	2.50
3 month ave earnings	4.30	4.50	4.50	4.30	4.00	3.80	3.30	3.00	2.80	2.80	2.50	2.50	2.50
6 month ave earnings	4.40	4.50	4.40	4.20	3.90	3.70	3.20	2.90	2.80	2.80	2.60	2.60	2.60
12 month ave earnings	4.50	4.50	4.40	4.20	3.80	3.60	3.10	2.70	2.70	2.70	2.70	2.70	2.70
5 yr PWLB	4.00	4.00	3.90	3.80	3.70	3.60	3.50	3.40	3.30	3.20	3.10	3.10	3.10
10 yr PWLB	4.20	4.20	4.10	4.00	3.90	3.80	3.60	3.50	3.50	3.40	3.30	3.30	3.20
25 yr PWLB	4.60	4.60	4.40	4.30	4.20	4.10	3.90	3.80	3.70	3.60	3.50	3.40	3.40
50 yr PWLB	4.30	4.30	4.20	4.10	3.90	3.80	3.60	3.60	3.40	3.30	3.20	3.20	3.10

PWLB RATES

- The yield curve movements have become less volatile of late and PWLB 5 to 50 years Certainty Rates are, generally, in the range of 3.75% to 4.75%.
- We view the markets as having built in, already, nearly all the effects on gilt yields of the likely increases in Bank Rate and the elevated inflation outlook

The balance of risks to the UK economy: -

- The overall balance of risks to economic growth in the UK is to the downside.

Downside risks to current forecasts for UK gilt yields and PWLB rates include: -

- Labour and supply shortages prove more enduring and disruptive and depress economic activity (accepting that in the near-term this is also an upside risk to inflation and, thus, rising gilt yields).
- The Bank of England acts too quickly, or too far, over the coming year to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- UK / EU trade arrangements – if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant remaining issues.
- Geopolitical risks, for example in Ukraine/Russia, China/Taiwan/US, Iran, North Korea and Middle Eastern countries, which could lead to increasing safe-haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates: -

- The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to remain elevated for a longer period within the UK economy, which then necessitates Bank Rate staying higher for longer than we currently project or even necessitates a further series of increases in Bank Rate later in the year or in 2024.

The pound weakens because of a lack of confidence in the UK Government's fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.

- Longer-term US treasury yields rise strongly if inflation remains more stubborn than the market currently anticipates, pulling gilt yields up higher consequently.
- Projected gilt issuance, inclusive of natural maturities and QT, could be too much for the markets to comfortably digest without higher yields compensating.

SECTION 2

Borrowing advice: Our long-term (beyond 10 years) forecast for Bank Rate stands at 2.5%. As all PWLB certainty rates are currently above this level, borrowing strategies will need to be reviewed in that context. Better value can generally be obtained at the shorter end of the curve and short-dated fixed LA to LA monies should be considered. Temporary borrowing rates are likely, however, to remain near Bank Rate and may also prove attractive whilst the market waits for inflation, and therein gilt yields, to drop back later in 2023.

Our suggested budgeted earnings rates for investments up to about three months' duration in each financial year are rounded to the nearest 10bps as follows: -

4.2 Borrowing Strategy

Current Borrowing Portfolio Position

The following table shows the CFR as at December 2022 against the gross debt position of the Council. The gross debt includes other long-term liabilities like PFI and finance lease obligations. Gross debt should not exceed CFR in the medium to long-term.

Narrative	2021/22	2022/23	2023/24	2024/25	2025/2026	2026/27
	Actual £000s	Estimate £000s	Estimate £000s	Estimate £000s	Estimate £000s	Estimate £000s
External Debt at 1 April	109,010	108,700	95,000	82,500	109,663	144,235
Expected change in Debt (repayment and new debt)	(310)	(13,700)	(12,500)	27,163	34,571	10,156
Closing External Debt	108,700	95,000	82,500	109,663	144,235	154,390
Closing Balance PFI	15,328	14,630	12,407	9,921	7,682	5,176
Closing Partial termination Balance PFI	9,045	8,005	6,891	5,697	4,417	3,045
Total PFI	24,373	22,635	19,298	15,618	12,099	8,221
Closing Balance Finance Leases	1,033	851	7,526	5,911	17,029	16,227
Actual Gross Debt at 31 March	134,106	118,487	109,324	131,192	173,363	178,838
Capital Financing Requirement (CFR)	160,358	163,598	184,548	216,133	250,442	244,414
(Under)/over Borrowing	(26,253)	(45,112)	(75,224)	(84,941)	(77,079)	(65,576)

* Figures include the estimated impact of IFRS 16

The table contained in section 4.2 shows the CFR forecast for 2022/23 to 2026/27. The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

Against this background and the risks within the economic forecast, caution will be adopted with the 2023/24 treasury operations. The Executive Director for Finance and Digital will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

PFI and finance lease portion of the CFR will not be funded by additional loan. Capital forecasts relating to 2023/24, 2024/25, 2025/26 and 2026/27 are very much subject to change at this stage.

SECTION 2

The borrowing strategy to temporarily finance its capital programme, led the Council to consider setting a minimum amount of projected liquid cash of £30m. This means that cash outflows for capital purposes would primarily be met from cash investments until £30m was reached, and only at that point, would external borrowing be undertaken.

The Council will continue to review, throughout the year, its options around higher and lower levels of cash-backed balances.

4.3 Treasury Indicators: Limits to Borrowing Activity

Operational Boundary - this is the limit beyond which external borrowing is not normally expected to exceed. (The most likely prudent view, not the worst case scenario. Maximum level of external debt projected – CIPFA)

Operational Boundary	2022/23 Estimate £000s	2023/24 Estimate £000s	2024/25 Estimate £000s	2025/2026 Estimate £000s	2026/2027 Estimate £000s
Capital Financing Requirement	160,358	163,598	184,548	216,133	250,442
Other Long Term Liabilities	21,914	28,420	25,018	109,969	111,707
Operational Boundary (Borrowing)	182,272	192,019	209,566	326,102	362,149

Authorised Limit for External Borrowing

This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. It represents a limit beyond which external borrowing must not go over in the 3 years, and this limit when set is to be revised annually by Council. It reflects the level of external borrowing which, while not desired, could be afforded in the short-term, but is not sustainable in the longer term. (The operational boundary, plus headroom for unusual cash movements – CIPFA)

The Council is asked to approve the following authorised limit:

	2022/23 Estimate £000s	2023/24 Estimate £000s	2024/25 Estimate £000s	2025/26 Estimate £000s	2026/27 Estimate £000s
Borrowing	190,358	193,598	214,548	246,133	280,442
Other Long Term Liabilities	26,914	33,420	30,018	114,969	116,707
Authorised Limit	217,272	227,019	244,566	361,102	397,149

SECTION 2

Members are required to note that these authorised limits show the gross maximum borrowing for the year and, in year regulatory accounting changes which may affect the level of debt in the balance sheet as well as allow for any potential overdraft position and short-term borrowing for cashflow purposes. All of which will be counted against the overall borrowing. The authorised limit also provides headroom for any debt rescheduling which may occur during the year and any borrowing in advance of need.

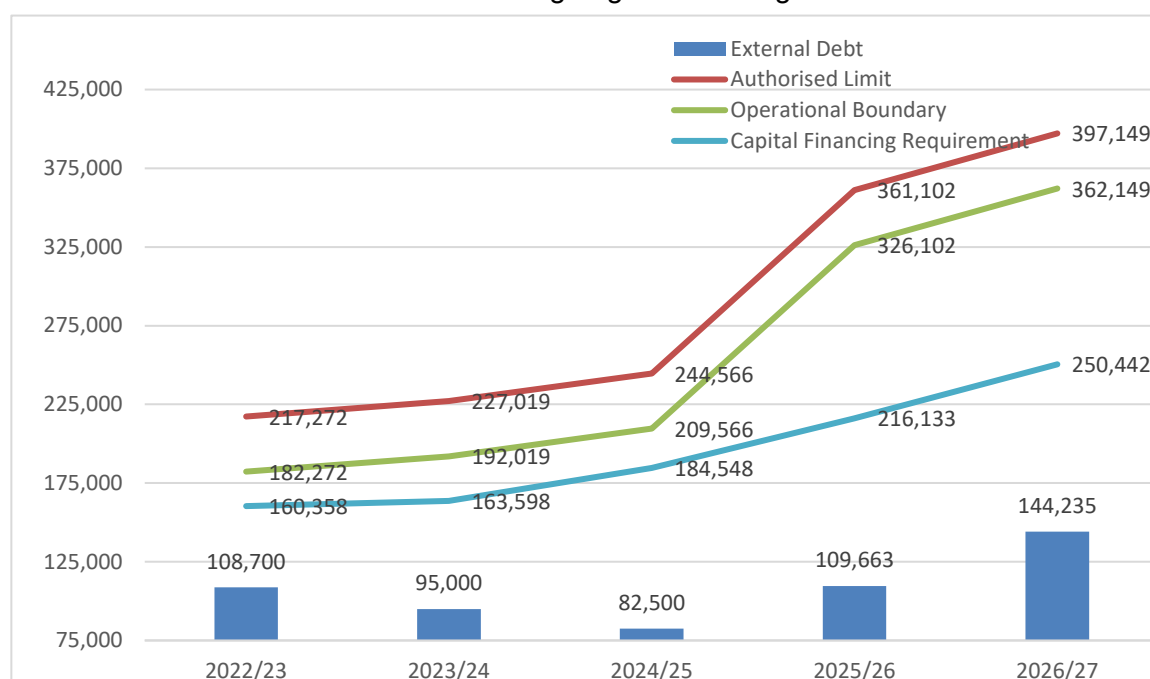
4.4 Treasury Management Limits on Activity

The table below shows the debt related treasury activity limits.

Maturity Structure of borrowing December 2022				
	Actual %	Value £000	Upper	Lower
less than 1 year	0.28%	310.00	60%	0%
1 to 2 years	24.03%	26,200.00	60%	0%
2 years to 5 years	4.13%	4,500.00	60%	0%
5 years to 10 years	0.92%	1,000.00	80%	0%
10 years to 20 years	10.55%	11,500.00	100%	0%
20 years to 30 years	18.81%	20,500.00	100%	0%
30 years to 40 years	22.93%	25,000.00	100%	0%
40 years to 50 years	18.35%	20,000.00	100%	0%
Total	100.00%	109,010.00		

Members are asked to note that the maturity structure guidance changed in The Prudential Code 2017 guidance notes for Lenders Option Borrowers Option (LOBO) Loans, the maturity dates is now deemed to be the next call date. The maturity of borrowing should be determined by reference to the earliest date on which the lender can require payment.

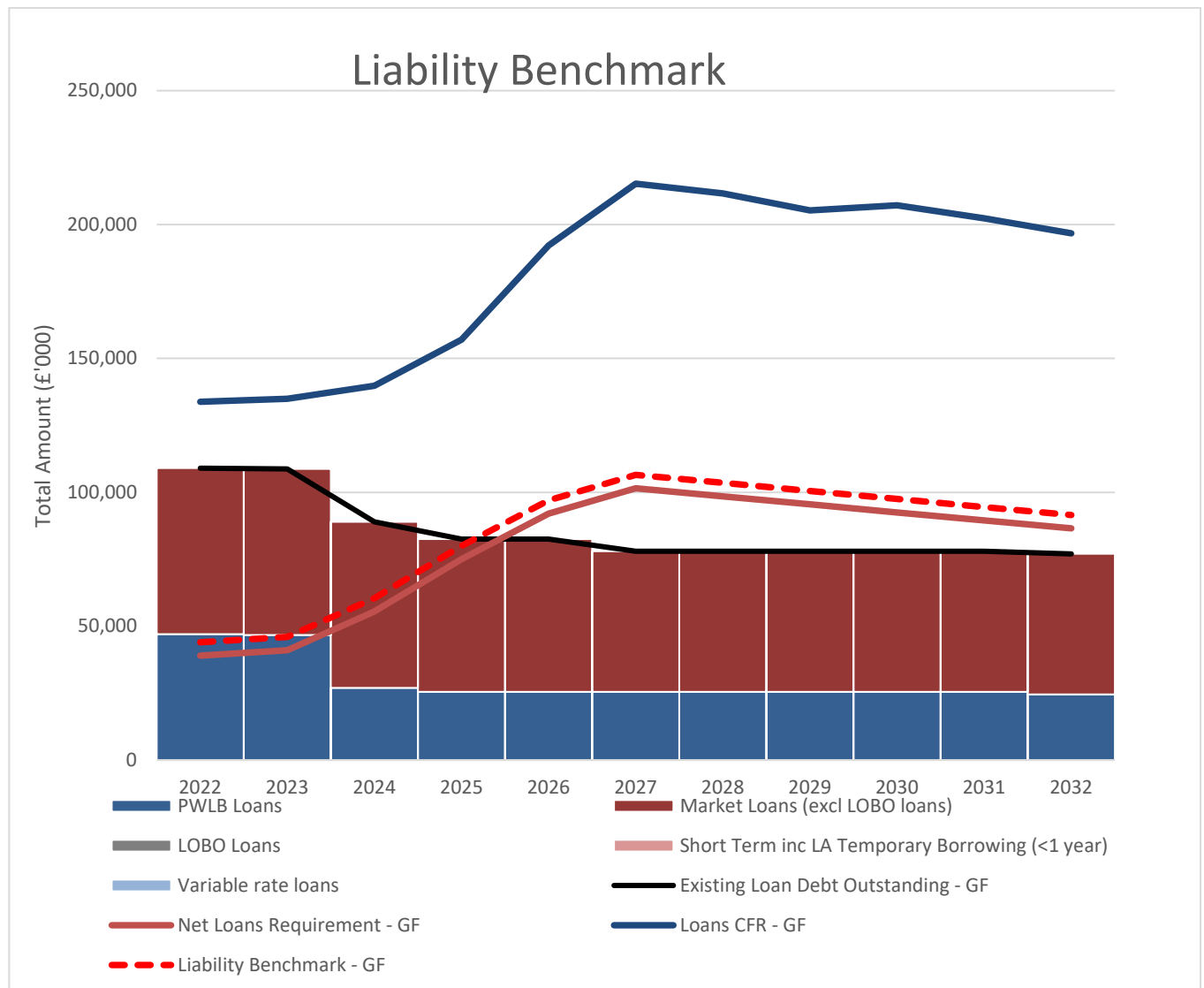
As interest rates begin to rise, it may be beneficial for the Council to go into some variable rate investments to avoid being locked into long-term investments at low rates in a period of rising interest rates or shorter duration borrowing to gain advantage of low rates.



SECTION 2

- 4.5** Interest rate exposure is mitigated as much as possible by the council by taking into account various factors. Constantly reviewing interest rates through media outlets, communications and emails. Action is then taken to place deposits to maximize returns while always being mindful of security and liquidity
- 4.6** The Liability Benchmark is a new prudential indicator it effectively the net borrowing requirement of a local authority plus a liquidity allowance. In its simplest form, it is calculated by deducting the amount of investable resources available on the balance sheet (reserves, cash flow balances) from the amount of outstanding external debt and then adding the minimum level of investments required to manage day-to-day cash flow.

CIPFA recommends that the optimum position for external borrowing should be at the level of the liability benchmark (i.e., all balance sheet resources should be used to maximise internal borrowing). If the outputs show future periods where external loans are less than the liability benchmark, then this indicates a borrowing requirement thus identifying where the authority is exposed to interest rate, liquidity and refinancing risks. Conversely, where external loans exceed the liability benchmark then this will highlight an overborrowed position which will result in excess cash in the organisation requiring investment thus exposing the authority to credit and reinvestment risks and a potential cost of carry. The chart below shows the position in respect of Merton, over the funding period, with the proposed capital programme Merton will increase it's level of internal borrowing.



SECTION 2

Local Indicators

In setting the indicators below, the Council has taken into consideration investment risks and returns.

The table below shows target borrowing and investment rates

	2022/23 Estimate %	2023/24 Estimate %	2024/25 Estimate %	2025/26 Estimate %	2026/27 Estimate %
Average Investment Target Return	4.00%	4.00%	3.75%	3.75%	3.50%
Average Investment Target – Property Fund	4.0%	4.0%	4.0%	3.40%	3.50%
Long Term Borrowing Target					
• Current Portfolio	5.50%	5.50%	5.50%	5.50%	5.50%

The average investment target return above is based on the expected target return for the stated periods.

4.7 Policy on Borrowing in Advance of Need

London Borough of Merton will not borrow more than, or in advance of its need, purely in order to profit from the investment of the extra sums borrowed.

Any decision to borrow in advance will be within forward approved CFR estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

4.8 Debt Rescheduling

On any restructuring of debt, the savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

The likely method of restructuring the debt portfolio will be by new loans from PWLB.

4.9 Borrowing Options

The Council will use a number of borrowing sources. These include the Public Works Loans Board, Market loans, Municipal Bond Agency (MBA), Retail Bonds, Loans from other Local Authorities and temporary loans.

4.10 Changes Which May Affect Treasury Management

- **Future Regulatory Changes to Money Market Fund Valuation**
- ***Proposed Changes to Leasing***

Future changes to accounting for leasing will increase CFR and therefore MRP but there will be compensating adjustments to the cost of services so the overall impact is presentational with no effect on the General Fund. It is anticipated that there may be some impact on both capital and revenue expenditure and the changes will require all leases to be included on the balance sheet and be measured on PV of future lease payments.

SECTION 2

Environmental, Social and Governance (ESG)

Merton Council declared the Climate emergency policy in July 2019 and aims to become carbon neutral on Council's buildings and services by 2030. When it comes to Treasury management Merton will take ESG issues into consideration when investing cash in the money markets, speaking to potential counterparties about what they offer within the parameters of the Authority's counterparty criteria and the requirement of the MHCLG Investment Guidance to prioritise security, liquidity before yield in that order of importance.

In terms of typical local authority investments there isn't a wide range of products in this area at the moment, although we expect to see more banks and funds providing specific products over the coming years. As this area continues to develop and become more prominent the council will continue to monitor it and make best use of ESG opportunities when they become available.

SECTION 2

5 ANNUAL INVESTMENT STRATEGY

5.1 Investment Policy

London Borough of Merton's investment policy has regard to the MHCLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, then return.

5.2 Investment Strategy

In-house funds: Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Investment returns expectations

Bank Rate forecasts for financial year ends (March) are:

	Now
2022/23	4.00%
2023/24	4.50%
2024/25	3.50%
2025/26	3.25%
2026/27	3.25%
Long term later years	2.50%

The suggested budgeted investment earnings rates for returns on investments placed for periods up to 12 months during each financial year are as follow

Average earnings in each year	
2022/23 (remainder)	3.95%
2023/24	4.40%
2024/25	3.30%
2025/26	2.60%
2026/27	2.50%
Years 6 to 10	2.80%
Years 10+	2.80%

5.3 **Investment Treasury Indicator and Limit** - total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and are based on the availability of funds after each year-end.

	31 Dec 2022 Actual	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate
Estimated Principal sums invested	£10m	£50m	£100m	£100m	£100m	£100m

SECTION 2

In addition to fixed deposits, a number of other financial instruments like Property funds will fall under the category of investments with duration exceeding 365 days. In addition to using money market funds, call accounts and notice accounts, the Council will seek to utilise other liquid and transferable instruments like certificate of deposits and gilts for its cashflow balances.

5.4 Use of Specified and Non-Specified Investments

Investment instruments identified for use in the financial year are as follows:

Specified Investments

These are sterling investments of not more than one-year maturity, or those which could be for a longer period where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small.

Along with the fixed deposits, Money Market Funds and funds being placed with the CCLA. The fund is on our treasury advisor's recommended list and has a AAA rating. The council is considering depositing money into government gild and corporate bonds to place secure stable returns while the interest rate favourable. Based on the interest rate and the liquidity requirement funds could be invested for 5-10 years maximum. All investment decisions will be guided by our treasury consultant LINK.

Non-Specified Investments

Non-Specified investments are defined as those not meeting the above criteria and exceeding 365 days in duration. The council currently have no fixed deposits in this category. The Authority does have an investment in a Property Fund which has a 5/10 year recommended time horizon.

A local authority may choose to make loans to local enterprises, local charities, wholly owned companies and joint ventures as part of a wider strategy for local economic growth even though those loans may not all be seen as prudent if adopting a narrow definition of prioritising security and liquidity ahead of yield.

Local authorities can make such loans whilst continuing to have regard to this guidance if they can demonstrate in their Strategy that:

- Total financial exposure to these type of loans is proportionate;

- They have used an allowed "expected credit loss" model for loans and receivables as set out in International Financial Reporting Standard (IFRS) 9 *Financial Instruments* as adopted by proper practices to measure the credit risk of their loan portfolio;
- They have appropriate credit control arrangements to recover overdue repayments in place; and
- The local authority has formally agreed the total level of loans by type that it is willing to make and their total loan book is within their self-assessed limit.

5.5 Investment Risk Benchmarking

These benchmarks are simple guides to maximum risk, so they may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the mid-year or Annual Report.

1. **Security** - The Council's maximum security risk benchmark for the current portfolio, when compared to these historic default tables, is:
 - 5% historic risk of default when compared to the whole portfolio.

SECTION 2

2 Liquidity – in respect of this area the Council seeks to maintain:

- Bank overdraft - £1m
- Liquid short term deposits of at least £65m available with a week's notice.

3. **Yield** – meet or exceed the annual budgeted interest income figure in any given year.

5.6 Risk Management and Creditworthiness Policy

This Council applies the creditworthiness service provided by Link Group. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies

- Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- Credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- Sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit Watches and credit Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments.

The Council will therefore use counterparties within the following durational bands:

Y	PI1	PI2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7

Up to 5yrs Up to 5yrs Up to 5yrs Up to 2yrs Up to 1yr Up to 1yr Up to 6mths Up to 100days No Colour

	Colour (and long term rating where applicable)	Money Limit	Time Limit
Banks	yellow	£25m	5yrs
Banks	purple	£25m	2 yrs
Banks	orange	£25m	1 yr
Banks – part nationalised	blue	£25m	1 yr
Banks	red	£10m	6 mths
Banks	green	£5m	100 days
Banks	No colour	Not to be used	
Other institutions limit	-	£5m	1yrs
Government (DMADF)		unlimited	
Local authorities	Yellow	£35m	5yrs
	Fund rating	Money Limit	Time Limit
Money market funds (maximum 7 Funds, £40m per Fund)	AAA	£280m	Instant
Ultra-Short/long Dated Bond funds with a credit score of 1.25	Dark pink / AAA	£100m	on Maturity
Ultra-Short/long Dated Bond funds with a credit score of 1.5	Light pink / AAA	£100m	on Maturity
Treasury bill	AAA	£50m	On Maturity

SECTION 2

The Link Group creditworthiness service uses a wider array of information than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

Typically the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored regularly. The Council is alerted to changes to ratings of all three agencies through its use of the Link Asset Services' creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council uses other market data on a daily basis via its Passport website, provided exclusively to it by Link Asset Services. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.
- Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, as well as information on any external support for banks to help support its decision making process.

5.7 Country and Sector Limits

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch (or equivalent). The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 2. This list will be added to, or deducted from by officers should ratings change in accordance with this policy.

5.8 Banking Arrangements

The Council's bankers are Lloyds bank. The Council's bank accounts include some school accounts and client bank accounts managed as part of its Appointeeship role for residents that require this support. All schools are responsible for the management of their bank accounts.

From time to time the Council may open bank accounts with other banks for specific reasons, subject to approval by the Executive Director of Finance and Digital

5.9 Lending to Community Organisations, Other Third Parties and RSLs –

Any loans to or investments in third parties will be made under the Well Being powers of the Council conferred by section 2 of the Local Government Act 2000 or Localism Act of 2011.

The Well Being power can be exercised for the benefit of some or all of the residents or visitors to a local authority's area. The power may also be used to benefit organisations, schools, local enterprises, local companies or even individuals. Loans of this nature will be under exceptional circumstances and must be approved by Cabinet or the Director of Corporate Services as applicable. Authorisation from the Financial Conduct Authority (FCA) will also be sought where applicable.

Where it is deemed necessary, additional guarantees will be sought. This will be via security against assets and/or through guarantees from a parent company. The Council will also consider other factors like the statutory powers in place, reasonableness of the investment, FCA, objective and revenue **Page 443** earnings for the Council, MRP requirements,

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accounting issues and categorisation of the expenditure as capital or revenue. In other instances, the Council may receive soft loans from government agencies.

5.10 Non-Treasury Investment Lending

The Council may be required to make policy investments for the good of its community by lending to local organisations and in some cases schools. Legal agreements are drawn which stipulate the terms of the loan which includes the ability of the organisation to make repayments. The Council may also lend to its wholly owned companies.

6 Cashflow Management

- 6.1 CIPFA requires all monies to be under the control of the responsible officer and for cashflow projections to be prepared on a regular and timely basis. Cashflow provides outline of operations. Actuals and forecast are recorded using Logotech systems. At the end of each day the net receipts and payments is either invested or borrowed to ensure that the Council's bank account is kept at a minimum.

Forecasts are based on best estimates which may slip due to unforeseen circumstances and the nature of large projects. Please see Appendix 6 for the cash flow forecast.

6.2 Purchase and Corporate Credit Cards

The use of corporate credit cards like other accounts payable methods carries significant risks. The Director of Corporate Services is responsible for ensuring that the Council has appropriate controls in place to protect the Council's funds.

7 Policy on the use of External Service Providers

The Council uses Link Group, Treasury solutions as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

8 Training

A key outcome of the recent investigations into Local Authority investments is the need to ensure that all relevant Treasury Management staff and members that are associated with treasury matters receive appropriate training and knowledge in relation to these activities. Training is provided in- house on the job, via CIPFA seminars and training courses, treasury adviser seminars and training courses and sometimes counterparties conduct training. In addition, members of the team attend national forums and practitioner user groups.

9 Treasury Management Practices

- 9.1 The 2017 Treasury Management Code reinforces a framework of 12 Treasury Management practices (TMPs), which define the manner in which authorities seek to achieve the policies and objectives outlined in their Treasury Management policy statement. The Council's detailed Treasury Management practices approved in March 2020/21 can be found on the Council's intranet. An updated version is included as **Appendix 4**

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10 Appendices

- Appendix 1 – Policy Investments (Non-Treasury Management Investments)
- Appendix 2 – Approved Countries for Investment
- Appendix 3 – The Treasury Management Role of the S151 Officer
- Appendix 4 – Treasury Management Practices 2023/24
- Appendix 5– Glossary
- Appendix 6 – Cashflow Forecast

11 Background Papers

- CIPFA Prudential Code for Capital Finance in Local Authorities 2021 Edition
- CIPFA Treasury Management in the Public Sector 2021 Edition
- The Guide to Local Government Finance (2018 Edition) Module 4: Treasury Management
- CIPFA Practical Considerations in Using Financial Instruments to Manage Risk in the Public Sector
- London Borough of Merton Capital Strategy 2022/26
- TM Code of Practice
- MHCLG Investment Guidance
- MHCLG MRP Guidance
- External auditor opinion on MRP provision

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APPENDIX 1 – Policy Investments (Non-Treasury Management Investments)

Type	Duration	
Joint Development Companies	One month to 10 years	Subject to specific terms
Loans to Registered Landlords	One month to 5 years	Subject to specific terms
Loans to wholly owned companies	One month to 30 years	Subject to specific terms
Loan to any other type of organisation	One month to 10 years	Subject to specific terms

APPENDIX 2 - APPROVED COUNTRIES FOR INVESTMENTS (as at 02/12/2022)

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong, Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link Asset Services credit worthiness service.

Based on lowest available rating

AAA

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- Finland
- U.S.A.

AA

- Abu Dhabi (UAE)
- France

AA-

- Belgium
- Qatar
- U.K.

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APPENDIX 3

(i) Full Council

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.
- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- Receiving and reviewing regular monitoring and acting on recommendation

(ii) The S151 Officer (Director of Corporate Services)

- recommending clauses, Treasury Management policy / practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular Treasury Management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the Treasury Management function;
- ensuring the adequacy of Treasury Management resources and skills, and the effective division of responsibilities within the Treasury Management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of Treasury Management external service providers.
- Approval of appropriate money market funds for the Council to invest in.

LONDON BOROUGH OF MERTON **TREASURY MANAGEMENT PRACTICES 2022/23**

TMP 1: RISK MANAGEMENT

The Director of Corporate Services – the responsible officer will implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy / suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect, all in accordance with the procedures set out in TMP6 Reporting requirements and management information arrangements. In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in the schedule to this document.

1.1 Credit and Counterparty Risk Management

The Council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with which funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP4 Approved Instruments Methods and Techniques and listed in the schedule to this document. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing or derivative arrangements.

Policy on the use of credit risk analysis techniques

- The Council will use credit criteria in order to select creditworthy counterparties for placing investments with.
- Credit ratings will be used as supplied from all three rating agencies - Fitch, Moody's and Standard & Poor's.
- Treasury management consultants will provide regular updates of changes to all ratings relevant to the Council.
- The treasury manager will formulate suitable criteria for assessing and monitoring the credit risk of investment counterparties and shall construct a lending list comprising maturity periods, type, group, sector, country and counterparty limits.

1.2 Liquidity Risk Management

The Council will ensure it has adequate, though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it, at all times, to have the level of funds available to it which are necessary for the achievement of its business/service objectives. The Council will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

The treasury management team shall seek to minimise the balance held in the Council's main bank accounts at the close of each working day. Borrowing or lending shall be arranged in order to achieve this aim. At the end of each financial day any unexpected surplus funds are transferred to the main bank account.

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Bank overdraft arrangements – A £1 million net overdraft at 2% over base rate on debit balances has been agreed as part of the banking services contract. The overdraft is assessed on a group basis for the Council's accounts. Separate facilities are available for the Pension Fund bank account.

a. Short-term borrowing facilities

The Council accesses temporary loans through approved brokers on the London money market.

b. Special payments

Where an urgent clearing house automated payment system (CHAPS) payment is required, a CHAPS payment request form must be completed and forwarded to the Head of Transactional Services who then checks for correct required signatures and supporting paperwork. Further guidance can be found on the Council's intranet.

c. Inter account transfer

From time to time, transactions occur between the Pension Fund and the Council.

Reimbursement where necessary is by inter-account transfers between both bank accounts.

1.3 Interest Rate Risk Management and use of Derivatives

The Council will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with TMP6 Reporting requirements and management information arrangements. It will achieve this by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be the subject to the consideration and, if required, approval of any policy or budgetary implications.

The Council does not use derivatives, the Council's S151 Officer will ensure that any hedging tools such as derivatives are only used for the management of risk and the prudent management of financial affairs and that the policy for the use of derivatives when used will be clearly stated to members. The treasury management strategy has full details of interest rate exposure limits.

Policies concerning the use of instruments for interest rate management.

- Forward Dealing

Consideration will be given to dealing for forward periods depending on market conditions. When forward dealing is more than a 365 days period forward, the approval of the Director of Corporate Services is required.

- Callable Deposits

The Council may use callable deposits as part as of its Annual Investment Strategy (AIS). The credit criteria and maximum periods are set out in the Schedule of Specified and Non-Specified Investments appended to the AIS.

SECTION 2

Policy on Use of Lender's Option Borrower's Option (LOBO) Loans

LOBOs give the lender the option to propose an increase in the interest rate at pre-determined dates, and the borrower, the option to accept the new rate **or** redeem the loan without penalty.

1.4 Exchange Rate Risk Management

Occasionally, the Council has to make foreign exchange payments, the Council will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure.

1.5 Refinancing Risk Management

The Council will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies raised are managed, with a view to obtaining offer terms at renewal or refinancing, if required, which are competitive and as favourable to the organisation as can reasonably be achieved in the light of market conditions prevailing at the time.

The Council will actively manage the relationships with counterparties in such a manner as to secure the above objective, and will avoid overreliance on any one source of funding if this might jeopardise achievement of the above.

The Council will establish through its Prudential and Treasury Indicators the amount of debt maturing in any year. Any debt rescheduling will be considered when the difference between the refinancing rate and the redemption rate is most advantageous and the situation will be continually monitored in order to take advantage of any perceived anomalies in the yield curve. The reasons for rescheduling include:

- a) to generate cash savings at minimum risk;
- b) to reduce the average interest rate; and
- c) to amend the maturity profile and/or the balance of volatility of the debt portfolio

Any rescheduling will be reported to the Council at the meeting immediately following the action.

1.6 Legal and Regulatory Risk Management

The Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP1 1.1 Credit and Counterparty Risk Management, it will ensure that there is evidence of counterparties powers, authority and compliance in respect of the transactions they may effect with the organisation, particularly with regard to duty of care and fees charged.

The Council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.

The Council will ensure that its treasury management activities comply fully with legal statute, guidance, Codes of Practice and the regulations of the Council.

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The Council's powers to borrow and invest are contained in the Local Government Act 2003, section 12 and Local Government Act 2003, section 1. The treasury management scheme of delegation is contained in the Corporate Services Scheme of Delegation. This document contains the officers who are authorised signatories. The Council's monitoring officer is the Assistant Director Corporate Governance while the S151 Officer is the Director of Corporate Services.

1.7 Fraud, Error and Corruption, and Contingency Management

Treasury tasks are segregated and adequate internal checks have been implemented to minimise risks and fraud. Procedures are documented and staff will not be allowed to take up treasury management activities until they have had proper training and are subject to an adequate and appropriate level of supervision.

Records will be maintained of all treasury management transactions so that there is a full audit trail and evidence of the appropriate checks being carried out. Periodic backups will be made to ensure contingency of systems is available.

Details of Systems and Procedures to be Followed, Including Internet Services

The Council uses Logotech Treasury systems as its treasury management recording tool.

- The Corporate Services Scheme of Delegation sets out the delegation of duties to officers and the Council's constitution details delegated authority of treasury management to the Section 151 Officer.
- All loans and investments are negotiated by the Treasury Manager or other authorised persons.
- All long-term loans must be authorised by the Section 151 Officer.

1.8 Market Risk Management

The Council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect it from the effects of such fluctuations. This is controlled mainly by setting limits on investment instruments where the principal value can fluctuate. The limits are detailed in the Treasury Management Strategy

TMP 2: PERFORMANCE MEASUREMENT

2.1 Evaluation and Review of Treasury Management Decisions

Periodic Review During the Financial Year

Monthly and quarterly meetings take place (quarterly with the Treasury consultant) to review the treasury activities, economic factors and discuss the investment options. In addition to this the Director of Corporate Services will hold treasury management review meetings with the Treasury team, periodically or as required to review actual activity against the Treasury Management Strategy Statement (TMSS) and cash flow forecasts.

SECTION 2

Annual Review After the end of the Financial Year

Annual Treasury Report will be submitted to the Full Council each year after the close of the financial year.

Comparative Review

Each year or on a quarterly basis, comparative review is undertaken to see how the Council's performance on debt and investments compares to other authorities with similar size portfolios (but allowing for the fact that Prudential and Treasury Indicators are set locally). Such reviews are: -

- CIPFA Treasury Management statistics published each year for the last complete financial year
- CIPFA Benchmarking Club
- Other

2.2 Benchmarks and Calculation Methodology

2.2.1 Debt management

- Average rate on all external debt
- Average rate on external debt borrowed in previous financial year
- Average period to maturity of external debt
- Average period to maturity of new loans in previous year

2.2.2 Investment

The performance of investment earnings will be measured against any of the following benchmarks: In-house benchmark and when necessary other benchmarks such as Bank of England base rate, 7-day LIBID un compounded, 7-day LIBID compounded weekly, 1-month LIBID and 3-month LIBID compounded quarterly

Performance will also be measured against other local authority funds with similar benchmark and parameters managed by other fund managers using the CIPFA treasury management benchmark service.

2.3 Policy Concerning Methods for Testing Value-for-money in Treasury Management

The process for advertising and awarding contracts will be in-line with the Council's Contract Standing Orders and procurement guidelines.

2.3.1 Money-broking Services

From time to time, the Council will use money-broking services in order to make deposits or to borrow, and will establish charges for all services prior to using them. An approved list of firm of brokers is maintained by the Treasury Manager. The list takes account of both prices and quality of service. No firm of brokers will be given undue preference.

2.3.2 Consultants / Advisers Services

The Council's treasury management adviser is Link Asset Services.

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TMP 3: DECISION-MAKING AND ANALYSIS

3.1 Funding, Borrowing, Lending, and New Instruments/Techniques

3.1.1 Records to be kept

The following records will be retained:

- Daily cash balance forecasts for the day and previous day
- Money market deal booking and deal approval confirmation emails
- Dealing slips for all investment and borrowing transactions
- Brokers' confirmations for all investment and temporary borrowing transactions made through brokers
- Confirmations from borrowing / lending institutions including money market fund portals
- PWLB loan confirmations
- PWLB interest due schedule
- Certificates for market loans, local bonds and other loans
- Deal confirmation letters for deals over one month
- Treasury Management contracts (Investment consultant and Logotech)

3.1.2 Processes to be pursued

- Cashflow analysis
- Debt and investment maturity analysis
- Ledger/Logotech/Bank reconciliations
- Review of counterparty limits in addition to monitoring of counterparties
- Review of opportunities for debt restructuring
- Review of borrowing requirement to finance capital expenditure (and other forms of financing where those offer value for money)
- Performance information (e.g. monitoring of actuals against budget for debt charges, interest earned, debt management; also monitoring of average pool rate, investment returns, etc)
- Treasury contracts management

3.1.3 Issues to be addressed

3.1.3.1 In respect of all treasury management decisions made the Council will:

- a) Above all be clear about the nature and extent of the risks to which the Council may become exposed
- b) Be certain about the legality of the decision reached and the nature of the transaction, and that all authorities to proceed have been obtained
- c) Be content that the documentation is adequate both to deliver the Council's objectives and protect the Council's interests, and to deliver good housekeeping
- d) Ensure that third parties are judged satisfactory in the context of the council's creditworthiness policies, and that limits have not been exceeded
- e) Be content that the terms of any transactions have been fully checked against the market, and have been found to be competitive; and
- f) Ensure that adequate investigation on security of the Council's funds has been conducted

SECTION 2

3.1.3.2 In respect of borrowing and other funding decisions, the Council will:

- a) Consider the ongoing revenue liabilities created, and the implications for the organisation's future plans and budgets
- b) Evaluate the economic and market factors that might influence the manner and timing of any decision to fund
- c) Consider the merits and demerits of alternative forms of funding, including funding from revenue, use of reserves, leasing and private partnerships; and
- d) Consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use.

3.1.3.3 In respect of investment decisions, the Council will:

- a) Consider the optimum period, in the light of cash flow availability and prevailing market conditions; and
- b) Consider the alternative investment products and techniques available, especially the implications of using any which may expose the Council to changes in the value of its capital

TMP 4: APPROVED INSTRUMENTS, METHODS AND TECHNIQUES

4.1 Approved Activities of the Treasury Management Operation

- Borrowing;
- Lending;
- Debt repayment and rescheduling;
- Consideration, approval and use of new financial instruments and treasury management techniques;
- Managing the underlying risk associated with the Council's capital financing and surplus funds activities;
- Managing cash flow;
- Banking activities;
- Use of external fund managers (other than Pension Fund)
- Leasing;
- Undertake treasury management activities for the Pension Fund

4.2 Approved Techniques

- Forward dealing
- LOBOs – Lender's Option, Borrower's Option borrowing instrument
- Structured products such as callable deposits

4.3 Approved Methods and Sources of Raising Capital Finance

Finance will only be raised in accordance with the Local Government Act 2003 and within this limit the Council has a number of approved methods and sources of raising capital finance. These are:

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On Balance Sheet	Fixed	Variable
PWLB	●	
European Investment Bank(EIB)	●	
Market (long-term)	●	
Market (temporary)	●	
Market (LOBOs)	●	
Bonds administered by the Municipal Bond Agency	●	
Stock issues	●	
Local (temporary)	●	
Local Bonds	●	
Overdraft		●
Negotiable Bonds	●	
Internal (capital receipts & revenue balances)	●	
Commercial Paper	●	
Medium Term Notes	●	
Leasing (not operating leases)	●	
Deferred Purchase	●	

Other Methods of Financing

- Government and EC Capital Grants
- Lottery monies
- PFI/PPP
 - Operating and Finance leases
 - Revenue Contributions

Borrowing will only be done in British Pound Sterling. All forms of funding will be considered dependent on the prevailing economic climate, regulations and local considerations. The Director of Corporate Services has delegated powers in accordance with Financial Regulations, Standing Orders and Scheme of Delegation to Officers to take the most appropriate form of borrowing from the approved sources.

4.4 Investment Limits

The Annual Investment Strategy sets out the limits and the guidelines for use of each type of investment instrument.

4.5 Borrowing Limits

The Treasury Management Strategy Statement and Prudential and Treasury Indicators state all appropriate limits.

TMP 5: ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS

5.1 Allocation of Responsibilities

(i) Council (Budget)

- Receiving and reviewing reports on treasury management policy, practice and activity; and
- Approval of annual strategy.

SECTION 2

(ii) **Cabinet**

- Approval of/amendments to the Council's adopted clauses, treasury management policy statement and treasury management practice;
- Budget consideration and approval;
- Approval of the division of responsibilities; and
- Receiving and reviewing regular monitoring reports and acting on recommendations.

(iii) **Overview and Scrutiny Commission (Financial Monitoring Task Group)**

- Reviewing all treasury management reports and making recommendations to the Cabinet

5.2 Statement of the Treasury Management Duties/Responsibilities of Each Treasury Post

5.2.1 Responsible Officer

The Responsible Officer is the person charged with professional responsibility for the treasury management function and in this Council it is the Director of Corporate Services and is also the S151 Officer. This person or delegated persons will carry out the following duties: -

- a) Recommending clauses, treasury management policy / practices for approval, reviewing the same regularly, and monitoring compliance
 - b) Submitting regular treasury management policy reports
 - c) Submitting budgets and budget variations
 - d) Receiving and reviewing management information reports
 - e) Reviewing the performance of the treasury management function
 - f) Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
 - g) Ensuring the adequacy of internal audit, and liaising with external audit
 - h) Recommending the appointment of external service providers.
 - i) The Responsible Officer has delegated powers through this policy to take the most appropriate form of borrowing from the approved sources, and to make the most appropriate form of investments in approved instruments.
- a) The Responsible Officer may delegate her power to borrow and invest to members of her staff, The Treasury Manager and the fund officer. Treasury management team staff must conduct all dealing transactions, or staff authorised by the responsible officer to act as temporary cover for leave / sickness.
 - b) The Responsible Officer will ensure that Treasury Management Policy is adhered to, and if not will bring the matter to the attention of elected members as soon as possible.
 - c) Prior to entering into any capital financing, lending or investment transaction, it is the responsibility of the responsible officer to be satisfied, by reference to the Council's legal department and external advisors as appropriate, that the proposed transaction does not breach any statute, external regulation or the Council's Financial Regulations.
 - d) It is also the responsibility of the responsible officer to ensure that the Council complies with the requirements of The Non-Investment Products Code (formerly known as The London Code of Conduct) for principals and broking firms in the wholesale markets.

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5.2.2 Treasury Manager

The responsibilities of this post will be: -

- a) Drafting the treasury management strategy and annual report
- b) Adherence to agreed policies and practices on a day-to-day basis
- c) Maintaining relationships with counterparties and external service providers
- d) Supervising treasury management staff
- e) Monitoring performance on a day-to-day basis
- f) Submitting management information reports to the Responsible Officer; and
- g) Identifying and recommending opportunities for improved practices

5.2.3 Head of the Paid Service – the Chief Executive

The responsibilities of this post will be: -

- a) Ensuring that the system is specified and implemented; and
- b) Ensuring that the Responsible Officer reports regularly to the full Council / Cabinet or General Purpose Committee on treasury policy, activity and performance.

5.2.4 Monitoring Officer

The responsibilities of this post will be: -

- a) Ensuring compliance by the Responsible Officer with the treasury management policy statement and treasury management practice and that they comply with the law
- b) Being satisfied that any proposal to vary treasury policy or practice complies with law or any code of practice; and
- c) Giving advice to the Responsible Officer when advice is sought

5.2.5 Internal Audit

The responsibilities of Internal Audit will be: -

- a) Reviewing compliance with approved policy and treasury management practice
- b) Reviewing division of duties and operational practice
- c) Assessing value for money from treasury activity; and
- d) Undertaking probity audit of the treasury function

5.3 Absence Cover Arrangements

Cover for treasury management staff will be to specific delegated staff.

5.4 List of Approved Brokers

A list of approved brokers is maintained by the Treasury team and a record of all transactions conducted with them can be obtained from Logotech.

Policy on Brokers' Services

It is the Council's policy to rotate business between brokers.

5.5 Policy on Taping of Conversations

The Council currently does not tape conversations with brokers **but** ensures that confirmations are received from counterparties.

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5.6 Direct Dealing Practices

The Council will deal direct with counterparties if it is appropriate and the Council believes that better terms will be available. There are certain types of accounts and facilities, however, where direct dealing is required, as follows;

- Business Reserve Accounts
- Call Accounts
- Money Market Funds
- Gilt/CD purchase via custodian; and
- Fixed period account e.g. 15-day fixed period account

5.7 Settlement Transmission Procedures

A confirmation letter signed by an authorised signatory per the Council's bank mandate must be sent to the counterparty if the deal period exceeds one month.

For payments, any transfer to be made via Lloyds link CHAPS system must be completed by 2.00 p.m. on the same day to ensure it is authorised. Money market funds may have earlier cut-off time/deadlines.

5.8 Documentation Requirements

For each deal undertaken, a record should be prepared giving details of dealer, amount, period, counterparty, interest rate, dealing date, payment date(s), broker and confirmation fax, email or letter.

5.9 Arrangements Concerning the Management of Third-Party Funds.

The Council holds a number of trust funds, appointeeship and custody bank accounts. The cash in respect of these funds is held in the Council's bank account but transactions are separately coded.

TMP 6: REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS

6.1 Annual Treasury Management Strategy Statement

1. The Treasury Management Strategy Statement sets out the specific expected treasury activities for the forthcoming financial year. This strategy will be submitted to the cabinet and then to the Council (budget) for approval before the commencement of each financial year.
2. The formulation of the annual Treasury Management Strategy Statement involves determining the appropriate borrowing and investment decisions in the light of the anticipated movement in both fixed and shorter-term variable interest rates. For instance, this Council may decide to postpone borrowing if fixed interest rates are expected to fall, or borrow early if fixed interest rates are expected to rise.
3. The Treasury Management Strategy Statement is concerned with the following elements:
 - a) Prudential and Treasury Indicators
 - b) Current Treasury portfolio position
 - c) Borrowing requirement
 - d) Prospects for interest rates
 - e) Borrowing strategy
 - f) Policy on borrowing in advance of need
 - g) Debt rescheduling
 - h) Investment strategy
 - i) Creditworthiness policy
 - j) Policy on the use of external service providers

SECTION 2

- k) Any extraordinary treasury issue
- l) MRP strategy

4. The Treasury Management Strategy Statement will establish the expected move in interest rates against alternatives.
5. There is also a requirement for the Council to carry out a mid-year report. The purpose of this report is to provide a mid-year review on progress/performance throughout the year against targets set.

6.2 Annual Investment Strategy Statement

At the same time as the Council receives the Treasury Management Strategy Statement it will also receive a report on the Annual Investment Strategy which will set out the following: -

- a) The Council's risk appetite in respect of security, liquidity and optimum performance
- b) Which specified and non specified instruments the Council will use
- c) The Council's policy on the use of credit ratings and other credit risk analysis techniques to determine creditworthy counterparties for its approved lending list
- d) Which credit rating agencies the Council will use
- e) How the Council will deal with changes in ratings, rating watches and rating outlooks
- f) Limits for individual counterparties and group limits
- g) Country limits
- h) Levels of cash balances
- i) Interest rate outlook
- j) Budget for investment earnings
- k) Policy on the use of external service providers

6.3 Annual Minimum Revenue Provision Statement

This statement sets out how the Council will make revenue provision for repayment of its borrowing using the four options for so doing and will be submitted at the same time as the Annual Treasury Management Strategy Statement.

6.4 Policy on Prudential and Treasury Indicators

- a) The Council approves before the beginning of each financial year a number of treasury limits which are set through Prudential and Treasury Indicators.
- b) The Responsible Officer is responsible for incorporating these limits into the Annual Treasury Management Strategy Statement, and for ensuring compliance with the limits. Should it prove necessary to amend these limits, the Responsible Officer shall submit the changes for approval to the full Council.

6.5 Other Reporting

- Annual report on treasury management activity
- Other management information reports

SECTION 2

TMP 7: BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS

7.1 Statutory / Regulatory Requirements

The accounts are drawn up in accordance with IFRS. The Council has adopted in full the principles set out in CIPFA's 'Treasury Management in the Public Services - Code of Practice' (the 'CIPFA Code'), together with those of its specific recommendations that are relevant to the Council's treasury management activity.

TMP 8: CASH AND CASHFLOW MANAGEMENT

8.1 Arrangements for Preparing Cashflow

Cashflow projections are prepared annually, monthly and daily. The annual and monthly cash flow projections are prepared from the previous year's cashflow records, adjusted for known changes in levels of income and expenditure, new grant allocations and changes in payments and receipts dates. These details are supplemented on an ongoing basis by information received of new or revised amounts to be paid or received as and when they are known. Logotech is used to record cashflow.

TMP 9: MONEY LAUNDERING

9.1 Proceeds of Crime Act 2002 and Amendments

See Council's website and intranet for money laundering process and associated policies
http://intranet/anti_money_laundering_policy.pdf

9.2 The Terrorism Act 2000 and Amendment order

See Council's website and staff intranet on policy. Staff should note that all individuals and businesses in the UK have an obligation to report knowledge, reasonable grounds for belief or suspicion about the proceeds from, or finance likely to be used for, terrorism or its laundering, where it relates to information that comes to them in the course of their business or employment.

9.3 The Money Laundering Regulations 2007 and Updates

The Council's money laundering officer is the Head of Audit. See Council's website
https://mertonhub.merton.gov.uk/_layouts/15/WopiFrame.aspx?sourcedoc=/Merton%20Hub%20Documents/anti_money_laundering_policy.pdf&action=default&DefaultItemOpen=1

Treasury management and banking staff are required to familiarise themselves with all money laundering regulations.

9.4 Procedures for Establishing Identity / Authenticity of Lenders

It is not a requirement under Proceeds of Crime Act (POCA) for local authorities to require identification from every person or organisation it deals with. However, in respect of treasury management transactions, the Council does not accept loans from individuals except during a bond issue.

All loans are obtained from the PWLB, other local authorities or from authorised institutions under the Financial Services and Markets Act 2000. This register can be accessed through the FCA website on www.fca.gov.uk.

SECTION 2

9.5 Methodologies for identifying Deposit Takers

Other than those organisations mentioned in para section 6.10 and Appendix 2 of the treasury strategy, in the course of its Treasury activities, the Council will only lend money to or invest with those counterparties that are on its approved lending list. These will be local authorities, the PWLB, Bank of England and authorised deposit takers under the Financial Services and Markets Act 2000. The FCA Register can be accessed through their website on www.fca.gov.uk.

All transactions will be carried out by CHAPS, faster payments or BACS for making deposits or repaying loans.

TMP 10: TRAINING AND QUALIFICATIONS

The Council recognises that relevant individuals will need appropriate levels of training in treasury management due to its increasing complexity.

All treasury management staff and members tasked with financial scrutiny should receive appropriate training relevant to the requirements of their duties at the appropriate time.

In addition, training may be provided on-the-job, and it is the treasury manager's responsibility to ensure that treasury management staff and members receive appropriate training.

Treasury management staff and members will go on courses provided by the Council's treasury management consultants, CIPFA, money brokers etc

TMP 11: USE OF EXTERNAL SERVICE PROVIDERS

11.1.1 Details of Contracts with Service Providers, Including Bankers, Brokers, Custodian Banks, Consultants, Advisers

This Council may employ the services of other organisations to assist it in the field of treasury management. However, it will ensure that it fully understands what services are being provided and that they meet the needs of the Council, especially in terms of being objective and free from conflicts of interest.

11.1.2 Banking Services

- a) The Council's supplier of banking services is Lloyds Bank. The bank is an authorised banking institution authorised to undertake banking activities in the UK by the FCA
- b) The branch address is:
 - i. Lloyds Banking Group
 - ii. 25 Gresham Street, London
 - iii. EC2V 7HN

11.1.3 Money-Broking Services

The Council will use money brokers for temporary borrowing and investment and long-term borrowing. It will seek to give an even spread of business amongst the approved brokers.

SECTION 2

11.1.4 Consultants'/Advisers' services Treasury Consultancy Services

The Council receives mail shots on credit ratings, economic market data and borrowing data. In addition, interest rate forecasts, annual treasury management strategy templates, and from time to time, the Council may receive advice on the timing of borrowing, lending and debt rescheduling. The performance of consultants will be reviewed by the treasury manager to check whether performance has met expectations.

11.1.4 Custodian Banks

The Council will use the services of custodian banks when trading in most transferable instruments like treasury bills. Due procurement process will be followed in the procurement of this service. It should be noted that it is the borrower that pays in most cases and not the lender. Property fund on the other hand do not require custody services, the investor pays all fee.

11.1.5 Credit Rating Information

The Council receives notifications of credit ratings from Link Asset Services.

11.2 Procedures and Frequency for Tendering Services

See TMP2

TMP 12: CORPORATE GOVERNANCE

12.1 List of Documents to be Made Available for Public Inspection

- a) The Council is committed to the principle of openness and transparency in its treasury management function and in all of its functions.
- b) The Council has adopted the CIPFA Code of Practice on Treasury Management and implemented key recommendations on developing Treasury Management Practices, formulating a Treasury Management Policy Statement and implementing the other principles of the Code.

SECTION 2

GLOSSARY OF TREASURY MANAGEMENT TERMS

Accrued Interest

Any interest that has accrued since the initial purchase or since the last coupon payment date, up to the date of sale/purchase

Basis Point

One hundredth of 1% e.g. 0.01%

Certificate of Deposit (CD)

A Tradable form of fixed deposit. They can be sold before maturity via the secondary market at a rate that is negotiable. Often issued by banks and Building Societies in any period from 1 month to 5 years.

Coupon

The total amount of interest a security will pay on a yearly basis. The coupon payment period depends on the security.

Covered Bond

Covered bonds are conventional bonds (fixed or floating) issued by financial institutions that are backed by a separate group of loans, usually prime residential mortgages or public sector loans.

Credit Rating

A measure of credit worthiness of a borrower. A credit rating can be assigned to a country, organisation or specific debt issue/ financial obligation. There are a number of credit ratings agencies but the main 3 are Standard & Poor's, Fitch and Moody's.

Credit risk

This is the risk that the issuer of a security becomes temporarily or permanently insolvent, resulting in its inability to repay the interest or to redeem the bond. The solvency of the issuer may change over time due to various factors.

Debt Management Office (DMO)

Debt Management Office is an executive agency of HM Treasury. They are responsible for debt management in the UK, in the form of issuing Treasury Bills and Gilts.

Financial Strength Rating

Rating criteria used by Moody's ratings agency to measure a bank's intrinsic safety and soundness.

Floating Rate Note (FRN)

An instrument issued by Banks, Building Societies and Supranational organisations which has a coupon that re-sets usually every 3 months. The refix will often be set at a premium to 3 month LIBOR.

Gilt

A UK Government Bond, sterling denominated, issued by HM Treasury

Index Linked Gilts

A government bond issued by the DMO whose coupon and final redemption payment are related to movement in the RPI (Retail Price Index)

SECTION 2

Interest Rate Risk

The risk that an investment's value will change due to a change in the absolute level of interest rate. Interest rate risk affects the value of bonds more directly than stocks, and it's a major risk to all bond holders. As interest rates rise, bond prices fall and vice versa. The rationale is that as interest rates increase, the opportunity cost of holding a bond decreases since investors are able to realise greater yields by switching to other investments that reflect the higher interest rate

SONIA

Sterling Overnight Index Average SONIA interest rate benchmark | Bank of England
SONIA is based on actual transactions and reflects the average of the interest rates that banks pay to borrow sterling overnight from other financial institutions and other institutional investors.

Net Asset Value (NAV)

Often used when funds or investment assets are valued. This term generally means the total assets less total liabilities.

Premium

The sale/purchase of an asset at a level that is above the par value or original price. If a security is trading at a premium, current market interest rates are likely to be below the coupon rate of the security.

Treasury Bill (T-Bills)

A Treasury Bills is a short dated instrument issued by HM Treasury. They are issued at a discount, therefore they are not coupon bearing.

Viability Ratings

Assessment of a bank's intrinsic creditworthiness applied by Fitch Ratings Agency. Its aim was to enhance visibility on benefits of support. This replaced the individual ratings.

Yield Curve

The yield curve represents the relationship between yield and maturity. The conventional shape being that as the maturity lengthens, the yield will increase. Each security will have its own yield curve, depending on the yield in every time period available.

SECTION 2

London Borough of Merton Balance Sheet Projections							
2021/22 (£'000)			2022/23 (£'000)	2023/24 (£'000)	2024/25 (£'000)	2025/26 (£'000)	2026/27 (£'000)
CAPITAL FINANCING REQUIREMENT							
160,438	CFR		160,358	163,598	184,548	216,133	250,442
(26,024)	PFI Liabilities		(24,373)	(22,635)	(19,297)	(15,617)	(12,098)
(1,110)	Finance Lease Liabilities		(1,033)	(851)	(7,526)	(5,911)	(17,029)
133,304	Underlying Borrowing Requirement		134,952	140,112	157,725	194,605	221,315
(111,010)	External Borrowing c/fwd		(109,010)	(108,700)	(95,000)	(82,500)	(109,663)
2,000	Loan Maturities		310	13,700	12,500	-	-
	New Loans		-	-	-	(27,163)	(34,571)
(109,010)	External Borrowing		(108,700)	(95,000)	(82,500)	(109,663)	(144,234)
24,294	Under / (Over) Borrowing		26,252	45,112	75,225	84,942	77,081
18%	Underborrowing as a % of Underlying Borrowing Requirement		19%	32%	48%	44%	35%
RESERVES / BALANCES, INVESTMENTS & WORKING CAPITAL (£'000)							
14,000	General Fund Balance		14,000	14,000	14,000	14,000	14,000
(2,360)	Collection Fund Adjustment Account		(2,360)	(2,360)	(2,360)	(2,360)	(2,360)
102,228	Earmarked reserves (excl. Schools)		102,228	102,228	102,228	102,228	102,228
11,553	Schools (excl. DSG)		11,553	11,553	11,553	11,553	11,553
(26,932)	Schools - DSG (future yrs drawn early)		(26,932)	(26,932)	(26,932)	(26,932)	(26,932)
-	Capital Receipts Reserve		-	-	-	-	-
7,302	Provisions (exc. any accumulating absences)		7,302	7,302	7,302	7,302	7,302
31,049	Capital Grants Unapplied		31,049	31,049	31,049	31,049	31,049
7,463	Capital Grants Receipts In Advance		7,463	7,463	7,463	7,463	7,463
144,303	Amount Available for Investment		144,303	144,303	144,303	144,303	144,303
(61,369)	Debtors		(61,369)	(61,369)	(61,369)	(61,369)	(61,369)
102,240	Creditors		102,240	102,240	102,240	102,240	102,240
-	Stock / WIP		-	-	-	-	-
(6,347)	Balance LT Debtors		(6,347)	(6,347)	(6,347)	(6,347)	(6,347)
-	Balance of LT Liabilities		-	-	-	-	-
5,374	Deferred credits / receipts (non-capital)		5,374	5,374	5,374	5,374	5,374
39,898	Working Capital (Deficit) / Surplus		39,898	39,898	39,898	39,898	39,898
(24,294)	(Under) / Over Borrowing		(26,252)	(45,112)	(75,225)	(84,942)	(77,081)
159,907	External Investments/(Borrowing Requirement)		157,949	139,089	108,976	99,259	107,120
(10,000)	Strategic LT Investments (eg Property Funds)		(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
149,907	Adjusted External Investments/(Borrowing Requirement)		147,949	129,089	98,976	89,259	97,120

1. SECTION 3: Schools Funding 2023/24

- 1.1 The Government announced the Dedicated Schools Grant (DSG) allocation on 16th December 2022, and Merton's allocation is split over the four blocks as below:

DEDICATED SCHOOLS GRANT ALLOCATIONS			
Description	2023/24 £'000	2022/23 £'000	% Increase
Schools Block	149,708	139,774	7%
Central Schools Services Block	1,141	1,106	3%
Early Years Block	16,577	15,486	4%
High Needs Block	49,298	43,161	10%
Total as at Schools Forum meeting	216,724	201,524	8%
Academy recoupment	(33,039)	(33,035)	
Final allocation for the year	183,685	168,489	9%
<i>Overall % increase</i>	<i>9%</i>	<i>4%</i>	

- 1.1 The DSG allocation for 2023/24 includes the allocation of the Schools' Supplementary Grant funding that was paid separately during 2022/23 now forms part of the DSG baseline. Allocations were £4.263m within the Schools' Block for mainstream schools and £1.692m as part of the High Needs Block for special schools, Additional Resourced Provision (ARPs) and independent schools. Mainstream schools will be allocated additional funding through the Mainstream Schools' Additional Grant (MSAG) 2023/24 This is in addition to schools' allocations through the schools' national funding formula. Indicative published allocations are £4.15m Schools' block and £2.05m High Needs block.
- 1.2 The DSG allocation for 2023/24 also includes the Teachers' Pay and Pensions Grant for Early Years, that was paid separately during 22/23 and now forms part of the baseline. Allocations for schools with nursery classes were £120k in the separate grant in 22/23 and are estimated as £410k in 23/24 in the main Early Years DSG.
- 1.3 From 2023/24 the option for Local Authorities (LAs) on National and Non Domestic Rates (NNDR) payments to be administered by the Education and Skills Funding Agency (ESFA) is available.
- 1.4 This section provides details of how the four blocks of the DSG are budgeted to be used in 2023/24.

2. Schools Block

- 2.1 The Schools Block allocation of £149.708m is split into the following expenditure types as below:

Schools Block	2023/24	2022/23	%
Description	£'000	£'000	increase
Falling Rolls	300	300	0%
Transfers to the High Needs Block (0.5%)	748	698	7%
*Secretary of State approval (cash transfer £500k to High Needs block)	*500	500	0%
De-delegated items (maintained schools)	2,233	1,910	7%
Central duties to maintained schools (ESG)	629	629	0%
National & Non-Domestic Rates (NNDR)	2,917	2,904	0.4%
Individual School Budgets	142,381	132,833	7%
Total Schools Block	149,708	139,774	7%

- 2.2 The proposed falling rolls fund is £300k for 2023/24 same as last year 2022/23.
- 2.3 The DfE Falling Rolls is paid outside of the school budget formula. The DfE Falling Rolls fund criteria are as designated by the DfE:

Identification of schools with falling rolls:

- The school must have been judged good or outstanding at their last Ofsted inspection
- The total NOR has dropped by at least 5% between last October census and the previous year's October census
- Capacity of school is a minimum of 15% of published admission number (PAN)
- The school does not have excessive balances (10% or more)
- local planning data shows the places will be required within the next 3 – 5 years

Where a school meets all the above criteria, funding will be provided using the following calculation:

- AWPU rate x per pupil (falling roll) allocated based upon affordability

- 2.4 New free schools as they increase in size - Harris Academy Wimbledon opened in September 2018 and is funded through the schools' funding formula rather than through bulge classes. These costs are included in the formula and not funded outside of the school budget shares.

- 2.5 School Forum approval is required for the Falling Rolls criteria and budget allocation for 2023/24. This was approved at the meeting 19th January 2023.
- 2.6 For 2023/24 Merton will transfer £748k (0.5%) from the Schools Block to the High Needs Block (£698k in 2022/23). This represents 0.5% of the School Block allocation and will be used to fund the growing cost pressure of increased SEN pupils in mainstream schools with Education Health and Care Plans (EHCPs).
- 2.6.1 Following the consultation with schools, School Forum agreed the transfer from the schools' block to the high needs block at their meeting on 9th November 2022 and ratified this decision at the meeting 19th January 2023.
- 2.7 As reported to School Forum 9th November and in support of the DfE Safety Valve plan as part of the recovery of the cumulative DSG deficit £25m, it was proposed to top-slice £500k from the school block to the high needs block in support of continued high needs ongoing pressures. This will be a Dis-application request application submitted to the Secretary of State (SOS) for approval in January 2023.
- 2.8 The Dis-application request was submitted to the Secretary of State (SOS) on 18th November 2022 for approval and outcome will be known end of January 2023.
- 2.8.1 Following the consultation with schools, School Forum agreed the transfer from the schools' block to the high needs block of an additional £500k at their meeting on 9th November 2022 and ratified this decision at the meeting 19th January 2023.
- 2.9 The total de-delegated budget for 2023/24 is £2.233m (£1.910m in 2022/23). The table details the total allocation of de-delegated services as well as the unit cost for each of these services for 2023/24 and comparable 2022/23 for transparency reporting to schools.
- 2.9.1 Following the consultation with schools, both Primary and Secondary schools approved the de-delegated budgets by the relevant phase representatives at Schools Forum on the 9th November 2022 and ratified at School Forum 19th January 2023.

De-delegated budgets	Budget	Sector	2023/24 Unit Cost	Budget	2022/23 Unit Cost	Measure
Service	2023/24 £'000			2022/23 £'000		
Copyright Licensing Agency (CLA) Subscriptions recharged via DfE	£144	Primary	£6.48	£119	£6.46	NOR
		Secondary				
Schools catering equipment insurance	£40	Primary	£2.94	£40	£2.91	NOR
		Secondary	n/a		n/a	
Support & Challenge Programme	£400	Primary	£21.02	£400	£29.08	NOR
		Secondary				
Attain	£100	Primary	£5.26	£100	£7.27	NOR
		Secondary				
Parenting cover and public duties including Trade Unions duties	£770	Primary	£40.46	£755	£39.59	NOR
		Secondary				
Ethnic minorities & bilingual learners	£70	Primary	£15.12	£70	£20.07	Low Attainment
		Secondary				
Tree insurance / maintenance	£65	Primary	£3.42	£65	£3.42	NOR
		Secondary				
Behaviour Support	£207	Primary	£44.72	£207	£42.98	Low Attainment
		Secondary				
School Improvement	£149	Primary	£7.83	£149	£7.80	NOR
		Secondary				
School Improvement (Attendance)	£183	Primary	£9.62	New for 2023/24		NOR
		Secondary				
School Improvement and Brokering	£105	Primary	£5.52	New for 2023/24		NOR
		Secondary				
Total budget	£2,233			£1,910		

(NOR= Number on Roll; Low Attainment= Lower Attainment factor for low cost, high incidence SEN)

2.10 In order to maintain the statutory central duties to Merton maintained schools (the services previously funded by the Education Service Grant (ESG)), schools are required to make a contribution towards these services based on numbers on roll through the Age Weighted Pupil Unit (AWPU) factor (funded NOR for special schools). The cost to primary, secondary and special schools will be £33.05 per pupil on roll to provide an overall de-delegated budget of £650k (the same as in 2022/23).

2.10.1 Following the consultation with schools, School Forum approved the contribution to responsibilities budget that local authorities hold for maintained schools.

2.11 For 2023/24 budget setting this means that £629k is contributed from the schools' block while £21k comes from the high needs block for special schools (2022/23 budget split was same £629k school block and £21k high needs block). As detailed in the school's consultation document, schools are funding 32% of the costs while the LA funds 68%. We have maintained the local authority funding of these services to minimise the impact on school budgets.

2.12 The total amount available to be paid to schools, academies and free schools for 2023/24 as part of the Individual Schools Budget (ISB) is £142.381m (£135.737m in 2022/23) Details of which can be found at Annex 1.

3 School Funding Formula Factors

3.1 Following consultation with schools and the agreement of the Schools Forum at their meeting on the 9th November 2022, Merton is using the National Funding Formula (NFF) to delegate funding to schools and academies in 2023/24. (Option A as per the consultation). A summary of the factors used, and the total budgets allocated against each factor is set out in the Authority Proforma Tool (APT) which can be found at Annex 2.

3.2 Core NFF funding covers funding through the basic per-pupil, deprivation, low prior attainment (LPA), English as an additional language (EAL), mobility, lump sum, and sparsity factors. The area cost adjustment (ACA) is also applied to uplift funding in line with local labour market costs. The minimum per pupil funding and the funding floor are applied to ensure that all schools attract at least the minimum level of per pupil funding through the formula and that all schools attract at least a 0.5% increase compared to their 2022-23 baseline pupil-led funding per pupil.

3.3 The Age Weighted Pupil Unit (AWPU) rates for Primary and Secondary KS3 and KS4 are the NFF rates plus an Area Cost Adjustment (ACA) of 1.5111. These are shown below with a comparison against 2022/23.

AWPU rates	2023/24	2022/23
Description		
Primary	£3,906	£3,695
Secondary Key Stage 3	£5,423	£5,210
Secondary Key Stage 4	£6,196	£5,871

3.4 The primary to secondary funding ratio is 1:1.34 in 2023/24 to 1:1.35 in 2022/23. This is due to growth in census in secondary schools.

3.5 The Income Deprivation Affecting Children Index (IDACI) element of the deprivation factor is based on the IDACI dataset for 2019, which is published by the Ministry for Housing, Communities and Local Government (MHCLG). IDACI is a relative measure of socio-economic deprivation: an IDACI 'score' is calculated for a lower super output area (LSOA, an area with typically about 1,500 residents) based on the characteristics of households in that area. The IDACI score of a given area does not mean that every child living in that area has particular deprivation characteristics: it is a measure of the likelihood that a child is in a household experiencing relative socio-economic deprivation. LSOAs are ranked by score, from the most deprived LSOA, with the highest score, to the least deprived LSOA is a subset of the Indices of Multiple

Deprivation (IMD). It is an area-based measure which is interpreted as the proportion of families with children under 16 which is income deprived

- 3.6 For school funding purposes, the NFF uses IDACI ranks to group LSOAs into seven bands of decreasing deprivation; for example, Band A comprises the most deprived 2.5% of LSOAs:
- Pupils in the most deprived 2.5% of LSOAs 1 to 821 - Band A
 - Pupils in the next 5% most deprived LSOAs 822 to 2463 – Band B
 - Pupils in the next 5% most deprived LSOAs 2464 to 4105 – Band C
 - Pupils in the next 5% most deprived LSOAs 4106 to 5747 – Band D
 - Pupils in the next 10% most deprived LSOAs 5748 to 9032 - Band E
 - Pupils in the next 10% most deprived LSOAs 9033 to 12316- Band F
- 3.7 Pupils eligible to attract funding through the NFF English Additional Language (EAL) factor are those recorded on the census as having entered state education in England during the last three years, whose first language is not English. This measure is called “EAL3” in the current LA local funding arrangements. The EAL factor unit values used are NFF rates £667.64 (£648.89 for 2022/23) and £1,801.49 (£1,757.17 in 2022/23) for Primary and Secondary schools respectively. This allocates a total budget of £3.362m (£3.034m in 2022/23) for Primary schools.
- 3.8 Low Prior Attainment (LPA) is measured for primary schools on the basis of the number of pupils identified as not achieving a Good Level of Development in the Early Years Foundation Stage Profile (EYFSP); and for secondary schools on the basis of the number of the number of pupils not reaching the expected standard in KS2 in reading or writing or maths.
- 3.9 Since 2017 to 2018, the government has weighted the LPA factor for some secondary year groups so that year-on-year fluctuations in pass-rates, following the introduction of the more challenging KS2 tests in the 2015 to 2016 academic year, do not disproportionately affect the distribution of funding through the LPA factor in the mainstream formula.
- 3.10 In 2023 to 2024, the government has carried forward the weightings used in 2022 to 2023 for the year 7 to year 10 cohorts, so they will apply to the year 8 to year 11 cohorts.
- 3.11 For the financial year 2023 to 2024, the weightings are:
- pupils in year 7 in October 2022: 54%
 - pupils in years 8 to 10 in October 2022: 65%
 - pupils in year 11 in October 2022: 64%
- 3.12 The weightings will operate in the same way as in 2022: the number of pupils identified as having LPA in the data will be multiplied by the relevant weighting to determine the number of pupils eligible for the factor for funding purposes.
- 3.13 Following the cancellation or incompleteness of both EYFSP and KS2

assessments in summer 2020 and summer 2021 due to coronavirus (COVID19), assessment data from these years in the Low Prior Attainment factor in the local funding formulae is not available. 2019 assessment data will be used as a proxy for assessments which would have taken place in 2020 to 2021. This has been reflected in the APT for both primary and secondary. The same national weighting of 65% for pupils in year 10 will also be used for those who are years 8 and 9 in the academic year 2022 to 2023.

- 3.14 LPA funding has been allocated to all pupils identified as not reaching the expected standard at the previous phase, regardless of their year group. It does not only apply to those pupils in their first year of schooling. As with current funding arrangements, pupils who have not undertaken the assessment are given the overall average attainment score of their year group, so are considered when calculating a school's LPA rate.
- 3.15 For primary LPA the ratio of eligible pupils is calculated from pupils in years 1 to 6. This ratio is then applied to all pupils in years reception to year 6. This ensures that reception pupils also attract LPA funding. APT Primary Low Attainment NFF unit value for 2023/24 is £1,329.53 per eligible primary pupil (£1,297.78 in 2022/23), and the Secondary NFF unit value is £2,014.44 (£1,757.17 in 2022/23). This results in budgets of £9.304m (2023/24) and £8.601m (2022/23) for schools.
- 3.16 The mobile pupils eligible for funding through the NFF mobility factor are pupils whose school census record at their current school (or one of its predecessors) in the last three years indicates an entry date which is not 'typical'. For year groups 1 to 11, 'typical' means that the first census on which a pupil is recorded as attending the school (or its predecessors) is the October census. So, 'not typical' means that the first census a pupil is recorded as attending the school is a January or May census. For the reception year, 'typical' means the first census is October or January.
- 3.17 NFF Mobility rates for 2023/24 of £1,087.74 (primary), and £1,565.51 (secondary) per eligible pupil starting outside of normal entry dates, in comparison with 2022/23 rates of £1,062.34 (primary), and £1,527.48 (secondary). The increase in 2023/24 budget is due to an increase in primary pupils starting school outside of the normal entry dates forecast by the DfE.
- 3.18 The 2023/24 NFF lump sum factor is £130k, increased from 2022/23 (£110k), and each school receives this funding irrespective of its size or phase.
- 3.19 The split site factor remains as £102k (applicable to one Merton primary school) following the government's recent publication of a review of split site funding and criteria and aligning within the NFF funding rates.
- 3.20 The Minimum Funding Guarantee (MFG) is set at 0.5% based upon the outcomes of consultation with schools. 93% of respondents agreed to set the MFG at 0.5%. This is the maximum protection allowed for 2023/24 and schools will be protected up to 0.5% on the funding floor for 2023/24. This

requirement for MFG has decreased from £702k (2022/23) to £236.00 (2023/24). The inclusion this year of the Schools' Supplementary Funding of £4.263m within the schools funding baseline has resulted in only one school requiring MFG protection for 2023/24.

- 3.21 Capping and scaling within the formula has not been applied as last year, therefore, schools will receive for 2023/24 all formula funding with no capping applied.
- 3.22 These figures exclude the 6th form funding which still needs to be provided by the ESFA and does not form part of the schools funding formula. It also excludes additional resource provision and individual pupil statement funding which forms part of the high needs block.
- 3.23 The figures in Annex 1 exclude the bulge class funding, falling rolls and growth funding which is held centrally and will be paid to schools as part of monthly advance payments.
- 3.24 Pupil Premium funding is not included in these figures and the 2023/24 allocations will be provided separately when maintained schools are informed of their budgets for 2023/24 by 28th February 2023. Schools should use the 2022/23 figures to estimate their funding for 2023/24 until school allocations are published.
- 3.25 School Forum approval is required for the formula based upon the consultation exercise and meeting 9th November 2022 and responses received plus final ratification 19th January 2023. School Forum noted that there may be changes due to the ESFA data checking and validation exercise they undertake on all LA formulas for compliance, but an update would be provided.
- 3.26 **Schools Supplementary Grant Funding**

This has now been rolled into the DSG funding baseline for 2023/24.

4 Central Schools Services Block

- 4.1 The central school services block (CSSB) was introduced in 2018/19 to fund local authorities for the statutory duties that they hold for both maintained schools and academies. The CSSB brings together:
- Funding for ongoing central functions, such as admissions, previously top-sliced from the schools block.
 - Residual funding for historic commitments, previously top-sliced from the schools block and now subject to 20% (saving) reduction each year.
 - Funding previously allocated through the retained duties element of the Education Services Grant (ESG).

Region	LA number	LA name	NFF Funding in 2023-24			
			Per-pupil rate for ongoing responsibilities	2022-23 DSG schools' block pupil census	Total funding for historic commitments	Total central schools services block funding
Outer London	315	Merton	£43.66	24,187.5	£84,887	£1,140,914

4.2 Merton's Central Schools Services Block retained items are detailed in the table below.

Central Services School Block (CSSB)	2023/24	2022/23
Description	£'000	£'000
Central licences negotiated by the Secretary of State	125	126
School admissions	311	276
Servicing of school forums	12	12
Prudential borrowing	207	207
Statutory and regulatory duties LAs hold for all schools (including academies & free schools)	412	412
Teachers' Pay Grant (TPG) and Teachers' Pension Employer Contribution Grant (TPECG)	74	74
Total Schools Block	1,141	1,106

4.2.1.1 Following the consultation with schools, School Forum agreed the budget for School admissions, servicing of school forums, Prudential borrowing and Statutory and regulatory duties that LA's hold for all schools (including academies and free schools).

4.3 The statutory and regulatory duties that LAs hold for all schools, including academies and free schools, (as set out in Schedule 2, Parts 1 to 5 of the School and Early Years Finance Regulations 2017) does not include funding that has been retained centrally from maintained school budgets only (as set out in Schedule 2, Parts 6 and 7).

5 Early Years Block

5.1 The DFE published the response to its consultation of the Early Years Single Funding Formula (EYSFF) on 16th December 2022.

5.2 There are increases to the overall budget, due to the updated factors that underpin the national funding formula for LAs, and the inclusion of the Teachers Pay and Pension Grant (TPPG) based on whole sector headcount (not just schools). The new requirement is to distribute the TPPG via the Quality Supplement Factor in the EYSFF from 2023/24.

5.3 School Forum approval was confirmed to approve the TPPG payment via the Quality Supplement Factor for 2023/24.

5.4 The DFE allocated Early Years Block allocation is split into the following areas as detailed below:

Description	2022/2023 £'000	PTE	Hourly rate	2023/24 £'000	PTE	Hourly rate	Difference in places take up
3&4 YO universal funding	£10,929,725	3,222.6	£5.95 (£6.12 with TPPG uplift)	£11,363,239	3,225.8	£6.18	0%
3&4 YO extended funding	£3,137,986	925.25	£5.78	£3,534,084	1,003.26	£6.18	+9%
2-Year-Old Offer	£1,252,812	349.43	£6.29	£1,511,268	383.14	£6.85	+9%
Pupil Premium	£108,302	316.67	.60p	£101,780	288	.62p	-10%
Disability Access Fund	£56,800	71p	£800 per annum	£67,068	81	£828 per annum	+12%
Total Early Years Block	£15,485,552			£16,577,429			

5.5 Funding for the free early years childcare entitlements

The hourly rates for the early years free entitlements for 2-year-olds and 3 and 4-year-olds were announced in December 2022 as set out in the [Early years funding: 2023 to 2024 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/early-years-funding-2023-to-2024)

Funding for the early years free entitlements includes:

- universal 15-hour entitlement for 3 and 4-year-olds
- additional 15-hour entitlement for 3 and 4-year-old children of eligible working parents
- Early Years Pupil Premium
- Disability Access Fund
- 15 hours entitlement for disadvantaged 2-year-olds

Places

- 5.6 2-, 3- and 4-year-old budget (including the TPPG allocation) is made up of:
- the number of part-time equivalents (PTEs) taking up the entitlements as recorded on the January 2022 schools, early years and AP censuses....
 - multiplied by 15 hours x 38 weeks x local authority's hourly funding rate. ESFA will update these initial allocations in:
 - July 2023 based on January 2023 census numbers: and
 - July 2024, based on five-twelfths of the January 2023 census numbers (to cover the April 2023 to August 2024 period), and seven-twelfths of the January 2024 census numbers (to cover the September 2023 to

March 2024 period)

Early years pupil premium (EYPP)

5.7 The indicative allocation for each local authority is calculated as follows:

- the number of EYPP places as recorded on the January 2022 schools, early years and AP censuses....
- multiplied by 15 hours × 38 weeks × £0.62

ESFA will update these initial allocations in:

- July 2023 based on January 2023 census number: and
- July 2024, based on five-twelfths of the January 2023 census numbers (to cover the April 2023 to August 2023 period), and seven-twelfths of the January 2024 census numbers (to cover the September 2023 to March 2024 period).

5.8 For the grant allocations based on headcount (ie places and EYPP) the following applies:

Final allocations are based on five-twelfths January 2023 census numbers + seven-twelfths January 2024 census numbers. Final 2023/24 budgets are not finalised until July 2024, and financial year 2023/34 grant is either increased or decreased based on updated census data.

5.9 The indicative Early Years DSG budget at the start of the financial year is based on the previous year's take up. The funding allocation is then updated and adjusted mid-year to reflect more recent data, and then a final reconciliation is made in the following financial year based on actual take up.

Disability Access Fund

5.10 Allocations are calculated based on estimated Disability Living Allowance (DLA) applications. These allocations will not change and are final for 2023 to 2024.

5. 11 Early Years Funding distribution

On receipt of the 3 and 4 budget places allocation only, the LA does the following:

- Allocates 5% for retained items (the maximum that can be retained is 5%)
- Allocates 95% of the budget (called pass through) to the required base rate and supplements (not be greater than 12% of the total allocation within the formula), SENDIF and contingency.

The table below shows how the DFE allocation of £6.18 per hour is applied across the various elements. To note not all children, receive all elements, the purpose is to show the proportionate amount for each element (not per child), and how the 95% high pass through rate is applied.

Note the new quality supplement for distribution of the TPPG, as well as the percentage increase to deprivation factor as a commitment to narrowing the gap for children living in low-income households/deprivation.

3 and 4-year-old distribution

3 and 4-Year-Old		
Type	%	£ / Hour
Gov Rate	100.00%	6.18
Retention	5.00%	£0.31
Base Rate	85.92%	£5.31
Sparsity	0.22%	£0.01
Deprivation	3.20%	£0.20
SENIF 1b	0.25%	£0.02
SENIF 1c	2.54%	£0.16
TPPG	1.43%	£0.09
Contingency	1.45%	£0.09

5.12 The contingency for 2023/24 has been set at £215,799 and forms part of the high pass-through rate. This provides a small amount of funding to accommodate any variance in the actual take up of places that are not fully accounted for in the overall final grant allocation. It also allows some additional funds to support any possible pressure on the SENDIF or deprivation factor.

5;13 In accordance with the Safety Valve programme, a request has been made to the SoS to allow any possible remaining funds within the 95%, at the end of the financial year funding cycle (July 2024) to be moved to the HNB. The outcome of the request is still pending. It is estimated the maximum amount this would be is the amount of the contingency.

5.14 Early Years Pupil Premium (EYPP) is a separate funding stream. This is paid to settings and schools after each term's headcount at 0.62 pence per hour. Any underspend on EYPP is expected to be clawed back. Total allocated budget is £101,780

5.15 The Disability Access Fund (DAF) is a one-off lump sum payment of £828 and the total budget is £67,000. The LA is currently able to retain the DAF, which has not been distributed to a setting and use this in line with the principles and aims of DAF.

5.16 Centrally Retained Items

There is an allocation for centrally retained items which includes funding for information, advice and guidance, training, inclusion and SEND support and advisory work, market management/ sufficiency and information, and back office/administrative functions. This represents 5% of the expected – 3 & 4-year-old grant which is £745,000. The amount of funding that must pass through to providers for 3- and 4-year-olds is called the “High Pass-Through Rate”.

- 5.17 On receipt of the 2-year allocation, the LA does the following
- Allocates 100% to the required base rate, SENDIF and contingency

2-year-old distribution

2-Year-Old		
Type	%	£ / Hour
Gov Rate	100.00%	6.92
Retention	0.00%	£0.00
Base Rate	96.82%	£6.70
Sparsity	0.00%	£0.00
Deprivation	0.00%	£0.00
SENIF 1b	0.00%	£0.00
SENIF 1c	2.35%	£0.16
SENIF 1d	0.00%	£0.00
Contingency	0.83%	£0.06

6. Early Years Funding Formula

6.1 3 and 4-year-old formula – pass through to settings

The methodology/local funding formula used to distribute funding to settings, following on from consultation, is detailed in this section of the report. Consultation feedback is Appendix E and has guided the methodology within the formula

- 6.2 In line with the statutory requirement Merton has one **base rate** in the formula for 3- and 4-year-olds (universal and extended entitlement) for all settings as per the table 12 below.

Base rate Description	2022/23 Rate	2023/24 Rate
All settings	£5.16	£5.31

- 6.3 Criteria for EYPP will continue to be used as a measure of **deprivation** for 2020/21.

Deprivation rate Description	2022/23 Rate	2023/24 Rate
Criteria for EYPP (deprivation)	£1.90	£2.90

6.4 The table below shows the optional supplementary supplement for “sparsity”

Sparsity rate Description	2022/23 Rate	2023/24 Rate
Sparsity/small providers child-minders	60p	60p

6.5 Outside of formula: SEN Inclusion Fund – pass through to settings

6.6 The table below shows the mandatory **SEN inclusion Fund** (SENIF) pupil rates (3- and 4-year-olds)

SEN Inclusion Fund Description	2022/23 Rate	2023/24 Rate
SEN Support Level 1a (local offer)	nil	nil
SEN Support Level 1b	£2.80	£2.80
SEN Support Level 1c	£10.50	£10.50

6.7 SEN support funding is allocated following the published criteria and associated processes. The SENDIF, whilst not an allowable supplement within the formula, is included within the 95% high pass through rate. There is a requirement to publish the value of the fund each year.

6.8 The indicative SENDIF budget for 2023/24 £415,438

6.9 The funding element for each SEN support level of the SENDIF is through this inclusion fund.

6.10 Outside of formula: Contingency

6.11 There is a contingency of £215,799 for 3- and 4-year-olds and to support any in-year growth for children, including those with SEND, children eligible for the deprivation factor and for children who start mid-way through a funding period (after headcount).

6.12 The contingency is included as part of the high pass-through rate and as such any surplus should be distributed across the sector following agreed methodology.

6.13 Outside of formula: Retained Items

6.14 Within the grant allocation LAs can retain up to 5% of the total 3- and 4-year-old allocation for 2023/24.

6.15 Retained items can only be used to support the delivery of early year’s provision in accordance with the statutory duties, including advice; training; information

and securing sufficiency and market management. These duties are embedded within the Childcare Act 2006 and are underpinned by Statutory Guidance.

6.16 This year £745,000 has been allocated for retained items for 3- and 4-year-olds.

6.17 2-year-old formula

6.18 The table below shows the **base rate** for 2-year-olds

2 year old rate Description	2021/2022 Rate	2022/23 Rate
All settings	£5.80	£5.95

6.19 Outside of formula: SEN Inclusion Fund

6.20 The table below shows the **discretionary SEN Inclusion Fund** for 2-year-olds

SEN Inclusion Fund Description	2021/22 Rate	2022/23 Rate
SEN Support Level 1a (local offer)	nil	nil
SEN Support Level 1b	£2.55	£2.55
SEN Support Level 1c	£7.80	£7.80

6.21 The funding element for each level of the SENDIF is through the inclusion fund.

6.22 There is no requirement to have a SENDIF for 2-year funding, and therefore not a requirement to publish this. However, the total indicative fund for 2-year-olds is £35,500

6.23 Outside of formula: Contingency

6.24 There is a limited contingency for 2-year-old places, which is a balancing budget.

6.24.1 Following the consultation with Early Years providers and settings, School Forum approved the 5% retainer towards central costs and quality supplement within the formula and noted the SoS application of any underspend to be used in support of the Safety Valve Programme.

7. High Needs Block

7.1 The high needs funding system is designed to support a continuum of provision for pupils and students with Special Educational Needs and Disabilities (SEND), from their early years to age 25.

7.2 Funding to institutions from the high needs block is allocated within the 'place plus' funding approach. The base funding ("place funding") is given to local authorities to distribute (commission) to institutions for them to provide places on an on-going basis. This is supplemented with "top-up funding" which follows

individual pupils and students to receive educational support. The top-up funding provided to local authorities includes funding for central services or statutory duties to support these high-cost places.

7.3 The table below shows how Merton’s High Needs Block funding is allocated.

High Needs Block	2023/24	2022/23
Description	£'000	£'000
Mainstream settings (Individual SEN EHCPs)	4,360	4,360
Special Schools	12,062	10,196
Additional Resource Provision bases (ARPs)	3,454	2,083
Pupil Referral Unit (PRU)	2,034	2,034
Centrally retained High Needs funding for commissioned services	466	466
SEN EHCPs for Children and Young People (CYP)	21,258	20,841
Post 16 Further Education (FE) and Independent Special Provision (ISP) funding	2,652	2,452
High Needs Contingency – additional funding (in year)	3,084	3,226
Centrally retained High Needs funding for special schools (ESG)	52	52
Central duties to maintained schools - Education Support Grant (ESG)	15	15
Teachers' Pay Grant (TPG) and Teachers' Pension Employer Contribution Grant (TPECG)	163	155
Recoupment for academies places commissioned	(2,414)	(2,444)
Transfers from other blocks	749	698
SOS transfer (awaiting approval)	500	500
Total Funding	49,156	44,634

Mainstream settings and SEN

7.4 Schools are expected to contribute the first £6,000 of additional educational support for High Needs pupils and students in mainstream settings before additional SEN funding. This additional support is for a provision over and above the standard offer of teaching and learning for all pupils or students in a setting. Pre-16, schools and academies will continue to receive a clearly identified 'notional' SEN budget from which to make this contribution. Merton will provide this budget for maintained schools while the ESFA will provide it for academies. The notional SEN will comprise three elements as detailed below in table 19 from school budgets/formula.

Notional Formula factor	2023/24
Age Weighted Pupil Unit / allowance (AWPU)	2.50%
Deprivation (Free School Meals & IDACI)	10%
Low cost, high incidence SEN (Low Attainment)	100%

7.5 The total notional SEN budget included within the formula is £13.503m for 2023/24 (£12.453m 2022/23) and should be used to support pupils with low

cost, high incidence (LCHI) SEN as well as the first £6,000 support for pupils with EHCPs/statements.

- 7.6 The notional allocation is only a guide and schools are expected to set their budgets in such a way as to meet the needs of all their pupils, including those with additional needs, within the resources available.
- 7.7 Early Years settings with SEN children are funded differently from mainstream schools at SEN support, as all funding is child led. All children whose places are funded through the Early Years Dedicated School Grant (EY DSG) (school nursery classes and Private Voluntary and Independent (PVI)) receive their SEN funding as described in section 6 of this report from the early years block.
- 7.8 Where schools have a high number of SEN students, the allocation to support these pupils through the school's formula might not be sufficient. Funding will be set aside in the High Needs Block to support such schools. If more than 3.4% of a school's NOR are pupils with EHCP's, the excess percentage will be multiplied by the school's NOR and multiplied by £6,000 to calculate additional support for the school.
- 7.9 As part of the consultation with schools and academies for 2023/24 79% of respondents approved the budget reduction to £350k (2022/23 £538k) to pay outside of the school formula funding in supporting schools with high numbers of SEN pupils recorded on census. The percentage is set as 3.4% in accordance with affordability.

Example of calculation	
School census (Oct 22)	184
SEN census	13
Percentage	7.07%
Threshold 3.4%	-3.04%
186 x 3.67%	6.75 pupils
6.75 pupils x £6,000	£40,500

- 7.10 The NOR is based on the October count and the numbers of EHCPs are based on the numbers as per the October EHCPs payment to schools. The number of EHCPs used will exclude pupils funded in special units/ARPs.
- 7.11 Merton's basic EHCP funding will be kept the same as in 2023/24 and is detailed in the table 21 below.

EHCP funding	Reception onwards		Universal Entitlement 2, 3 and 4 year olds		Extended Entitlement 2, 3 and 4 year olds	
	2023/24	2022/23	2023/24	2022/23	2023/24	2022/23
Band						

Band1	Part of £6,000 notional SEN funding	Part of £6,000 notional SEN funding	Part of SEN support funding	Part of SEN support funding	Part of SEN support funding	Part of SEN support funding
Band 2	£5,805	£5,805	£5,903	£5,903	£9,739	£9,739
Band 3	£7,983	£7,983	£6,992	£6,992	£11,536	£11,536
Band 4	£10,160	£10,160	£8,080	£8,080	£13,332	£13,332
Band 5	£12,338	£12,338	£9,169	£9,169	£15,129	£15,129

7.12 The band amounts shown for 2-, 3- and 4-year-olds are inclusive, and represent the total funds that a setting will receive. This amount is made up from the EYDSG as explained in section 6 above and the “top up” is from the High Needs Block (HNB). For children taking up the extended entitlement the EHCP is not transferable and therefore a child can only access one provision. On this basis, the extended hours EHCP is funded at 60%.

Special Schools

7.13 Specialist SEN schools will continue to receive a base level of funding on the basis of an agreed number of planned places commissioned at £10,000 per place. Top-up funding above this level will be commissioned by the LA for 2023/24 as in previous years and as mainstream school places.

7.14 An additional £660 per place will be paid to specialist SEN settings, including Alternative Provision (AP), in support of the Teachers' Pay Grant (TPG) and Teachers' Pension Employer Contribution Grant (TPECG). This was previously paid outside of the DSG in a separate grant but since 2021/22 this has now been rolled into the DSG. There is a minimum place setting of 40 for this additional grant funding as designated by the DfE.

7.15 Due to the budgeted increase in growth of pupil numbers at special schools, the special school budget will be increased to cover the cost pressure of supporting these additional children and is built into the budget as reported in table 18 above.

7.16 The total for specialist SEN and LDD settings includes the school budgets for Cricket Green, Perseid, and Melrose special schools.

Additional Resource Provision (ARP) bases

7.17 Places in special units and resourced provision attracts a base level of funding of either £6,000 or £10,000 per empty place, depending on whether a place was occupied or empty at the time of the October census. Each child will also receive a 'top-up' element of funding which is recalculated annually to ensure that the funding change does not impact on the total base funding settings received in the previous financial year. The place funding is included in the school block formula and current settings and place numbers as reported in the APT are:

URN	LAESTAB	School Name	2022/23 Pre 16 SEN Places	2023/24 Pre 16 SEN Places	Change/ growth from last year
102632	3152059	Hatfeild Primary School	16	24	8
102652	3152081	West Wimbledon Primary School	25	48	23
102653	3152082	Cranmer Primary School		24	24
102662	3152091	Wimbledon Chase Primary School	16	16	
102673	3154050	Ricards Lodge High School	10	10	
102674	3154052	Raynes Park High School	27	27	
102679	3154500	Rutlish School	10	10	
141143	3152002	Harris Primary Academy Merton	22	22	
146401	3152004	Stanford Primary School	24	24	
			150	205	55

7.18 Where numbers have increased (+55 new ARP places 2023/24), top-up funding will be adjusted to reflect the growth within the high needs budget. Any additional top up funding banding will be agreed by the SEN Manager and current top-up banding levels.

7.19 ARP allocations for 2023/24 will remain similar to the 2022/23 allocations apart from ARP place number growth as reported above.

Pupil Referral Unit (Canterbury Campus and Lavender)

7.20 The PRU (Canterbury Campus) will receive a base level of funding of £10,000 per commissioned place. Top-up funding above this level is set at £6,800 (total place plus top up £16,800 per place). Medical pupils attending the PRU will be funded based upon the medical needs of the pupils and commissioning arrangements.

7.21 Mainstream schools and academies have important commissioning responsibilities with regard to pupils of compulsory school age who are placed in Alternative Provision (AP) for the purpose of early intervention or as a result of fixed-term exclusion. In such instances they are responsible for paying top-up funding to the AP settings in which they place pupils.

7.22 Alternative education and medical service provision are also delivered through the Melbury College.

7.23 The exclusion process currently involves a deduction of Age Weighted Pupil Unit (AWPU) against a national criteria and a local agreement to pay £3,000 per excluded pupil and receive £3,000 for a re-integrated pupil. This agreement

is between all secondary maintained schools and academies and will continue in 2023/24.

Centrally retained funding for commissioned services

- 7.24 These services are retained centrally by the Local Authority to deliver direct services or procure services from external providers to ensure the most economic use of resources. The following table 20 details these services:

Centrally retained funding for commissioned services	2023/24	2022/23
Description	£'000	£'000
Cost of Merton pupils in other LA maintained schools	2,164	2,164
Cost to other LAs for their children in Merton maintained schools	(1,159)	(1,159)
Merton academies (Individual SEN statements)	1,459	1,459
Virtual school	265	265
Sensory team	422	422
Schools standards quality core offer	350	350
Language and learning therapy	662	662
Other non-maintained school related costs	357	357
Education psychology	177	177
Behaviour support	254	254
Education welfare	178	178
SEN referral & early help 0-25 team	158	158
Vulnerable children's education	125	125
Social inclusion	109	109
Merton Autism Outreach Service (MAOS)	102	102
SEN support	86	85
Therapy in special schools	457	457
Independent hospital provision	51	51
Portage	39	39
Independent Providers	14,347	13,999
Independent Residential placements	3,943	3,943
Post 16 providers (FE & ISP)	2,412	2,412
Total Cost	26,958	26,610

- 7.25 Of the centrally retained services funding, Merton has tried to limit cost pressures as far as possible. The increase in number of EHCPs has however resulted in major cost pressure on independent, residential placements and out of borough provision.
- 7.26 The growth received on the HNB is not sufficient to cover the rising cost pressures. For 2023/24 the increase will be allocated against various budgets with known pressures to address the expected overspends, but still leaves a

shortfall to meet growth and demand and cost-effective savings to achieve a balanced budget and within the delivery of the Safety Valve agreement.

Post 16 Further Education (FE) College and Independent Specialist Provider (ISP) funding

- 7.27 The funding in this area relates to high level SEN or LDD costs for young people aged over 16 in Further Education (FE) colleges and Individual Service Providers (ISPs). The responsibility for these payments transferred to Local Authorities within the Children and Families Act 2013 with statutory educational responsibility for young people up to the age of 25.

Centrally retained funding for special schools

- 7.28 This includes the funding for centrally provided services for the special schools, similar to de-delegated budgets held for the maintained primary and secondary schools. The services available are detailed in table below.

Central de-delegation				
Service	Total £	2023/24 Unit Cost	2022/23 Unit Cost	Measure
Licences and Subscriptions	£3,000	£5.28	£4.41	NOR
School Meals Subsidy	£2,000	£3.52	£1.98	NOR
Schools in Challenging Circumstances	£10,000	£17.61	£14.82	NOR
Parenting and TU cover	£17,017	£29.96	£28.53	NOR
Support to underperforming ethnic minority groups and bilingual learners	£2,000	£3.52	£2.04	NOR
Tree work	£2,000	£3.52	£2.40	NOR
Behaviour Support	£5,000	£8.80	£7.66	NOR
School Improvement	£4,000	£7.04	£5.52	NOR
Attain	£2,000	£3.52	£3.71	NOR
Total budget	£47,017			

Central duties to maintained schools (ESG)

- 7.29 In order to maintain the statutory central duties to Merton maintained schools (the services previously funded by the Education Service Grant (ESG)); schools are required to make a contribution towards these services based on numbers on roll through the AWPU factor (top-up NOR for special schools). The cost to primary, secondary, and special schools will be £37.34 per pupil on roll to provide an overall de-delegated budget of £650k.
- 7.30 For 2023/24 £629k is contributed from the schools' block while £21k comes from the high needs block for special schools (same contribution for 2022/23).

As detailed in the school's consultation document, schools are 32% of these costs while the LA funds 68%.

Transfers from other blocks

- 7.31 For 2023/24 Merton will transfer £749k (0.5%) from the Schools' Block to the High Needs Block (£698k in 2022/23). This represents 0.5% of the Schools Block allocation and will be used to continue to fund the growing cost pressure of increased numbers of EHCPs.
- 7.32 A dis-application request was submitted to the Secretary of State (SOS) on 18th November 2022 to transfer an additional £500k (cash) from the school block to the high needs block. The outcome of this request will be known end of January 2023.
- 7.33 Another dis-application request has been submitted to the SOS on 18th November 2022 with regards to utilising any underspends from the Early Years Block against the overall DSG deficit balance and in support of the Safety Valve agreement with the DfE. Again, the outcome of this request will be known end of January 2023.

Financial pressure on the High Needs Block

- 7.34 The continued increase in numbers of EHCPs as detailed in the table below and this pressure is expected to continue and grow in 2023/24.

EHCPs Type of Provision	Jan 2016 Total Statements and EHCPs		Jan 2017 Total Statements and EHCPs		Jan 2018 Total Statements and EHCPs		Jan 2019 Total Statements and EHCPs		Jan 2020 Total Statements and EHCPs		Jan 2021 Total Statements and EHCPs		Jan 2022 Total Statements and EHCP's	
	No	%	No	%	No	%	No	%	No	%	No	%	No	%
Early Years (incl. Private & Voluntary Settings)	0	0%	1	0%	7	0%	7	0%	7	0%	8	0%	9	0%
Mainstream Schools (incl. Academies, Free and Independent)	422	39%	461	37%	526	35%	584	34%	707	37%	816	36%	889	36%
Additional Resourced Provision	110	10%	111	9%	116	8%	125	7%	125	6%	133	6%	145	6%
State Funded Special Schools	358	33%	388	31%	416	27%	440	26%	474	25%	520	23%	563	23%
Independent Special Schools	132	12%	153	12%	176	12%	228	13%	280	15%	367	16%	338	14%
Post 16 College and traineeships	25	2%	93	7%	183	12%	212	12%	199	10%	268	12%	343	14%
Post 16 Specialist	10	1%	25	2%	44	3%	37	2%	35	2%	44	2%	43	2%
Alternative Education (incl. EOTAS, Hospital Schools and EHE)	15	1%	10	1%	22	1%	28	2%	61	3%	37	2%	34	1%
No placement (including NEET)	3	0%	0	0%	28	2%	51	3%	40	2%	59	3%	103	4%
Total	1075	100	1242	100	151	100	1712	100	1928	100%	2252	100	2467	100
Change over previous year				16%		22%		13%		11%		17%		10%

- 7.35 Since January 21 we have seen an increase from 2,252 finalised EHCPs to 2,467 EHCPs in January 2022 (SEN2 data return) which is an increase this financial year of 215 finalised EHCPs, and since COVID we have seen a continued increase in referrals for an EHC Needs assessment.

DSG Safety Valve

- 7.36 Due to the ongoing cost pressures within the High Needs Block, Merton's DSG cumulative reported DSG deficit for 2021/22 closedown was £24.981m. The continued increase in numbers of EHCPs means that this pressure is expected to continue and grow in 2022/23, and in 2023/24, while the funding growth received on the HNB grant is not sufficient to cover these cost pressures. As at period 8, the forecast deficit reported was cumulative c£25m.
- 7.37 After acceptance on to the DfE Safety Valve Programme in January 2022, Merton has been undertaking actions in line with our Safety Valve agreement to reduce the DSG deficit, and we have received support from the DfE in relation to the ongoing deficit. Quarterly reporting to the DfE is a requirement to demonstrate the impact of the strategies implemented to reduce the DSG deficit over the next 5 years. This includes work with partners to implement collaborative and system wide strategies. We have also reviewed our local provision and in conjunction with our strategic needs analysis have expanded our own provision and continue to look at further opportunities for state funded provision that may reduce reliance on more expensive Independent School Placements.

8 Appendices

- 8.1 Annex 1: ISB allocations
8.2 Annex 2: School Funding Pro-forma
8.3 Annex 3: Early year's allocations

SECTION 3, Annex 1

ANNEX 1 - ISB Allocations for 2023/24

School Name	NOR	Basic Entitlement	Free School Meals & FSM6	Total IDACI	EAL	Low Prior Attainment	Mobility	Lump Sum	Split Sites	Rates	Notional SEN Budget	Total Allocation	23-24 MFG Adjustment	23-24 Post MFG Budget	De-delegation	Post De-delegation budget	Education functions for maintained schools	Post De-delegation and Education functions budget	23-24 NFF NDRR allocation	Post De-delegation and Education functions budget after deduction of 23-24 NFF NDRR allocation
Total	24,266	#####	£9,921,061	#####	#####	£9,303,741	£161,517	£6,760,000	£102,000	£2,969,127	#####	#####	£236	#####	£2,233,077	#####	£629,000	£145,297,610	#####	£142,380,355
Bond Primary School	320	£1,249,920	£169,110	£89,004	£92,826	£110,185	£12,835	£130,000	£0.00	£52,136	£167,244	£1,906,015	£0	£1,906,015	£38,121	£1,867,894	£10,578	£1,857,317	£52,136	£1,805,181
Dundonald Primary School	409	£1,597,554	£34,102	£2,348	£53,205	£96,989	£3,764	£130,000	£0.00	£38,304	£140,573	£1,956,265	£0	£1,956,265	£46,750	£1,909,515	£13,519	£1,895,996	£38,304	£1,857,692
Garfield Primary School	264	£1,031,184	£110,748	£36,364	£56,118	£60,249	£4,525	£130,000	£0.00	£77,140	£100,739	£1,506,328	£0	£1,506,328	£30,070	£1,476,258	£8,726	£1,467,531	£77,140	£1,390,391
Hatfield Primary School	381	£1,488,186	£83,467	£14,884	£31,394	£188,511	£0	£130,000	£0.00	£85,652	£235,550	£2,022,094	£0	£2,022,094	£47,968	£1,974,126	£12,594	£1,961,532	£85,652	£1,875,880
Hollymount School	400	£1,562,400	£58,914	£2,648	£40,844	£51,413	£5,439	£130,000	£0.00	£65,968	£96,629	£1,917,626	£0	£1,917,626	£43,766	£1,873,859	£13,222	£1,860,638	£65,968	£1,794,670
Joseph Hood Primary School	358	£1,398,348	£87,559	£11,661	£48,908	£174,813	£22,320	£130,000	£0.00	£53,597	£219,694	£1,927,207	£0	£1,927,207	£44,968	£1,882,239	£11,834	£1,870,406	£56,392	£1,814,014
Links Primary School	316	£1,234,296	£145,661	£22,378	£86,238	£150,520	£14,184	£130,000	£0.00	£49,742	£198,181	£1,833,019	£0	£1,833,019	£39,522	£1,793,497	£10,445	£1,783,052	£49,742	£1,733,310
Lonesome Primary School	315	£1,230,390	£220,685	£82,650	£51,391	£149,209	£0	£130,000	£0.00	£64,372	£210,302	£1,928,697	£0	£1,928,697	£39,359	£1,889,338	£10,412	£1,878,925	£64,372	£1,814,553
Merton Abbey Primary School	184	£718,704	£107,174	£59,904	£50,220	£97,967	£2,132	£130,000	£0.00	£61,180	£132,642	£1,227,281	£0	£1,227,281	£23,477	£1,203,804	£6,082	£1,197,722	£61,180	£1,136,542
Merton Park Primary School	200	£781,200	£19,908	£8,012	£25,769	£73,617	£1,088	£130,000	£0.00	£24,202	£95,939	£1,063,795	£0	£1,063,795	£24,039	£1,039,756	£6,611	£1,033,145	£24,202	£1,008,943
Morden Primary School	202	£789,012	£118,121	£39,449	£25,091	£100,573	£1,028	£130,000	£0.00	£31,744	£136,055	£1,235,017	£0	£1,235,017	£25,460	£1,209,557	£6,677	£1,202,880	£31,744	£1,171,136
Pelham Primary School	376	£1,468,656	£66,546	£21,791	£77,852	£151,352	£0	£130,000	£0.00	£84,056	£196,902	£2,000,252	£0	£2,000,252	£45,777	£1,954,475	£12,429	£1,942,047	£84,056	£1,857,991
Haslemere Primary School	334	£1,304,604	£209,220	£103,646	£56,733	£145,438	£0	£130,000	£0.00	£65,968	£209,339	£2,015,609	£0	£2,015,609	£41,158	£1,974,450	£11,040	£1,963,410	£65,968	£1,897,442
Poplar Primary School	584	£2,281,104	£162,583	£69,412	£119,311	£203,816	£0	£130,000	£0.00	£106,400	£284,043	£3,072,496	£0	£3,072,496	£69,693	£3,002,803	£19,304	£2,983,499	£106,400	£2,877,099
St Mark's Primary School	204	£796,824	£118,380	£69,423	£49,314	£81,987	£0	£130,000	£0.00	£31,744	£120,688	£1,277,672	£0	£1,277,672	£24,831	£1,252,841	£6,743	£1,246,098	£31,744	£1,214,354
The Sherwood School	309	£1,206,954	£136,078	£81,913	£51,384	£123,175	£500	£130,000	£0.00	£62,244	£175,148	£1,792,249	£0	£1,792,249	£37,566	£1,754,683	£10,214	£1,744,469	£62,244	£1,682,225
Singlegate Primary School	615	£2,402,190	£169,662	£52,237	£92,366	£218,221	£8,811	£130,000	£0.00	£61,180	£300,466	£3,134,667	£0	£3,134,667	£73,554	£3,061,113	£20,329	£3,040,784	£61,180	£2,979,604
Wimbledon Park Primary School	586	£2,288,916	£55,374	£15,966	£67,836	£130,843	£0	£130,000	£0.00	£86,184	£195,200	£2,775,119	£0	£2,775,119	£66,616	£2,708,503	£19,370	£2,689,133	£86,184	£2,602,949
Abbotsbury Primary School	357	£1,394,442	£202,400	£77,677	£92,162	£143,057	£3,894	£130,000	£0.00	£77,140	£205,925	£2,120,771	£0	£2,120,771	£43,435	£2,077,336	£11,801	£2,065,536	£77,140	£1,988,396
West Wimbledon Primary School	287	£1,121,022	£123,577	£26,268	£35,042	£104,127	£3,024	£130,000	£0.00	£63,308	£147,138	£1,606,369	£0	£1,606,369	£34,428	£1,571,941	£9,487	£1,562,454	£63,308	£1,499,146
Cranmer Primary School	461	£1,800,666	£220,616	£123,077	£62,171	£204,010	£0	£130,000	£0.00	£85,652	£283,396	£2,626,191	£0	£2,626,191	£56,956	£2,569,236	£15,238	£2,553,998	£85,652	£2,468,346
Gorringe Park Primary School	354	£1,382,724	£131,727	£32,692	£94,219	£133,263	£8,441	£130,000	£0.00	£62,244	£184,273	£1,975,310	£0	£1,975,310	£42,683	£1,932,627	£11,701	£1,920,926	£62,244	£1,858,682
Hillcross Primary School	399	£1,558,494	£59,466	£25,324	£27,262	£105,163	£0	£130,000	£0.00	£88,312	£152,604	£1,994,022	£236	£1,994,258	£46,082	£1,948,176	£13,189	£1,934,987	£88,312	£1,846,675
Liberty Primary	367	£1,433,502	£174,048	£95,726	£74,059	£118,308	£3,241	£130,000	£0.00	£62,776	£181,123	£2,091,661	£0	£2,091,661	£43,357	£2,048,304	£12,131	£2,036,173	£62,776	£1,973,397
William Morris Primary School	284	£1,109,304	£173,495	£89,648	£51,853	£97,791	£7,571	£130,000	£0.00	£59,052	£151,838	£1,718,715	£0	£1,718,715	£33,832	£1,684,882	£9,388	£1,675,495	£59,052	£1,616,443
Wimbledon Chase Primary School	638	£2,492,028	£53,164	£8,453	£141,726	£231,796	£4,046	£130,000	£0.00	£97,356	£300,258	£3,158,569	£0	£3,158,569	£76,549	£3,082,020	£21,089	£3,060,931	£97,356	£2,963,575
Malmesbury Primary School	397	£1,550,682	£224,484	£96,498	£57,077	£153,544	£14,336	£130,000	£0.00	£101,883	£224,409	£2,328,503	£0	£2,328,503	£48,052	£2,280,451	£13,123	£2,267,328	£101,883	£2,165,445
All Saints' CofE Primary School	311	£1,214,766	£136,113	£51,466	£53,136	£132,877	£0	£130,000	£102,000.00	£11,505	£182,004	£1,831,863	£0	£1,831,863	£38,210	£1,793,653	£10,280	£1,783,374	£11,505	£1,771,869
St Matthew's CofE Primary School	169	£660,114	£22,637	£2,728	£13,816	£66,783	£0	£130,000	£0.00	£5,734	£85,822	£901,812	£0	£901,812	£20,519	£881,293	£5,586	£875,706	£5,734	£869,972
Holy Trinity CofE Primary School	400	£1,562,400	£49,883	£20,421	£65,193	£86,288	£9,880	£130,000	£0.00	£14,470	£132,378	£1,938,534	£0	£1,938,534	£45,336	£1,893,199	£13,222	£1,879,977	£14,470	£1,865,507
Bishop Gilpin CofE Primary School	415	£1,620,990	£41,181	£12,846	£57,136	£102,397	£6,635	£130,000	£0.00	£12,130	£148,325	£1,983,316	£0	£1,983,316	£47,615	£1,935,701	£13,718	£1,921,983	£12,130	£1,909,853
St Peter and Paul Catholic Primary School	283	£1,105,398	£102,011	£73,245	£50,783	£113,728	£0	£130,000	£0.00	£9,363	£158,888	£1,584,528	£0	£1,584,528	£34,446	£1,550,082	£9,355	£1,540,728	£9,363	£1,531,365
Sacred Heart Catholic Primary School	323	£1,261,638	£93,274	£14,838	£51,236	£95,902	£674	£130,000	£0.00	£12,874	£138,255	£1,660,437	£0	£1,660,437	£37,789	£1,622,648	£10,677	£1,611,971	£12,874	£1,599,097
St Teresa's Catholic Primary School	419	£1,636,614	£94,086	£99,145	£58,280	£106,084	£0	£130,000	£0.00	£9,629	£166,323	£2,133,838	£0	£2,133,838	£48,196	£2,085,642	£13,850	£2,071,792	£9,629	£2,062,163
St Mary's Catholic Primary School	409	£1,597,554	£44,721	£36,103	£82,537	£91,936	£0	£130,000	£0.00	£9,629	£139,957	£1,992,480	£0	£1,992,480	£46,523	£1,945,957	£13,519	£1,932,438	£9,629	£1,922,809
St John Fisher RC Primary School	409	£1,597,554	£64,370	£7,298	£30,515	£72,801	£0	£130,000	£0.00	£12,874	£119,906	£1,915,411	£0	£1,915,411	£45,661	£1,869,750	£13,519	£1,856,231	£12,874	£1,843,357
The Priory CofE School	177	£691,362	£74,989	£22,458	£22,847	£103,577	£0	£130,000	£0.00	£9,044	£130,606	£1,054,277	£0	£1,054,277	£23,004	£1,031,273	£5,851	£1,025,422	£9,044	£1,016,378
St Thomas of Canterbury Catholic Pri	403	£1,574,118	£194,733	£100,008	£83,448	£148,531	£0	£130,000	£0.00	£17,450	£217,358	£2,248,289	£0	£2,248,289	£48,448	£2,199,841	£13,321	£2,186,520	£17,450	£2,169,070
Ricards Lodge High School	1147	£6,560,800	£483,708	£205,490	£122,608	£369,410	£0	£130,000	£0.00	£245,486	£602,350	£8,117,502	£0	£8,117,502	£126,465	£7,991,037	£37,914	£7,953,123	£245,486	£7,707,637
Raynes Park High School	1031	£5,892,337	£710,396	£223,828	£142,310	£620,040	£0	£130,000	£0.00	£214,863	£860,771	£7,933,775	£0	£7,933,775	£122,230	£7,811,545	£34,080	£7,777,465	£214,863	£7,562,602
Rutlish School	1194	£6,843,497	£417,577	£162,888	£136,913	£506,541	£0	£130,000	£0.00	£244,720	£735,675	£8,442,136	£0	£8,442,136	£135,271	£8,306,865	£39,467	£8,267,398	£244,720	£8,022,6

Local Authority Funding Reform Proforma

LA Name:

Merton

LA Number:

315

Primary minimum per pupil funding level	Secondary (KS3 only) minimum per pupil funding level	Secondary (KS4 only) minimum per pupil funding level	Secondary minimum per pupil funding level	Disapplication number where alternative MPPF values are used
£4,405.00	£5,503.00	£6,033.00	£5,715.00	

Pupil Led Factors

Description	Reception uplift	Pupil Units		Sub Total		Total	Proportion of total pre MFG funding (%)	Notional SEN (%)		
	No	0.00								
1) Basic Entitlement Age Weighted Pupil Unit (AWPU)	Description	Amount per pupil		Pupil Units		Sub Total	£111,348,938	Proportion of total pre MFG funding (%)		
	Primary (Years R-6)	£3,906.00		15,164.00		£59,230,584		39.98%	2.50%	
	Key Stage 3 (Years 7-9)	£5,422.78		5,531.00		£29,993,402		20.24%	2.50%	
	Key Stage 4 (Years 10-11)	£6,195.73		3,571.00		£22,124,952		14.93%	2.50%	
2) Deprivation	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	£14,152,519	9.55%	Primary Notional SEN (%)	Secondary Notional SEN (%)
	FSM	£552.53	£552.53	3,637.00	2,500.46	£3,391,151			10.00%	10.00%
	FSM6	£811.53	£1,185.64	3,796.00	2,909.25	£6,529,910			10.00%	10.00%
	IDACI Band F	£264.76	£385.62	1,407.10	1,095.52	£794,995			10.00%	10.00%
	IDACI Band E	£322.31	£512.24	2,632.24	1,663.27	£1,700,402			10.00%	10.00%
	IDACI Band D	£506.49	£713.69	425.09	408.31	£506,711			10.00%	10.00%
	IDACI Band C	£552.53	£782.75	552.06	409.52	£625,584			10.00%	10.00%
	IDACI Band B	£587.07	£840.31	487.04	361.07	£589,331			10.00%	10.00%
	IDACI Band A	£771.24	£1,070.53	9.00	7.00	£14,435			10.00%	10.00%
4) English as an Additional Language (EAL)	Description	Primary amount per pupil	Secondary amount per pupil	Eligible proportion of primary NOR	Eligible proportion of secondary NOR	Sub Total	£3,523,127	2.27%	Primary Notional SEN (%)	Secondary Notional SEN (%)
	EAL 3 Primary	£667.64		3,825.57		£2,554,119			0.00%	
EAL 3 Secondary		£1,801.49		448.24		£807,491	0.00%			
5) Mobility	Pupils starting school outside of normal entry dates	£1,087.74	£1,565.51	148.49	0.00	£161,517	0.11%	0.00%	0.00%	
Primary low prior attainment	Description	Weighting	Amount per pupil (primary or secondary respectively)	Percentage of eligible pupils	Eligible proportion of primary and secondary NOR respectively	Sub Total			Primary Notional SEN (%)	Secondary Notional SEN (%)
	Secondary low prior attainment (year 7)	54.47%	£1,329.53	26.07%	3,953.99	£5,256,951			100.00%	

6) Low prior attainment	Secondary low prior attainment (year 8)	64.53%	£2,014.44	22.48%	2,008.89	£4,046,790	£9,303,741	6.28%		100.00%
	Secondary low prior attainment (year 9)	64.53%		22.38%						
	Secondary low prior attainment (year 10)	64.53%		22.53%						
	Secondary low prior attainment (year 11)	63.59%		21.71%						

Other Factors

Factor	Lump Sum per Primary School (£)	Lump Sum per Secondary School (£)	Lump Sum per Middle School (£)	Lump Sum per All-through School (£)	Total (£)	Proportion of total pre MFG funding (%)	Notional SEN (%)	
7) Lump Sum	£130,000.00	£130,000.00			£6,760,000	4.56%	0.00%	0.00%
8) Sparsity factor	£64,807.49	£94,275.91	£94,275.91	£94,275.91	£0	0.00%	0.00%	0.00%

Rows 45 to 48 are populated with the NFF methodology, please leave this as is if you wish to follow the NFF. As per the Operational Guidance, the distance thresholds can be increased or the year group size thresholds decreased and the distance threshold taper is optional. An alternative method of allocation to the NFF's average year group size taper can be chosen: the continuous taper (Tapered) or fixed sum (Fixed). Examples of each are provided in the Operational Guidance.

Primary distance threshold (miles)	2.00	Primary pupil number average year group threshold	21.40	Apply primary distance taper	Yes	NFF, tapered or fixed sparsity primary lump sum?	NFF
Secondary distance threshold (miles)	3.00	Secondary pupil number average year group threshold	120.00	Apply secondary distance taper	Yes	NFF, tapered or fixed sparsity secondary lump sum?	NFF
Middle schools distance threshold (miles)	2.00	Middle school pupil number average year group threshold	69.20	Apply middle school distance taper	Yes	NFF, tapered or fixed sparsity middle school lump sum?	NFF
All-through schools distance threshold (miles)	2.00	All-through pupil number average year group threshold	62.50	Apply all-through distance taper	Yes	NFF, tapered or fixed sparsity all-through lump sum?	NFF
9) Fringe Payments					£0	0.00%	
10) Split Sites					£102,000	0.07%	
11) Rates					£2,969,127	2.00%	
12) PFI funding					£0	0.00%	

13) Exceptional circumstances (can only be used with prior agreement of ESFA)

Circumstance	Total (£)	Proportion of total pre MFG funding (%)	Notional SEN (%)	
Additional lump sum for schools amalgamated during FY22-23	£0	0.00%	0.00%	0.00%
Additional sparsity lump sum for small schools	£0	0.00%		
Exceptional Circumstance3	£0	0.00%		
Exceptional Circumstance4	£0	0.00%		
Exceptional Circumstance5	£0	0.00%		
Exceptional Circumstance6	£0	0.00%		
Exceptional Circumstance7	£0	0.00%		

Total Funding for Schools Block Formula (excluding minimum per pupil funding level and MFG Funding Total)	£148,159,451	100.00%	
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SECTION 3, Annex 2

14) Additional funding to meet minimum per pupil funding level				£0	0.00%			
Total Funding for Schools Block Formula (excluding MFG Funding Total)				£148,159,451	100.00%			
15) Minimum Funding Guarantee		0.50%	£236					
Where a value less than 0% or greater than 0.5% has been entered please provide the disapplication reference number authorising the value								
Apply capping and scaling factors? (gains may be capped above a specific ceiling and/or scaled)				No				
Capping Factor (%)	0.50%	Scaling Factor (%)	0.50%					
Total deduction if capping and scaling factors are applied				£0				
				Total (£)			Proportion of Total funding(%)	Notional SEN (%)
MFG Net Total Funding (MFG + deduction from capping and scaling)				£236			0.00%	0.00%
Total Funding for Schools Block Formula				£148,159,687				£13,502,716
High Needs threshold (only fill in if, exceptionally, a high needs threshold different from £6,000 has been approved)								
Additional funding from the high needs budget				£0.00				
Growth fund (if applicable)				£0.00				
Falling rolls fund (if applicable)				£300,000.00				
Other Adjustment to 22-23 Budget Shares				£0				
Total Funding For Schools Block Formula (including growth and falling rolls funding)				£148,459,687				
% Distributed through Basic Entitlement				75.15%				
% Pupil Led Funding				93.36%				
Primary: Secondary Ratio				1 :	1.34			
23-24 NFF NNDR allocation				£2,917,255				
Total Funding For Schools Block Formula (including growth and falling rolls funding) after deduction of 23-24 NFF NNDR allocation				£145,542,431				

School/Setting	2 PTE	2 £	SENIF 2 £	U PTE	U £	E PTE	E £	SENIF 3|4 £	No. DAF	DAF £	No. EYPP	EYPP £	No. Dep	Dep £	TPPG	TPPG £	Total £
Abbotsbury Primary School	0	£0.00	£0.00	137	£136,360.80	29	£28,833.30	£5,355.00	0	£0.00	44	£5,077.80	44	£23,751.00	166	£4,977.60	£204,355.50
All Saints' CofE Primary School	0	£0.00	£0.00	69	£65,950.20	14	£13,381.20	£10,552.50	1	£828.00	10	£1,116.00	10	£5,220.00	83	£2,390.40	£99,438.30
Aragon Primary	0	£0.00	£0.00	51	£56,870.10	12	£13,381.20	£0.00	0	£0.00	1	£130.20	1	£609.00	63	£2,116.80	£73,107.30
Aragon Primary School	0	£0.00	£0.00	172	£164,397.60	60	£57,348.00	£3,486.00	0	£0.00	0	£0.00	0	£0.00	232	£6,681.60	£231,913.20
Beecholme Primary School	0	£0.00	£0.00	64.58	£63,955.76	19	£18,956.70	£0.00	0	£0.00	12	£1,413.60	12	£6,612.00	83.58	£2,498.30	£93,436.37
Benedict Academy	0	£0.00	£0.00	63	£62,604.90	0	£0.00	£0.00	0	£0.00	40	£4,668.60	40	£21,837.00	63	£1,886.40	£90,996.90
Bishop Gilpin CofE Primary School	0	£0.00	£0.00	135	£135,564.30	40	£40,143.60	£7,507.50	0	£0.00	3	£353.40	3	£1,653.00	175	£5,294.40	£190,516.20
Bond Primary School	0	£0.00	£0.00	148.58	£147,110.36	16	£15,611.40	£12,915.00	0	£0.00	20	£2,380.80	20	£11,136.00	164.58	£4,903.10	£194,056.67
Cranmer Primary School	0	£0.00	£0.00	160	£160,255.80	35	£35,046.00	£8,568.00	1	£828.00	33	£3,813.00	33	£17,835.00	195	£5,884.80	£232,230.60
Dundonald Primary School	0	£0.00	£0.00	136	£135,723.60	6	£6,690.60	£0.00	0	£0.00	2	£223.20	2	£1,044.00	142	£4,291.20	£147,972.60
Garfield Primary School	0	£0.00	£0.00	141.99	£142,245.34	36.42	£36,881.14	£3,780.00	0	£0.00	23	£2,752.80	23	£12,876.00	178.41	£5,397.41	£203,932.69
Gorringe Park Primary School	0	£0.00	£0.00	177	£174,911.40	37	£36,957.60	£3,402.00	0	£0.00	23	£2,641.20	23	£12,354.00	214	£6,384.00	£236,650.20
Harris Primary Academy Merton	34	£43,617.00	£0.00	154	£154,361.70	33	£33,612.30	£3,780.00	0	£0.00	29	£3,515.40	29	£16,443.00	187	£5,664.00	£260,993.40
Haslemere Primary School	35.4	£44,983.80	£0.00	150	£151,016.40	33	£33,134.40	£0.00	0	£0.00	21	£2,399.40	21	£11,223.00	183	£5,548.80	£248,305.80
Hatfield Primary School	0	£0.00	£0.00	129.66	£128,070.83	57	£56,551.50	£19,572.00	1	£828.00	2	£223.20	2	£1,044.00	186.66	£5,563.01	£211,852.54
Hillcross Primary School	0	£0.00	£0.00	116	£110,872.80	44	£42,055.20	£504.00	0	£0.00	6	£669.60	6	£3,132.00	160	£4,608.00	£161,841.60
Hollymount School	0	£0.00	£0.00	97	£92,712.60	0	£0.00	£3,780.00	0	£0.00	10	£1,116.00	10	£5,220.00	97	£2,793.60	£105,622.20
Holy Trinity CofE Primary School	0	£0.00	£0.00	72	£68,817.60	21	£20,071.80	£17,640.00	0	£0.00	2	£223.20	2	£1,044.00	93	£2,678.40	£110,475.00
Joseph Hood Primary School	0	£0.00	£0.00	114	£113,262.30	0	£0.00	£2,205.00	0	£0.00	8	£930.00	8	£4,350.00	114	£3,412.80	£124,160.10
Liberty Primary	0	£0.00	£0.00	99	£94,624.20	36.5	£34,886.70	£924.00	0	£0.00	10	£1,116.00	10	£5,220.00	135.5	£3,902.40	£140,673.30
Links Primary School	0	£0.00	£0.00	155	£154,998.90	50	£49,860.90	£0.00	0	£0.00	36	£4,166.40	36	£19,488.00	205	£6,172.80	£234,687.00
Lonesome Primary School	0	£0.00	£0.00	143	£141,777.00	18	£18,160.20	£3,780.00	0	£0.00	41	£4,705.80	41	£22,011.00	161	£4,819.20	£195,253.20
Malmesbury Primary School	0	£0.00	£0.00	107	£102,270.60	37	£35,364.60	£0.00	0	£0.00	22	£2,455.20	22	£11,484.00	144	£4,147.20	£155,721.60
Merton Key Primary School	0	£0.00	£0.00	100	£99,243.90	21	£20,390.40	£1,890.00	0	£0.00	11	£1,357.80	11	£6,351.00	121	£3,604.80	£132,837.90
Merton Park Primary School	0	£0.00	£0.00	92	£91,438.20	24	£24,691.50	£7,560.00	0	£0.00	5	£576.60	5	£2,697.00	116	£3,499.20	£130,462.50
Morden Primary School	0	£0.00	£0.00	86	£85,384.80	23	£23,257.80	£1,890.00	0	£0.00	15	£1,729.80	15	£8,091.00	109	£3,273.60	£123,627.00
Pelham Primary School	0	£0.00	£0.00	88	£87,615.00	16	£16,726.50	£12,495.00	1	£828.00	7	£799.80	7	£3,741.00	104	£3,144.00	£125,349.30
Poplar Primary School	0	£0.00	£0.00	224	£222,064.20	0	£0.00	£14,196.00	0	£0.00	21	£2,418.00	21	£11,310.00	224	£6,691.20	£256,679.40
Sacred Heart Catholic Primary School	0	£0.00	£0.00	106.8	£107,814.24	32	£32,656.50	£0.00	0	£0.00	7	£874.20	7	£4,089.00	138.8	£4,232.64	£149,666.58
Singletons Primary School	0	£0.00	£0.00	135	£134,130.60	9	£10,035.90	£0.00	0	£0.00	14	£1,599.60	14	£7,482.00	144	£4,344.00	£157,592.10
St John Fisher RC Primary School	0	£0.00	£0.00	68	£64,994.40	30	£28,674.00	£4,788.00	0	£0.00	8	£892.80	8	£4,176.00	98	£2,822.40	£106,347.60
St Mark's Primary School	0	£0.00	£0.00	55	£52,569.00	0	£0.00	£1,890.00	0	£0.00	26	£2,901.60	26	£13,572.00	55	£1,584.00	£72,516.60
St Mary's Catholic Primary School	0	£0.00	£0.00	112	£111,828.60	7	£7,805.70	£3,213.00	0	£0.00	10	£1,190.40	10	£5,568.00	119	£3,604.80	£133,210.50
St Matthew's CofE Primary School	0	£0.00	£0.00	48	£45,878.40	19	£18,160.20	£0.00	0	£0.00	4	£446.40	4	£2,088.00	67	£1,929.60	£68,502.60
St Peter and Paul Catholic Primary School	0	£0.00	£0.00	60	£57,348.00	21	£20,071.80	£7,560.00	0	£0.00	6	£669.60	6	£3,132.00	81	£2,332.80	£91,114.20
St Teresa's Catholic Primary School	0	£0.00	£0.00	194	£193,549.50	104.58	£105,214.46	£7,560.00	0	£0.00	13	£1,506.60	13	£7,047.00	298.58	£9,002.30	£323,879.87
St Thomas of Canterbury Catholic Primary School	0	£0.00	£0.00	127	£121,386.60	44	£42,055.20	£0.00	1	£828.00	13	£1,450.80	13	£6,786.00	171	£4,924.80	£177,431.40
Stanford Primary School	0	£0.00	£0.00	40	£39,347.10	8.4	£8,188.02	£0.00	0	£0.00	14	£1,599.60	14	£7,482.00	48.4	£1,432.32	£58,049.04
The Priory CofE School	0	£0.00	£0.00	37	£35,364.60	14	£13,381.20	£0.00	0	£0.00	6	£669.60	6	£3,132.00	51	£1,468.80	£54,016.20
The Sherwood School	0	£0.00	£0.00	110	£107,846.10	22.53	£22,012.07	£29,610.00	0	£0.00	11	£1,283.40	11	£6,003.00	132.53	£3,912.86	£170,667.44
West Wimbledon Primary School	0	£0.00	£0.00	55	£52,569.00	24	£22,939.20	£0.00	0	£0.00	11	£1,227.60	11	£5,742.00	79	£2,275.20	£84,753.00
William Morris Primary School	0	£0.00	£0.00	92	£92,234.70	22	£22,142.70	£5,985.00	1	£828.00	22	£2,566.80	22	£12,006.00	114	£3,446.40	£139,209.60
Wimbledon Chase Primary School	0	£0.00	£0.00	172	£171,088.20	58	£58,144.50	£12,894.00	0	£0.00	2	£223.20	2	£1,044.00	230	£6,907.20	£250,301.10
Wimbledon Park Primary School	0	£0.00	£0.00	154	£152,609.40	16	£15,292.80	£1,417.50	0	£0.00	4	£446.40	4	£2,088.00	170	£5,059.20	£176,913.30
All Saints' C Of E Primary	0	£0.00	£0.00	31	£34,568.10	9	£10,035.90	£2,047.50	1	£828.00	4	£520.80	4	£2,436.00	40	£1,344.00	£51,780.30
Hillcross Primary	0	£0.00	£0.00	29	£32,337.90	11	£12,266.10	£2,205.00	0	£0.00	3	£390.60	3	£1,827.00	40	£1,344.00	£50,370.60
Hollymount Primary	0	£0.00	£0.00	34	£37,913.40	0	£0.00	£2,205.00	0	£0.00	1	£130.20	1	£609.00	34	£1,142.40	£42,000.00
Holy Trinity C/E Primary	0	£0.00	£0.00	37	£41,258.70	5	£5,575.50	£0.00	0	£0.00	1	£130.20	1	£609.00	42	£1,411.20	£48,984.60
Liberty Primary School	0	£0.00	£0.00	33	£36,798.30	8	£8,920.80	£0.00	0	£0.00	2	£260.40	2	£1,218.00	41	£1,377.60	£48,575.10
Malmesbury Primary	0	£0.00	£0.00	34	£37,913.40	11	£12,266.10	£0.00	0	£0.00	9	£1,171.80	9	£5,481.00	45	£1,512.00	£58,344.30
S S Peter & Paul Catholic Primary	0	£0.00	£0.00	20	£22,302.00	8	£8,920.80	£0.00	0	£0.00	2	£260.40	2	£1,218.00	28	£940.80	£33,642.00
St John Fisher Rc Primary	0	£0.00	£0.00	31	£34,568.10	19	£21,186.90	£3,108.00	0	£0.00	2	£260.40	2	£1,218.00	50	£1,680.00	£62,021.40
St Matthew'S Primary School	0	£0.00	£0.00	17	£18,956.70	10	£11,151.00	£0.00	0	£0.00	0	£0.00	0	£0.00	27	£907.20	£31,014.90
St Thomas Of Canterbury Rc School	0	£0.00	£0.00	27	£30,107.70	9	£10,035.90	£0.00	0	£0.00	4	£520.80	4	£2,436.00	36	£1,209.60	£44,310.00
St. Mark'S Primary School	0	£0.00	£0.00	20	£22,302.00	0	£0.00	£0.00	0	£0.00	5	£651.00	5	£3,045.00	20	£672.00	£26,670.00

The Priory Ce Primary School	0	£0.00	£0.00	12	£13,381.20	5	£5,575.50	£0.00	0	£0.00	3	£390.60	3	£1,827.00	17	£571.20	£21,745.50
West Wimbledon Primary	0	£0.00	£0.00	18	£20,071.80	6	£6,690.60	£0.00	0	£0.00	5	£651.00	5	£3,151.00	21	£641.40	£31,264.80

SECTION 3, Annex 3

Provider Name	2 PTE	2 £	SENIF 2 £	U PTE	U £	U Sparsity £	E PTE	E £	E Sparsity £	SENIF 34 £	DAF	DAF £	EYPP | Dep	EYPP | Dep	Total
Redacted	3	£3,618.00	£0.00	3	£2,867.40	£324.00	7	£6,690.60	£756.00	£0.00	0	£0.00	0	£0.00	£14,256.00
Redacted	2	£2,412.00	£0.00	0	£0.00	£0.00	3	£3,026.70	£342.00	£0.00	0	£0.00	0	£0.00	£5,780.70
Redacted	8	£10,050.00	£0.00	17	£17,363.70	£1,962.00	18.01	£18,276.49	£2,064.00	£6,426.00	0	£0.00	0	£0.00	£56,142.19
Redacted	2	£2,412.00	£0.00	2	£1,911.60	£216.00	2	£1,911.60	£216.00	£0.00	0	£0.00	0	£0.00	£6,667.20
Redacted	0	£0.00	£0.00	3	£2,867.40	£324.00	9	£9,239.40	£1,044.00	£0.00	0	£0.00	0	£0.00	£13,474.80
Redacted	0	£0.00	£0.00	6	£6,053.40	£684.00	4	£4,141.80	£468.00	£0.00	0	£0.00	0	£0.00	£11,347.20
Redacted	0	£0.00	£0.00	11	£10,832.40	£1,224.00	10	£9,717.30	£1,098.00	£0.00	0	£0.00	0	£0.00	£22,871.70
Redacted	0	£0.00	£0.00	0	£0.00	£0.00	2	£1,911.60	£216.00	£0.00	0	£0.00	0	£0.00	£2,127.60
Redacted	1	£1,407.00	£0.00	4	£3,982.50	£450.00	3	£3,026.70	£342.00	£0.00	0	£0.00	0	£0.00	£9,208.20
Redacted	0	£0.00	£0.00	7	£6,849.90	£774.00	1	£955.80	£108.00	£0.00	0	£0.00	0	£0.00	£8,687.70
Redacted	0	£0.00	£0.00	0	£0.00	£0.00	2	£1,911.60	£216.00	£0.00	0	£0.00	0	£0.00	£2,127.60
Redacted	0	£0.00	£0.00	0	£0.00	£0.00	3	£2,867.40	£324.00	£0.00	0	£0.00	0	£0.00	£3,191.40
Redacted	0	£0.00	£0.00	2	£1,911.60	£216.00	2	£1,911.60	£216.00	£0.00	0	£0.00	0	£0.00	£4,255.20
Redacted	0	£0.00	£0.00	2	£1,911.60	£216.00	6	£5,894.10	£666.00	£0.00	0	£0.00	0	£0.00	£8,687.70
Redacted	0	£0.00	£0.00	0	£0.00	£0.00	2	£1,911.60	£216.00	£0.00	0	£0.00	0	£0.00	£2,127.60
Redacted	0	£0.00	£0.00	0	£0.00	£0.00	3	£3,026.70	£342.00	£0.00	0	£0.00	0	£0.00	£3,368.70
Redacted	0	£0.00	£0.00	0	£0.00	£0.00	2	£1,911.60	£216.00	£0.00	0	£0.00	0	£0.00	£2,127.60
Redacted	0	£0.00	£0.00	0	£0.00	£0.00	3	£3,026.70	£342.00	£0.00	0	£0.00	0	£0.00	£3,368.70
Redacted	0	£0.00	£0.00	2.6	£2,485.08	£281.00	1	£955.80	£108.00	£0.00	0	£0.00	0	£0.00	£3,829.88
Redacted	0	£0.00	£0.00	0	£0.00	£0.00	4	£3,823.20	£432.00	£0.00	0	£0.00	0	£0.00	£4,255.20
Redacted	1	£1,407.00	£0.00	7	£7,009.20	£792.00	8	£8,124.30	£918.00	£0.00	0	£0.00	0	£0.00	£18,250.50
Redacted	0	£0.00	£0.00	0	£0.00	£0.00	3	£2,867.40	£324.00	£0.00	0	£0.00	0	£0.00	£3,191.40
Redacted	0	£0.00	£0.00	2.4	£2,453.22	£278.00	3	£3,026.70	£342.00	£0.00	0	£0.00	0	£0.00	£6,099.92
Redacted	0	£0.00	£0.00	2	£1,911.60	£216.00	2	£1,911.60	£216.00	£0.00	0	£0.00	0	£0.00	£4,255.20
Redacted	0	£0.00	£0.00	0	£0.00	£0.00	2.1	£2,007.18	£226.00	£0.00	0	£0.00	0	£0.00	£2,233.18
Redacted	1	£1,206.00	£0.00	4	£3,823.20	£432.00	2	£1,911.60	£216.00	£0.00	0	£0.00	0	£0.00	£7,588.80
Redacted	7	£9,045.00	£0.00	2	£1,911.60	£216.00	3	£3,026.70	£342.00	£0.00	0	£0.00	0	£0.00	£14,541.30
Redacted	0	£0.00	£0.00	4	£3,982.50	£450.00	4	£3,982.50	£450.00	£0.00	0	£0.00	0	£0.00	£8,865.00
Redacted	0	£0.00	£0.00	4	£3,982.50	£450.00	4	£3,982.50	£450.00	£0.00	0	£0.00	0	£0.00	£8,865.00
Redacted	0	£0.00	£0.00	1	£955.80	£108.00	2	£1,911.60	£216.00	£0.00	0	£0.00	0	£0.00	£3,191.40
Redacted	0	£0.00	£0.00	4	£3,823.20	£432.00	9	£8,761.50	£990.00	£0.00	0	£0.00	0	£0.00	£14,006.70
Redacted	0	£0.00	£0.00	0	£0.00	£0.00	4	£3,823.20	£432.00	£0.00	0	£0.00	0	£0.00	£4,255.20
Redacted	8	£10,251.00	£3,042.00	4	£4,141.80	£468.00	3	£3,026.70	£342.00	£0.00	0	£0.00	0	£0.00	£21,271.50
Redacted	0	£0.00	£0.00	6	£5,894.10	£666.00	7	£6,849.90	£774.00	£0.00	0	£0.00	0	£0.00	£14,184.00
Redacted	0.83	£1,000.98	£0.00	4	£3,982.50	£450.00	4	£3,982.50	£450.00	£0.00	0	£0.00	0	£0.00	£9,865.98
Redacted	0	£0.00	£0.00	5	£4,938.30	£558.00	4	£4,141.80	£468.00	£0.00	0	£0.00	0	£0.00	£10,106.10
Redacted	0	£0.00	£0.00	2	£1,911.60	£216.00	2	£1,911.60	£216.00	£0.00	0	£0.00	0	£0.00	£4,255.20
Redacted	0	£0.00	£0.00	0	£0.00	£0.00	2	£1,911.60	£216.00	£0.00	1	£828.00	0	£0.00	£2,955.60

Redacted	0	£0.00	£0.00	0	£0.00	£0.00	2	£1,911.60	£216.00	£0.00	0	£0.00	0	£0.00	£2,127.60
Redacted	0	£0.00	£0.00	0	£0.00	£0.00	3	£2,867.40	£324.00	£504.00	0	£0.00	0	£0.00	£3,695.40
Redacted	1	£1,206.00	£0.00	21	£20,709.00	£2,340.00	19	£18,797.40	£2,124.00	£0.00	0	£0.00	0	£0.00	£45,176.40
Redacted	0	£0.00	£0.00	0	£0.00	£0.00	2	£1,911.60	£216.00	£0.00	0	£0.00	0	£0.00	£2,127.60
Redacted	0	£0.00	£0.00	2	£1,911.60	£216.00	0	£0.00	£0.00	£0.00	0	£0.00	0	£0.00	£2,127.60
Redacted	0	£0.00	£0.00	2	£1,911.60	£216.00	2	£1,911.60	£216.00	£0.00	0	£0.00	0	£0.00	£4,255.20
Redacted	0	£0.00	£0.00	2	£1,911.60	£216.00	3	£3,026.70	£342.00	£0.00	0	£0.00	0	£0.00	£5,496.30
Redacted	0	£0.00	£0.00	0.67	£640.39	£0.00	0	£0.00	£0.00	£0.00	0	£0.00	0	£0.00	£640.39
Redacted	0	£0.00	£0.00	2	£2,070.90	£234.00	2	£2,070.90	£234.00	£0.00	0	£0.00	0	£0.00	£4,609.80
Redacted	0	£0.00	£0.00	1	£955.80	£108.00	0	£0.00	£0.00	£0.00	0	£0.00	0	£0.00	£1,063.80
Redacted	0	£0.00	£0.00	0	£0.00	£0.00	1.67	£1,596.19	£180.00	£0.00	0	£0.00	0	£0.00	£1,776.19
Redacted	0	£0.00	£0.00	1	£955.80	£108.00	1	£955.80	£108.00	£0.00	0	£0.00	0	£0.00	£2,127.60
Redacted	0	£0.00	£0.00	1	£955.80	£108.00	0	£0.00	£0.00	£0.00	0	£0.00	0	£0.00	£1,063.80
Redacted	0	£0.00	£0.00	1	£955.80	£108.00	1	£955.80	£108.00	£0.00	0	£0.00	0	£0.00	£2,127.60
Redacted	0	£0.00	£0.00	0	£0.00	£0.00	2	£2,070.90	£234.00	£0.00	0	£0.00	0	£0.00	£2,304.90
Redacted	0	£0.00	£0.00	1	£955.80	£108.00	0	£0.00	£0.00	£0.00	0	£0.00	0	£0.00	£1,063.80
Redacted	4	£4,824.00	£0.00	1	£955.80	£108.00	1	£955.80	£108.00	£0.00	0	£0.00	0	£0.00	£6,951.60
Redacted	4	£5,025.00	£0.00	0	£0.00	£0.00	2	£2,070.90	£234.00	£0.00	0	£0.00	0	£0.00	£7,329.90
Redacted	1	£1,206.00	£0.00	2	£1,911.60	£216.00	2	£1,911.60	£216.00	£0.00	0	£0.00	0	£0.00	£5,461.20
Redacted	0	£0.00	£0.00	0	£0.00	£0.00	1	£955.80	£108.00	£0.00	0	£0.00	0	£0.00	£1,063.80
Redacted	0	£0.00	£0.00	1	£955.80	£108.00	1	£955.80	£108.00	£0.00	0	£0.00	0	£0.00	£2,127.60
Redacted	0	£0.00	£0.00	3	£3,026.70	£342.00	2.66	£2,754.30	£312.00	£0.00	0	£0.00	0	£0.00	£6,435.00
Redacted	0	£0.00	£0.00	0	£0.00	£0.00	1	£1,115.10	£126.00	£0.00	0	£0.00	0	£0.00	£1,241.10
Redacted	2	£2,412.00	£0.00	1	£1,115.10	£126.00	0	£0.00	£0.00	£0.00	0	£0.00	0	£0.00	£3,653.10
Redacted	0	£0.00	£0.00	0	£0.00	£0.00	1	£1,115.10	£126.00	£0.00	0	£0.00	0	£0.00	£1,241.10
Redacted	0	£0.00	£0.00	0	£0.00	£0.00	1	£1,115.10	£126.00	£0.00	0	£0.00	0	£0.00	£1,241.10
Redacted	1	£1,407.00	£0.00	1	£1,115.10	£126.00	0	£0.00	£0.00	£0.00	0	£0.00	0	£0.00	£2,648.10
Redacted	0	£0.00	£0.00	1	£1,115.10	£126.00	0	£0.00	£0.00	£0.00	0	£0.00	0	£0.00	£1,241.10
Redacted	1	£1,407.00	£0.00	1	£1,115.10	£126.00	0	£0.00	£0.00	£0.00	0	£0.00	1	£739.00	£3,387.10
Redacted	2	£2,412.00	£0.00	0	£0.00	£0.00	0	£0.00	£0.00	£0.00	0	£0.00	0	£0.00	£2,412.00
Redacted	2	£2,412.00	£0.00	0	£0.00	£0.00	0	£0.00	£0.00	£0.00	0	£0.00	0	£0.00	£2,412.00
Redacted	1	£1,407.00	£306.00	0	£0.00	£0.00	0	£0.00	£0.00	£0.00	0	£0.00	0	£0.00	£1,713.00

SECTION 3, Annex 3

DUPLICATE

Provider Name	2 PTE	2 £	SENIF 2 £	U PTE	U £	E PTE	E £	SENIF 34 £	DAF	DAF £	EYPP | Dep	EYPP | Dep	Total
Abbey Pre School	49	£62,913.00	£459.00	3	£2,867.40	0	£0.00	£0.00	0	£0.00	0	£0.00	£66,239.40
Acacia Pre School	101	£127,836.00	£11,290.50	17	£17,045.10	0	£0.00	£12,600.00	4	£3,312.00	5	£3,275.00	£175,358.60
Acorn Nursery	15	£19,497.00	£0.00	15	£14,655.60	7.4	£7,072.92	£0.00	0	£0.00	1	£739.00	£41,964.52
Banana Moon Day Nursery - Wimbledon	5	£6,030.00	£0.00	52	£51,453.90	31	£30,267.00	£4,200.00	1	£828.00	0	£0.00	£92,778.90
Bliss Childcare And Nursery School	0	£0.00	£0.00	19.68	£18,810.14	8.01	£7,655.96	£0.00	0	£0.00	0	£0.00	£26,466.10
Blooming Years Nursery Schools	28	£35,778.00	£0.00	45	£45,719.10	18	£18,797.40	£1,008.00	1	£828.00	0	£0.00	£102,130.50
Blossom House School	0	£0.00	£0.00	8.29	£8,033.50	0	£0.00	£0.00	0	£0.00	0	£0.00	£8,033.50
Bow Lane Pre-School	26.6	£33,888.60	£842.40	75.22	£74,182.82	35.3	£34,599.96	£6,615.00	5	£4,140.00	15	£9,825.00	£164,093.78
Bright Horizons - Raynes Park	0	£0.00	£0.00	70.76	£70,799.29	28.83	£29,201.28	£0.00	0	£0.00	0	£0.00	£100,000.58
Bright Horizons - Wimbledon	19.04	£24,345.12	£0.00	72.64	£72,589.82	31.28	£31,351.83	£0.00	0	£0.00	0	£0.00	£128,286.78
Building Blocks Childcare	2	£2,412.00	£0.00	28	£26,762.40	8	£7,646.40	£0.00	0	£0.00	0	£0.00	£36,820.80
Building Blocks Nursery School	0	£0.00	£0.00	89.1	£89,956.71	30.33	£30,316.38	£0.00	1	£828.00	2	£1,268.00	£122,369.09
Bumpsa Daisies Nursery	35	£44,421.00	£0.00	41	£40,621.50	14	£13,540.50	£1,092.00	0	£0.00	0	£0.00	£99,675.00
Busy Bees Nurseries Ltd	1.34	£1,750.71	£0.00	80.27	£80,397.12	47.14	£47,393.34	£1,680.00	0	£0.00	0	£0.00	£131,221.17
Butterflies Childcare	8	£9,849.00	£0.00	36	£36,320.40	11	£10,991.70	£0.00	0	£0.00	0	£0.00	£57,161.10
Carousel Nursery - Motspur Park	1	£1,407.00	£0.00	59	£59,259.60	42	£42,214.50	£0.00	0	£0.00	0	£0.00	£102,881.10
Coccinelle Bumblebees	31	£39,597.00	£0.00	31	£31,063.50	7	£6,849.90	£0.00	0	£0.00	0	£0.00	£77,510.40
Crown Kindergarten	0	£0.00	£0.00	21	£21,186.90	11	£11,151.00	£0.00	0	£0.00	0	£0.00	£32,337.90
Date Valley School Trust	0	£0.00	£0.00	89.6	£90,068.22	32.6	£32,911.38	£0.00	0	£0.00	0	£0.00	£122,979.60
Dee's Day Nursery - Wimbledon	0	£0.00	£0.00	25	£25,010.10	7	£7,168.50	£0.00	0	£0.00	0	£0.00	£32,178.60
Dees Day Nursery	2	£2,412.00	£0.00	21	£20,868.30	14	£13,859.10	£0.00	0	£0.00	0	£0.00	£37,139.40
Dicky Birds Nurseries Ltd - Pelham Road	2	£2,613.00	£0.00	31	£31,700.70	18.13	£18,411.89	£0.00	0	£0.00	0	£0.00	£52,725.59
Dicky Birds Nurseries Ltd - Pepys Road	1	£1,407.00	£0.00	44	£43,329.60	20	£20,231.10	£0.00	0	£0.00	0	£0.00	£64,967.70
Dicky Birds Pre School Nurseries - Dundonald	0	£0.00	£0.00	60	£58,941.00	27.66	£27,393.23	£0.00	0	£0.00	0	£0.00	£86,334.23
Dicky Birds Pre School Nurseries - Queens Road	3	£3,618.00	£0.00	130	£127,758.60	51.77	£51,254.78	£0.00	0	£0.00	0	£0.00	£182,631.38
Dicky Birds Pre School Nurseries - Raynes Park	5	£6,231.00	£2,808.00	104	£103,545.00	51.47	£51,340.80	£3,780.00	0	£0.00	0	£0.00	£167,704.80
Donhead Preparatory School	0	£0.00	£0.00	56.96	£57,997.94	3.84	£3,670.27	£0.00	0	£0.00	0	£0.00	£61,668.22
Fennies Day Nurseries	2	£2,412.00	£0.00	85.5	£85,464.45	30.2	£29,964.33	£12,285.00	1	£828.00	0	£0.00	£130,953.78
Fennies Raynes Park	2	£2,613.00	£0.00	20	£21,186.90	7.5	£8,124.30	£0.00	0	£0.00	0	£0.00	£31,924.20
First Little Steps Day Nursery Ltd - Mitcham	26	£32,763.00	£0.00	68.16	£69,289.13	38	£38,869.20	£0.00	6	£4,968.00	3	£2,217.00	£148,106.33
Flourish Day Nursery	0	£0.00	£0.00	22	£22,142.70	20	£20,071.80	£0.00	0	£0.00	0	£0.00	£42,214.50
Forest Village Kindergarten	5.67	£7,039.02	£0.00	34.83	£35,202.11	14	£14,177.70	£1,008.00	1	£828.00	0	£0.00	£58,254.83
Funky Owls Nursery	2	£2,412.00	£3,033.00	34	£33,453.00	24	£23,576.40	£3,780.00	0	£0.00	0	£0.00	£66,254.40
Haslemere House Day Nursery	33	£41,205.00	£0.00	37	£37,116.90	18	£17,841.60	£588.00	0	£0.00	2	£1,268.00	£98,019.50
Holiplay Pre School At St Marks	43	£54,873.00	£1,404.00	33	£32,656.50	16	£15,770.70	£6,174.00	0	£0.00	0	£0.00	£110,878.20
Imagine Nation Preschool And Day Care	25	£31,155.00	£0.00	32	£31,541.40	8	£7,805.70	£9,156.00	0	£0.00	0	£0.00	£79,658.10
Jancett Childcare Newminster Road Morden	41.36	£53,144.40	£2,808.00	44.33	£44,175.48	15	£15,133.50	£10,857.00	1	£828.00	0	£0.00	£126,946.38
Jigsaw Day Nursery	14	£18,090.00	£0.00	52	£51,772.50	36	£35,523.90	£8,190.00	1	£828.00	0	£0.00	£114,404.40
Jigsaw Out Of School Care	0	£0.00	£0.00	0	£0.00	33.63	£33,895.85	£0.00	0	£0.00	0	£0.00	£33,895.85
Jollytime Playgroup	8	£10,050.00	£0.00	3	£2,867.40	0	£0.00	£0.00	0	£0.00	0	£0.00	£12,917.40
Kiddies Kottage Nursery	19	£23,919.00	£0.00	57	£56,232.90	34	£33,293.70	£0.00	0	£0.00	0	£0.00	£113,445.60
Kido Tooting	0	£0.00	£0.00	11.6	£11,724.48	6.6	£6,786.18	£0.00	0	£0.00	0	£0.00	£18,510.66
Kingswood Daycare Nursery	21	£26,934.00	£0.00	81	£80,127.90	43	£42,692.40	£9,744.00	0	£0.00	0	£0.00	£159,498.30
Kingswood Early Years	53.4	£68,058.60	£1,404.00	61	£60,693.30	20	£19,753.20	£2,205.00	1	£828.00	0	£0.00	£152,942.10
La Petite Fleur Nursery	17	£21,306.00	£0.00	37	£36,798.30	11	£10,673.10	£504.00	0	£0.00	3	£2,007.00	£71,288.40

Lavender Nursery	96	£122,007.00	£4,032.00	63	£63,082.80	30.83	£30,873.93	£41,874.00	4	£3,312.00	8	£5,282.00	£270,463.73
Liberty Woodland School	0	£0.00	£0.00	25.2	£25,997.76	5.76	£5,824.01	£0.00	0	£0.00	0	£0.00	£31,821.77
Little Forest Folk	3	£3,819.00	£0.00	79.34	£79,019.17	29.6	£29,502.36	£0.00	1	£828.00	0	£0.00	£113,168.53
Little Forest Folk Morden	5.8	£7,396.80	£0.00	56.39	£56,287.06	19.26	£19,045.91	£294.00	0	£0.00	0	£0.00	£83,023.77
Little Gems At The Priory	4	£5,025.00	£0.00	3	£3,026.70	0	£0.00	£5,985.00	1	£828.00	0	£0.00	£14,864.70
Little Hands Montessori (Bridges Road)	8.14	£10,335.42	£0.00	10.62	£10,478.75	2.45	£2,478.71	£913.50	0	£0.00	0	£0.00	£24,206.38
Little Hands Montessori (Cranleigh Road)	11.03	£13,786.59	£0.00	4.54	£4,476.33	0	£0.00	£0.00	0	£0.00	0	£0.00	£18,262.92
Little Hearts Pre School	20	£25,125.00	£0.00	26	£25,488.00	16	£15,770.70	£0.00	0	£0.00	0	£0.00	£66,383.70
Little House Nursery	0	£0.00	£0.00	43	£42,373.80	4	£4,141.80	£0.00	0	£0.00	0	£0.00	£46,515.60
Little Learners In The Park	3.2	£4,194.87	£0.00	4.73	£4,669.08	10.66	£10,574.33	£0.00	0	£0.00	0	£0.00	£19,438.29
Little Raye's Daycare	17	£21,708.00	£0.00	23	£23,098.50	15	£15,133.50	£0.00	0	£0.00	3	£2,112.00	£62,052.00
Love Lane Day Nursery	22	£27,939.00	£0.00	39	£38,232.00	22	£21,346.20	£5,670.00	1	£828.00	0	£0.00	£94,015.20
MMI Preschool	1	£1,407.00	£0.00	42.4	£41,513.58	24	£23,417.10	£0.00	0	£0.00	0	£0.00	£66,337.68
Mini Treasures Day Nursery	12	£15,276.00	£0.00	37	£37,116.90	23	£23,098.50	£1,176.00	1	£828.00	2	£1,478.00	£78,973.40
Minnie And Mamma Day Nursery	43	£54,270.00	£726.75	76	£75,667.50	21	£21,027.60	£0.00	0	£0.00	15	£9,720.00	£161,411.85
Nursery On The Green - Collierswood	29.67	£38,596.02	£0.00	42	£41,418.00	17	£16,567.20	£0.00	0	£0.00	2	£1,268.00	£97,849.22
Nursery On The Green - Cricket Green	7	£8,442.00	£0.00	27	£26,603.10	9	£8,761.50	£0.00	0	£0.00	0	£0.00	£43,806.60
Oaktree Preschool	0	£0.00	£0.00	37	£37,116.90	11	£11,310.30	£0.00	0	£0.00	0	£0.00	£48,427.20
Playdays Day Nursery - Queens Road	0	£0.00	£0.00	12	£11,628.90	3	£2,867.40	£0.00	0	£0.00	0	£0.00	£14,496.30
Playdays Day Nursery - Wimbledon Hill	3.01	£3,764.73	£0.00	43.68	£42,811.88	11.34	£11,264.10	£0.00	0	£0.00	0	£0.00	£57,840.71
Rainbow Day Nursery	9.86	£12,868.02	£0.00	37	£36,639.00	40	£39,665.70	£0.00	0	£0.00	0	£0.00	£89,172.72
Seahorse Nursery Park House	0	£0.00	£0.00	10	£10,354.50	2	£2,070.90	£0.00	0	£0.00	0	£0.00	£12,425.40
Seahorse Nursery Wimbledon Park	0	£0.00	£0.00	63	£62,604.90	18	£17,523.00	£0.00	0	£0.00	0	£0.00	£80,127.90
Seahorse Nursery Wimbledon Park Two	0	£0.00	£0.00	4	£3,823.20	1	£955.80	£0.00	0	£0.00	0	£0.00	£4,779.00
St. Olaves Nursery	16	£20,100.00	£0.00	23	£22,939.20	7	£7,168.50	£0.00	0	£0.00	3	£2,007.00	£52,214.70
Sunnyside Nursery	11	£13,266.00	£0.00	14	£13,381.20	0	£0.00	£1,596.00	0	£0.00	0	£0.00	£28,243.20
The Butterfly Patch - Lower Morden	1	£1,407.00	£1,638.00	33	£33,134.40	27.33	£27,396.41	£1,575.00	0	£0.00	0	£0.00	£65,150.81
The Butterfly Preschool - Wimbledon	0	£0.00	£0.00	41.07	£40,369.81	1.46	£1,511.76	£2,667.00	0	£0.00	0	£0.00	£44,548.56
The Castle Kindergarten	0.71	£998.97	£0.00	107.94	£107,525.91	10	£10,488.31	£2,856.00	0	£0.00	0	£0.00	£121,869.19
The Eveline Day Nursery - Grand Drive	1	£1,407.00	£0.00	104.03	£103,734.57	59.03	£58,811.97	£2,205.00	0	£0.00	0	£0.00	£166,158.53
The Eveline Day Nursery - Quicks Road	0	£0.00	£0.00	72	£71,366.40	32	£32,337.90	£0.00	0	£0.00	0	£0.00	£103,704.30
The London Acorn School	0	£0.00	£0.00	30.53	£30,413.56	0	£0.00	£0.00	0	£0.00	0	£0.00	£30,413.56
The Maria Montessori - Wimbledon	1.72	£2,420.04	£0.00	59.2	£59,224.55	2.99	£3,052.19	£4,252.50	0	£0.00	0	£0.00	£68,949.28
The Oak Montessori	0	£0.00	£0.00	68.87	£68,283.95	0	£0.00	£436.80	0	£0.00	0	£0.00	£68,720.75
The Orchard Day Nursery	0	£0.00	£0.00	83	£83,632.50	42	£42,214.50	£0.00	0	£0.00	0	£0.00	£125,847.00
Ursuline Preparatory School	0	£0.00	£0.00	101.13	£101,391.26	0	£0.00	£0.00	0	£0.00	0	£0.00	£101,391.26
Willington School Foundation	0	£0.00	£0.00	50.99	£51,004.67	0	£0.00	£0.00	0	£0.00	0	£0.00	£51,004.67
Willows Preschool Colliers Wood	0	£0.00	£0.00	58	£57,188.70	32	£31,700.70	£4,410.00	0	£0.00	0	£0.00	£93,299.40
Willows Preschool Wimbledon	0	£0.00	£0.00	30	£30,267.00	9	£8,920.80	£2,205.00	1	£828.00	0	£0.00	£42,220.80
Wimbledon Day Nursery 1	0	£0.00	£0.00	81.35	£80,941.92	34.66	£34,402.43	£1,890.00	0	£0.00	0	£0.00	£117,234.35
Wimbledon Day Nursery 11	0	£0.00	£0.00	49	£49,542.30	21.99	£22,185.71	£0.00	0	£0.00	0	£0.00	£71,728.01
Wimbledon Village Montessori School	0.81	£1,139.67	£0.00	42.65	£41,926.17	0	£0.00	£0.00	0	£0.00	0	£0.00	£43,065.84

SECTION 3, Annex 3



London Borough of Merton

Risk Management Strategy

Revised January 2023

SECTION 4

Policy Statement

Merton's policy is to manage our risks by identifying, assessing and controlling them, with the aim of eliminating or reducing them to acceptable levels whilst being mindful that some risks will always exist and will never be eliminated.

The council recognises its responsibility to risk management by supporting a structured, systematic and focussed approach to risk management through the approval of our risk management strategy.

The effective management of risk is at the core of our approach to delivering cost effective and efficient services as well as sound corporate governance and is a continuous and evolving process, running through our strategies and service delivery arrangements. As risk is very much concerned with our objectives, the management of it will be closely linked to the creation of our strategic, service, project and partnership objectives and plans.

Our risk management process will be continuous and will support internal and external change. The risk management process will be fully integrated with the normal business management processes across the authority.

Merton's aims and objectives in relation to risk management are to:

- Establish and maintain a robust framework and procedures for the identification, analysis, assessment and management of risk, including reporting and recording.
- Minimise the council's exposure to unacceptable levels of risk, minimise injury, damage, loss and inconvenience to staff, residents and service users.
- Integrate risk management into the day to day activities of staff and the culture of the organisation, raising awareness of the importance and need for risk management.
- Assign clear roles and responsibilities for councillors and officers responsible for risk management
- Ensure consistent application of our methodology across all of our activities, including partnerships and projects.
- Effectively manage the total cost of risk.

We will achieve this by:

- Having a clear and concise risk management strategy which underpins our approach and responsibilities to risk
- Incorporating risk management into business planning, project management and service delivery
- Monitoring risk on a regular basis through the Corporate Risk Management Group (CRMG)
- Reporting on risk on a regular basis to the Corporate Management Team (CMT), Cabinet, **and Standards** and General Purposes Committee

SECTION 4

Risk Management Strategy

The process of identifying and evaluating risks is known as risk assessment. By understanding the risks we face, we are better able to actively recognise where uncertainty surrounding events or outcomes exists, and identify measures which can be taken to protect the council, its staff, residents, customers and assets from these risks.

This strategy provides a structured approach to identifying emerging risks as well as assessing and managing current risks. It also incorporates a process for regularly reviewing and updating identified risks.

This strategy will be reviewed on an annual basis, and updated where required.

What is risk?

Risk is the threat that an event or action may adversely affect an organisation's ability to achieve its objectives and successfully execute its strategies. A risk can be a threat, obstacle, barrier, concern, problem or event that may prevent us fulfilling our objectives.

Our risk management processes also include the assessment of Issues. Issues are current problems, questions, outstanding items, tasks or a request that exists in the immediate present. There is a strong element of fact surrounding it. An issue becomes a risk when the issue cannot be addressed and could continue or get worse.

Definition of Risk Management

Organisations exist to achieve their ambitions, aims and objectives. Risk Management is the process by which organisations methodically address and identify the risks that may prevent them from achieving these ambitions, aims and objectives. The intention is to achieve sustained benefit within each of their activities, and across the portfolio of all their activities.

Ultimately, risk management is about creating a better understanding of the most important problems facing organisations.

Risk is also implicit in the decisions all organisations take; how those decisions are taken will affect how successful they are in achieving their objectives. Decision making is, in turn, an integral part of the day to day existence and is particularly significant in times of change. Risk management therefore is a key component in the management of change and helps to support effective decision making.

We endeavour to identify all risks facing the council and to monitor, manage and mitigate (where possible) all those risks which are deemed to be high (scored Amber or Red). Risks are monitored via Departmental Risk Registers, and key crosscutting risks to the council are also placed on the Key Strategic Risk Register (KSRR).

The benefits of risk management

In addition to the business and service benefits of our approach, we are required to undertake risk management because it forms part of the Annual Governance Statement. We must, therefore, demonstrate that we have a systematic strategy, framework and process for managing risk.

SECTION 4

However, the council recognises that the benefits of risk management far outweigh the requirement to undertake the activity and such benefits include:

- Stronger ability to achieve our ambitions, aims and objectives as key risks are managed.
- Better decision making as we are more aware of risk.
- Ability to take advantage of opportunities because we understand the risks attached to them.
- Better governance and the ability to demonstrate it to our stakeholders.
- Reduction in failure, loss, damage and injury caused by risk
- Improvement in our ability to adapt to change
- Improvement in our corporate governance
- Compliance with statutory and regulatory requirements

Organisational awareness of risk and risk management

Ensuring that there is a strong organisational awareness of risk management will be achieved through training sessions, reviews, departmental meetings, briefings and staff bulletins which will take place on a regular basis. Each department has an assigned Risk Champion who will offer guidance to staff where required. The [risk management intranet page](#) will be regularly reviewed and staff will be signposted to the information they need to pro-actively identify and manage risk i.e., the Risk Management Toolkit and other guidance.

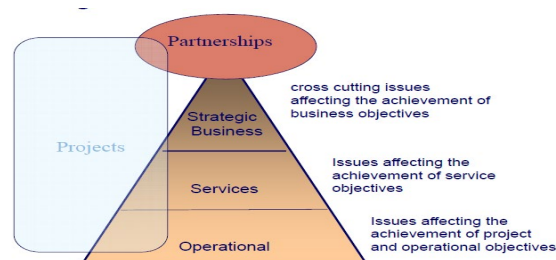
Risk Appetite

The council recognises that its risk appetite to achieve the corporate priorities identified within its business plan could be described in general as an “informed and cautious” approach. Where significant risk arises, we will take effective control action to reduce these risks to an acceptable level.

It is also recognised that a higher level of risk may need to be accepted, for example to support innovation in service delivery. To offset this there are areas where the council will maintain a very cautious approach for example in matters of compliance with the law, and public confidence in the council, supporting the overall “informed and cautious” position on risk.

How does risk management integrate with other policies?

Risk management links closely with Health and Safety, Business Continuity, Emergency Planning and Insurance; by ensuring close links we can enhance our resilience. Generally, a single issue or risk will fall into only one of these categories; however some may fall into two or more. As Business Continuity is a way of mitigating risk, its link with risk management is key to ensuring the continuous delivery of services which are important to the community.



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Key Strategic Risks

These are the Council's most serious risks and tend to be either broad in impact whereby they have the potential to impact significantly on the capability, vitality, or success of the Authority as a whole or they are deep in impact, that is the effects of the risk event occurring are especially serious. The approach to corporate risks sets the context for decisions at other levels in the council. The number of corporate risks will vary depending on the Council's risk profile. However, generally corporate risks are the top ten to 15 most serious risks faced by the Council. A key strategic risk is likely to have one or more of the following characteristics: -

- Strategic and cross-cutting, with the potential to impact on a range of different areas or functions;
- Related to the Council's ability to successfully deliver one or more corporate objectives;
- Affects the outcomes sought from one of the Council's major programmes;
- Operates over the medium or long-term;
- The potential to impact negatively on the organisation's capacity, for example by limiting, reducing or failing to maximise financial or human resources;
- Linked to the organisation's ability to successfully deliver transformational change and major initiatives, while continuing with business as usual;
- Concerned with the wellbeing of residents, businesses and/or LBM staff; and may impact on the Council's reputation

Corporate risks are captured on the KSRR, which is owned by the Corporate Management Team (CMT) The KSRR is also presented to the Standards and General Purposes Committee meetings each year as this committee is responsible for monitoring the effective development and operation of risk management. Risks from the Departmental Risk Registers can be escalated here as part of the ongoing review process. The KSRR is reviewed on a regular basis.

Service Delivery / Operational Risks

These are risks that relate to the day-to-day delivery of Council services and could relate to a wide variety of different types or sources of risk. Key service risks should be recorded in the Departmental Risk Register. The risks should be owned by the relevant Head of Service (HoS) or Assistant Director and be reviewed on a regular, usually quarterly basis by Departmental Management Teams (DMTs).

Risk management in projects

Risk management is a key part of the ongoing management of projects and partnerships and is clearly defined in [Merton's Approach to Projects \(MAP\)](#).

Risk management in partnerships

The council is involved in a wide range of partnerships to achieve our ambitions, aims and objectives. It is vital we assess the risks to achievement within our key partnerships, and ensure that they are monitored regularly.

Our methodology for assessing and monitoring risks has been adopted by our key partnerships in order to ensure consistent scoring, and effective integration into our risk management system.

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Financial Risk Management

Local government has faced unprecedented financial challenges in recent years that are likely to remain well into the next decade. The harsh financial economy faced by local authorities has led Central Government and the public sector accounting body CIPFA to start to consider how best to minimise the chance of further Section 114 notices being released and providing early warnings of authorities being unable to balance their budgets. Within Merton the following activity is already undertaken:

Budget Setting

- Financial pressures caused by demographic pressures in Special Educational Needs, Placements and Adult Social Care have been monitored closely – ongoing demands have received some additional funding
- Financial modelling within the Medium Term Financial Strategy and Capital has been developed
- Horizon spotting is used to improve response times to changes in Central Government funding.
- Financial Risk thresholds **are kept under review**
- Impact of Brexit and Covid

Budget Monitoring:

- All budgets are monitored monthly, and reviewed with outturn, current spend and commitments
- Monthly review of progress on delivery of savings with management action
- Monitoring resources are targeted at high-risk areas

Year End Accounting

- Reviewing closing issues to minimise the chance of the issues occurring again
- A greater emphasis on quality control of working papers
- More emphasis on reconciliation work within the financial year.

There is also a financial impact element to the authorities risk matrix which has been reviewed and simplified. Officers will continue to review activity and adopt best practice etc. where appropriate.

Corporate approach to risk management

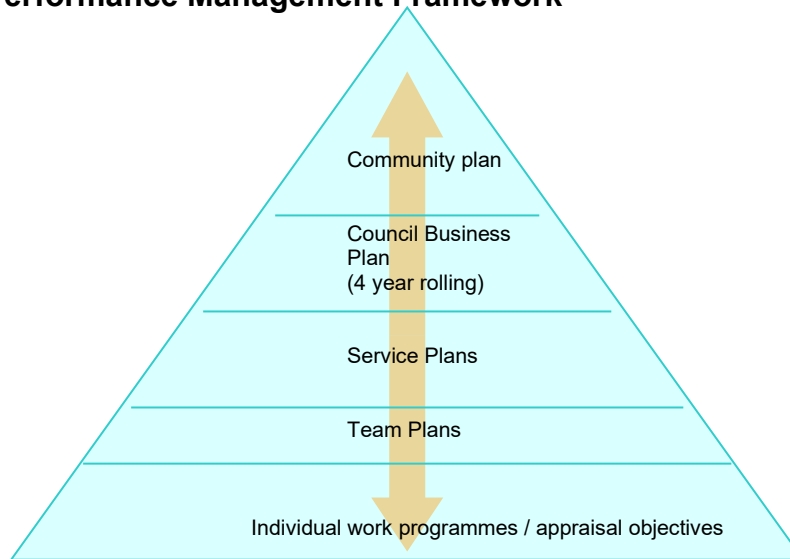
In order to formalise and structure risk management, it is recognised there is an obvious and clear link with the business planning process and therefore risk management sits within the Financial Strategy and Capital team.

Corporate Risks – corporate risks not contained on the KSRR are normally incorporated into either the Innovation and Change or Financial and Digital Directorates (previously Corporate Services) where and appropriate risk owner will be identified.

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The overall council Business Plan, incorporating the individual service plans, sets out what a team, division, department, or the council as a whole, want to achieve within a specific time frame, as shown below.

Merton Performance Management Framework



- CMT is ultimately accountable for delivering the council's Business Plan therefore they are responsible for monitoring and reviewing the KSRR.
- DMTs are responsible for their own services' risk registers.
- Divisions or teams are responsible for their own risk registers, if applicable.

It is important that risks identified and assessed at an operational level can be escalated to a departmental or corporate level. However, because a risk may have a great impact on a team it does not necessarily follow that it may have the same impact on the department, or the organisation as a whole.

Ultimately, it is the respective management team which decides if a risk is an appropriate inclusion on its risk register.

Scoring Risk

When determining a score for service level risks, definitions of likelihood and impact of risk should be used in conjunction with the matrix below. Therefore, if the likelihood of a risk is 4, significant, (occurs or likely to occur more than 25%, and up to 50% of the time) and the impact is 3, serious, (service provision - service suspended short term) – then the risk rating will be 12 (4x3) which is amber.

Definition of the Likelihood of Risk

Classification	Definition
6 - Very High	Occurs or likely to occur more than 90% of the time
5 - High	Occurs or likely to occur over 50% of the time
4 - Significant	Occurs or likely to occur over a 25% of the time
3 - Possible	Occurs or likely to occur less than a 25% of the time
2 - Low	Occurs or likely to occur less than 5% of the time
1 - Almost Impossible	Occurs or likely to occur less than 1% of the time

Definition of the Impact of Risk

Categories	1 - Marginal	2 – Moderate	3 - Serious	4 - Very serious
Financial Impact – FI	£100k - £500k per annum	£500k - £1m per annum	£1m - £5m per annum	Over £5m per annum
Service Provision - SP	Reduced service	Significant reduction	Service suspended short term	Service suspended long term / statutory duties not delivered
Health and Safety - HS	Broken bones / illness	Major illness / threat not life threatening	Loss of life / major illness	Major loss of life / large scale illness (pandemic)
Objectives - O	Objectives of one service area not met	Departmental objectives not met	Corporate objectives not met	Statutory objectives not met
Reputation - R	Adverse local media lead story short term	Adverse local media story long term. Adverse national publicity short term.	Adverse national publicity longer term	Remembered for years

Risk Matrix

Likelihood	6	6	12	18	24	Likelihood 6. Very high 5. High 4. Significant 3. Possible 2. Low 1. Almost impossible	Impact 4. Very Serious 3. Serious 2. Moderate 1. Marginal
	5	5	10	15	20		
	4	4	8	12	16		
	3	3	6	9	12		
	2	2	4	6	8		
	1	1	2	3	4		
	1	2	3	4			

Reporting and escalating risks

All risks on individual service risk registers are reviewed at Departmental Managers Team (DMT) meetings with particular attention given to red or increasing amber risks.

Risks are also checked for any cross-cutting implications. If the risk is high scoring and/or could have an impact across the organisation, then it must be included in Key Strategic Risk Register, which contains risks which could have a detrimental impact across the whole organisation should they occur.

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Monitoring and Managing

During the year, new risks will arise that have not previously been considered and there may be changes to existing risks. Therefore the risk registers need to be regularly managed, with risk owners re-assessing their risks, re-scoring them if appropriate, and providing sufficient narrative in respect of the Control Measures they have in place (ie the actions which they are taking to mitigate against the risk). The reviews of risk registers should be managed by exception. The reporting cycle as detailed below, takes place during April, July, October and January.

Quarterly (1 st Week)	Quarterly (2 nd Week)	Quarterly (4 th Week)	Annually	Annually
DMT – review operational service risks and propose KSRs as per the definitions of likelihood and impact for crosscutting risks	Corporate Risk Management Group (CRMG) – review service risks and proposed KSRs	CMT – identify and review KSRs	The Strategy is presented to Cabinet (Feb) and Council (March) for Review and Approval as part of the Budget Process	Standards and General Purposes Committee- provide independent oversight of the adequacy of the risk management framework and KSR's

All risks are reviewed according to the quarterly cycle shown above, with a particular focus upon red risks, and also upon amber risks which have increased their risk score since the previous quarterly review.

Removal of any risks from the registers must be approved by DMTs and CRMG prior to being presented to CMT. CRMG will only approve removal of a risk if it is scored green for a minimum of two consecutive reporting cycles (i.e., two quarters). There are otherwise no rigid guidelines for dropping risks from the registers because clear parameters are not always possible. A decision is sometimes taken to keep a low-scoring risk in view on the basis that its status might change over a short period, or so those with an assurance role can be confident mitigation against a risk can be sustained.

A flowchart showing how service, departmental, corporate and partnership risks are escalated and reported is shown on the final page of this Strategy.

Roles, Responsibilities and Governance

Councillors

Elected councillors are responsible for governing the delivery of services to the local community. Councillors have a responsibility to understand the key risks the council faces and will be made aware of how these risks are being managed through the annual business planning process. All Councillors will have a responsibility to consider the risks associated with the decisions they undertake and will be informed of these risks in the plans and reports submitted to them.

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Chief Executive and CMT

The Chief Executive and CMT are ultimately accountable in ensuring that risk management is fully embedded in the council's business planning and monitoring processes as well as having overall accountability and responsibility for leading the delivery of the council's Risk Management Strategy and Framework. **They are responsible for reviewing the Key Strategic risks.** CMT will take a leading role in the risk management process, ensuring that risk management is communicated, understood and implemented by Councillors, managers and staff. CMT will also play an important role in establishing a supportive culture.

CMT will submit a annual report on **the key strategic risks** to the Standards and General Purposes Committee and **an annual report to Cabinet.**

Executive Directors

Each **Executive** Director is accountable for proper monitoring of their departmental risk register, action plans and the embedding of risk management into the business planning process of their **department.** They will be actively involved in the risk management process within their department and CMT, including nominating an appropriate Risk Champion for their department.

Executive Directors are also accountable and responsible for leading the delivery of the council's Risk Management Framework in their respective **Department.** **Alongside their DMT colleagues they monitor their Risk Registers on a regular, usually quarterly basis.**

Executive Directors will:

- **Work with their departmental management team to scan the horizon, put in place early warning mechanisms, and to take an overview of risk within their department**
- **Use information about risks to inform decisions, develop strategy and implement policy**
- **Champion and embed proactive, enabling and robust risk management practices within their department, in line with the risk management strategy**
- **Review and monitor risk appetite for their department**
- **Lead strategies to address corporate risks within their department**
- **Ensure risk registers are held for any major programmes and projects**
- **Assign responsibility for managing and controlling specific risks**
- **Serve as the primary link between risks emerging at the department level and the key strategic risk register, cascading risks up and action down**
- **Monitor the implementation and efficacy of risk management within their department**

Section 151 Officer / Internal Audit

The Section 151 officer and Internal Audit will be responsible for carrying out independent reviews of the risk management strategy and processes. They will provide assurance and give an independent and objective opinion to the council on the adequacy of its risk management strategy, control procedures and governance. **The section 151 officer will chair the CRMG group.**

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An annual Audit Plan, based on a reasonable evaluation of risk, will be carried out and an annual assurance statement will be provided to the council based upon work undertaken in the previous year. **Internal Audit will: -**

- Use risk assessments to inform its annual audit plan;
- Carry out risk-based audits, evaluating controls and providing an opinion of levels of assurance; carry out audits to test the suitability and implementation of the risk management framework; and
- Make recommendations for improving risk management practices

Risk Champions

Risk champions will work with their Director, Heads of Service, Managers and Team Leaders to ensure the RM Strategy and Framework is embedded in the **Department** and departmental planning, performance, project and partnership management, offering support and challenge. They will also represent their **department** at CRMG meetings.

Risk Champions will ensure that risks are identified, assessed and scored correctly by the Risk Owners, offering advice and guidance where appropriate. They will also challenge risk scores where they do not appear to be reasonable, or where they contradict the Control Measures narrative or the corporate Risk Scoring Guidance.

All Risk Champions will receive appropriate training to ensure that they can perform their role effectively. Training needs will be regularly evaluated.

Programme and Project Sponsors and Managers

Programme and Project Sponsors and Managers are responsible for the development and review of the Project and Programme Risk Registers. They will:

- Embed risk management, in line with the Council's risk management framework, within the programme/project lifecycle to support project definition, approval, change control, decision making and delivery
- Agree risk appetite within the programme/project and the overall approach for managing and escalating risk
- Maintain a programme/project risk register and an overview of total risk exposure
- Align risks with programme/project objectives and outcomes
- Assign clear accountabilities for risk, including risk owners and risk action owners
- Put in place early warning mechanisms
- Communicate clearly risks to stakeholders and relevant governance boards, and ensure risk is comprehensively covered in project documentation, escalate risks to directors and senior managers where appropriate, and if the overall risk exposure or a specific risk is particularly serious, to the Key Strategic Risk Register
- Seek out expertise to help effectively identify and control risks
- Maintain records of historic and current risk registers forming an effective audit trail.

Service Managers

Managers have a responsibility not only for the risks for which they are the risk owner, but are also accountable for those risks, within their service, which are owned / managed by others.

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Service managers will:-

- Manage operational risk and the risks associated with policy implementation in accordance with the risk management framework;
- Escalate serious risks to the department and corporate levels as appropriate, as well as advise when operational risk may impact on project delivery;
- Take account of risk management issues when setting staff performance target

They are required to maintain an awareness of risk and ensure that any risks they identify are captured by the risk management process, understanding and responding to the key risks which could significantly impact on the achievement of their service and/or team objectives. Managers should encourage staff to be open about **discussing** risk **to support the identification of risks at an early stage and ensure** that appropriate mitigation actions and control measures can be **put in place**.

Risk Owners

Risk owners are responsible for identifying and implementing appropriate actions which will mitigate against risks they own and reduce these risks to an level acceptable to the organisation. They are required to regularly review the effectiveness of their control measures and provide a formal update to DMTs and CRMG on a quarterly basis as part of the risk review cycle.

Risk owners will:-

- Seek out relevant expertise to help in the assessment of risk and appropriate control measures
- Review and report on the proximity and status of assigned risks
- Escalate risks to the department or corporate level as and when necessary
- Identify risk action owners for implementing control measures and ensure that they put in place actions to control risks, drawing on the advice of relevant experts; monitor risk and control measures and feedback on the progress in implementing controls and their efficacy.

Individual Employees

Individual employees need to have an understanding of risks and consider risk management as part of their everyday activities, identifying risks deriving from their everyday work, processes and environment. Risks which could impact on service delivery, the achievement of objectives, or their own or others' wellbeing must be identified and actively managed, with mitigating actions in place where appropriate.

All staff should

- Understand the Council's approach to risk management
- Make active and effective use of risk management
- Escalate risks to the project, department or corporate level as appropriate
- Provide feedback on the usefulness of the risk management framework.

Financial Strategy and Capital Team

The **financial strategy and capital** team is responsible for ensuring that risk management is embedded throughout the council, as well facilitating and supporting the risk management process and supporting risk owners.

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The team will

- **Ensure** risk management **guidance** and intranet pages remain up to date and relevant,
- **Maintain and administer the Key Strategic risk register and support the Corporate Management Team in ensuring it is comprehensive and accurate**
- **Keep abreast of best practice and draw on Internal Audit recommendations to review and coordinate improvements to the risk management framework;**
- **Communicate and promote the risk management framework,**
- **Be available to provide support to those undertaking risk management;**
- **Promote, integrate and reinforce risk management within other disciplines, in particular project governance and management and decision making**

In addition, the **financial strategy and capital team** will ensure risk is part of the annual service planning process, facilitate the CRMG meetings, and submit strategic updates and reports on risk management to CMT, Cabinet, **Standards and General Purposes Committee** etc. as required.

Corporate Risk Management Group

The Corporate Risk Management Group will provide strategic direction and leadership to ensure our risk strategy is maintained and updated and that risks are appropriately identified and managed within the organisation. It will provide a forum for the detailed discussion and monitoring of organisational risks for the benefit of the council, its staff and the wider community.

CRMG will strive to ensure that the risk management framework is embedded within the council's overall strategic and operational policies, practices and processes in a consistent and standardised manner.

In addition, it will provide assurance that all risk systems and processes are operating effectively to minimise the Council's overall exposure to risk. The headline departmental risks and planned mitigation activity reported by each department will be discussed by CRMG on a quarterly basis. CRMG will then report its conclusions and recommendations for discussion at CMT.

Cabinet

Cabinet will receive reports on the risk management strategy to determine whether corporate risks are being actively managed. They are responsible for agreeing the strategy on an annual basis, or when significant changes are made, and to report to full Council on the adequacy of the risk management framework.

Standards and General Purposes Committee

The Standards and General Purposes Committee is responsible for monitoring the effective development and operation of risk management. Its role is to provide an independent oversight of the adequacy of the risk management framework and the associated control environment. Annual reports will be provided regarding the KSRR in order that the committee can determine whether strategic risks are being actively managed.

On an annual basis, the committee will review and recommend the adoption of the risk management strategy to cabinet, or if significant changes are identified, to request a revision.

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Risk management in committee reports

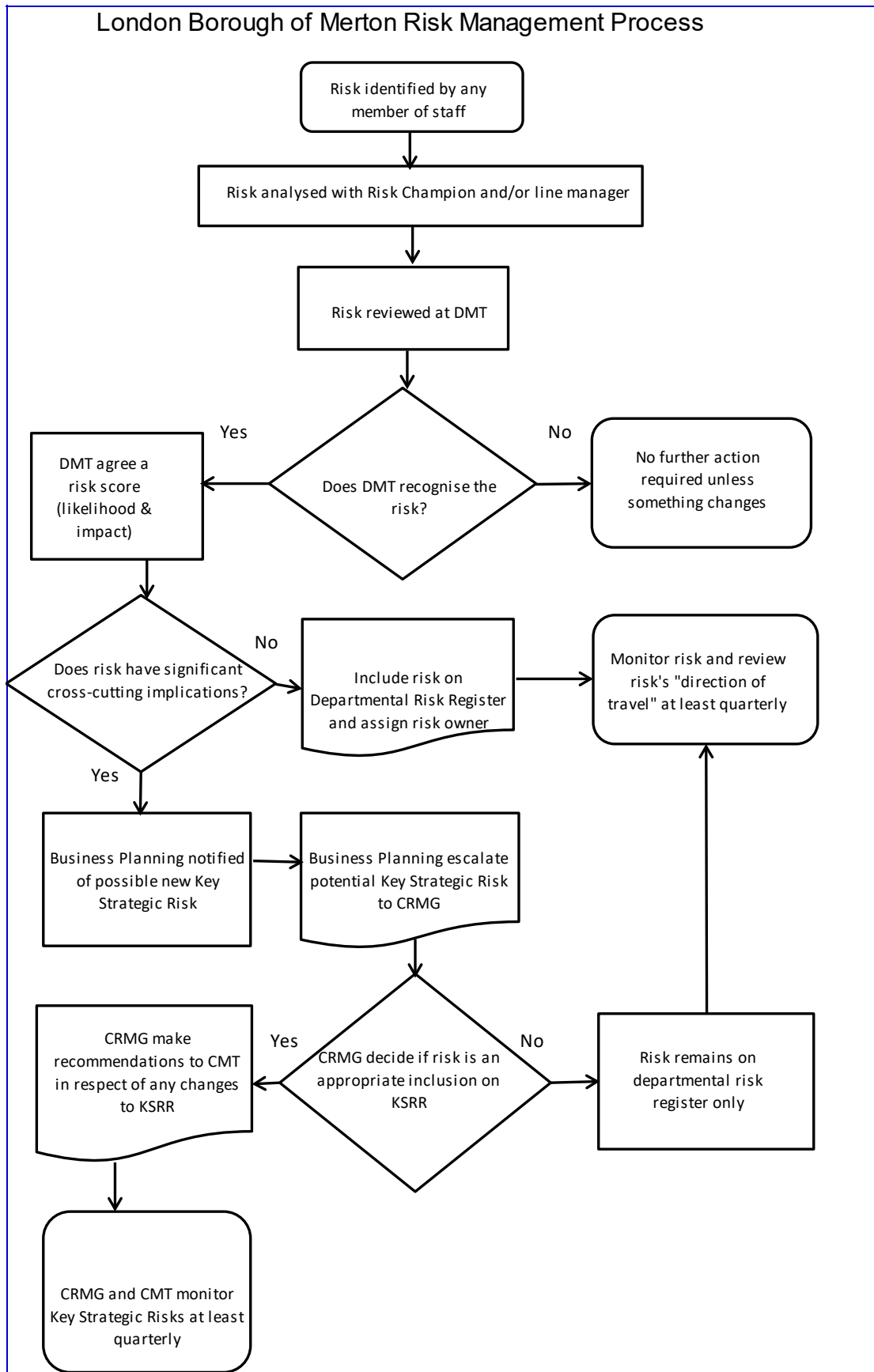
When a report is submitted to a committee the author is required to complete a section on Risk Management and Health and Safety Implications. The committee should be informed of any significant risks involved in taking a recommended course of action, or if it decides not to follow the recommended course of action. The risk assessment should follow the corporate risk management procedures and be scored using the risk matrix. The report should also give details of any control measures (either proposed or existing) to manage any significant risks identified. Where appropriate, reference should be made to any existing risk(s).

Report authors are advised to consult with the **Financial Strategy and Capital** team or their departmental Risk Champion, for further advice and to propose any risks to be considered for inclusion in the departmental or KSRR.

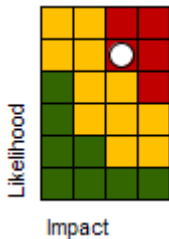



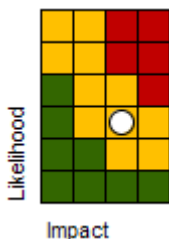






Risk Management Practice during Extraordinary Events

It is envisaged that the velocity of change during such an occurrence (i.e. Covid) will require the authority to maintain a separate risks and issues register to ensure an adaptable, flexible and frequent review to accurately track the movement of items. During these periods an additional risk log will be established, where by managers submit and update their risks directly via a secured, interactive shared portal (currently SharePoint). This information will then be reviewed and amended appropriately by senior management, DMTs, CMT and Members.


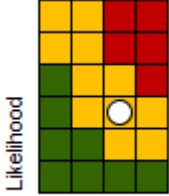


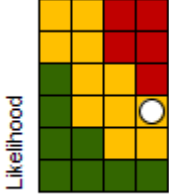




SECTION 4



SECTION 4 Risk Register ~ Key Strategic Risks as at December 2022

Risk Owner	Code & Name	Risk or Issue	Risk Description	Cause(s)	Consequence(s)	Impact code	Matrix	Current Score & Review History	Control Actions	Date provided
Graham Terry	ASC37/ KSR87 Fulfilling Statutory ASC Duties within Budget	Key Strategic Risk	Rising demand and cost creates financial pressures that cannot be contained within agreed budget control totals.	We are expecting high fee uplift demands as a result of increases in NWL, increases in NIC, heating and other costs. Current estimate £1.34m pa for Home Care and other community based services. Residential and nursing care is likely to be at least another £1m The complexity of care packages often means 'usual' rates do not effectively cover all individual needs. Demand for services continues to increase.	Providers deciding to leave the market -increased costs of placements. Unfunded in-year budget pressures Additional legal costs Damage to reputation Increase in complaints-			15  21-Dec-2022	Close liaison with provider market locally to get early warning of any financial distress. - Continued robust operation of Outcomes Forum to support strength based practice .and quality assurance. - Case File Audit programme to include review of decision making in respect of care and support plans and quality of practice. - Using additional short-term resource to undertake scheduled annual reviews in order to ensure that packages continue to meet the needs of the person. - Continuing investment in prevention activities.	21 Dec 2022
								15  30-Sep-2022		
								15  02-Aug-2022		
Keith Burns; Graham Terry	ASC38/ KSR88 Integration of Health and Social Care at Place	Key Strategic Risk	Integration of Health and Social Care at Place is ineffective, reducing the quality of service to our residents and increasing the risk of cost shifting from health to the LA	Integrated Care Systems (ICS) are newly constituted NHS bodies under the Health & Social Care Act. The ICS is responsible for delegation of NHS funding to Place Based Boards and there is an expectation the LA delegates ASC budgets to place to support better integration. There is risk that the place based delegation of budgets, financially constrains integration at a local level. There is also relational risk between LA and local health partners	Break down in relationship between LA and health with the consequence that integration is ineffective, stalls or breaks down. Delegation of ICS budgets to Merton a place are negatively disproportionate in comparison to the rest of SWL and therefore having a negative impact on the ability to integrate effectively			9  20-Dec-2022	- Continued proactive engagement with senior leadership team at ICS. - Strengthening relationships with place based senior leaders. - Robust presentation of LBM position (financial and quality) in all relevant conversations with ICS colleagues. - SWL DASS working to influence ICS for the broader good of Adult Social Care across the boroughs.	02 Aug 2022
								9  28-Sep-2022		
								9  02-Aug-2022		
Keith Burns	ASC39/ KSR89 Charging Reform, including Fair	Key Strategic Risk	Charging Reform, including the development of a Fair Cost of Care,	This element of national charging reforms does not lead to 'cost neutralisation' between the cost of care	De-stabilising the market and leading to providers leaving the market or remaining			4  20-Dec-2022	Implementation of new charging regime delayed until 2025.	20 Dec 2022
								16  28-Sep-2022		

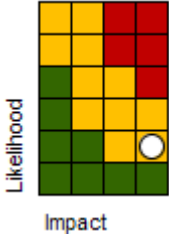




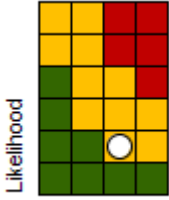






SECTION 4

Risk Owner	Code & Name	Risk or Issue	Risk Description	Cause(s)	Consequence(s)	Impact code	Matrix	Current Score & Review History	Control Actions	Date provided
	Cost of Care - Care Act Reforms		for implementation from October 2023 leads to a shortfall between the additional funding provided by Government and the actual additional cost generated as a result of the revised capital thresholds and other adjustments.	to the local authority and the equivalent cost to self funding residents. Leaving a significant gap in costs faced versus what counts towards the lifetime cap. Insufficient central government funding of the reforms to effectively 'close the gap' Leading to unsustainable funding situation either for providers or for the local authority	but exclusive to self funders or the Local Authority Challenges to LA decision making/process when an individual reaches the lifetime cap and transitions to LA funded support Significant budget pressures.			16  02-Aug-2022	Analysis of potential costs / risks commissioned from specialist 3rd party organisation. Continued lobbying of Government via ADASS / LGA / Society of London Treasurers regarding funding.	
Page 515 Lisa Hewitt; Claire Migale; Gill Moore	ASC41/ KSR90 Adult Safeguarding	Key Strategic Risk	Serious safeguarding incident leading to serious injury or loss of life creates significant legal / reputational consequences for the Council.	Serious failing in safeguarding duties resulting in harm to vulnerable people and/or a notable, high profile or systemic safeguarding incident or Serious Case Review that draws significant reputational harm to the borough Resulting from system failings in safeguarding duties under the Care Act and associated legislation e.g. Mental Capacity, Mental Health Act or Deprivation of Liberty Safeguards (and subsequently Liberty Protection safeguards)	Serious incidents of harm/abuse of vulnerable adults, including deaths or multiple deaths. Reputational damage to LBM and it's ASC department. SoS intervention in department CQC intervention		 <p>Likelihood Impact</p>	9  21-Dec-2022	Ongoing training and development for social care staff, including new and interim staff. Continued robust implementation of, and compliance with, London Multi-Agency Safeguarding Policy and Procedures Case File Audit programme to review current practice and areas for improvement. Robust SAB Chairing and support arrangements.	08 Aug 2022
								9  28-Sep-2022		
Louise Round	CG05 / KSR79 Data Protection Compliance	Key Strategic Risk	We may fail to comply with the requirements of Data Protection legislation	- inappropriate processing, use, retention, access or inaccuracy of data - staff insufficiently aware of requirements of Act and other legislation	Harm to service users, through breach of privacy (could result in physical harm); loss of services; damage to reputation; financial impact on council through ICO fines; key stakeholders lose confidence & may not share data with the council	FI & R	 <p>Likelihood Impact</p>	12  09-Dec-2022	The council is still in the process of reviewing all data protection polices and privacy notices to ensure they are fully compliant with the relevant legislation; A new DPIA template has is being finalised with a view to make it an eform to ensure that privacy risks are more effectively captured and managed in the procurement and project management process.. Robust security incident policy & reporting with quarterly security	09 Dec 2022
								12  05-Dec-2022		
								12  28-Jun-2022		
								12  28-Mar-2022		

SECTION 4

Risk Owner	Code & Name	Risk or Issue	Risk Description	Cause(s)	Consequence(s)	Impact code	Matrix	Current Score & Review History	Control Actions	Date provided												
									breach report submitted to IG Board. A records and retention project is underway to produce a retention policy and finalise departmental/team ROPAs The Information Asset Register has been reviewed by the Records Retention Project manager as part of their work with recommendations being put forward to the IG Board meeting on the 5/1/23, The new legal assistant in SLLP will be tasked to chase IA owners to update the register where there are gaps or where IA owners need to be amended. Cyber Ninja training (replacing NG1) should have been completed by most staff by the end of October 2022 and those that have not completed should be being chased by their managers. Data Confident (replacing NSG 2and 3) is in the process of being rolled out to those who need to do the course. Audit is carrying out their review with regards SharePoint permissions. New Interim IG ,manager in post dealing with Data breaches and looking to improve access to information on the intranet for staff on IG													
John Dimmer; Jane McSherry	CPI41 / KSR53 Equalities duties	Key Strategic Risk	We may be in breach of Equalities legislation regarding new policy development, designing services and decision making (formerly RE11)	- insufficient evidence to demonstrate how equalities implications have been considered	- reputational impact for council - risk of judicial review & litigation - negative impact on service users - loss of savings.	R		<table border="1"> <tr> <td>9</td> <td></td> <td>19-Dec-2022</td> </tr> <tr> <td>9</td> <td></td> <td>16-Sep-2022</td> </tr> <tr> <td>12</td> <td></td> <td>24-Jun-2022</td> </tr> <tr> <td>12</td> <td></td> <td>16-Mar-2022</td> </tr> </table>	9		19-Dec-2022	9		16-Sep-2022	12		24-Jun-2022	12		16-Mar-2022	EIAs for savings proposals The draft Equality Diversity and Inclusion strategy is going to CMT 20 December and LSG 4 January. Currently good progress being made and therefore risk remains at 9. A suite of L&D EDI training resources is being	19 Dec 2022
9		19-Dec-2022																				
9		16-Sep-2022																				
12		24-Jun-2022																				
12		16-Mar-2022																				

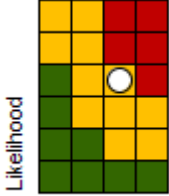




SECTION 4

Risk Owner	Code & Name	Risk or Issue	Risk Description	Cause(s)	Consequence(s)	Impact code	Matrix	Current Score & Review History	Control Actions	Date provided
									<p>procured to improve managers and staff knowledge and understanding of EDI considerations.</p> <p>Continuing to progress the WRES in Adult Social Care pilot.. The final data submission is April 2023.</p> <p>A steering group to begin planning Merton's commemoration of the 75th Windrush Anniversary was held 15 November.</p> <p>Discussions held with community reps, Merton Connected and NHS in November on a plan to refresh the LGBTQ+ Forum.</p>	
Page 517 Jane McSherry	CSF01 / KSR35 Safeguarding children	Key Strategic Risk	We fail to assess risk, recognise need and to deliver effective interventions	Because of: - Rise in demand - Lack of capacity at front door at meet rising demand - Recruitment issues to attract new social workers - Partners not referring into MASH	Resulting in: - Child protection & safeguarding consequences including possible child death or serious harm. - increasing costs due to "high cost" interventions - undermining of the Merton Model	R		8  20-Dec-2022	Robust supervision, regular review of performance information and audit processes in place to ensure effective safeguarding practice. Recruitment of additional resource at times of acute demand increases. Reviewed at December 2022, control actions remain in place.	20 Dec 2022
								8  28-Sep-2022		
								8  24-Jun-2022		
								8  01-Apr-2022		
Charles Baker; John Bosley	ER112 / KSR73 Waste disposal budget (Viridor)	Key Strategic Risk	We may be unable to meet financial budget for waste disposal	- Waste may not be adequately disposed of - Delays in moving over to ERF - Increase in waste forecasted - Reduction in recycling - Insufficient budget to cover disposal costs COVID19/Brexit - recycling and RDF facilities may become harder to access in Europe	- increased costs for waste disposal - operational difficulties - performance may be affected (more landfill, less recycling and more missed bins) - political and reputational impact	FI/R/O		6  29-Sep-2022	New procurement completed for the processing and disposal of garden and food waste . this will see reduced gate fees for each of these waste streams. These two contracts went live in sept 2022 and no operational issues reported. Note in excess of £600k has been taken in savings over the last 5 years in regard to reduced disposal cost.	29 Sep 2022
								6  27-Jun-2022		
								6  23-Mar-2022		
								6  14-Dec-2021		
Charles Baker;	ER132 / KSR 81	Key	Veolia may fail to	- insufficient capacity	- reputational damage	R		9  29-Sep-2022	A Service Improvement	29 Sep

SECTION 4

Risk Owner	Code & Name	Risk or Issue	Risk Description	Cause(s)	Consequence(s)	Impact code	Matrix	Current Score & Review History	Control Actions	Date provided												
John Bosley	Waste services contractor	Strategic Risk	deliver the street cleaning and/or waste collection services to the standard required by their contract	(Veolia) - disputed areas of responsibility - financial impact of recycling market changes which adversely affect Veolia - lack of ICT integration and real time information - poor management by Veolia	to the Council - negative environmental impacts - negative public health impacts			<table border="1"> <tr> <td>9</td> <td></td> <td>27-Jun-2022</td> </tr> <tr> <td>9</td> <td></td> <td>23-Mar-2022</td> </tr> <tr> <td>9</td> <td></td> <td>14-Dec-2021</td> </tr> </table>	9		27-Jun-2022	9		23-Mar-2022	9		14-Dec-2021	<p>Notice has been served on the contractor especially regarding street cleansing standards. Governance structure in place with Fortnightly Board meeting chaired by the CEO</p> <p>NEW EMERGING RISK confirmation issued to Veolia that we will not be seeking an extension to the contract.</p>	2022			
9		27-Jun-2022																				
9		23-Mar-2022																				
9		14-Dec-2021																				
Page 518 Paul McGarry	ER153/ KSR84 Implementation of the Climate Action Plan	Key Strategic Risk	May be unable to implement a fit for purpose action plan	Due to the complexities and uncertainties of achieving decarbonisation, there are a number of potential causes: (a) National policy framework is uncondusive to local action (either through an ineffective policy framework of through lack of finance) (b) Lack of robust evidence/ expertise to assess greenhouse gas emissions and track progress (c) The estimated costs of implementing the actions are very high or very uncertain (d) Lack of control over the majority of emissions and therefore a reliance on behaviour change of Merton's residence and businesses (e) Lack of commitment/ resources of key Officers in all departments who would need to commit to actions and subsequently implement them	Failure to get an action plan which was fit for purpose may result in Merton not playing its part in mitigating the dangerous effects of climate change – as set out in the declaration of a climate emergency that was unanimously passed at Council. It would also mean not delivering against commitments set out in the (revised) Climate Change Act and the Mayor's 1.5 degree compatible climate action plan. This may result in a loss of public confidence and reputation damage for Merton council.	FI/ R		<table border="1"> <tr> <td>16</td> <td></td> <td>17-Oct-2022</td> </tr> <tr> <td>16</td> <td></td> <td>27-Jun-2022</td> </tr> <tr> <td>16</td> <td></td> <td>23-Mar-2022</td> </tr> </table>	16		17-Oct-2022	16		27-Jun-2022	16		23-Mar-2022	<p>Recruitment severely affecting capacity to deliver climate strategy and action plan. Despite full funding and posts and attempts via permanent and agency recruitment all through 2022, the following posts remain vacant:</p> <ul style="list-style-type: none"> • 3 out of 5 posts in Future Merton climate change team, including those for resident and business retrofit support • Facilities Management buildings surveyor post. • Fleet management carbon reduction post 	17 Oct 2022			
								16		17-Oct-2022												
								16		27-Jun-2022												
16		23-Mar-2022																				
<table border="1"> <tr> <td>16</td> <td></td> <td>14-Dec-2021</td> </tr> </table>	16		14-Dec-2021																			
16		14-Dec-2021																				
Mark Humphries; Richard Warren	IT30/ KSR83 Risk of Cyber attack on the Council's IT Infrastructure and Systems	Key Strategic Risk		Cyber attack	Financial, Reputational, Loss of Service – All of these areas would potentially be very severely impacted and affected.	R		<table border="1"> <tr> <td>16</td> <td></td> <td>02-Dec-2022</td> </tr> <tr> <td>16</td> <td></td> <td>11-Oct-2022</td> </tr> <tr> <td>16</td> <td></td> <td>11-Oct-2022</td> </tr> <tr> <td>16</td> <td></td> <td>17-Mar-2022</td> </tr> </table>	16		02-Dec-2022	16		11-Oct-2022	16		11-Oct-2022	16		17-Mar-2022	No change in the risk rating over this current review period.	02 Dec 2022
16		02-Dec-2022																				
16		11-Oct-2022																				
16		11-Oct-2022																				
16		17-Mar-2022																				



SECTION 4

Risk Owner	Code & Name	Risk or Issue	Risk Description	Cause(s)	Consequence(s)	Impact code	Matrix	Current Score & Review History	Control Actions	Date provided
Roger Kershaw	RE02 / KSR49 Corporate Business Plan & Balanced Budget	Key Strategic Risk	We may fail to develop a corporate Business Plan & set a balanced budget for 23/24 & beyond	<ul style="list-style-type: none"> - Reduction in Government Grant - possible ongoing effect of COVID; - high level of inflation and utilities costs - ensuring DSG deficit is cleared 	<ul style="list-style-type: none"> - negative impact on service provision - damage to council reputation - negative impact on staff morale - dissatisfaction of internal & external customers 	FI		<p>12  20-Jan-2023</p> <p>18  16-Sep-2022</p> <p>18  24-Jun-2022</p> <p>18  08-Mar-2022</p>	Officers have been working hard to reduce the MTFS gap and have presented reports to Cabinet in October 2022, December 2022 and January 2023 detailing the latest information available. Reports have included details on the provisional local government finance settlement and set out proposals for growth and savings which are currently subject to scrutiny. The MTFS gap has been reduced and a balanced budget is currently forecast for 2023/24 and 2024/25. Concerns remain however about the current cost of living crisis and high level of inflation which are a risk.	20 Jan 2023




SECTION 4 Issues Register ~ Key Strategic Issues as at December 2022

Risk Owner	Code & Name	Risk or Issue	Risk Description	Cause(s)	Consequence(s)	Impact code	Matrix	Current Score & Review History	Control Actions	Date provided
Elizabeth Fitzpatrick	CSF24/ KSR85 Supporting Children with additional needs	Key Strategic Issue	Lack of places for children & young people with EHC Plans leading to an over reliance on non-maintained and independent schools and settings.	-Increase in demand for our services across Children's Social Care and Education (SEND) Insufficient funding from central government leading to a cumulative deficit of circa. £25m.	DSG deficit of £25m is preventing investment in other council services. The budget deficit is growing as the council continues to provide statutory services.	R		16 20-Dec-2022	<p>Focussed cross-council activity to develop suite of proposals to re-balance budget and create a sustainable high-needs system.</p> <p>We have opened new special school places in borough in Sept 2022 with 40 places filled and a further 40 for future need. We have in principle agreement from DfE to fund a new special school in borough.</p> <p>Reviewed at December 2022, control actions remain in place.</p>	20 Dec 2022
								16 28-Sep-2022		
								16 24-Jun-2022		
								16 01-Apr-2022		
Liz Hammond	HR07/ KSR91 *NEW* Recruitment and Retention of Staff	Key Strategic Issue	Difficulty recruiting and retaining staff	It is a candidate led market at the moment and all organisations are struggling to recruit. Candidates are also looking for high levels of flexibility from their employers. Unemployment rates are very low and there are more jobs being advertised than people available	Inability to attract and retain good quality candidates/staff. Service delivery could be affected	SP - Service Provision		12 19-Jan-2023	<ul style="list-style-type: none"> Pay and Benefits Review – not yet started but will be an 18 month project once it commences Additional support in the recruitment team to enable the team to take on a more proactive search role in difficult to recruit to positions – budget agreed but need to recruit to this role, recruitment to commence early February 2023 Engage a branding specialist to help us to portray Merton as an employer of choice – June 23 Improvements to be made to the current recruitment site to ensure that we are attractive to the recruitment market and portray professional recruitment pages – this is in part dependent on the work we need to do on our recruitment brand and will 	19 Jan 2023

SECTION 4

Risk Owner	Code & Name	Risk or Issue	Risk Description	Cause(s)	Consequence(s)	Impact code	Matrix	Current Score & Review History	Control Actions	Date provided
Page 521									<p>be end of 2023 before fully delivered, incremental improvements will be seen throughout the year</p> <ul style="list-style-type: none"> • Recruitment apprentice to help us deal with the level of candidates going through recruitment clearance – recruitment to commence early February 2023 • Expand our use of social media channels to help widen our recruitment net – May 23 • Our People and Culture plan also contains the following actions: <ul style="list-style-type: none"> - Create the framework to enable Managers to provide a buddying system for new staff – March 23 - Create interactive tools to enable staff to engage and provide feedback – Autumn 23 - A new learning management portal now contains 100s of on line training materials, together with an extensive range of ED&I training which will include training for Aspiring Managers. In essence the training now available for staff has been and continues to be greatly enhanced 	
	Ellis Kelly; Roger	RE16 / KSR61 Annual Savings	Key Strategic	Failure to deliver the savings that	We are unable to achieve some of our	- we are currently delivering approx. 57%	FI		18  09-Dec-2022	CMT are routinely monitoring the delivery of	09 Dec 2022

SECTION 4

Risk Owner	Code & Name	Risk or Issue	Risk Description	Cause(s)	Consequence(s)	Impact code	Matrix	Current Score & Review History	Control Actions	Date provided
Kershaw	Programme	Issue	have been built into the MTFS	planned savings due to the changing financial and economic environment facing the Council and its residents.	of our 22/23 savings - adverse impact on the authority's ability to balance its budget in the medium to long term - gap is larger than the contingency - we are required to reinstate reserves			18  30-Aug-2022	savings built into the MTFS No change to risk score	
								18  15-Jun-2022		
								18  08-Mar-2022		

CABINET

Date: 20 February 2023

Subject: Financial Report 2022/23 – Period 9 December 2022

Lead officer: Roger Kershaw

Lead member: Councillor Billy Christie

Recommendations:

- A. That Cabinet note the financial reporting data for month 9, December 2022, relating to revenue budgetary control, showing a forecast net favourable variance at 31st December on service expenditure of £0.875m when corporate and funding items are included.
- B. That Cabinet note the contents of Section 5 and Appendix 5b of the report and approve the adjustments to the Capital Programme in the Table below:

	Budget 2022-23	Budget 2023-24	Budget 2024-25	Budget 2025-26	Narrative
	£	£	£	£	
<u>Corporate Services</u>					
Customer Contact- Customer Contact Programme	(144,190)	(516,910)			Virement in accordance with Projected Spend- Capitalised Salaries
Customer Contact- Active Directory	235,700				Virement in accordance with Projected Spend- Capitalised Salaries
Customer Contact- Data Security and Control	289,700				Virement in accordance with Projected Spend- Capitalised Salaries
Customer Contact- End Use Device	53,100				Virement in accordance with Projected Spend- Capitalised Salaries
Customer Contact- Virtual Desktop	82,600				Virement in accordance with Projected Spend- Capitalised Salaries
Invest to Save- De-Carbonisation Scheme	12,110				Funding from grant to include retention payments
<u>Children, Schools and Families</u>					
CSF Safeguarding - Children's Safeguarding	165,000				Contrib to House Purchase to stop child going into SEN Residential Placement
<u>Environment and Regeneration</u>					
Street Trees - Harris Academy & High Path Street Trees	50,000				New S106 Project
Highways and Footways - Accessibility Schemes	(5,000)	5,000			TfL Approved Slippage for TfL Funded Scheme
Highways and Footways - Casualty Reduction	(47,000)	34,000			TfL Approved Slippage for TfL Funded Scheme - £13k moved to Revenue
Cycle Route Improvements - Cycle access/parking	(114,000)	114,000			TfL Approved Slippage for TfL Funded Scheme
Cycle Route Improvements - Cycle Improve Residential Stre	(123,000)	116,000			TfL Approved Slippage for TfL Funded Scheme - £7k moved to Revenue
Mitcham Regeneration - SMCA Springboard		87,000			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Mitcham Regeneration - Mitcham Cricket Green		54,000			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Mitcham Regeneration - The Small Quarter Phase 2		22,000			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Mitcham Regeneration - Chapter House		33,000			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Wimbledon RegenerationParks Investment - Kenilworth Green Pocket Park		65,000			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24

Continued.....

	Budget 2022-23	Budget 2023-24	Budget 2024-25	Budget 2025-26	Narrative
Wimbledon Regeneration - Cannizaro Park Valley Path		82,500			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Wimbledon Regeneration - Survive to Thrive		115,600			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Borough Regeneration - Haydons Rd Shop Front Impr	80,000				Funded by Levelling Up Grant
Borough Regeneration - Community Retrofit Loan		280,000			Funded by the Climate Change Reserve Year 2 Allocation
Borough Regeneration - Business Retrofit Support Scheme			125,000	125,000	Funded by the Climate Change Reserve Year 2 Allocation
Property Management Enhancemen- Comm Centr Engy Sving Lighting	(35,000)	35,000			NCIL funded scheme reprofiled into 2023-24
Parks Investment - Morden Park Playground		75,530			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Parks Investment - Merton Saints BMX Club		130,000			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Parks Investment - Durnsford Road Recreation Ground		44,770			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Parks Investment - Garfield Recreation Ground MUGA		120,000			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Parks Investment - Green Gym for Moreton Green		35,000			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Total	500,020	931,490	125,000	125,000	

C. Approve the 8 Revenue Civic Pride – Investing in Neighbourhoods Bids below as contained in Appendix 5d – these are summarised below:

Proposed 8 Civic Pride – Investing in Neighbourhoods Revenue Allocations 2023-24

Bid ID	Project name	2023-24 Revenue £
2&3	Repairs to Grade II Listed Tudor Wall St. Mary's Merton Park Churchyard	20,000
4	Community Champions, more sustainable Merton	51,836
5	Merton Garden Streets 2023	35,373
6	Merton Sports Coaching Academy	144,275
8	Towards Employment	74,960
32	Uptown Youth Services	15,000
40	Vestry Hall - Mitcham Arts Collective	12,000
45	Ready Steady Cook CR4 Community Cooking Classes	42,750
46	The Wheel	63,615
Total		459,809

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 This is the Period 9 monitoring report for 2022/23 presented in line with the financial reporting timetable.

This financial monitoring report provides -

- 1.1.1 A full year forecast projection as at period .
- 1.1.2 An update on the financial impact of Covid-19
- 1.1.3 An update on the capital programme and detailed monitoring information;
- 1.1.4 An update on Corporate Items in the budget 2022/23;
- 1.1.5 Progress on the delivery of the 2022/23 revenue savings

2. THE FINANCIAL REPORTING PROCESS

- 2.1 The Council's services are still under pressure due to the need to support businesses and residents, particularly vulnerable groups in need of social care and there has been a major reduction in the Council's income which is expected to continue for some time. The detrimental impact of Covid-19 continues to be monitored closely given its impact on service delivery.
- 2.2 The Council is also facing significant inflationary pressures in the supply of goods and services to the Council, energy costs, cost of borrowing and potential wage increases against budget add to the Council's financial challenges in 2022/23 and future years. Whereas higher interest rates will have a positive impact on our investment returns these will be overshadowed by the inflationary pressures the Council faces together with the potential for increased demands for some of the Council's services due to the cost of living crisis.
- 2.3 There are also significant pressures on the Dedicated Schools Grant (DSG) which are being monitored. The cumulative deficit at the end of 2021/22 was £26.930m and the deficit is forecast to continue to increase to £36.930m by the end of 2022/23 after the second tranche of Safety Valve funding. The Safety Valve programme is starting to have a positive impact, but progress is currently behind the agreed target.
- 2.4 The Council is still dealing with the effects of a number of emergency incidents this financial year. We are looking to recover some of our outlay but this could take some time beyond the end of this financial year. The total net cost of these incidents is currently £3.5m. Until these matters are resolved the council will have to match the net spend from its reserves.
- 2.5 Chief Officers, together with budget managers with support from Service Financial Advisers are responsible for keeping budgets under scrutiny and ensuring that expenditure within areas which are above budget is being actively and vigorously controlled and where budgets have favourable variances, these are retained until year end. Any final overall adverse variance on the General Fund will result in a call on balances.

3. 2022/23 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

Executive Summary – At period 9 (to 31st December 2022), the year-end forecast is a net adverse variance of £7.871m on Net Service Expenditure; a favourable variance of £8.247m on Corporate Provisions; and a small favourable variance of £0.070m relating to Covid-19. With a favourable forecast variance of £0.429m in funding, the Net Forecast Variance at year end is a favourable variance of £0.875m. A summary is provided on the following details and more detailed analysis by Department is set out in Section 4 of the report.

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

Covid-19 Financial

Summary Position as at 31st December 2022

	Current Budget 2022/23 £000s	Year to Date Budget (Dec) £000s	Year to Date Actual (Dec) £000s	Full Year Forecast (Dec) £000s	Forecast Variance at year end (Dec) £000s	Forecast Variance at year end (Nov) £000s	Outturn Variance 2021/22 £000s
Department							
Corporate Services	32,049	24,509	28,204	33,169	1,121	1,472	645
Children, Schools and Families	62,112	37,892	37,765	63,094	982	1,117	2,426
Community and Housing	68,041	59,083	51,630	68,465	425	752	(699)
Public Health	(162)	(599)	(4,362)	(162)	0	0	
Environment & Regeneration	13,508	2,942	(3,359)	18,852	5,344	5,151	3,431
Overheads	(272)			(272)	0	0	
NET SERVICE EXPENDITURE	175,275	123,828	109,879	183,146	7,871	8,492	5,803
			6				
Corporate Items							
Impact of Capital on revenue budget	11,066	6,455	3,723	10,947	(119)	(119)	(235)
Other Central budgets	(20,548)	2,489	1,071	(28,677)	(8,128)	(8,215)	(17,298)
Levies	988	494	988	988	0	0	0
TOTAL CORPORATE PROVISIONS	(8,494)	9,439	5,783	(16,742)	(8,247)	(8,334)	(17,533)
Covid-19	0	0	(70)	(70)	(70)	89	176
TOTAL GENERAL FUND	166,781	133,267	115,592	166,334	(446)	246	(11,554)
FUNDING							
Revenue Support Grant	(5,350)	(2,675)	(4,066)	(5,350)	0	0	
Business Rates	(31,856)	0	(29,568)	(31,856)	0	0	
Other Grants	(25,602)	(12,801)	(21,017)	(26,031)	(429)	(429)	
Council Tax and Collection Fund	(103,973)	0	(103,973)	(103,973)	0	0	
COVID-19 emergency funding	0	0	(442)	0	0	0	710
Income compensation for SFC	0	0	0	0	0	0	
FUNDING	(166,781)	(15,476)	(159,066)	(167,210)	(429)	(429)	710
NET	0	117,791	(43,474)	(875)	(875)	(183)	(10,844)

Impact

The ongoing situation continues to make forecasting difficult as it is unclear if or when some service areas will see activity return to pre-Covid levels.

Covid Expenditure

Covid expenditure which is incremental is reported centrally on Corporate Items – Covid Costs. These are the incremental costs not covered by specific Covid grants.

Income shortfall

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

Savings unachieved

Departmental budgets are adjusted for the agreed savings targets for 2022/23 as part of the budget setting process. The savings which are now under pressure due to inflation and other factors are included in the forecast of the departments. This is inclusive of 2021/22 savings which are still under pressure where they have not been adjusted for. Further details are set out in Appendix 6.

Cashflow

The Covid-19 outbreak created pressure on the council's cash-flow, but the position has stabilised since the middle of 2021. Through prudent treasury cash flow management, the Council continues to meet any additional expenditure from its cash in balances in the bank and primarily from liquid cash balances held in Money Market Funds (MMFs).

From Summer 2021, with the stability and the confidence seen in the UK economy the fixed deposit rates started to go up and as a result the Council started to return to medium term fixed deposit to earn interest income from any short-term excess cash balances.

Since December 2021, the Bank of England has steadily increased the base rate from 0.10% to 2.25% in September 2022. Further increases are expected given the current forecasts for inflation and the Bank's overarching brief to bring inflation down to 2.0% over the medium-term. As a result of this policy the Council can expect to receive additional interest income on deposits, although much of this additional income has already been expected in the 2022/23 budget.

The Council still has a strong position on its liquidity and where the opportunity arises places excess cash in short-term deposits to generate income.

Cash flow is monitored daily, and the current forecast shows the Council has sufficient funds to meet its payment needs going forward over the medium term, but there still is a concern over the longer term in the context of the DSG deficit, subject to the use of Safety Valve funding. However, if a cash shortfall occurs, the Council has the option to borrow from the market to meet its needs.

4. DEPARTMENTAL SUMMARY OF CURRENT POSITION

Corporate Services

Division	Current Budget £000	Full year Forecast (December) £000	Full Year Forecast Variance (December) £000	Full Year Forecast Variance (November) £000	Outturn Variance 2021/22 £000
Customers, Policy & Improvement	5,669	5,777	107	188	(191)
Infrastructure & Technology	13,269	13,733	464	468	80
Corporate Governance	2,697	2,656	(42)	(41)	141
Resources	6,321	6,726	404	399	13
Human Resources	2,266	2,390	124	209	214
Corporate Other	1,825	1,889	64	248	388
Total (Controllable)	32,049	33,170	1,121	1,472	645

Overview

Corporate Services is currently forecasting an adverse variance of £1.121m at year end. This has moved favourably by (£351k) since period 8. The main changes are (£80k) within Customer Policy & Improvement, (£86k) within Human Resources and (£185k) within Corporate Other.

This favourable movement is as a result of efforts to reduce agency staff costs, particularly in the communications team and other operating costs.

Corporate Governance is forecasting a positive contribution towards the overall adverse variance with an underspend of (£42k). The main areas of adverse variances are Infrastructure & Technology; Resources; Human Resources; Customers, Policy & Improvement and Corporate other with agency staff costs being one of the key contributors. This is being addressed by aiming to recruit more permanent staff. Other contributing factors are unachievable income targets, increased inflationary costs for services, materials and equipment. Corporate Services are managing some of the budget pressures by holding vacancies open in the short term. We shall also continue to work on reducing our agency spend where practical.

Customers, Policy and Improvement - £107k adverse variance

The variance for CPI has moved favourably by (£80k) since period 8.

The main changes are:

- (£57k) decrease in Comms & Marketing agency costs
- (£12k) reduction in Community Engagement surveys cost

The net forecast variance for CPI division consists of the following Favourable forecast variances:

- (£129k) within the AD due to a vacancy being held pending recruitment.
- (£80k) Programme Office due to vacancies of which £51k will be used to fund a MIB funded post now that this funding has been exhausted.
- (£41k) Voluntary Sector Coordination - reduced grants expenditure
- (£28k) due to an over-achievement against the cash collection saving

- (£27k) in the Community Engagement team due to staffing and running costs underspends
- (£19k) in the Merton Link team

Adverse variances within the CPI division include:

- £259k within Press and Publications owing to use of agency staffing over establishment and unachievable income targets
- £46k increase in IT costs for Customer Contact
- £42k within the Marketing and Communications team due to staffing and printing costs
- £40k in Translations services due to under-achievement against the income budget and increased interpretation costs
- £21k increase in IT costs for a third party to assist with clearing the backlog within the Blue Badge service
- £18k Policy, Strategy and Partnerships overspend within its staffing budget lines - this will be funded by underspend in Programme Office
- £10k for Reg of Birth, Deaths & Marriages increased costs

Infrastructure & Technology - £464k adverse variance

Favourable variances within the division are:

- Microsoft EA (Enterprise Agreement) is forecasted less than budget by (£135k)
- (£112k) underspend for Postal Services. This offsets the forecast overspends on Printing and Photocopying where income targets are not expected to be achieved.
- A lag in recruitment has also resulted in a (£54k) favourable variance within Facilities.
- Transactional services have a (£37k) staffing underspend due to a part vacant post.
- (£34k) in Safety Services due to recruitment lag as well as contingency not expected to be spent in year

Many of the adverse variances within the division are due to reduced recharges resulting from the changes in working arrangements surrounding the covid-19 pandemic.

These adverse variances include:

- £179k on the Corporate Print Strategy.
- The FM External account is also forecasting a £124k adverse variance due to the lack of commissions since the pandemic began, though the forecast is significantly improved on the outturn position for 2021/22.
- £123k increased costs for Garth Road archive storage due to cancellation of unpaid income invoices to Veolia total £85k and NNDR internal recharge of £40k
- £125k on the PDC (Chaucer Centre). These are reviewed throughout the year and adjusted depending on the level of room bookings.
- There is an adverse variance of £69k on Corporate Contracts due to 2020/21 savings for reducing cleaning in corporate buildings remaining unachievable within the current circumstances.
- A further £47k adverse variance is within the Client Financial Affairs team, mainly relating to the unachieved saving (reference 2019-20 CS23) for the introduction of a charging scheme and the cost of agency cover for maternity leave.
- Printing and photocopying team is forecasting £51k overspend. This will be offset by underspend from Post services.
- Security Services is also forecasting an adverse variance of £36k due to the contract cost being higher than the budget.
- Buildings maintenance is forecasting to overspend by £27k due to increase in repairs and maintenance costs.
- Civic centre increased repairs and maintenance of £25k. This is likely to increase as Facilities have now almost exhausted the remaining budget for repairs and maintenance. Only very high priority repairs and maintenance is now being carried and each purchase order is being approved directly by the Assistant Director.
- IT Service Delivery £28k owing to the use of agency staff covering vacant posts.

- IT Telecoms £14k
- £12k increase in Corporate services buildings costs

Corporate Governance – (£42k) favourable variance

- Members Allowances is projecting an underspend of (£42k)
- LBM Legal services is projecting a (£21k) favourable variance from external charges.
- Information Team underspend of (£20k) due to a lag in recruitment
- Local Election expenses is forecasting an overspend of £21K
- SLLP (South London Legal Partnership) is currently forecasting £251k deficit overall, £44k is forecasted to be LBM's Share.

Resources - £404k adverse variance

Favourable variances within Resources are:

- (£199k) in Benefits Administration services which is largely due to grant receipts from DWP.
- Revenues and Benefits Support team (£117k) favourable variance mainly against staffing costs. This is due to vacancies in the team, recruitment to some of the vacant posts will commence before the end of the year.
- (£59k) in Treasury & Insurance, (£30k) Insurance premiums and Funding.
- (£48k) for Director of Corporate Services time lag between the current director retiring and new director coming into post
- (£26k) Local Welfare Support
- (£19k) on purchase card project and
- (£10k) Business Rates bids.

There are multiple budgets forecasting adverse variances due to Covid-19.

- Enforcement Agents' service forecasted to overspend by £322k (inclusive of the shared service element) as a result of unachieved income which will continue to be monitored as the circumstances around the pandemic improve. The service has been able to operate more fully in the last 2 / 3 months.
- The Local Taxation Service has a £162k adverse variance due to staff overtime, anticipated under recovery action was suspended from April until the end of July 2022, as a result of administering the energy grant payments (as explained previously). The normal recovery timetable has been reinstated from October 2022 and this should result in an increase in costs collected including those costs related to enforcement agents' action.
- A further adverse variance of £179k within AD resources due to consultancy costs for e5 upgrade.
- £52k within the budget management team due to use of agency cover for existing vacancies.
- Corporate Accountancy is forecasting £86k overspend of which over £100k is an uplift in external audit fees
- Financial Systems Team is forecasting £14k adverse variance owing to salary budget pressure as well as revenue costs for upgrading the financial system planned for later this year.
- £100k Chief Exec overspend for interim director and recruitment costs. This will be covered by the internal review fund.

Human Resources – £124k adverse variance

HR's forecast variance has changed favourably since P8 by (£86k).

Favourable variances forecasted within HR are:

- (£48k) HR Transactions for the shared payroll system and iTrent client team charges from Kingston.
- (£20k) Business partnerships

- (£15k) Graduates & Apprentices

Adverse variances are primarily due to

- £64k within Learning & Development agency costs
- £129k against the AD budget

Corporate Items - £64k adverse variance

Corporate items forecast variance has moved favourably since P8 by (£185k).

This is primarily due to (£143k) Project Chaplin costs previously reported as revenue spend being capitalised and (£65k) reduction in internal legal recharge costs.

Favourable forecast variances within Corporate items are:

- (£270k) underspend in redundancy payments.
- Coroners Courts received a (£273k) reimbursement from the Westminster Bridge Inquest resulting in a (£277k) projected underspend
- (£110k) decrease in Corporately funded items
- (£25k) underspend Democratic Rep & Man and
- (£12k) underspend in Staff groups

Adverse variance:

- Housing Benefits Rent allowance subsidies £754.
-

Environment & Regeneration

Division	Current Budget	Full year Forecast (December)	Full Year Forecast Variance (December)	Full Year Forecast Variance (November)	Outturn Variance 2021/22
	£000	£000	£000	£000	£'00
Public Protection	(15,094)	(11,750)	3,344	3,364	4,142
Public Space	17,797	18,936	1,138	1,117	157
Senior Management	1,319	1,373	54	62	(192)
Sustainable Communities	9,486	10,293	807	608	(675)
Total (Controllable)	13,508	18,852	5,344	5,151	3,432

Description	2022/23 Current Budget	Forecast Variance at year end (December)	Forecast Variance at year end (November)	2021/22 Variance at year end
	£000	£000	£000	£000
Regulatory Services	699	214	243	38
Parking Services	(17,175)	3,038	3,026	4,181
Safer Merton & CCTV	1,382	92	95	-77
Total for Public Protection	(15,094)	3,344	3,364	4142
Waste Services	15,344	478	478	390
Leisure & Culture	602	339	366	-210
Greenspaces	2,421	156	133	-93
Transport Services	(569)	165	139	70
Total for Public Space	17,797	1,138	1,117	157
Senior Management & Support	1,319	54	62	-192
Total for Senior Management	1,319	54	62	-192
Future Merton	12,022	305	451	-708
Building & Development Control	172	785	336	335
Property Management	(2,709)	(283)	(179)	-303
Total for Sustainable Communities	9,486	807	608	-676
Total Excluding Overheads	13,508	5,344	5,151	3,431

Overview

Environment & Regeneration is currently forecasting an adverse variance of £5.34m at year end. The forecast variance has changed adversely by a further £193k since period 8. The main areas of variances are Parking Services income, Development & Building Control, Waste, Leisure & Culture, Future Merton, Regulatory services, Transport, Greenspaces, and Safer Merton. The primary reasons are the reduced revenue within Parking Services of £2.647m, a projected utility budget overspend of approximately £1.236m and increased inflationary costs for services, materials and equipment.

Public Protection

Regulatory Services adverse variance of £214k

This Adverse variance is a combination of (£132k) net underspend within the Shared partnership services with Richmond and Wandsworth and an overspend of £346k for non partnership areas.

The section has cumulative income savings of £275k relating to historic savings targets the department has been unable to achieve to date. These have contributed to the Non RSP income under recovery of £379k.

Current forecasts of adverse variances are within

- Licensing team of £164k of which 151k is unachievable income target
- Environmental health pollution of £50k of which £41k is unachievable income target
- Health & Safety EH Commercial net overspend £49k which includes £41k unachievable income target
- Street Market net overspend £39k – includes £34k unachievable income and £14k increased electricity costs.
- Trading standards £67k of which £95k is unachievable income targets

The service is facing cost pressures resulting from the removal of LIP funding and insufficient funds for Air Quality.

Parking Services adverse variance of £3.038m

The parking services variance increased adversely by £12k from last month but is partly balanced by increases in permit income, and some cost reductions.

The in-depth review and analysis of all sources of parking income continues to indicate improvements since July, attributable to more robust and improved forecasting, increased parking PCN charges to the higher Band A level, the successful pilot to employ additional CEOs, and improvements to the management and efficiency of parking enforcement operations. Issuance of Parking PCNs is forecast to be apx. 79,000 this year, compared to an original forecast of just over 66,000.

It is assumed that the cost of restoring Peel House car park ground floor, and project management of the renovation of Peel House and other car parks, can be met from either the Parking revenue reserve or capital.

It should be noted that there are unachieved income savings within this service that have contributed to the current adverse variance, such as £637k from a forecast made in 2020 that moving traffic, school street and LTN PCN issuance would not decline over time. The reality is that compliance has significantly

improved over time. In addition, there was a £360k income expectation of volume growth in permit income, which has not taken place.

The end of November forecast shows the key adverse variances on parking income, from across the various categories, as follows.

Source of Income	Estimated 2022/23 Deficit (£...,000) P9
Car Parks and Season Tickets	936
Moving Traffic, School Street and SKC PCNs	950
Parking PCN yield	340
Resident and Visitor Parking Permits	764
On-Street bay income	96

Action is underway which could help to reduce this deficit over time:

- a) Capital investment in Peel House car park is being considered which could restore income to nearer the level expected in the Parking base budget. However, if the repayment of the capital works were to be funded from parking revenue there would be no improvement in the service's revenue position until repayment was completed.
- b) Consideration of the closure of St Mark's car park, which is a £35k p.a. loss-making facility. This would require a negotiated agreement on surrender of the lease, which is being led by Future Merton.
- c) Planned investment in car park infrastructure may increase demand and income, following completion of the review of leased and owned car parks
- d) Management control of essential expenditure whilst maintaining paid-for services
- e) Where moving traffic, school street or keep clear cameras are issuing less than 10 PCNs per month, relocation of these cameras to higher priority locations with more contraventions will be considered
- f) A review of vehicle provision for the service will examine the business case for moving to a much smaller, electric, fleet and eliminating the use of hire vehicles.

The service is also seeking to sustain the growth in parking enforcement activity and improved operational efficiency through mainstreaming the successful pilot deployment of additional CEOs.

Longer term options could also be considered, for example an inflation- and efficiency-led increase in permit prices, and the introduction of a surcharge for the highest CO₂-emitting vehicles. The service also intends to review charges for bay suspensions to ensure that our costs are being covered.

Safer Merton is forecasting an adverse variance of £92k

Efforts have been made to reduce agency costs. Within the ASB team the manager will commence a 12-month fixed term contract at the end of January and two ASB officer posts, 6-month fixed term contracts. Apart from HoS, which has now been recruited to on a permanent basis. only one agency worker remains whose contract expires end March. This is also a grant funded post.

Safer Merton are waiting payment from Clarion for this year's SLA and waiting for confirmation on a longer-term SLA for up to 6 years. Upgrading the CCTV cameras in the New Year will be a priority and with that opportunities for further income generation. Examples include: The South- West Business

Partnership 12K and ongoing work with National Trust to link CCTV cameras to the CCTV control room. Following a request from the Home Office a Domestic Homicide Review has been commissioned via The Safer Stronger Executive Board anticipated costs 10-15K.

Public Space

Waste Services has an adverse variance of £478k

Favourable variances include (£57k) on the Council's Environmental Enforcement services in respect of the number of enforced cases and the issuing of Fix Penalty Notices for fly-tipping and littering, (£116k) on employee related spend and (£37k) reduction in building improvement costs.

Included in this section are the achievement of the savings target of £104k (ENV2022-23 01) for disposal processing savings (Food Waste Recyclate). The service is projecting to deliver these savings.

An adverse variance of £189k is being forecast in relation to the Household, Reuse, Recycling Centre (HRRC), mainly as a result of extending the current contract during 2020/21, via a contract variation, to both minimise future costs and to align the contract period with the other SLWP boroughs. The service is currently exploring alternative access for residents to neighbouring sites along with implementing improvements to the current booking system which has contributed to the management of waste volumes. To date there are no planned service changes, and we note that any significant change to the provision of this service will first be presented to Cabinet for consideration.

There is an additional adverse variance of £141k being forecast against the SLWP management fee associated with consultants and advisor cost in year.

Waste and street cleansing (Phase C) budgets remain under pressure due to above contract services being implemented including the two additional fly-tipping crews, evening economy crew in the second half of the year. A growth bid has been submitted to cover this revenue cost in 2023/24. In addition the service covered the cost of two one off large-scale fly tipping clearances including Willow Lane and Commons East. The current forecast variance for Phase C is £750k.

Waste Services adverse variances are partly offset by favourable variance on disposal costs of (£380k) due to new favourable gate fees for food waste & green associated. Note the service has delivered in excess of £750k in disposal savings in recent years. The current forecast is at par with last year's actuals despite changes to our residents' working arrangements, where we have seen a greater increase in the number of households now working from home post pandemic resulting in an increase in overall domestic waste across all kerbside collection services. This section will continue to be closely monitored and the service is currently supporting SLWP in the planning of the re-procurement of both the Food and Garden waste processing services which currently expire this financial year. Further analysis is being done to establish how much of the overspend may be funded from Your Merton.

Leisure & Culture adverse variance of £338k

The adverse variance is partly offset by favourable variances on employees (£126k) and Leisure centre income (£76k).

The service is expecting the following adverse movements:

- A £45k under recovery in income from water sports at Wimbledon sailing base
 - The Watersport centre has under recovered mainly because of lake work causing an Easter closure, but also because some schools are budgeting cautiously
- An unprecedented increase in energy bills. The service is currently forecasting to spend double its leisure centre utilities budget resulting in a variance of £434k.
- Under recovery of £31k lettings income from Morden Assembly Hall. This is due to the hall being used exclusively as a covid vaccination centre and evening and weekend lets are not possible.
- £31k supplies and services costs

There is currently an action plan for the Leisure Centre to reduce utility costs

- Air-con only on at peak times
- 50% of lights off where possible
- Hourly meter information to access peaks and troughs
- We have spent 30k on LED light replacements and bought new pool covers
- Both Canons and Wimbledon are having roof work done to make the centres waterproof and reduce utility costs

Greenspaces adverse variance of £156k

The adverse variance has moved adversely by £23k since November.

The change in variance are as follows:

- £12k increase in events costs – mostly staff
- £10k increase in premises costs

The net variance of £156k is made up of favourable variances in Events (£115k) and general income (£124k).

These are helping to offset the following adverse variances although the service is starting to recover from historical legacy issues.

- Phase C £39k
- Premises £140k
- Employees £82k
- Pay & Display income £45k
- Rental income £40k
- Tree works £17k
- Third party payments £18k

Sustainable Communities

Future Merton net adverse variance of £305k

Adverse variances are partly offset by the following favourable variances:

- CPZs = (£180k)
- CIL/s106 = (£123k)
- Income = (£100k)
- Streetworks/permitting = (£186k)
- Temp. traffic orders = (£190k)
- Winter maintenance = (£13k)
- Employees = (£164k)

The favourable movement in variance between November and December is a net decrease of (£145k) due to:

- (£61k) decrease in variance for staff costs due to increased budget for pay award along with TfL contribution to staff costs and funding from CIL income
- (£50k) increase in CIL/S106 income
- (£26k) increase in street works income
- (£14k) decrease in Vestry Hall staff costs

The net adverse variance consists of the following:

- Street lighting = £529k: due to the significant increase in energy costs, Facilities faced challenges when securing a new Street Lighting electricity supplier. We were therefore on an “out of contract rate” at the start of the financial year, which was triple the rate of last year. The rates on the new contract, which commenced in mid-May are twice as high as last year.
- Supplies and services = £254k. £150k of this is on Local Plan Fees. This to pay the Planning Inspectorate for their work on the Local Plan
- Highways & footways main. £204k (400890/400892). This is due to the Highways Maintenance contract inflation rate of 20% since the start of the contract in 2019.
- Bishopsford Bridge = £80k: we are still incurring legal costs for the litigation in relation to the bridge collapse, for which there is no budget.
- Merantun = £100k unachievable income target for staff recharges to Merantun Developments
- Vestry Hall = £19k due to the increase in utility costs and security services
- JC Decaux = £13k. This is a small under-achievement of the expected contract income due to historical legacy issues related delay of the digital installations.

Property Management favourable variance of (£283k)

The forecast has moved favourably by (£104k) since November. This is primarily due to decrease in NNDR costs of (£22k) and increase in rental income of (£122k).

The main reasons for the favourable variance are:

- An underspend of (£149k) salaries costs against a budget of £320k.
- Commercial rental income expectations by (£396k) due to rent reviews in line with the tenancy

agreements.

The above favourable variance are being offset by adverse variances as follows:

- £43k premises related expenditure- for example, building improvements, utilities, repairs & maintenance costs
- £97k supplies & services related expenditure - for example, employment of consultants to progress rent reviews due to lack of internal resource, and valuations to support asset valuations and potential disposals.
- £61k for Stouthall

Building Control (BC) and Building Control Enforcement (BCE) net adverse variance of £784k

- BC (£6k)
- BC enforcement £11k of which £10k is staffing

The BC variance is primarily due to:

£163k under achievement of income

£21k supplies and services (largely consultancy and marketing)

Offset by:

(£184k) savings on staff costs

Explanation for BC Adverse Variance

The income target for BC has not been met for a number of years, usually under achieving by approx. £200k. This is due to the fact that there are many vacancies and the team is operating with limited staff. They are therefore losing market share to Approved Inspectors. BC is currently carrying out a review with the intention of recruiting to the vacancies. This review will be in line with any new requirements and to meet any legislation and regulations. This should enable the income target to be met in future. It will also enable the team to better deal with statutory response emergency incidents such as Lewis Road; Spur House; Britannia Point; and Galpin Road where additional BC and Surveyor support has needed to be purchased from the private sector and other local authorities at a high cost.

Development Control (DC) and Development Control Enforcement (DCE) adverse variance of £287k

DC = £660k and DCE = £116k

DC variance is made up of: £484k staff costs, (£21k) supplies and services (consultants) and £194k income.

DCE variance is made up of £120k employee costs

The Development Management Team in particular is overdependent on Agency workers. This is due to a historical set of circumstances whereby 16 full time planning officers left the team between February 2020 and the arrival of the current Interim Head of Development Management and Building Control in June 2022. Every time one of those officers left the council the remaining caseload had to be reallocated to colleagues creating unmanageable workloads. Approximately 100 applications which had been written up for sign off have been in a backlog which is still being worked on. High numbers of Agency staff have had to be brought in and retained to maintain the service.

Furthermore, there is the unusual situation whereby a Principal Planner is solely working on one planning

application for the All England Lawn Tennis Club to extend into Wimbledon Park Golf Club. A Principal Planner would usually handle a mix of 50 major and difficult minor planning applications and would coach junior members of staff when signing their cases off. The tennis application has been registered since August 2021 and will not be presented to the Planning Applications Committee until at least February 2023, after which there will be much more work to do around the GLA referral process. The length of time taken is due to the complexity of the proposals and this has been beyond the Council's control. At an informal meeting of the Cabinet on Friday 11th November 2022 Members were very clear to Officers that this work needs to be properly resourced and Directors should be advised of the requirements. Additional Agency staff have been retained for longer than initially forecasted to handle the work that the dedicated Case Officer cannot pick up. This is contributing significantly to the overspend but it is essential and statutory work of huge importance to the organisation.

A piece of work has commenced around benchmarking with other London authorities such as Camden which appears to have a much more extensive and robust Planning staff structure. A report will be prepared on this. It is also difficult to attract external candidates to permanent positions as the salaries being offered are not as competitive as those provided by neighbouring Councils. Nevertheless other solutions are underway. The interim Head of Development Management and Building Control has converted from a temporary post to a permanent position which has created a significant saving, and conversations have also taken place with other Agency workers about this opportunity for them. This could save a further £47,000. Following the recent successful recruitment of a graduate Planner the team is keen to bring in more colleagues at that junior level.

Income targets are being increased via pre-application charges (an Equalities Impact Analysis has just been provided to the Cabinet Member for this), Planning Performance Agreement fees and other administrative services to mitigate against the overspend by approximately £200,000.

Children, Lifelong Learning and Education

Children, Schools and Families (£000's)	2022/23 Current Budget	Full Year Forecast	Forecast Variance December	Forecast Variance November	2021-22 Year Variance
Education					
Education Budgets	£ 19,532	£ 20,226	£ 694	£ 1,053	£ 394
Depreciation	£ 9,801	£ 9,801	£ -	£ -	£ -
Other Education Budgets	£ 135	£ 135	£ -	£ -	-£ (114)
Education Services Grant	-£ (1,062)	-£ (1,062)	£ -	£ -	-£ (12)
Education Sub-total	£ 28,406	£ 29,100	£ 694	£ 1,053	£ 268
Other CSF					
Child Social Care & Youth Inclusion	£ 22,756	£ 24,054	£ 1,256	£ 1,099	£ 2,009
Cross Department	£ 917	£ 725	-£ (192)	-£ (310)	£ -
PFI Unitary Costs	£ 8,409	£ 8,409	£ -	£ -	£ 766
Pension and Redundancy Costs	£ 1,624	£ 848	-£ (776)	-£ (724)	-£ (617)
Other CSF Sub-total	£ 33,706	£ 34,036	£ 288	£ 65	£ 2,158
Grand Total	£ 62,112	£ 63,136	£ 982	£ 1,118	£ 2,426

Director's' Summary

There are a number of challenges facing the department including a constantly changing national policy environment. The Government's response to the National Review of Children's Social Care and their implementation plan for the SEND Green Paper are expected soon. The Schools' Bill has been pulled from its parliamentary process and it is not yet clear which elements will still be taken forward, and in what way.

Demand for services post-Covid continues to remain high. We have seen an increased number of requests for service received into the Children and Families Hub, and as a result of this increase, December was a busy month requiring a higher number of assessments undertaken, when compared to previous months. Numbers of children with a Child in Need plan has reduced following focussed activity in the service and the number of children with child protection plans remains at pre-pandemic levels. Schools are reporting increasing numbers of children requiring additional support to stay in mainstream education. Inflation is affecting schools significantly as it is all services.

We are focused on reducing our use of agency staff. As at the end of December we had 72 agency workers (excluding grant funded and short term project posts), 11 fewer than the month before. Spend on agency staff in December was £44k less than in November.

Recruitment of social workers remains a major issue, which is reflected in the growth bid which is part of the proposed Business Plan for 2023/24, and in the focus on social work recruitment. We also struggle to recruit to other specialist roles such as Speech & Language Therapists and Data Analysts but we have fewer of these roles.

We have submitted our third quarterly Safety Valve monitoring report to DfE, which shows continued good progress against the nine conditions. The in-year deficit is £3.6m lower than then start of the year. The settlement for the High Needs Block contained additional funding, albeit with some additional requirements. However, combined with our sustained programme of work, we should be on or close to plan next year and on course to achieve balance ahead of the 2026/27 deadline.

Forecast Summary

The departmental has reduced by £136k. The forecast for Children's Social Care has increased by £158k but this is offset by reductions in education forecasts.

The department continues to work to reduce its dependence on agency staff. At the end of December, the department had 88 agency staff of whom 16 related to grant funded and short-term project roles, and 49 were social workers.

Home to School transport remains an issue, which is reflected in the growth bid included in the proposed business plan for 2023/24. We are working through the Safety Valve programme to reduce demand through increasing in-borough places and consistent application of the policy. However, the cost of journeys continues to rise, due to driver shortages and inflation.

Local Authority Services

Local Authority Funded Services (£000's)	Budget	December Variance	November Variance	202122 Outturn Variance
Child Social Care and Youth Inclusion				
Senior Management	£ 303	-£ (7)	-£ (12)	£ 429
Head of Help & Family Assessment	£ 3,070	-£ (452)	-£ (561)	-£ (676)
Head of Family Support & Safeguarding	£ 4,382	£ 893	£ 775	£ 2,019
Head of Corporate Parenting	£ 12,461	£ 1,353	£ 1,461	£ 809
Head of Adolescent and Safeguarding	£ 1,968	-£ (531)	-£ (565)	-£ (572)
CSC & Youth Incl Total	22,184	1,256	1,098	2,009
Education				
Contracts, Proc & School Org	£ 7,854	£ 1,505	£ 1,566	£ 409
Early Years & Children Centres	£ 4,191	-£ (312)	-£ (205)	-£ (311)
Education - School Improvement	£ 64	£ 52	£ 49	-£ (1)
Education Inclusion	£ 1,815	-£ (110)	£ 15	-£ (131)
Schools Delegated Budget	£ -	£ -	£ -	-£ (3)
SEN & Disability Integrat Serv	£ 2,622	£ 71	£ 10	£ 49
Senior Management	£ 1,400	-£ (438)	-£ (288)	£ 364
Policy, Planning & Performance	£ 749	-£ (20)	-£ (50)	£ 75
Departmental Business Support	£ 216	-£ (53)	-£ (43)	-£ (57)
Education Total	£ 18,911	£ 695	£ 1,054	£ 394
Other CSF				
Joint Commissioning & Partnrsh	£ 917	-£ (192)	-£ (310)	£ 0
PFI Unitary Charges	£ 8,409	£ -	£ -	£ 766
Depreciation	£ 9,801	£ -	£ -	-£ (0)
Other Education Budgets	£ 135	£ -	£ -	-£ (114)
Education Services Grant	-£ (1,062)	£ -	£ -	-£ (12)
Pension & Redundancy Costs	£ 1,624	-£ (776)	-£ (724)	-£ (617)
Education Total	£ 19,824	-£ (968)	-£ (1,034)	£ 23
LA Total	£ 60,919	£ 983	£ 1,118	£ 2,426

Child Social Care & Youth Inclusion

The forecast overspend has increased by £158k reflecting changes in forecasts across a number of cost centres, including care costs and costs relating to the increased number of assessments being carried out. Agency social work posts have reduced slightly from 53 to 49. Overall, the division has 66 agency workers, of which five are grant funded.

Permanent recruitment activity continues supported by a market supplement which was part of the 2023/24 growth bid in the proposed business plan. This is expected to aid recruitment to social work

posts and further reduce agency dependency. A focussed recruitment drive is planned for the Assessment teams and a senior management position in CSC this quarter which will aid in a positive medium-term budget forecast.

The London region of the Association of Directors of Children's Services (ADCS) report that use of agency social workers has increased in the past year in four of the five sub-regions. Southwest London is the only sub-region to have shown a decrease. It is the ADCS view that there are sufficient social worker in the market but too many are opting to work as interims rather than accept permanent roles. It seems unlikely that there will be much shift in this during the cost of living crisis.

Education

The forecast has reduced by £359k since last period. There are changes across a number of areas, including a reduced spend forecast in Early Year and grant income contributing towards management costs.

SEND transport costs remain an issue. We are managing demand through our new policy and the work done through the Safety Valve programme. However, where we have been forced to retender routes due to provider withdrawal, we have seen significant increases in the cost of journeys of around 30% due to driver shortages, fuel costs and general inflation. This cost is offsetting the reductions through demand management.

The service has 17 agency workers as at the end of December, a reduction of 7 on the previous month. Four of these posts related to grant funded and short term project costs. The main area of volatility is Lavender Nursery which has to maintain statutory staff ratios and therefore engage agency workers to cover staff absences, for example due to sickness.

The majority of others are covering posts which are currently hard to recruit to, and there is a rolling programme of recruitment underway to maximise the use of permanent staff. This includes seeking applicants from abroad for posts requiring particular specialisms, and where there is a national shortage, for example Speech and Language Therapists.

Other CSF

The forecast underspend in joint commissioning and partnerships has reduced by £118k following a detailed review of income and contract spend. A more prudent view of income has been taken, but the division is still forecasting an underspend.

There are ten agency workers in central and support services, of which seven are grant funded and project related posts. Three of these are due to leave by the end of January and a further three by March as their projects come to an end.

Dedicated Schools Budget (£000's)	Budget	December Variance	November Variance	202122 Outturn Variance
<u>Education</u>				
Contracts, Proc & School Org	£ 286	£ -	£ 14	-£ (16)
Early Years & Children Centres	£ 15,823	£ 404	£ 757	-£ (3,348)
Education - School Improvement	£ 1,120	-£ (146)	-£ (4)	-£ (41)
Education Inclusion	£ 1,464	-£ (17)	-£ (20)	£ 99
SEN & Disability Integrat Serv	£ 24,075	£ 8,729	£ 8,056	£ 13,899
Sub-total	£ 42,768	£ 8,970	£ 8,803	£ 10,593
<u>CSC & Youth Inclusion</u>				
DSG - Child Social Care & Youth Incl	£ 42	-£ (2)	£ -	-£ (7)
Sub-total	£ 42	-£ (2)	£ -	-£ (7)
<u>Schools Delegated Budget</u>				
DSG Reserve	£ -	-£ (1,200)	-£ (1,200)	-£ (2)
Retained Schools Budgets	£ 2,828	-£ (1,705)	-£ (1,549)	-£ (417)
Schools Delegated Budget	-£ (45,683)	£ 3,937	£ 3,910	£ 3,387
Sub-total	-£ (42,855)	£ 1,032	£ 1,161	£ 2,967
DSG Total	£ (45)	£ 10,000	£ 9,964	£ 13,553

Dedicated Schools Grant (DSG) and Safety Valve

We have submitted our third quarterly monitoring report to DfE. The report demonstrates good progress against all of the nine conditions. In particular, we are working better with schools on supporting children in mainstream settings. As a result, the number of Education Health & Care Plans (EHCP) is stable. Without the actions we have taken, we were forecast to increase the number of EHCPs by 313 per year.

Although the overall number of EHCPs is stable, we have undertaken 334 assessments and agreed to issue 229 new plans, but this is offset by plans ceased at review and net movement out of borough of 52 pupils.

The in-year deficit has come down by £3.6m since the start of the year as a result of the extensive actions taken to deliver the Safety Valve plan. The agreement with DfE requires us to bring the DSG back into balance by 2026/27. However, we are on course to balance a year earlier, in 2025/26. The settlement included additional growth to that set out in the plan, some of which has to be used to fund increases in funding to maintained special schools, additional resourced provisions (ARPs) and alternative provision.

In-borough capacity has been a significant factor in the deficit. In September we opened the Whatley Avenue Campus (part of Melrose School) with 40 pupils starting in September, with capacity to grow to 80 over the next couple of years. The site has been developed with the potential for a further 40 post-16 places. We expanded the Additionally Resourced Provision (ARPs) at West Wimbledon and Hatfield schools and opened the new ARP at Cranmer School.

We have plans for further expansion of in-borough capacity, including at Perseid School and plans to develop secondary ARPs. We also have a proposal for a new Special Free School. DfE have confirmed that they are satisfied that our application meets their criteria. We are currently working to identify potential sites for the school.

Community and Housing Summary Position

Overview

Community and Housing (C&H) is forecasting £425k unfavourable variance as of December 2022. This is an overall reduction of £327k since November.

Favourable positions on other budget lines within Community and Housing such as employee budget lines relating to recruitment lag/delays are assisting with the overall position. Client contribution income increased by £175k and winter pressures fund.

Table A Community & Housing Summary Position

Community & Housing	2022/23 Current Budget	2022/23 Full Year Forecast	2022/23 Full Year Variance	2022/23 Full Year Variance	2022/23 Outturn Variance
	£ 'm	£ 'm	£ 'm	£ 'm	£ 'm
		(Dec'22)	(Dec'22)	(Nov'22)	(Mar'22)
Adult Social Care	61,819	61,893	74	424	(881)
Libraries and Heritage	2,589	2,587	2	31	105
Merton Adult Learning	18	18	0	0	0
Housing General Fund	3,614	3,967	353	297	77
Public Health	(162)	(162)	0	0	0
Total Favourable/ Unfavourable	67,878	68,303	425	752	(699)

Director's Summary

The overall position of Community & Housing (C&H) for December was an adverse variance of £425; with a favourable reduction of £327k in comparison to November 2022. This is in the context of when the department is experiencing inflationary pressures due to the cost-of-living crisis as well as rising demand on statutory services.

C&H comprises of Adult Social Care, Libraries, Merton Adult Learning, Housing and Public Health. The service areas with the most challenges at present are Adult Social Care and Housing. This is due to increasing demand on both areas as well as clients presenting with increasing levels of complexity in adult social care.

In terms of Adult Social Care, the challenges are in increasing placements (domiciliary care packages at home as well as 24 hr care in residential or nursing provision). Adult social care has also seen an increase in complexity of need which has resulted in an increase in cost of care packages as well as a shift from domiciliary care (where we keep people independent in their own homes with a care package) to a need for 24 hr nursing or residential care. Adult social care is also seeing an increase in clients with mental health problems requiring specialist supported living.

It should be noted that there is usually a 'spike' in placements between November and January as this is the busy winter period and there tends to be a greater number of community referrals and hospital admissions and discharges with residents requiring access to services. In December 2022, 69 new clients began to receive a service at an annual cost of £438k a year compared to the average of 49 new clients each month.

The Housing team is experiencing an increase in numbers of people presenting requiring temporary accommodation. They are also having greater difficulties sourcing suitable accommodation in Merton due to a lack of suitable supply to meet the needs of these people.

There are plans in progress to provide additional capacity in the team to expedite the move on process from temporary accommodation to permanent housing to address this and we have also sourced 'capital letters' to help us locate suitable housing within Merton.

The recent announcement of additional funding for Adult Social Care for 2023/24 could alleviate some of the Adult Social Care pressures but it is not guaranteed as the conditions of these grants are unknown and whether there will be new statutory duties for adult social care.

Adult Social Care

Adult Social Care is currently forecasting an unfavourable variance at year end of £74k. In December there were new placements additional client contribution and winter fund which resulted in a reduction of the services position.

This is due in part to the ongoing impact of an increase in overall demand and, more significantly, the increasing complexity of needs being assessed and the resulting need for larger packages of care. Inflation pressures in relation to third-party provider costs remain significant. Also, between October and November underspend on equipment reduced by £86k which is to be investigated, additionally salary forecasts increased. The overall numbers of packages appear to be stabilising over the last two months because of the actions reported in previous monitoring reports. This change, assuming it is maintained, will have a positive impact on the overall budgetary position but it will take time to return to a balanced position. The placement forecast is based on Mosaic expenditure data to November 2022 and income is based on current available data.

In terms of the new customers the majority were in long stay residential, supported living and a move from domiciliary care to residential nursing care. Additionally, there is a steady increase in mental health customers which is also the trend seen in the neighbouring boroughs. The current placement forecast includes several high-cost transitions customers which the service is currently seeking clarification regarding contributions from external parties.

Pressure on the Financial Assessment Team has been reported in previous months' monitoring reports. Recruitment of permanent and temporary staff is alleviating this situation and the risk of under-collection of income continues to reduce as a result, with income forecasts increasing.

Hospital discharge activity is expected to remain under severe pressure into 2022/23 as general hospital activity is at record levels, compounded by additional recent Flu and Covid admissions, together with an ever-growing backlog of elective procedures.

Merton has a high rate of emergency hospital admissions for people aged 65+ diagnosed with dementia compared with London and England. The overarching message is that most older people are healthy and an asset; however, an aging population leads to increasing complexity of need due to several long-term conditions (co-morbidities) and dementia, sensory impairment, frailty, and loneliness/isolation. The Merton Story 2021 highlighted the issues of multi-morbidity and increased complexity as people age.

Table C Description of Pathways: -

<p>Pathway 0- 50 % of Clients</p> <ul style="list-style-type: none"> • People discharged requiring minimal support, or interventions from health and social care services.
<p>Pathway 1- 45% of clients</p> <ul style="list-style-type: none"> • People who are discharged and able to return home with a new, additional or a restarted package of care.
<p>Pathway 2- 4% of clients</p> <ul style="list-style-type: none"> • People who discharged with a short term intensive support package at a 24 hour bed based setting before returning home.
<p>Pathway 3-1% of clients</p> <ul style="list-style-type: none"> • People who require 24 hours bed based care

Comparison of Discharge Activities to December 2021

Discharge Activities April to December 2021/22

Week Commencing	Pathway 1	Pathway 2	Pathway 3	Grand Total
Grand Total	1368	305	114	1787
Average	35	8	3	46

Discharge Activities April to December 2022/23

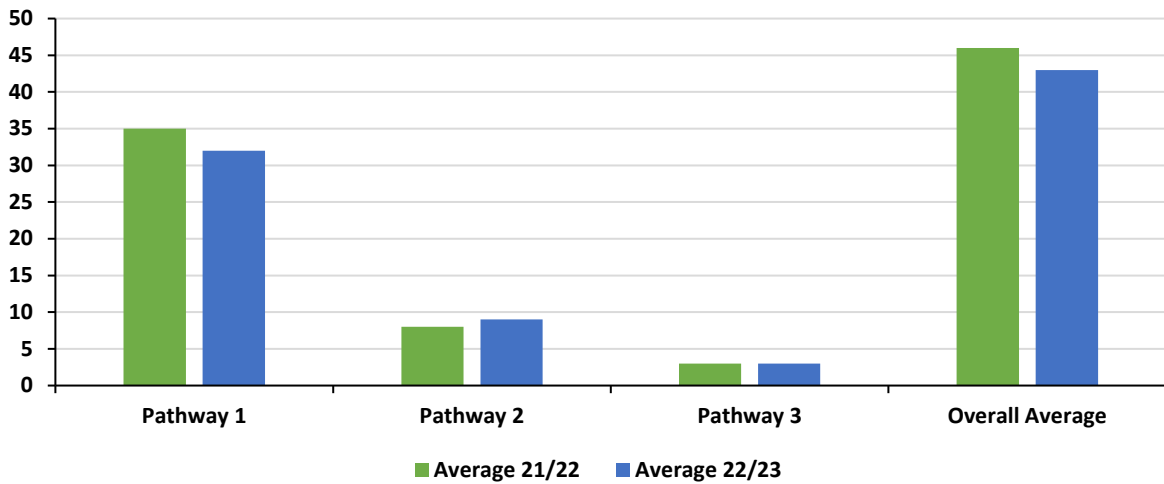
Week Commencing	Pathway 1	Pathway 2	Pathway 3	Grand Total
Grand Total	1229	351	97	1 677
Average	32	9	3	43

NB: No information on pathway 0 for both years

The above tables shows that although the overall average has reduced pathway 2 has increased by 15% as compared to 2021/22 which is reflected in the number of short-term placements coming through the system since April 2022.

Bar Chart below is a comparison of the average discharge activities between April to November 2021/22 and 2022/23

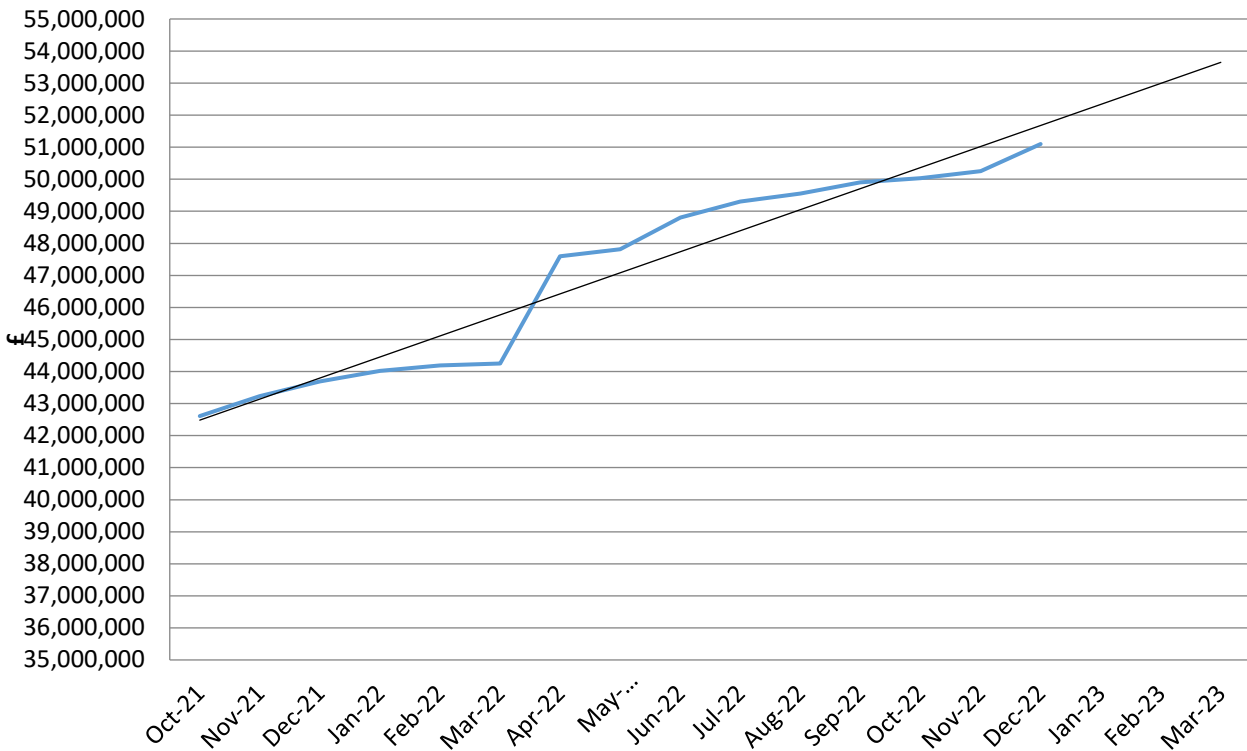
Comparison of Discharge Activities for April and December



The above bar chart shows that discharge to December for 2021/22 and 2022/23.

The graph below shows placements expenditure from March 2022 to December 2022

Placements Forecast over rolling year - Oct 2021 to Dec 2022



The above graph shows an increase from March to April then a rise from June to

October a decrease in November but an increase in December and seems and seems to be increasing at a slower rate.

Adult Social Care Internal Provision –favourable Variance - £305k

Direct Provision unfavourable forecast was reduced further due to a revised forecast on supply & services, and salaries. The service is keeping several posts vacant in readiness for future for the division.

The service continues to deal with a small number of long - term sickness cases in key areas, exacerbated by a shortage of available bank staff to cover some of the 24/7 shifts, which has led to staff working overtime to ensure safe staffing levels. A recent recruitment campaign is seeking to add more bank staff and therefore reduce overtime expenditure. All rotas are reviewed on a weekly basis to maximise efficiency.

There is additional spending in the Merton Employment Team to support the Employment Pilot, and this will be balanced by the additional funding which has been agreed.

Most areas of DP have continued to make reductions in non-pay forecasts during December, helping to reduce the overall forecast.

Library & Heritage Service- favourable Variance - £2k

This service is forecasting a favourable variance of £2k in December 2022, which is a decrease of £33k since November. This is mainly due to an improved income outlook.

A recent Customer Survey showed that customers have very high satisfaction rates with library services with 100% overall satisfaction for the service. New services have recently been launched and the service has extended opening hours at 4 libraries following the introduction of new Library Plus technology at these sites.

Adult Learning- Breakeven position

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

New funding streams are being allocated to enhance curriculum provision around mathematics (Multiply government initiative) and green skills.

Housing General Fund- unfavourable variance - £353k

This service is currently forecasting an unfavourable variance of £353k which is an increase of £56k since November. The current increase due to reduction of housing benefit income, increase in legal costs, office expenses and provisions.

The service has seen a further significant increase in TA numbers to December a rise of 9 between November and December.

In the long-term there is also the added issues regarding the uncertainty surrounding the current Home for the Ukraine project and expectations about move on accommodation. There has also been an increase in the number of asylum seekers and refugees from Afghanistan and other countries granted settled status from the home office and being asked to leave the accommodation provided which results in a homeless application. In these cases, it is far more difficult to take preventative steps as notice period are likely to be short.

There is also likely to be pressure on nightly rates in the months ahead for new and existing cases because of inflationary pressures from providers. This is a London wide issue and is being tackled at a

regional and sub-regional level in terms of a strategic response to managing this issue.

The service is continuing to work on data to ascertain outstanding from Housing Benefit which could affect the forecast positively. two meetings with colleagues in benefits have already taken place in January 2023 and work is ongoing.

Table D Analysis of Housing and Temporary Accommodation Expenditure to December 2022

Housing	Total Budget 2022/23 £000	Forecast Expenditure (Dec'22) £'000	Forecast Variance (Dec'22) £'000	Forecast Variance (Nov'22) £'000	Outturn Variance (March'22) £000
Temporary Accommodation-Expenditure	2,544	4,456	1,912	1,912	1,346
Temporary Accommodation-Client Contribution	(140)	(241)	(101)	(100)	(177)
Temporary Accommodation-Housing Benefit Income	(2,087)	(3,450)	(1,363)	(1,463)	(465)
Temporary Accommodation-Subsidy Shortfall	322	1,535	1,213	1,241	838
Temporary Accommodation-Grant	0	(1,205)	(1,205)	(1,185)	(1,514)
Subtotal Temporary Accommodation	639	1,095	456	405	28
Housing Other Budgets	2,975	2,872	(103)	(108)	49
Total Controllable (Favourable)/Unfavourable Variance	3,614	3,967	353	297	77

Table E Number of Households in Temporary Accommodation in Previous years

Previous Financial Years (Month' Year)	Annual Numbers at Financial Year End
Mar'17	186
Mar'18	165
Mar'19	174
Mar'20	199
Mar'21	197
Mar'22	230

Table F Net Movement to date In Temporary Accommodation

The numbers in (TA) continues to increase since March as demonstrated below. TA numbers to December were 333 which is an increase of 31% since March 2022.

Current Financial Years (Month' Year)	Numbers In	Numbers Out	Net Movement
Apr'22	18	15	233
May'22	28	7	254
June'22	21	16	259
July'22	19	8	270
Aug'22	26	12	284
Sept'22	20	19	285
Oct'22	23	15	293
Nov'22	40	9	324
Dec'22	16	7	333

Table F above shows the total numbers in temporary accommodation (TA) to December 2022. This is a net increase of 100 since April 2022.

Table G Numbers in Temporary Accommodation as of June 2022 in neighbouring boroughs: -

Boroughs	Numbers in TA- March'22	Numbers in TA- June'22	Increase/(Decrease)
Sutton	844	846	2
Kingston	837	Not Provided	N/A
Richmond	314	349	35
Croydon	1988	1951	37
Bromley	1653	1598	(55)
Wandsworth	2894	2985	91

Statistical Data from Department of Levelling up, Housing and Communities (Extract- March and June22)

Feedback from other boroughs is that this situation is London wide since January and in some cases, there has been a doubling of homelessness applications. Other authorities are reporting heavy use of expensive hotel accommodation which has not been necessary in Merton. In Merton there have been a notably increases in applications since June as demonstrated by the figures. Merton is working with other local authorities and London Council's to make the case that London is experiencing a considerable increase in demand

Government data from the Ministry of Justice shows that during the period from June 22 to September 22 there was an 89% increase in private sector evictions across the UK compared to same quarter the previous year with 25,000 evictions up from 13,000.

Public Health –Breakeven position

The service is forecasting a breakeven position to December 2022.

Potential Cost pressures

The service has agreed a financial position for CLCH (Central London Community Health) Integrated Sexual health services to March 2024 and a financial position for CLCH children's contract (health visitors and school nurses) to March 2023. Further negotiations are required on the financial agreement for the 2023/24 children's contracts (health visiting and school nursing), including any potential inflationary increases and managing cost pressures on service.

Covid-19 Related Programmes

The team continues with the Covid-19 resilience programme, funded by the Contain Outbreak Management Fund (COMF) in 2022/23. COMF will be utilised in line with terms and conditions of the grant by March 2023.

Substance Misuse

The service also secured additional funding which is the Supplemental Substance Misuse Treatment and Recovery grant for 2022-2025 for the Department of Health and Social Care. This funding is being used in line with the grant conditions for drug and alcohol treatment and recovery. At this stage, only the 2022-23 allocation is confirmed with future years investment subject to DHSC confirmation.

CORPORATE ITEMS

The details comparing actual expenditure up to 31 December 2022 against budget are contained in Appendix 1. COVID-19 corporate expenditure is again shown on a separate line but it is intended that in future all covid related expenditure will be charged to the appropriate service:-

Corporate Items	Current Budget 2022/23 £000s	Full Year Forecast (Dec.) £000s	Forecast Variance at year end (Dec.) £000s	Forecast Variance at year end (Nov.) £000s	Outturn Variance 2021/22 £000s
Impact of Capital on revenue budget	11,066	10,947	(119)	(119)	(235)
Investment Income	(396)	(3,306)	(2,910)	(947)	(143)
Pension Fund	503	503	0	0	0
Pay and Price Inflation	1,550	10	(1,540)	(290)	(1,945)
Contingencies and provisions	19,482	15,909	(3,573)	(6,873)	(17,212)
Income Items	(4,223)	(4,223)	0	0	10
Appropriations/Transfers	(11,870)	(11,976)	(106)	(106)	1,972
Central Items	5,045	(3,084)	(8,129)	(8,216)	(17,318)
Levies	988	988	0	0	0
Depreciation and Impairment	(25,593)	(25,593)	0	0	20
TOTAL CORPORATE PROVISIONS	(8,494)	(16,742)	(8,248)	(8,335)	(17,533)
COVID-19 Emergency expenditure	0	(70)	(70)	89	235
TOTAL CORPORATE EXPENDITURE inc. COVID-19	(8,494)	(16,812)	(8,318)	(8,246)	(17,298)

Based on expenditure to 31 December 2022, a favourable variance of £8.318m including Covid (£8.248m excluding covid) is forecast for corporate expenditure items. This is a favourable movement of £0.072m including Covid (unfavourable movement of £0.087m excluding Covid) on the November forecast and the reasons for this are:-

- a) The forecast amount of investment income for 2022/23 has increased to £3.306m which means that the forecast favourable variance has increased by £1.963m to £2.910m since November. The forecast for general investment income is expected to improve by £0.488m in the remainder of 2022/23 because of the rise in interest rates. In addition, the proceeds from the sale of CHAS have been invested and are forecast to generate interest of £1.475m by the end of 2022/23.
- b) The corporate provision for the costs of the National Living Wage is not expected to be required and a further £0.250m favourable variance is forecast.
- c) The remaining provision for excess inflation of £1m will be available as a favourable variance to offset the adverse service department variance.
- d) The balance of £0.2m on the provision for loss of income from P3/P4 is not expected to be required and will result in a favourable variance.
- e) There has been a favourable movement of £0.159m in Covid-19 costs.

- f) As reported in paragraph 2.4, the Council has currently incurred net expenditure of £3.5m on a number of emergency incidents during this financial year and this will be included in corporate items pending the outcome of any claims that the Council submit for recoupment of costs.

5 Capital Programme 2022-26

- 5.1 The Table below shows the movement in the 2022/26 corporate capital programme since the last monitoring report:

Depts	Current Budget 22/23	Variance	Revised Budget 22/23	Current Budget 2023-24	Variance	Revised Budget 23/24	Current Budget 2024-25	Variance	Revised Budget 24/25	Current Budget 2025-26	Variance	Revised Budget 25/26
Corporate Services	7,015	529	7,544	20,330	(517)	19,813	5,155		5,155	12,427		12,427
Community & Housing	1,095		1,095	827		827	2,895		2,895	1,177		1,177
Children Schools & Families	9,092	165	9,257	7,967		7,967	8,737		8,737	3,479		3,479
Environment and Regeneration	12,772	(194)	12,578	11,395	1,448	12,843	6,297	125	6,422	24,913	125	25,038
Total	29,974	500	30,474	40,519	931	41,450	23,084	125	23,209	41,996	125	42,121

- 5.2 The table below summarises the position in respect of the 2022/23 Capital Programme as at December 2022. The detail is shown in Appendix 5a.

Capital Budget Monitoring - December 2022

Department	Actuals	Year to Date Budget	Variance	Final Budget 2022-23	Budget Managers Forecast Outturn 2022-23	Forecast Variance 2022-23
Corporate Services	2,155,220	2,682,438	(527,218)	7,543,780	7,543,780	0
Community and Housing	644,664	747,400	(102,736)	1,095,330	1,095,330	0
Children Schools & Families	5,530,308	4,952,481	577,828	9,257,470	9,231,870	(25,600)
Environment and Regeneration	6,015,699	7,229,946	(1,214,247)	12,577,610	12,382,104	(195,506)
Total	14,345,891	15,612,264	(1,266,373)	30,474,190	30,253,084	(221,106)

- a) Corporate Services – After the adjustments in the Table below budget managers are projecting full spend on all budgets.

<u>Corporate Services</u>		Budget 2022-23	Budget 2023-24	Narrative
		£	£	
Customer Contact- Customer Contact Programme	(1)	(144,190)	(516,910)	In accordance with Projected Spend
Customer Contact- Active Directory	(1)	235,700		In accordance with Projected Spend
Customer Contact- Data Security and Control	(1)	289,700		In accordance with Projected Spend
Customer Contact- End Use Device	(1)	53,100		In accordance with Projected Spend
Customer Contact- Virtual Desktop	(1)	82,600		In accordance with Projected Spend
Invest to Save- De-Carbonisation Scheme	(1)	12,110		Funding from grant to include retention payments
Total of all schemes being adjusted		529,020	(516,910)	

- (1) Requires Cabinet approval

- b) Community and Housing – Budget managers are projecting full spend on all budgets.

- c) Children, Schools and Families – After the adjustments in the Table below budget managers are under-forecasting full spend on all budgets.

<u>Children, Schools and Families</u>		Budget 2022-23	Narrative
		£	
CSF Safeguarding - Children's Safeguarding	(1)	165,000	Contrib to House Purchase to stop child going into SEN Residential Placement

- (1) Requires Cabinet approval

The council utilises the 'School Condition Allocation' grant from the DfE to enable the council to provide a rolling programme of capital maintenance schemes in schools. A number of movements between schemes (but within the overall programme are requested this month to reflect updated scheme costs.

There are two major completed schemes that are still subject to final account agreement, at Melrose School and the Harris Academy Wimbledon new school facilitation project (Merton Hall). Once there is agreement any further costs will require further budget approval.

Spend on Pollards Hill Digital Divide is likely to be less than budget. Spend on Family Hubs is likely to be less than budget, as likely spend is only to be on fees.

- d. Environment and Regeneration – After the adjustments in the Table below budget managers are forecasting a negative variance of £196k on their budgets. This forecast represents one over-spend and one under-spend.

	Budget 2022-23	Budget 2023-24	Budget 2024-25	Budget 2025-26	Narrative
<u>Environment and Regeneration</u>	£	£	£	£	
Street Trees - Harris Academy & High Path Street Trees	165,000				Contrib to House Purchase to stop child going into SEN Residential Placement
Highways and Footways - Accessibility Schemes	(5,000)	5,000			TfL Approved Slippage for TfL Funded Scheme
Highways and Footways - Casualty Reduction	(47,000)	34,000			TfL Approved Slippage for TfL Funded Scheme - £13k moved to Revenue
Cycle Route Improvements - Cycle access/parking	(114,000)	114,000			TfL Approved Slippage for TfL Funded Scheme
Cycle Route Improvements - Cycle Improve Residential Stre	(123,000)	116,000			TfL Approved Slippage for TfL Funded Scheme - £7k moved to Revenue
Mitcham Regeneration - SMCA Springboard		87,000			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Mitcham Regeneration - Mitcham Cricket Green		54,000			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Mitcham Regeneration - The Small Quarter Phase 2		22,000			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Mitcham Regeneration - Chapter House		33,000			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Wimbledon Regeneration Parks Investment - Kenilworth Green Pocket Park		65,000			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Wimbledon Regeneration - Cannizaro Park Valley Path		82,500			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Wimbledon Regeneration - Survive to Thrive		115,600			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Borough Regeneration - Haydons Rd Shop Front Impr	80,000				Funded by Levelling Up Grant
Borough Regeneration - Community Retrofit Loan		280,000			Funded by the Climate Change Reserve Year 2 Allocation
Borough Regeneration - Business Retrofit Support Scheme			125,000	125,000	Funded by the Climate Change Reserve Year 2 Allocation
Property Management Enhancemen- Comm Centr Engy Sving Lighting	(35,000)	35,000			NCIL funded scheme reprofiled into 2023-24
Parks Investment - Morden Park Playground		75,530			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Parks Investment - Merton Saints BMX Club		130,000			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Parks Investment - Durnsford Road Recreation Ground		44,770			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Parks Investment - Garfield Recreation Ground MUGA		120,000			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Parks Investment - Green Gym for Moreton Green		35,000			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Total	(194,000)	1,448,400	125,000	125,000	

All these adjustments require Cabinet approval

The forecast over-spend of £79k is caused by the project below:

- Highways & Footways- This is due to inflation of approx. 20% under the terms of the highways maintenance contract. It is expected that the overspend will be funded from 2023-24 block budgets within the highways area

The forecast underspend of £275k is caused by the project below:

- Mitcham Area Regeneration (Canons- Park for the People) - we are forecasting an underspend, however work needs to be done to reconcile the HLF and SCIL funding to confirm this underspend. The final accounts with both contractors has now been agreed.

Final accounts are still outstanding with some contractors on Bishopsford (Mitcham) Bridge.

5.3 During December 2022 officers spent over £1.84 million, to achieve year end spend officers would need to spend approximately £4.7 million each month to year end. Finance officers will continue to review in detail the projected outturn with budget managers, as it is currently too high. Based on expenditure patterns in previous financial years, they predict an outturn of around 24m.

5.4 Appendix 5c shows the revised funding of the proposed budget for 2022/25

5.5 The table below summarises the movement in the Capital Programme for 2022/23 since its approval in March 2022 (£000s):

Depts.	Original Budget 22/23	Net Slippage from 2021/22	Adjustments	New External Funding	New Internal Funding	Re-profiling to future years	Revised Budget 22/23
Corporate Services	8,522	5,454		622	161	(7,215)	7,544
Community & Housing	2,530	87		181	50	(1,753)	1,096
Children Schools & Families	6,441	888	422	3,230	165	(1,869)	9,277
Environment and Regeneration	15,118	3,489	(310)	1,731	1,225	(8,695)	12,557
Total	32,611	9,919	112	5,764	1,600	(19,532)	30,474

5.6 The table below compares capital expenditure (£000s) to December 2022 to that in previous years’:

Depts.	Spend To December 2019	Spend To December 2020	Spend to December 2021	Spend to December 2022	Variance 2019 to 2022	Variance 2020 to 2022	Variance 2021 to 2022
CS	1,982	1,289	1,202	2,155	173	866	954
C&H	645	298	943	645	(1)	347	(299)
CSF	6,843	1,257	5,063	5,530	(1,313)	4,273	467
E&R	5,856	6,614	7,332	6,016	160	(598)	(1,317)
Total Capital	15,327	9,458	14,541	14,346	(981)	4,888	(195)

Outturn £000s	23,161	16,930	21,776	
Budget £000s				30,474
Projected Spend December 2022 £000s				30,253
Percentage Spend to Budget				47.08%
% Spend to Outturn/Projection	66.18%	55.86%	66.77%	47.42%
Monthly Spend to Achieve Projected Outturn £000s				4,736

5.7 December is three quarters of the way through the financial year and departments have spent just over 47% of the budget. Spend to date is higher than one of the three previous financial years. Finance officers currently project that outturn will be just under £24m.

Department	Spend To November 2022 £	Spend To December 2022 £	Increase £
CS	1,442,571	2,155,220	712,649
C&H	556,294	644,664	88,371
CSF	4,990,998	5,530,308	539,310
E&R	5,519,647	6,015,699	496,052
Total Capital	12,509,510	14,345,891	1,836,381

5.8 Appendix 5d summarises the 21 proposed Neighbourhood CIL allocations from this year’s bidding process totalling £1,324,209. Bids have been split between revenue and capital allocations and anticipated financial years. Capital allocations have been added to the programme as part of this monitoring. Cabinet is being requested to approve the 9 revenue bids totalling £459,809, they will be added to revenue budgets appropriately.

5. DELIVERY OF 2022/23 SAVINGS

Department	Target Savings 2022/23	Projected Savings 2022/23	2022/23 Expected Shortfall
	£000	£000	£000
Corporate Services	465	380	85
Children Schools and Families	378	178	200
Community and Housing	1,659	405	1,254
Environment and Regeneration	523	393	130
Total	3,025	1,356	1,669

Appendix 6 provides a breakdown on Directorate savings.

1) CONSULTATION UNDERTAKEN OR PROPOSED

- All relevant bodies have been consulted.

2) TIMETABLE

- Following current financial reporting timetables.

3) FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- All relevant implications have been addressed in the report.

4) LEGAL AND STATUTORY IMPLICATIONS

- All relevant implications have been addressed in the report.

5) HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- Not applicable

6) CRIME AND DISORDER IMPLICATIONS

- Not applicable

7) RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

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

- **APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS**

REPORT AND FORM PART OF THE REPORT

Appendix 1-	Detailed Corporate Items table
Appendix 2 –	Pay and Price Inflation
Appendix 3 –	Treasury Management: Outlook
Appendix 4 -	Miscellaneous Debt
Appendix 5a –	Current Capital Programme
Appendix 5b -	Detail of Virements
Appendix 5c -	Summary of Capital Programme Funding
Appendix 5d	Summary of Proposed Neighbourhood CIL Allocations 2023-24 Bidding
Appendix 6-	Progress on Savings 2022/23 (revised and simplified format)

8) BACKGROUND PAPERS

- Budgetary Control files held in the Corporate Services department.

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APPENDIX 1

3E. Corporate Items	Council 2022/23 £000s	Current Budget 2022/23 £000s	Year to Date Budget (Dec.) £000s	Year to Date Actual (Dec.) £000s	Full Year Forecast (Dec.) £000s	Forecast Variance at year end (Dec.) £000s	Forecast Variance at year end (Nov.) £000s	Outturn Variance 2021/22 £000s
Cost of Borrowing	11,066	11,066	6,455	3,723	10,947	(119)	(119)	(235)
Impact of Capital on revenue budget	11,066	11,066	6,455	3,723	10,947	(119)	(119)	(235)
Investment Income	(396)	(396)	(231)	(1,035)	(3,306)	(2,910)	(947)	(143)
Pension Fund	503	503	251	0	503	0	0	0
Corporate Provision for Pay Award	3,468	(2,450)	(1,225)	0	(490)	1,960	1,960	(195)
Corporate Provision for National Minimum Wage	1,500	1,500	750	0	0	(1,500)	(1,250)	(1,500)
Provision for excess inflation	2,500	2,500	1,250	0	500	(2,000)	(1,000)	(250)
Pay and Price Inflation	7,468	1,550	775	0	10	(1,540)	(290)	(1,945)
Contingency	1,500	958	479	0	418	(540)	(540)	(488)
Bad Debt Provision	1,500	1,500	750	0	1,500	0	0	(2,397)
Loss of income arising from P3/P4	400	400	200	0	0	(400)	(200)	(200)
Loss of HB Admin grant	23	23	11	0	23	0	0	(23)
Apprenticeship Levy	450	450	225	90	450	0	0	(69)
Revenuisation and miscellaneous	6,028	5,608	2,804	3,912	5,715	107	(3,393)	(3,153)
Growth - Provision against DSG	10,543	10,543	5,272	0	7,803	(2,740)	(2,740)	(10,882)
Contingencies and provisions	20,444	19,482	9,741	4,003	15,909	(3,573)	(6,873)	(17,212)
Other income	0	0	0	(14)	0	0		10
CHAS IP/Dividend	(2,223)	(4,223)	(2,112)	(2,240)	(4,223)	0		0
Income items	(2,223)	(4,223)	(2,112)	(2,254)	(4,223)	0	0	10
Appropriations: CS Reserves	(2,167)	(3,200)	(1,600)	(1,032)	(3,200)	0	0	0
Appropriations: E&R Reserves	(1,314)	(1,496)	(748)	(46)	(1,496)	0	0	0
Appropriations: CSF Reserves	(300)	(340)	(170)	(40)	(340)	0		0
Appropriations: C&H Reserves	(104)	(104)	(52)	0	(104)		0	0
Appropriations: Public Health	(93)	(93)	(47)	0	(93)	0	0	0
Appropriations: Corporate Reserves	(8,636)	(6,636)	(3,318)	1,476	(6,742)	(106)	(106)	1,972
Appropriations/Transfers	(12,615)	(11,870)	(5,935)	357	(11,976)	(106)	(106)	1,972
Depreciation and Impairment	(25,593)	(25,593)	0	0	(25,593)	0	0	20
Central Items	(1,347)	(9,482)	8,945	4,795	(17,730)	(8,248)	(8,335)	(17,533)
Levies	988	988	494	988	988	0	0	0
TOTAL CORPORATE PROVISIONS	(359)	(8,494)	9,439	5,783	(16,742)	(8,248)	(8,335)	(17,533)
COVID-19 Emergency expenditure	0	0	0	(70)	(70)	(70)	89	235
TOTAL CORPORATE EXPENDITURE inc. COVID-19	(359)	(8,494)	9,439	5,713	(16,812)	(8,318)	(8,246)	(17,298)

Pay and Price Inflation as at December 2022 Monitoring

In 2022/23, the budget includes 2% for increases in pay and 2.5% for increases in general prices, with an additional amount of £2.5m which will be held to assist services that may experience price increases greatly in excess of the inflation allowance provided when setting the budget. With CPI inflation currently at 10.7% and RPI at 14.0% and the Council's overall revenue budget under extreme pressure, this budget will be retained as cover and only released in exceptional circumstances.

Pay:

As reported to Cabinet in December 2022, for 2022/23 the final pay award has now been agreed based on the National Employers' one-year (1 April 2022 to 31 March 2023), final offer. Although 2% was included in the approved budget 2022/23, it was clear that this would be insufficient given the current cost of living and high inflation rates and the agreed pay award of c.6% is estimated to cost an additional £3.960m

Prices:

The Consumer Prices Index (CPI) rose by 10.5% in the 12 months to December 2022, down from 10.7% in November. CPI rose by 0.4% in December 2022, compared with a rise of 0.5% in December 2021. The largest downward contribution to the change in both the CPIH and CPI annual inflation rates between November and December 2022 came from transport (particularly motor fuels), clothing and footwear, and recreation and culture, with rising prices in restaurants and hotels, and food and non-alcoholic beverages making the largest partially offsetting upward contributions. The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 9.2% in the 12 months to December 2022, down from 9.3% in November. The largest upward contributions to the annual CPIH inflation rate in December 2022 came from housing and household services (principally from electricity, gas, and other fuels), and food and non-alcoholic beverages. The RPI rate for December 2022 was 13.4%, down from 14.0% in November 2022.

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. The MPC currently uses two main monetary policy tools. First, they set the interest rate that banks and building societies earn on deposits, or 'reserves', placed with the Bank of England – this is Bank Rate. Second, the MPC can buy government and corporate bonds, financed by the issuance of central bank reserves – this is asset purchases or quantitative easing.

At its meeting ending on 14 December 2022, the MPC voted by a majority of 6-3 to increase Bank Rate by 0.5 percentage points, to 3.5%. Two members preferred to maintain Bank Rate at 3%, and one member preferred to increase Bank Rate by 0.75 percentage points, to 3.75%.

In the minutes to the meeting, the MPC state that In the "November Monetary Policy Report projections, conditioned on the elevated path of market interest rates at that time, the UK economy was expected to be in recession for a prolonged period and CPI inflation was expected to remain very high in the near term. Inflation was expected to fall sharply from mid-2023, to some way below the 2% target in years two and three of the projection. This reflected a negative contribution from energy prices, as well as the emergence of an increasing degree of economic slack and a steadily rising unemployment rate. The risks around that declining path for inflation were judged to be to the upside. Domestic wage and price pressures are elevated. There has been limited news in other domestic and global economic data relative to the November Report projections.

The MPC has concerns about domestic wage and price pressures which it describes as elevated. In underlining their decision to increase the Base Rate by 0.5% the MPC say that “both services price inflation and private sector regular wage growth had increased significantly over the second half of the year, with the latter continuing to surprise on the upside since the November Report. There remained a risk that, following a protracted period of high inflation, inflation expectations could be slow to adjust downwards to target-consistent levels once external cost pressures had passed. Although activity in the economy was clearly weakening, there were some signs that it was more resilient than had been expected and it was therefore uncertain how quickly the labour market would loosen.”

The next MPC decision on the Bank Base Rate will be on 2 February 2023.

In its November 2022 Monetary Policy Report the MPC has provided the following forecast for CPI inflation up to the end of 2025 based on its latest assessment of the economic outlook:-

Bank of England (MPC) Quarterly Central Projection - CPI Inflation (November 2022)

%	2022 Qtr.4	2023 Qtr.1	2023 Qtr.2	2023 Qtr.3	2023 Qtr.4	2024 Qtr.1	2024 Qtr.2	2024 Qtr.3	2024 Qtr.4	2025 Qtr.1	2025 Qtr.2	2025 Qtr.3	2025 Qtr.4
CPI	10.9	10.1	9.5	7.9	5.2	4.0	1.1	1.2	1.4	1.2	0.8	0.6	0.0

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 (January 2023)

	Lowest %	Highest %	Average %
2022 (Quarter 4)			
CPI	8.9	11.2	10.7
RPI	11.6	18.6	13.7
LFS Unemployment Rate	3.5	4.1	3.7
2023 (Quarter 4)			
CPI	2.3	7.4	5.0
RPI	4.1	11.0	6.8
LFS Unemployment Rate	3.2	5.5	4.5

Note the wide range between highest and lowest forecasts which reflects the volatility and uncertainty arising from volatile fuel and utility costs impacting on the cost of living 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 2022 to 2026 are summarised in the following table:-

Source: HM Treasury - Forecasts for the UK Economy (November 2022)					
	2022	2023	2024	2025	2026
	%	%	%	%	%
CPI	9.0	7.4	3.2	2.6	2.7
RPI	10.4	9.0	4.1	4.0	3.9
LFS Unemployment Rate	3.7	4.2	4.3	4.1	4.2

Treasury Management: Outlook

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

The MPC currently uses two main monetary policy tools.

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

As previously reported, at its meeting ending on 14 December 2022, the MPC increased Bank Rate by 0.5 percentage points, to 3.5%.

The next Bank of England MPC base rate decision is on 2 February 2023.

At the same time as announcing the November Base Rate decision, the MPC also published the November Monetary Policy Report, in which the MPC's updated projections for activity and inflation describe a very challenging outlook for the UK economy.

In terms of the outlook the MPC's view is that "most indicators of global supply chain bottlenecks have eased, but global inflationary pressures remain elevated. Advanced-economy government bond yields have fallen, particularly at longer maturities. The sterling effective exchange rate has appreciated by around 2¾%. There has been some reduction in UK fixed-term mortgage rates since the Committee's previous meeting, but rates remain materially higher than in the summer."

The MPC will continue to use interest rates as its key weapon in their efforts to return inflation to its target of 2% and state that "

In the November 2022 Monetary Policy Report, the MPC's overall forecast summary is as follows:-

	2022(Qtr.4)	2023(Qtr.4)	2024(Qtr.4)	2025(Qtr.4)
	%	%	%	%
GDP	0.2	-1.9	-0.1	0.2
CPI	10.9	5.2	1.4	0.0
LFS Unemployment Rate	3.7	4.9	5.9	6.4
Excess supply/Excess demand	0.75	-2.5	-3.0	-3.0
Bank Rate	3.0	5.2	4.7	4.4

In producing their forecast, the MPC have included the following key judgements and risks:-

Key judgement 1: there has been a material tightening in financial conditions, including the elevated path of market interest rates. In addition, high energy prices continue to weigh on spending, despite an assumption of some fiscal support for household energy bills over the next two years. As a result, the UK economy is expected to remain in recession throughout 2023 and 2024 H1, and GDP is expected to recover only gradually thereafter.

Key judgement 2: although there is judged to be a greater margin of excess demand currently, continued weakness in spending leads to an increasing degree of economic slack emerging from 2023 H1, including a rising unemployment rate.

Key judgement 3: despite a decline in global price pressures and a significant fall in the contribution of household energy prices to CPI inflation, domestic inflationary pressures remain strong over the next year. But an increasing degree of economic slack depresses domestic pressures further out. Conditioned on the elevated path of market interest rates, CPI inflation declines to below the 2% target in the medium term, although the Committee judges that the risks to the inflation projections are skewed to the upside.

The next Monetary Policy report will be in February 2023.

The Chancellor of the Exchequer has announced that the Spring Budget 2023 will take place on Wednesday 15 March. The Office for Budget Responsibility will also release the latest outlook for the economy and public finances on the same day.

Appendix 4 Miscellaneous Debt Report

Subject: Miscellaneous Debt Update December 2022

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

- 1.1 A breakdown of departmental net miscellaneous debt arrears, as at 31 December 2022, is shown in column F of the table below.

Sundry Debtors aged balance – 31 December 2022 – (not including debt that is less than 30 days old)

Department A	30 days to 6 months B	6 months to 1 year C	1 to 2 years D	Over 2 years E	Dec 22 arrears F	Sept 22 arrears	Direction of travel
	£	£	£	£	£	£	
Env & Regeneration	£6,084,963	£1,204,229	£628,702	£562,503	£8,480,397	£11,565,943	↓
Corporate Services	£590,406	£94,099	£158,569	£159,160	£1,002,234*	£522,422	↑
Housing Benefits	£175,710	£193,243	£560,546	£3,086,159	£4,015,658	£4,116,703	↓
Children, Schools & Families	£1,170,314	£83,916	£117,867	£394,153	£1,766,250	£1,278,460	↑
Community & Housing	£1,009,016	£1,124,171	£947,583	£1,188,870	£4,269,640	£4,280,096	↓
Total	£9,030,409	£2,699,658	£2,413,267	£5,390,845	£18,531,945	£21,763,624	↓

- 1.2 Since the position was last reported on 30 September 2022, the net level of arrears, i.e. invoices over 30 days old, has reduced by £2.230m.
- 1.3 This decrease is mainly due to the reduction in Community Infrastructure Levy (CIL) debt, which has reduced by £3.1m. This is shown in the overall reduction in arrears for Environment and Regeneration department.
- 1.4 The debt recovery team continue to proactively pursue all outstanding sundry debt, working with service departments and this has resulted in a reduction in arrears in Environment and Regeneration and Community and Housing, from September to December 2022.
- 1.5 There has been an increase in Corporate Services debt due to some larger invoices coming through in Legal Services which are showing as over 30 days old.
* NB. Payment of over £400,000 has been received as at 23 January 2023, so the overall figure has reduced.

2. OTHER CORPORATE DEBTS

- 2.1 Recovery action for unpaid council tax and business rates has returned to the normal timetable following the necessary suspension of action whilst we administered the Government’s energy rebate payments. Housing benefit overpayments continue to be

reviewed according to the age of debt. The collection of parking PCN's is continuing as normal including enforcement action.

2.2 Council Tax

- 2.3 At the end of December 2022 the in-year collection rate is 82.60%. This is down by 1.16% from December 2021. The net collectable debt for 2022/23 is £140 million, 1.16% equates to £1,62m shortfall in council tax income. Merton's share of this shortfall is £1.16m.
- 2.4 It was not possible to undertake the normal recovery action this financial year until the end of July 2022. This was due to the way the energy rebate scheme has been implemented, via a credit or refund on council tax accounts. Every property in bands A to D had a credit of £150 allocated to the council tax account, which was identified as a payment until the resident applied for a refund. At the end of June 2022, there were over 10,000 accounts where the credit had not been refunded, and we could not proceed with recovery action until these amounts were offset against council tax liability and a new bill issued. This was completed by the middle of July 2022.
- 2.5 The normal recovery process then resumed with the issue of reminders for the current year, and final notices for arrears from previous years. Although recovery of arrears and current year debt has recommenced there has been a backlog of cases to deal with and we have had to limit the number of summonses issued for each court hearing in accordance with the Magistrates' court instructions. We have 3 more court hearings scheduled in January, February and March 2023, and expect the collection rate to improve by the end of the year.
- 2.6 There has been a reduction in council tax arrears from previous years. This has been achieved by targeting of arrears and entering into arrangements to pay with residents. The enforcement agents have also been more successful now that restrictions due to COVID-19 have been lifted fully.
- 2.7 On 31 December 2022, out of 22 London boroughs who took part in a survey, Merton was ranked sixth for current year council tax collection. 1.94% behind Sutton and 1.59% ahead of Wandsworth.

2.8 Business Rates

- 2.9 The net collectable debt for 2022/23 is £87.4 million. At the end of December 2022, the in-year collection rate is 82.42% which is 7.69% up on the position as at December 2021.
- 2.10 Collection of arrears from previous years has improved following the COVID-19 pandemic. We had allowed businesses to defer payments of debts from 2020/21 and 2021/22, and a large amount of this has been collected by extended instalment arrangements. Some debts from 2020/21 are on longer term arrangements where businesses are still recovering.
- 2.11 Businesses that are eligible for the extended retail and hospitality rate relief continue to benefit from a 50% reduction in their rates up to a cap £110,000. (This is being increased to 75% for 2023/24 with the same cap amount.)
- 2.12 Normal recovery action has taken place, although where businesses are contacting us for help, we are continuing to defer some payments for both this year and last year. Reminders

and summonses have been issued and we have obtained Liability Orders for non-payment against some businesses. Selected cases have been passed to the enforcement team for collection throughout the year, and this will continue during the final quarter.

2.13 As at 31 December 2022, out of 22 London boroughs who took part in the survey, Merton was ranked eleventh for business rates collection. 3.03% behind Sutton and 0.45% behind Wandsworth.

2.14 **Sundry Debt**

2.15 As detailed in the table above in 1.2, the debts older than 30 days for all departments has decreased by £2.2m.

2.16 Adult Social Care debt has decreased from £3.61m at the end of September 2022, to £3.48m at the end of December 2022. A decrease of £1.30 m.

2.17 The overall trend is that Adult Social Care debt has reduced over the past two years. In September 2020, the debt was £4.255 million, and the current debt is £4.106 million. The improvements to working processes, targeted collection, increased legal action and ongoing monitoring has contributed to the improvement.

2.18 **Housing Benefit Overpayments**

2.19 Housing Benefit overpayment debt has reduced from £6.540 million in September 2022 to £6.476 million at the end of December 2022. See table 3 below.

£1.5m of this is being recovered from ongoing benefit, and £898k is subject to possible appeal or a further benefit claim is pending.

The remaining £4.037 m is broken down by age of debt as follows:

0-30 days	£78,393
31-60 days	£64,581
61-90 days	£17,885
91-180 days	£93,243
181-365 days	£192,244
1-2 years	£560,546
2-7 years	£2,027,597
Over 7 years	£1,005,525

Of this debt, £2.061m is being collected by instalments over varying periods of time. These instalment arrangements are monitored regularly with regards to increasing the payments and shortening the length of the arrangement duration.

2.20 A large proportion of the debts not being paid by instalments over seven years old. These debts are being reviewed to establish where collection may be possible, however it is likely that some will have to be written off as uncollectable.

3. TOTAL DEBT DUE TO MERTON

The total amount due to Merton as of 31 December 2022 is detailed in the table below.

Total debt outstanding as of 31 December 2022 and compared with previous periods over the past 15 months

	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22
	£	£	£	£	£	£
Miscellaneous sundry debt Note 1	19,775,064	17,859,937	16,386,203	14,612,811	20,781,587	22,299,172
Housing Benefit debt	6,995,264	6,784,811	6,735,283	6,619,790	6,540,457	6,476,520
Parking Services	4,724,415	4,975,404	4,852,027	4,812,642	5,462,965	5,406,717
Council Tax	8,579,459	7,858,125	11,789,747	10,541,078	9,704,541	8,734,348
Business Rates	5,258,727	3,003,815	5,615,872	4,327,340	3,956,959	2,555,828
Total	45,332,929	40,482,092	45,379,132	40,913,661	46,446,509	45,472,585

(Note 1 The amount shown against miscellaneous sundry debt above differs from the amount shown in table 1 as it shows all debt, including debt which is less than 30 days old.)

- 3.1 The overall debt outstanding reduced by almost £1m since last reported at the end of September 2022, due to a reduction in Environment and Regeneration debt (community infrastructure levy).
- 3.2 Detailed breakdowns of the Council Car Parking figures as at 31 December 2022 are shown in the table below:

Age of Debt

Age of Debt	Outstanding £	Number of PCNs	Average Value £
0-3 months	£1,209,356	11656	£105
3-6 months	£954,363	5483	£175
6-9 months	£825,259	4327	£190
9-12 months	£602,539	3143	£190
12-15 months	£616,924	3272	£190
Older than 15 months	£1,198,275	6453	£190
Total December 2022	£5,406,717	34334	£175

Total at 30 September 2022	£5,462,965	35013
Decrease	£56,248	679

APPENDIX AUTHOR – Sara Murtagh (020 8545 3479/sara.murtagh@merton.gov.uk)

Capital Budget Monitoring – December 2022

Description	Actuals	Year to Date Budget	Variance	Current Budget 2022-23	Forecast Outturn 2022-23	Forecast Variance 2022-23
Capital	14,345,891	15,612,264	(1,266,373)	30,474,190	30,253,084	(221,106)
Corporate Services	2,155,220	2,682,438	(527,218)	7,543,780	7,543,780	0
Customer Contact Programme	296,268	0	296,268	1,885,910	1,885,910	0
Works to other buildings	443,179	623,591	(180,412)	822,570	775,706	(46,864)
Civic Centre	28,497	210,000	(181,503)	773,000	819,864	46,864
Invest to Save schemes	296,449	596,393	(299,944)	816,670	816,670	0
Business Systems	63,934	297,500	(233,566)	582,940	582,940	0
Social Care IT System	98,710	0	98,710	281,000	281,000	0
Disaster recovery site	82,226	94,080	(11,854)	94,080	94,080	0
Planned Replacement Programme	376,096	860,874	(484,778)	1,229,820	1,229,820	0
Acquisitions Budget	469,860	0	469,860	469,050	469,050	0
Westminster Ccl Coroners Court	0	0	0	588,740	588,740	0
Community and Housing	644,664	747,400	(102,736)	1,095,330	1,095,330	0
Disabled Facilities Grant	644,664	737,800	(93,136)	1,066,330	1,066,330	0
Major Library Projects	0	0	0	5,000	5,000	0
Libraries IT	0	9,600	(9,600)	24,000	24,000	0

Capital Budget Monitoring – December 2022

Description	Actuals	Year to Date Budget	Variance	Current Budget 2022-23	Forecast Outturn 2022-23	Forecast Variance 2022-23
Children Schools & Families	5,530,308	4,952,481	577,828	9,237,970	9,212,370	(25,600)
Primary Schools	1,361,441	1,907,395	(545,954)	2,602,210	2,602,210	0
Hollymount	565	55,000	(54,435)	55,000	55,000	0
West Wimbledon	114,990	110,360	4,630	140,000	140,000	0
Hatfeild	69,126	118,840	(49,714)	120,090	120,090	0
Hillcross	108,606	110,500	(1,894)	186,000	186,000	0
Joseph Hood	3,116	53,000	(49,884)	53,000	53,000	0
Dundonald	7,548	1,000	6,548	10,000	10,000	0
Merton Park	(809)	0	(809)	0	0	0
Pelham	90,147	89,055	1,092	110,000	110,000	0
Poplar	3,055	30,000	(26,945)	40,000	40,000	0
Wimbledon Chase	99,740	102,000	(2,260)	210,000	210,000	0
Wimbledon Park	48,034	106,280	(58,246)	130,030	130,030	0
Abbotsbury	103,778	94,208	9,570	127,000	127,000	0
Malmesbury	39,904	36,383	3,521	47,000	47,000	0
Morden	13,117	56,250	(43,133)	75,000	75,000	0
Bond	42,239	31,970	10,269	46,000	46,000	0
Cranmer	80,468	184,080	(103,612)	250,830	250,830	0
Gorringe Park	55,801	40,500	15,301	55,500	55,500	0
Haslemere	119,925	239,040	(119,115)	304,040	304,040	0
Liberty	(487)	0	(487)	80,490	80,490	0
Links	90,480	62,750	27,730	98,000	98,000	0
Singlegate	103,235	95,000	8,235	105,000	105,000	0
St Marks	10,603	13,760	(3,157)	45,060	45,060	0
Lonesome	143,938	139,000	4,938	171,000	171,000	0
Sherwood	17,491	106,400	(88,909)	110,150	110,150	0
William Morris	(3,170)	32,020	(35,190)	33,020	33,020	0

Capital Budget Monitoring – December 2022

Description	Actuals	Year to Date Budget	Variance	Current Budget 2022-23	Forecast Outturn 2022-23	Forecast Variance 2022-23
Secondary	100,081	178,550	(78,469)	288,510	288,510	0
Harris Academy Morden	0	50,000	(50,000)	135,000	135,000	0
Harris Academy Merton	0	34,170	(34,170)	34,170	34,170	0
Raynes Park	70,358	34,750	35,608	74,000	74,000	0
Ricards Lodge	14,040	21,610	(7,570)	15,200	15,200	0
Rutlish	13,964	23,080	(9,116)	15,200	15,200	0
Harris Academy Wimbledon	1,720	14,940	(13,220)	14,940	14,940	0
SEN	3,798,864	2,574,106	1,224,758	4,986,160	4,986,160	0
Perseid	149,898	222,610	(72,712)	249,490	249,490	0
Cricket Green	(15,000)	39,040	(54,040)	39,040	39,040	0
Melrose	368,918	72,750	296,168	589,000	589,000	0
Melrose Whatley Ave SEN	2,505,362	50,000	(47,884)	3,079,020	3,079,020	0
Unlocated SEN	26,322	1,525,073	1,004,495	0	0	0
Melbury College - Smart Centre	138,521	124,500	14,021	155,000	155,000	0
Medical PRU	340,864	201,700	139,164	431,700	431,700	0
Mainstream SEN (ARP)	283,979	318,433	(34,454)	422,910	422,910	0
Perseid Lower School	0	20,000	(20,000)	20,000	20,000	0
Other	269,922	292,430	(22,508)	1,380,590	1,354,990	(25,600)
CSF Safeguarding	295	14,000	(13,705)	231,000	231,000	0
Devolved Formula Capital	265,293	235,830	29,463	1,081,990	1,081,990	0
Children's Centres	279	25,000	(24,721)	40,000	30,000	(10,000)
Youth Provision	4,055	17,600	(13,545)	27,600	12,000	(15,600)

Capital Budget Monitoring – December 2022

Description	Actuals	Year to Date Budget	Variance	Current Budget 2022-23	Forecast Outturn 2022-23	Forecast Variance 2022-23
Environment and Regeneration	6,015,699	7,229,946	(1,214,247)	12,577,610	12,382,104	(195,506)
On Street Parking - P&D	183,349	216,000	(32,651)	386,000	386,000	(0)
Off Street Parking - P&D	53,171	99,775	(46,604)	100,000	100,000	0
CCTV Investment	106,180	181,000	(74,820)	265,860	265,860	0
Public Protection and Developm	0	25,000	(25,000)	50,000	50,000	0
Fleet Vehicles	0	0	0	0	0	0
Alley Gating Scheme	0	20,000	(20,000)	46,000	46,000	0
Waste SLWP	219,259	238,000	(18,741)	340,000	340,000	0
Street Trees	33,273	0	33,273	153,990	153,990	0
Raynes Park Area Roads	6,666	0	6,666	43,500	43,500	0
Highways & Footways	3,288,081	3,599,898	(311,817)	6,060,010	6,139,922	79,912
Cycle Route Improvements	345,065	275,583	69,482	600,640	600,640	0
Mitcham Area Regeneration	221,445	454,265	(232,820)	648,950	373,500	(275,450)
Wimbledon Area Regeneration	398,347	678,741	(280,394)	1,035,870	1,035,870	0
Morden Area Regeneration	0	0	0	150,000	150,000	0
Borough Regeneration	393,629	256,298	137,331	587,140	587,140	0
Property Management Enhancemen	0	20,000	(20,000)	0	0	0
Wimbledon Park Lake and Waters	402,745	364,147	38,598	530,210	530,210	0
Sports Facilities	34,482	185,654	(151,172)	265,220	265,220	0
Parks	330,006	615,585	(285,579)	1,314,220	1,314,252	32

Virement, Re-profiling and New Funding - December 2022

Appendix 5b

		2022/23 Budget	Virements	Funding Adjustments	Reprofiling	Revised 2022/23 Budget	2023/24 Budget	Movement	Revised 2023/24 Budget	Narrative
		£	£		£	£	£		£	
Corporate Services										
Customer Contact- Customer Contact Programme		144,190	(144,190)			0	1,000,000	(516,910)	483,090	Virement in accordance with Projected Spend- Capitalised Salaries
Customer Contact- Active Directory		0	144,190		91,510	235,700	0		0	Virement in accordance with Projected Spend- Capitalised Salaries
Customer Contact- Data Security and Control		0			289,700	289,700	0		0	Virement in accordance with Projected Spend- Capitalised Salaries
Customer Contact- End Use Device		0			53,100	53,100	0		0	Virement in accordance with Projected Spend- Capitalised Salaries
Customer Contact- Virtual Desktop		0			82,600	82,600	0		0	Virement in accordance with Projected Spend- Capitalised Salaries
Invest to Save- De-Carbonisation Scheme	(1)	194,810		12,110		206,920				Funding from grant to include retention payments
Children, Schools and Families										
CSF Safeguarding - Children's Safeguarding	(1)	0		165,000		165,000			0	Contrib to House Purchase to stop child going into SEN Residential Placement
Environment and Regeneration										
Street Trees - Harris Academy & High Path Street Trees	(1)	0		50,000		50,000			0	New S106 Project
Highways and Footways - Accessibility Schemes	(1)	151,380			(5,000)	146,380	0	5,000	5,000	TfL Approved Slippage for TfL Funded Scheme
Highways and Footways - Casualty Reduction	(1)	216,000		(13,000)	(34,000)	169,000	0	34,000	34,000	TfL Approved Slippage for TfL Funded Scheme - £13k moved to Revenue
Cycle Route Improvements - Cycle access/parking	(1)	114,000			(114,000)	0	45,000	114,000	159,000	TfL Approved Slippage for TfL Funded Scheme
Cycle Route Improvements - Cycle Improve Residential Stre	(1)	203,970		(7,000)	(116,000)	80,970	0	116,000	116,000	TfL Approved Slippage for TfL Funded Scheme - £7k moved to Revenue
Mitcham Regeneration - SMCA Springboard	(1)	0				0	0	87,000	87,000	Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Mitcham Regeneration - Mitcham Cricket Green	(1)	0				0	0	54,000	54,000	Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Mitcham Regeneration - The Small Quarter Phase 2	(1)	0				0	0	22,000	22,000	Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Mitcham Regeneration - Chapter House	(1)	0				0	0	33,000	33,000	Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Wimbledon Regeneration - Kenilworth Green Pocket Park	(1)	0				0	0	65,000	65,000	Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Wimbledon Regeneration - Cannizaro Park Valley Path	(1)	0				0	0	82,500	82,500	Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Wimbledon Regeneration - Survive to Thrive	(1)	0				0	0	115,600	115,600	Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Borough Regeneration - Haydons Rd Shop Front Impr	(1)	323,130		80,000		403,130	0		0	Funded by Levelling Up Grant
Borough Regeneration - Community Retrofit Loan	(1)	0				0	0	280,000	280,000	Funded by the Climate Change Reserve Year 2 Allocation
Property Management Enhancement- Comm Centr Engy Svin	(1)	35,000			(35,000)	0	0	35,000	35,000	NCIL funded scheme reprofiled into 2023-24
Parks Investment - Morden Park Playground	(1)	0				0	0	75,530	75,530	Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Parks Investment - Merton Saints BMX Club	(1)	0				0	0	130,000	130,000	Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Parks Investment - Durnsford Road Recreation Ground	(1)	0				0	0	44,770	44,770	Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Parks Investment - Garfield Recreation Ground MUGA	(1)	0				0	0	120,000	120,000	Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Parks Investment - Green Gym for Moreton Green	(1)	0				0	0	35,000	35,000	Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Total		1,382,480	0	287,110	212,910	1,882,500	1,045,000	931,490	1,976,490	

(1) Requires Cabinet approval

(2) Requires Council Approval

Virement, Re-profiling and New Funding - December 2022

		2024/25 Budget	Movement	Revised 2024/25 Budget	2025/26 Budget	Movement	Revised 2025/26 Budget	Narrative
		£	£	£	£		£	
Environment and Regeneration								
Borough Regeneration - Business Retrofit Support Scheme	(1)	0	125,000	125,000	0	125,000	125,000	Funded by the Climate Change Reserve Year 2 Allocation
Total		0	125,000	125,000	0	125,000	125,000	

(1) Requires Cabinet approval

(2) Requires Council Approval

Capital Programme Funding Summary 2022/23

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Proposed November Monitoring	10,847	19,127	29,974
<u>Corporate Services</u>			
Customer Contact- Active Directory	92	0	92
Customer Contact- Data Security and Control	290	0	290
Customer Contact- End Use Device	53	0	53
Customer Contact- Virtual Desktop	83	0	83
Invest to Save- De-Carbonisation Scheme	0	12	12
<u>Children, Schools and Families</u>			
CSF Safeguarding - Children's Safeguarding	165	0	165
<u>Environment and Regeneration</u>			
Street Trees - Harris Academy & High Path Street Trees	50	0	50
Highways and Footways - Accessibility Schemes	0	(5)	(5)
Highways and Footways - Casualty Reduction	0	(47)	(47)
Cycle Route Improvements - Cycle access/parking	0	(114)	(114)
Cycle Route Improvements - Cycle Improve Residential Stre	0	(123)	(123)
Borough Regeneration - Haydons Rd Shop Front Impr	0	80	80
Property Management Enhancemen- Comm Centr Engy Sving Lighting	(35)	0	(35)
Proposed December Monitoring	11,544	18,930	30,474

Capital Programme Funding Summary 2023/24

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Proposed November Monitoring	14,248	26,271	40,519
<u>Corporate Services</u>			
Customer Contact- Customer Contact Programme	(517)	0	(517)
<u>Environment and Regeneration</u>			
Highways and Footways - Accessibility Schemes	0	5	5
Highways and Footways - Casualty Reduction	0	34	34
Cycle Route Improvements - Cycle access/parking	0	114	114
Cycle Route Improvements - Cycle Improve Residential Stre	0	116	116
Mitcham Regeneration - SMCA Springboard	87	0	87
Mitcham Regeneration - Mitcham Cricket Green	54	0	54
Mitcham Regeneration - The Small Quarter Phase 2	22	0	22
Mitcham Regeneration - Chapter House	33	0	33
Wimbledon Regeneration - Kenilworth Green Pocket Park	65	0	65
Wimbledon Regeneration - Cannizaro Park Valley Path	83	0	83
Wimbledon Regeneration - Survive to Thrive	116	0	116
Borough Regeneration - Community Retrofit Loan	280	0	280
Property Management Enhancemen- Comm Centr Engy Sving Lighting	35	0	35
Parks Investment - Morden Park Playground	76	0	76
Parks Investment - Merton Saints BMX Club	130	0	130
Parks Investment - Durnsford Road Recreation Ground	45	0	45
Parks Investment - Garfield Recreation Ground MUGA	120	0	120
Parks Investment - Green Gym for Moreton Green	35	0	35
Proposed December Monitoring	14,910	26,540	41,450

Capital Programme Funding Summary 2024/25

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Budget	11,342	11,742	23,084
<u>Environment and Regeneration</u>			
Borough Regeneration - Business Retrofit Support Scheme	125	0	125
December 2022 Monitoring	11,467	11,742	23,209

Capital Programme Funding Summary 2025/26

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Budget	36,830	5,166	41,996
<u>Environment and Regeneration</u>			
Borough Regeneration - Business Retrofit Support Scheme	125	0	125
Proposed December 2022 Monitoring	36,955	5,166	42,121

Proposed Civic Pride - Investing in Neighbourhoods Allocations 2023-24

Appendix 5D

Bid ID	Project name	Neighbourhood Zone	Primary Priority	Recommended allocation amount	2023-24 Capital £	2023-24 Revenue £
2&3	Repairs to Grade II Listed Tudor Wall St. Mary's Merton Park Churchyard	Morden	1	20,000		20,000
4	Community Champions, more sustainable Merton	all	2	51,836		51,836
5	Merton Garden Streets 2023	all	1	35,373		35,373
6	Merton Sports Coaching Academy	all	3	144,275		144,275
7	Springboard – SMCA working for the community	Mitcham	1	87,000	87,000	
8	Towards Employment	all	1	74,960		74,960
10	Kenilworth Green SuDS and Pocket Park Improvement	Wimbledon	2	65,000	65,000	
11	Restoring Pride in Mitcham Cricket Green	Mitcham	1	54,000	54,000	
28	Morden Park Playground	Morden	3	75,522	75,530	
30	Merton Saints BMX Club - New Start Hill and LED Lighting	Mitcham	3	130,000	130,000	
31	Cannizaro Park Valley Path safety, accessibility and sustainability project	Wimbledon	2	82,500	82,500	
32	Uptown Youth Services	all	1	15,000		15,000
33	Future proofing the Durnsford Road Recreation Ground	Wimbledon	3	44,769	44,770	
37	Garfield Rec MUGA refurb	Wimbledon	3	120,000	120,000	
40	Vestry Hall - Mitcham Arts Collective	Mitcham	1	12,000		12,000
42	Green Gym for Moreton Green	Morden	3	35,000	35,000	
43	Survive to Thrive - Workshop 305	Wimbledon	1	115,600	115,600	
44	The Small Quarter Phase 2: Accessibility Improvements	Mitcham	1	22,000	22,000	
45	Ready Steady Cook CR4 Community Cooking Classes	Mitcham	1	42,750		42,750
46	The Wheel	all	2	63,615		63,615
53	Anima Una bid to equip Chapter House for youth theatre and community events	Colliers Wood	1	33,000	33,000	

Total	1,324,200	864,400	459,809
Number of bid recommended for approval	21	12	9
Total Budget			<u>1,324,209</u>

Appendix 6 Progress on Savings 2022/23

Department	Target Savings 2022/23	Projected Savings 2022/23	2022/23 Expected Shortfall
	£000	£000	£000
Corporate Services	465	380	85
Children Schools and Families	378	178	200
Community and Housing	1,659	405	1,254
Environment and Regeneration	523	393	130
Total	3,025	1,356	1,669

PROGRESS ON SAVINGS IN THE MTFS

DEPARTMENT: CORPORATE SERVICES SAVINGS PROGRESS 2022/23

Ref	Description of Saving	2022/23 Savings Required £000	2022/23 Savings Forecast £000	Shortfall	RAG	2023/24 Savings Required £000	2023/24 Savings Forecast £000	Shortfall	RAG	Comments
Savings due in 22/23										
2019-20 CS04	Reduce strategic partner grant by 10%	78	78	0	G				G	
2019-20 CS28	Cash collection reduction	13	13	0	G				G	
2020-21 CS7	Staff reductions	75	75	0	G				G	
2022-23 CS5	Customer, Policy & Improvement – Registrars Service	32	32	0	G				G	
2022-23 CS6	Customer, Policy & Improvement – Cash Collection	20	20	0	G				G	
2022-23 CS8	Customer, Policy & Improvement – Customer Contact	15	15	0	G				G	
2020-21 CS11	Commercial Services - restructure	50	0	50	R				R	This saving will not be achieved and is being written out of the MTFS as included in the Business Plan report.
2018-19 CS08	Increase in income from Enforcement Service	20	0	20	R	20	20	0	G	Deferred to 2023/24. Not achievable in year due to covid.
2022-23 CS1	Resources - AD budget	10	10	0	G				G	
2022-23 CS2	Resources - AD budget	15	15	0	G				G	
2022-23 CS3	Resources - Insurance	25	25	0	G				G	
2022-23 CS4	HR - Payroll	15	0	15	R				R	The payroll savings won't be achieved this year as we have been unable to get the last remaining staff that receive paper payslips onto e-payslips. This is because they are typically passenger transport employees who do not have e-mail addresses and we are finding it difficult to find an electronic solution for them.
2022-23 CS9	Corporate Governance - AD Budget	3	3	0	G				G	
2022-23 CS10	Corporate Governance - Electoral Services and Democratic services	15	15	0	G				G	
2022-23 CS12	Corporate Governance - Information Team	29	29	0	G				G	
2022-23 CS13	Corporate items	50	50	0	G				G	
Total CS Savings for 2022/23		465	380	85		20	20	0		
Ref	Description of Saving	2022/23 Savings Required £000	2022/23 Savings Forecast £000	Shortfall	RAG	2023/24 Savings Required £000	2023/24 Savings Forecast £000	Shortfall	RAG	Comments
2019-20 CS18	Facilities Management			0		69		69	G	
2019-20 CS17	Facilities Management			0		77		77	G	
2018-19 CS15	Business Improvement, P & P			0		50		50	G	
Total Corporate Services Deferred Savings Cabinet January 2020		0	0	0		196	0	196		
2020-21 CS10	Infrastructure & Technology Division - Transactional Services			0		100		100	G	
Total Corporate Services Deferred Savings Cabinet November 2020		0	0	0		100	0	100		
2022-23 CS7	Customer, Policy & Improvement – Merton link			0		20		20	G	
2022-23 CS11	Corporate Governance - Legal			0		5		5	G	
Total Corporate Services New Savings 2022-23		0	0	0		25	0	25		
TOTAL		465	380	85		341	20	321		

PROGRESS ON SAVINGS IN THE MTFs

CHILDREN, LIFELONG LEARNING AND EDUCATION SAVINGS PROGRESS: 2022-23

Ref	Description of Saving	2022/23 Savings Required £000	2022/23 Savings Achieved/ Expected £000	Shortfall	RAG	2023/24 Savings Required £000	2023/24 Savings Forecast £000	Shortfall	RAG
Savings due in 22/23									
CSF1-22/23	School Meals PFI	100	100	0	G				G
CSF2-22/23	Education - Office Efficiencies	50	50	0	G				G
CSF3-22/23	Education Inclusion - Streamlined Activities	28	28	0	G				G
CSF4-22/23	CSC Placements - Demand Management and Commissioning			0	n/a				
Prior Year savings not delivered in 2021/22									
2021-22 CSF02	rationalisation of Children's Centres	200	0	200	G				G
Total Children, Schools and Families Savings 2022/23		378	178	200		0	0	0	
2023/24 New Savings									
		2022/23 Savings Required £000	2022/23 Savings Achieved/ Expected £000	Shortfall	RAG	2023/24 Savings Required £000	2023/24 Savings Forecast £000	Shortfall	RAG
CSF4-22/23	Children's Social Care Placements - demand management and commissioning					340		340	G
Total Children, Schools & Families New Savings 2022-23		0	0	0		340	0	340	
TOTAL		378	178	200		340	0	340	

PROGRESS ON SAVINGS IN THE MTFs

Updated Dec'22 (P9)

DEPARTMENT: Community & Housing Savings Progress 2022/23

Ref	Description of Saving	Division	2022/23 Savings Required £000	2022/23 Savings Forecasted £000	Shortfall	RAG	2023/24 Savings Required £000	2023/24 Savings Forecast £000	Shortfall	RAG	Comments
(Nov'20)CH100	Review of in-house day care provision	Adult Social Care	700	0	700	R			0	R	Saving deferred to 2023/24 as additional time required to finalise proposals and stakeholder consultation
(Nov'20)CH101	Review of in-house LD Residential provision	Adult Social Care	544	0	544	R			0	R	
(Nov'20)CH102	Dementia hub re-commissioning	Adult Social Care	55	55	0	G			0	G	Future budgetary requirement being reviewed in context of proposed closure of Eastways.
(Oct'21) CH105	Commissioning and Market Development – Increasing take up of Direct Payments	Adult Social Care	100	100	0	G	150		150	G	Closer collaboration with operational teams to promote uptake is delivering increased number of Direct Payments.
(Oct'21) CH106	Community & Housing - Housekeeping – review of ancillary budget lines	Adult Social Care	50	50	0	G			0	G	Achieved
(Oct'21)CH109	Adult Social Care - Placements	Adult Social Care	100	100	0	G			0	G	Achieved by means of budget being removed at start of year. Continued pressure on budget as a result of rising demand and work ongoing to mitigate.
(Oct'21) CH110	Commissioning and Market Development – Commissioning efficiencies arising from re-procuring a high cost service	Adult Social Care	50	40	10	A			0	A	Provider has been asked to reprice based on LLW applying. Likely to reduce level of saving delivered.
	Subtotal Adult Social Care		1,599	345	1,254		150	0	150		
(Jan'20) CH97	Increase income and better use of technology	Libraries	60	60	0	G				G	Achieved through increased income
	Subtotal Libraries		60	60	0		0	0	0		
	Total C & H Savings for 2022/23		1,659	405	1,254		150	0	150		
		Division	2022/23 Savings Required £000	2022/23 Savings Forecasted £000	Shortfall	RAG	2023/24 Savings Required £000	2023/24 Savings Forecast £000	Shortfall	RAG	
CH104	Adult Social Care - Discharge to Assess				0		500		500	G	
CH107	Library & Heritage Service - Increase income collection				0		60		60	G	
CH108	Commissioning and Market Development – Self-Funder Brokerage Offer				0		25		25	G	
CH111	Commissioning and Market Development – Commissioning staffing efficiencies				0		65		65	G	
	Total Community & Housing New Savings 2022-23		0	0	0		650	0	650		
	Total Community & Housing Savings		1,659	405	1,254		800	0	800		

PROGRESS ON SAVINGS IN THE MTFS

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DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2022-23

Ref	Description of Saving	2022/23 Savings Required £000	2022/23 Savings Achieved £000	Shortfall	RAG	2023/24 Savings Required £000	2023/24 Savings Forecast £000	Shortfall	RAG	2024/25 Savings Required £000	2024/25 Savings Forecast £000	Shortfall	RAG	2025/26 Savings Required £000	2024/25 Savings Forecast £000	Shortfall	RAG	Comments	
Savings due in 22/23																			
ENV2021-07	Property Management - Increase residential (former Service tenancies) rent (increased income)	100	100	0	G			0											
ENV2021-10	Development Control/Building Control - Savings as a result of the 'Assure' M3 upgrade	15	0	15	R			0											The "Assure" M3 upgrade may now not take place. Terraquest has been appointed to review this as there may be more suitable alternative systems available.
ENV2022-23 05	Highways; Increased income from street permitting through enforcement of utility works.	40	40	0	G			0											
ENV2022-23 07	Future Merton, Policy team: Additional income from planning performance agreements (PPA)	50	0	50	R			0											This income is dependent on the pre-app and PPA fees which are set by Development Control; the additional income won't be met until the fees and charges are reviewed and income spread across the teams.
ENV1819-04	Parking: Reduction in the number of pay & display machines required.	14	14	0	G			0											
ENV2021-08	Parking - Activity to improve On Street parking compliance.	100	100	0	G			0											
E1	Regulatory Services: Investigate potential commercial opportunities	65	0	65	R			0											This saving target will not be met in 2022/23. Continued service uplift has been observed across key service areas within the RSP. The service forecasts a total overspend of £225k owing chiefly to unsupported legacy income targets (totaling £275k) loaded into RSP cost centres. A management structure is now in place following key departures over the last 12 months and will be investigating new commercial opportunities to be developed in the new financial year.
ENV2022-23 01	Public Space - Waste services: Disposal processing savings (Food Waste Recyclate)	104	104	0	G			0											
ENV2022-23 02	Public Space – Greenspaces: Raynes Park Sports Ground - new lease arrangement	35	35	0	G	35		35	G										
Total Environment and Regeneration Savings 2022/23		523	393	130		35	0	35		0	0	0		0	0	0			
Ref	Description of Saving	2022/23 Savings Required £000	2022/23 Savings Achieved £000	Shortfall	RAG	2023/24 Savings Required £000	2023/24 Savings Forecast £000	Shortfall	RAG	2024/25 Savings Required £000	2024/25 Savings Forecast £000	Shortfall	RAG	2025/26 Savings Required £000	2024/25 Savings Forecast £000	Shortfall	RAG	Comments	
ENV2021-03	Parking - Review of back office processes and efficiencies					100		100	G	50	0	50	G			0			
E1	Regulatory Services Partnership-Investigate potential commercial opportunities to generate income from provision of business advice.					75		75	G			0				0			
ENV2022-23 03	Public Space – Greenspaces: Deen City Farm- Reduction in grant by 50%					8		8	G	9		9			8	8		G	
ENV2022-23 04	Parking: Continue to enforce School Street locations through ANPR camera enforcement.					489		489	G	(111)		(111)			(111)	(111)		G	
ENV2022-23 06	Highways: Advertising - Increased Income					10		10	G			0				0			
ENV2022-23 08	Property Management & Review: Rent Review Income					40		40	G			0				0			
Total - Future Years		0	0	0		722	0	722		(52)	0	(52)		(103)	0	(103)			
TOTAL		523	393	130		757	0	757		(52)	0	(52)		(103)	0	(103)			

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Committee: Cabinet

Date: 20 February

Wards: All

Subject: Future Homecare Arrangements for Merton (New Framework and Procurement Process)

Lead officer: John Morgan; Executive Director for Adult Social Care, Integrated Care and Public Health

Lead member: Cllr Peter McCabe, Cabinet Member for Social Care and Health

Contact officer: Chima Amiaka, Interim Commissioning Manager, Adult Social Care, Integrated Care and Public Health

Recommendations:

- A. That Cabinet approves the commissioning of Future Homecare Arrangements for a term of five (5) years without the option to extend.
 - B. That Cabinet approves the inclusion in the terms and conditions of the contract a requirement to pay London Living Wage for all staff engaged in delivering services under the contract.
 - C. That Cabinet delegates authority to the Executive Director for Adult Social Care, Integrated Care and Public Health, in consultation with the Cabinet Member for Social Care and Health, the award of contracts to the successful bidders at the conclusion of the tender process.
 - D. That Cabinet notes the Fair Cost of Care Annex B: Merton domiciliary care report and Annex C Market Sustainability Plan which are being published on the Council's website and will be submitted to the Department of Health and Social Care by the 31 March 2023 in order to comply with the Government's requirements.
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PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report sets out the planned approach to securing provision of Home Care Services to customers within LB Merton who are assessed as requiring such care and support. To meet the Council's statutory duties under the Care Act 2014 the services will be designed to enable customers to live as independently as possible, for as long as possible, as engaged and active citizens while living in their own homes. The report sets out the intention to recommission homecare service for a period of five years from 01 October 2023 to 30 September 2028 without the option to extend. This report reflects the Council's commitment to ensuring that wider ASC reforms provide for improvements in homecare provision across Merton.
- 1.2 The report proposes, following the Council's decision to become London Living Wage accredited, that the tender for Home Care services is advertised with a requirement that the successful bidders pay all

employees wholly or substantively engaged in the delivery of services under the contract London Living Wage as a minimum.

DETAILS

- 1.3 The current contractual arrangements for the provision of Homecare services were awarded on 11 December 2017, with an estimated total annual value of £9.30m and are based on requirement for providers to pay National Living Wage (NLW) as a minimum. The contracts commenced on 01 February 2018, with the option to extend, (exercisable solely at the Council's discretion), by two further increments of 12 months each making for a potential contract period of up to 7 years. The majority of Home Care service care packages (approximately 80%) are delivered across three geographical zones, 'West', 'Central' and 'East' by the 'Prime' Providers who were awarded Lots 1, 2 & 3 respectively. The Prime Providers are;
- Westminster Homecare Ltd for Lot 1 (West)
 - JC Michael Groups Ltd for Lot 2 (Central)
 - Carewatch Kingston and Merton for Lot 3 (East)
- 1.4 In addition, the Council awarded contracts to 38 supplementary providers. However, it must be noted that for a range of business reasons (such as the provider taking a decision to close their business or the provider not accepting any packages), that 17 providers are no longer providing home care to LB Merton, leaving only 21 providers under Lot 4.
- 1.5 Any care package which, legitimately, cannot be accepted by the relevant Prime provider is offered to one of the 'Supplementary' providers who successfully bid for Lot 4. Supplementary providers are expected to operate across all three zones. Provision was also made for specialist Home Care services (for example a customer with an acute loss of hearing and vision) which is delivered, as appropriate, by one of the 'Specialist' providers who successfully bid for Lot 5. The Council awarded contracts to 13 specialist Home Care providers. However, it must be noted that for a range of business reasons (such as the provider taking a decision to close their business or not accepting any packages) that 8 providers are no longer providing specialist home care services to LB Merton customers, leaving only 5 providers under Lot 5.
- 1.6 The services provided for through these contracts include but are not limited to the following tasks:
- washing and bathing; dressing and undressing; assistance with eating and drinking; assistance with getting in/out of bed (including the use of a hoist if required) + other aspects of personal care;
- cleaning of rooms; vacuuming; changing bed linen/making beds; disposal of household rubbish; cleaning of crockery and utensils etc; general tidying and other aspects of cleaning and general home care.
- 1.7 Existing packages of homecare that were in place at the outset of the current contract were not transferred to the new providers and as a result approximately 10% of home care packages are currently spot-purchased from providers who were not awarded contracts in 2017/18. The current

arrangements have generally worked well, although the three main geographic providers have had varying capacity to take on new packages of homecare and as a result more use has been made of the supplementary providers than was originally envisaged. At any one time there are around 650 individuals for whom a homecare service is being commissioned.

- 1.8 It has been noted that it is currently difficult to attract carers to work in the western part of the borough as there are fewer carers living in this area. In addition, the western part of the borough is not as easily accessible due to limited transport options relative to other parts of Merton. Our brokerage team have, as a result, found it challenging to get providers to accept care packages in the west of the borough. Most of Merton's home care providers and care workers are based or live in the eastern part of the borough. Consequently, there are fewer workforce capacity issues with retention of care staff towards the eastern parts of Merton.
- 1.9 Throughout the life of the existing contracts, the Adult Social Care Contracts Team has led on the quality assurance of all contracted providers using a range of methods including: contract review meetings, unannounced quality assurance, visits to providers, and intelligence received from a range of partners such as CQC, public health and health partners. Through use of such methods a series of actions have been agreed with providers and have been implemented by them with the aim of ensuring continued quality assurance and service improvement.
- 1.10 Prime providers were required to enrol for the Council's electronic call monitoring system (CM2000) to track use of commissioned capacity so that we are clear that people are getting the care that they need. However, Supplementary and Specialist home care providers were recommended to enrol for electronic call monitoring system (CM2000) though it was not compulsory due the size of their businesses. Currently 7 providers (including 3 Prime Providers) are enrolled to the Council's contracted CM2000 although some of the other providers are using their own electronic call monitoring systems. The Council has recently upgraded its contracted version of CM2000, which provides a range of benefits for the Council (including ensuring we are paying only for actual hours delivered, more efficient billing of customers for assessed financial contributions and improved contract monitoring ensuring greater compliance to commissioned times). The Contracts Team are currently working with the majority of the providers not yet using electronic care monitoring to increase uptake to aid with the transfer of care when new contracts are let.
- 1.11 As we have emerged from the pandemic the number of hours of care being delivered has been increasing, reflecting both increasing need and complexity for existing service users and increasing numbers of individuals coming into the social care system. Approximately 8,400 hours of care are delivered each week, which comprises of 7,556 hours per week for contracted providers and 844 hours per week that are spot purchased. Please see Table 1 below for more details.

Table 1: Weekly home care hours delivered

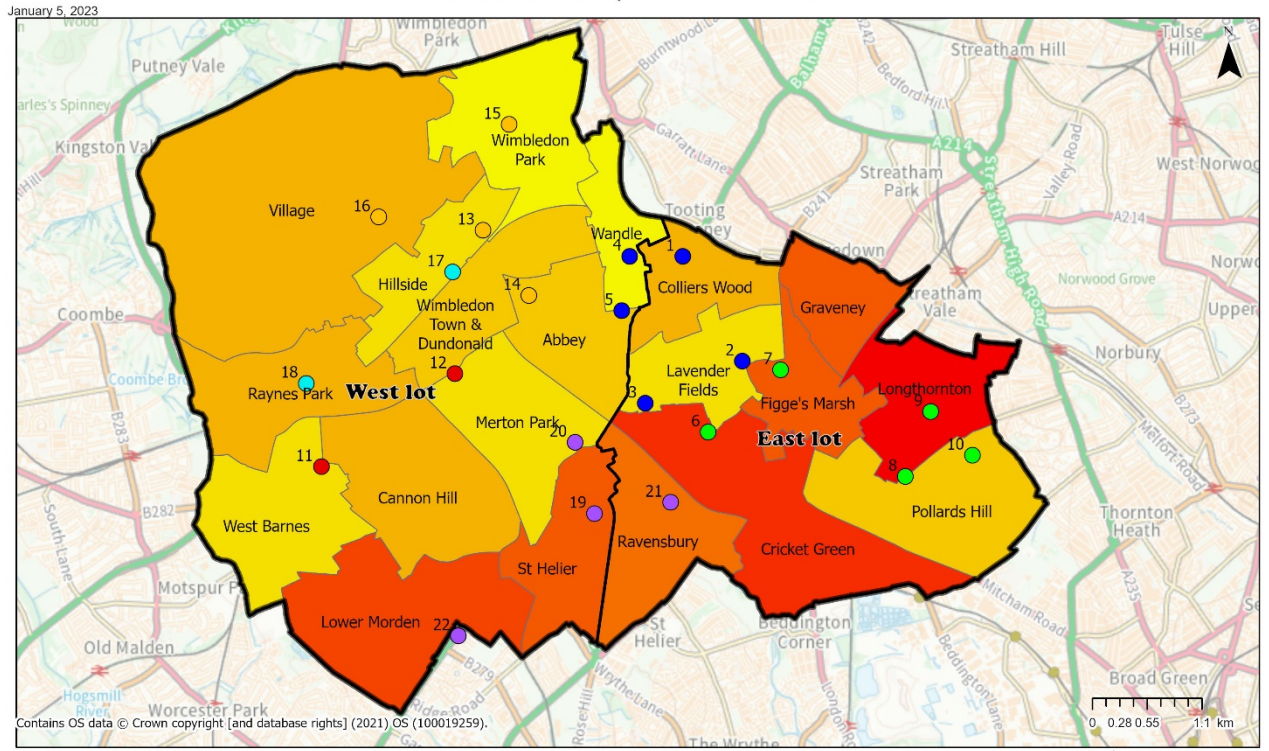
Details	1hr calls	45min calls	30min calls	Total weekly hours
Contracted providers	1,255	3,033	3,269	7,557
Spot purchase providers	140	339	365	844
Total weekly hours	1,395	3,372	3,634	8,401

Source: Snapshot week ending 03/07/2022

- 2.1 Home care rates are reviewed annually and based on the National Living Wage, with changes aligned with the rate calculator embedded within the contract to determine fair rates including annual inflationary uplifts required throughout the term of the contract.
- 2.2 As noted above, the existing contractual arrangements commenced in February 2018 and the initial five-year term was due to expire in February 2023. The terms of the contract allowed for two 12-month extensions, which, if enacted would mean that the contracts could run up until February 2025. However, for a number of practical operational reasons, the Council opted not to seek to extend the existing contractual arrangements by the one or two years allowed, but rather to agree a shorter extension period of 8 months to allow new contracts to be mobilised for October 2023.
- 2.3 The Council opted to end the existing contract on 30th September 2023 and commence a new homecare service on 1st October 2023, as February is not the optimum time to be mobilising new home care contracts. This procurement enables a comprehensive assessment of home care service provision needs, a revision of the geographical model and incorporation of fair cost of care findings and market sustainability plan as part of the wider adult social care reforms.
- 2.4 A geographically focused model will be continued; however, it is proposed that it is reconfigured into 2 zones to resolve issues of the current model, relating to areas of the borough where it is more difficult to commission new packages of care. The boundary between the two zones will match the relevant boundaries as in Maps 1 and 2 below.
- 2.5 The proposed geographical configuration based on borough wards is illustrated below in Maps 1 & 2. A snapshot of the homecare hours and number of customers illustrate how the proposed arrangement is split relatively evenly between the two areas (see Tables 3 and 4). These maps also include the placement of GP surgeries within the Primary Care Network clusters. Twelve GPs surgeries are located within Zone 1, while 9 GP surgeries are located in Zone 2. One GP surgery, which serves the Lower Morden area is located just outside the border of Merton within the London Borough of Sutton. Table 2 lists the Surgeries. The colour coding shows which Primary Care Network each practice is part of.

MAP 1

Homecare hours per Ward in Merton



Homecare Hours		
300 - 350	500 - 550	700 - 750
<250	550 - 600	<800
250 - 300	600 - 650	
350 - 400	650 - 700	
400 - 450		
450 - 500		



MAP 2

Number of Clients per Ward in Merton

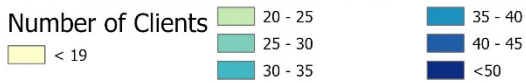
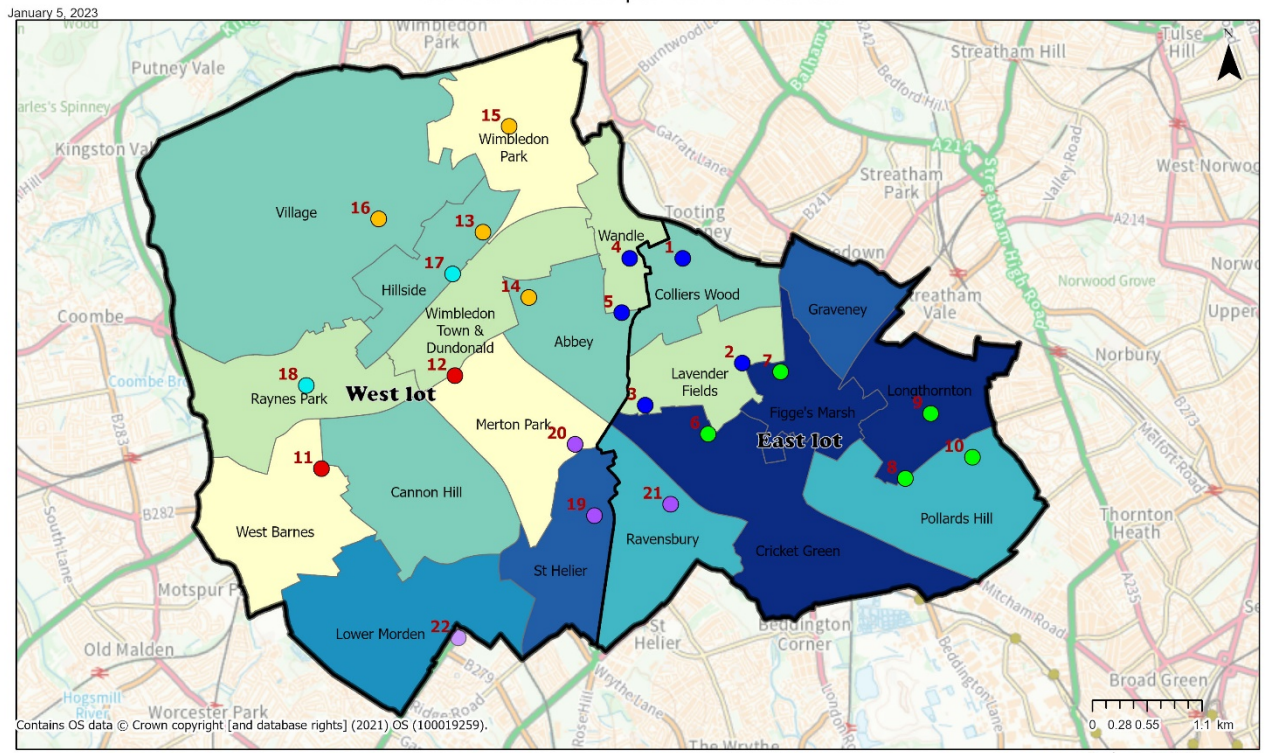


Table 2 Primary Care Network GP clusters

Primary Care Network (PCN)	Reference number	Practice name
North Merton	1	Colliers Wood Surgery
	2	Mitcham Family Practice
	3	Mitcham Medical Centre
	4	Riverhouse Surgery
	5	Merton Medical Practice
East Merton	6	Cricket Green Medical Practice
	7	Figges Marsh Surgery
	8	Tamworth House Medical Centre
	9	Rowans Surgery
	10	Wide Way Medical Centre
South West	11	Grand Drive Surgery
	12	Nelson Medical Practice
North West Merton	13	Alexandra Road Practice
	14	Wimbledon Medical Practice
	15	Vineyard Hill Road Surgery
	16	Wimbledon Village Surgery
West Merton	17	Francis Grove Surgery
	18	Lambton Road Medical Practice
Morden	19	Central Medical Centre
	20	Morden Hall Medical Centre
	21	Ravensbury Park Medical Centre
	22	Stonecot Surgery

Table 3 Planned Hours and No. of Customers

Zone 1	Planned Hours	No of Customers
Abbey	326.25	26
Cannon Hill	366.00	26
Hillside	251.50	26
Lower Morden	622.00	38
Merton Park	251.00	19
Raynes Park	378.25	24
St Helier	580.75	44
Village	393.50	28
Wandle	235.50	20
West Barnes	255.50	19
Wimbledon Park	230.25	17
Wimbledon Town & Dundonald	310.00	24
Zone 1 Total	4200.50	311

Table 4 Planned Hours and No. of Customers

Zone 2	Planned Hours	No of Customers
Colliers Wood	364.25	26
Cricket Green	674.00	46
Figge's Marsh	593.75	46
Graveney	578.00	44
Lavender Fields	294.75	23
Longthornton	778.50	48
Pollards Hill	343.75	34
Ravensbury	513.00	35
Zone 2 Total	4140.00	302

NB: The out of borough figures for planned home care hours and number of customers is 60 hours and 8 customers respectively.

- 2.6 To ensure that the Homecare service is well-structured and that the tenders is accessible to a wide variety of providers, it is proposed the tender will be offered in five Lots as described below:
- Lot 1 – 2 Prime providers
 - Lot 2 – 2 Prime providers
 - Lot 3 – Maximum of 6 Supplementary Providers (deployed across all zones)
 - Lot 4 – Mental Health for working age adults (specialist provision - deployed across all zones)
 - Lot 5 – Personal Support Services for children, young people and adults with learning disabilities (specialist provision – deployed across all zones)
- 2.7 Prime Providers: Appointment of two providers to each geographic area rather than the current one per area, will enable reduction of the risk that new care packages cannot be commissioned via the geographic lots. This approach will also allow for resident choice as individuals will have the option to express a preference for one of the two providers. There will be an increased emphasis on encouraging local provision, by requiring registered locations in the borough, and on local employment, including links with local further education colleges and other local recruitment channels.
- 2.8 Supplementary Providers: A maximum of 6 supplementary providers, who can cover the whole borough will be contracted. A smaller number of ‘back-up’ SME local providers will make contract management arrangements more manageable.
- 2.9 Specialist Providers: Mental Health for working age adults. Specialist provision refers to instances where a Social Worker or other professional has assessed a customer and determined that the standard service does not meet his/her requirements. This Lot will consist of providers offering specialist services for people with mental health needs. Specialist providers will not be restricted to operating in any specific zone(s) and will work across the whole borough.

- 2.10 Specialist Providers: Personal Support Services for children, young people and adults with learning disabilities. This Lot will consist of providers offering specialist services for children, young people and adults with learning disabilities customers. Specialist providers will not be restricted to operating in any specific zone(s) and will work across the whole borough. The inclusion of young people in this Lot allows for continuity of care when young people with long term care needs are transitioning from Children’s Social Care to Adult Social Care.
- 2.11 There will be an emphasis on a ‘reablement’ type model, with an increased emphasis on re-enabling customers with options explored to incentivise reductions in package size over time. There is no guaranteed number of hours offered to any provider. However, a high expectation will be placed on prime providers to meet demand first. Their ability to deliver will be monitored and managed closely by the Contract Management team.
- 2.12 Electronic call monitoring: All Prime Providers and Supplementary Providers will be required to use CM2000. The system electronically monitors the provision of care to all customers. Visits commissioned are recorded electronically in real time. The system also generates electronic timesheets and invoices, again based on actual care delivered. The CM2000 system generates alerts and will be monitored by the Provider on a daily basis.
- 2.13 There will be an emphasis on maximising social value through robust use of the Council’s social value policy and toolkit. Prime, Supplementary and Specialist providers will be required within contracts to detail how they will maintain Merton’s Social Value objectives within their contracts. The performance of the providers on social value will form part of the contract monitoring, undertaken by the Contract Monitoring team.
- 2.14 The government is implementing wide-ranging reform of Adult Social Care. In December 2021 it published a White Paper, [People at the Heart of Care](#), that outlined a 10-year vision that puts personalised care and support at the heart of Adult Social Care. Ensuring market sustainability and moving towards a fair cost of care are some of the first steps in the journey to achieve this. Local authorities are required to start preparing markets for wider reform and thereby increase market sustainability. As part of these preparations and to evidence work being done to prepare their markets, local authorities have been required to carry out a cost of care exercise for 18+ domiciliary care to determine the actual median cost of delivering care within the local area. Merton completed a cost of care report produced in line with Department for Health and Social Care (DHSC) guidance, which sets out how:
- the exercise was carried out;
 - providers were engaged; and
 - the resulting cost of care for the local area has been determined - this includes the approach taken for return on operations.
- 2.15 The draft Annex B and Annex C cost of care reports are presented in Appendix 1 and 2. Merton noted significant issues with data quality and some unreliable results due to the small number of returns impacting on the median calculation. This was a common issue across London and Nationally. To improve understanding of the actual cost of delivering care in Merton the Council has

surveyed the 18+ domiciliary care providers within the borough. The Council engaged extensively with providers to maximise the rate of response to the exercise, however, 20% of the homecare providers responded. We therefore consider the cost information produced as being not fully representative of Merton's homecare market which includes a wide range of different sized providers. We consider that costs tend to vary significantly from provider to provider, with factors such as the size of the organisation, variations in staff pay rates and use of agency staff. The latest DHSC guidance is that Annex B and the final version of the Market Sustainability Plan should be published by 01 February 2023. The median cost of care for Merton identified through using the Cost of Care methodology was £23.80 per hour.

- 2.16 As detailed below in Table 6 this rate compares reasonably closely to the total cost per standard hour rate planned for the new contracts, which has been calculated at £23.30. DHSC guidance on the implementation of timescales for Cost of Care will need to be reflected in the pricing arrangements for the new contracts (in addition to the usual inflation related uplift arrangements).
- 2.17 The Council is now accredited with the Living Wage Foundation as a London Living Wage (LLW) employer and it is therefore proposed that all our successful bidders for the new contracts are required to pay LLW as a minimum. Bidders will be required to agree to a homecare rate proposed by the Council, which will be initially fixed until April 2024 and then increased annually by an amount equivalent to the percentage year on year change in London Living Wage (LLW).

2.18 Homecare rate calculation based on London Living Wage (LLW).

Table 6: Homecare rate calculator 2023/24 applicable at the start of the contract

Item	Proposed Rate 23/24 (1hr)	Comments
Contact time	11.95	Must be at least equal to the prevailing London Living Wage rate
Travel Time	1.99	Assumes 10 minutes travel time hourly contact time rate
Travel Cost	1.65	Minimum bus fare applicable for travel in Merton
Staffing on costs	3.39	24.3% of contact and travel time to cover pensions, Training, sick pay and holiday pay, etc...
Business Running Cost	3.64	21% of contact, travel time and staffing on costs - at the discretion of the Council.
Profit	0.68	3% of overall cost - at the discretion of the Council.
Total cost per std hour	23.30	
Bank holiday rate	31.68	36% more than the basic rate

2.19 The hourly rate will be prorated for 45 minutes and 30 minutes in a straight line, which means that 45 minute visits will be commissioned at three-quarters of the hourly rate and 30 minute visits at half the hourly rate. This is a change from the current contract, where 45 minute and 30 minute visits are paid at a proportionally higher rate than the hourly rate. Provided demand remains more or less the same as at present, annual home hours and costs are detailed in the table below with the total annual number of hours delivered being c.438,000.

Table 7: Annual home hours and costs

Item	Annual hours delivered	Rate/hr	Annual cost
Standard	428,401	23.30	9,981,743
Bank holiday	9,600	31.68	304,128
Total	438,001	n/a	10,285,871

2.20 Projected spend including an assumed inflationary uplift of 5% from Year 2 to Year 5 is as detailed in Table 4 below:

Table 8: Projected spend including inflationary uplift of 5% from Year 2 to Year 5

Item	Year 1 (£)	Year 2 (£)	Year 3 (£)	Year (4)	Year (£)	Total
Annual spend	10,285,871	10,800,165	11,340,173	11,907,182	12,502,541	56,835,932

2.21 The projected cost that will be declared in the tender documents over 5 years is £51,429,355, with the sum of £5,406,582 being added for inflationary uplifts. The total value of the contract including inflationary uplifts is therefore projected to be £56,835,932. A higher ‘ceiling’ value will be advertised to allow for fluctuations in demand over the life of the contract.

2.22 Unison’s Ethical Care Charter, attached to this report as Appendix 3, sets out a series of commitments that support improved working conditions for the home care workforce with the presumption that this translates into improved quality of care. Currently 12 London Boroughs have signed up to the Charter as well as a number of councils nationally. The implementation of the Ethical Care Charter alongside LLW is strongly recommended by the Living Wage Foundation as an additional demonstration of the Council’s commitment to the employees of contracted providers. The commitments set out in the Ethical Care Charter will be incorporated into the contract and the successful bidders will be required to comply with those commitments.

2.23 The Charter is set out as three stages, with an expectation from Unison that stage 1 is implemented immediately and that there is a clear plan in place for adoption of stages 2 and 3. It is usual, therefore, for Local Authorities to sign up to the Charter on this basis, with some elements being implemented immediately and with a clear plan in place to implement the remaining elements over an agreed timescale.. All elements of stage 1 will therefore be incorporated into the service specification for immediate implementation along with most elements from stages 2 and 3. The elements relating to the provision of permanent contracts and an occupational sick pay scheme will require further negotiation with the successful bidders as experience elsewhere has shown that there are risks to successful delivery, and the potential for unintended negative impacts on the workforce, if this negotiated approach is not taken. The terms of the contract will require that these final elements be agreed and implemented no later than 18 months after the contract start date. The approach to the phasing in of the Charter for the supplementary and specialist providers (Lots 3 to 5) will be tailored to reflect the volume of work each provider has been commissioned to provide.

ALTERNATIVE OPTIONS

OPTIONS	ADVANTAGES	DISADVANTAGES
1. Do nothing	Provides short term continuity.	The present contract provision comes to an end September 2023, therefore this situation would not be tenable.
2. Utilise the remaining extension options until January 2025 without going out to the market.	Minimal work in preparing a Variation Report (GW3) to extend the contract by a further 18 months until January 2025.	The current home care model no longer adequately meet residents needs as the Council is struggling to commission home care packages in the western part of the borough. Contracted prime providers are struggling to recruit carers as the current contract only requires a minimum payment of National Living Wage rate to carers rather than London Living Wage rate. This has led to a situation where some of the supplementary providers pick up more hours per week in comparison to prime providers.

<p>3. Carry out a separate procurement as described in this report (the recommended option)</p>	<p>A separate procurement would enable a comprehensive assessment of home care service provision as needed. This would provide the opportunity for a revision of the geographical model, impact of Adult Social Care reform such as incorporation of fair cost of care findings and market sustainability plan exercises as well as introduction of London Living Wage rates as a minimum payment to carers.</p>	<p>May be a lengthier process to get the new home care arrangements in place.</p>
<p>4. Merge the commissioning of ASC home care service (future home care arrangements in Merton) with the children's home care service (personal support services).</p>	<p>Reduced administrative and ongoing contract management costs.</p> <p>More attractive offer to larger providers – the high volume of home care hours commissioned across the ASC and Children's Department would appeal to well established and experienced home care providers who can guarantee a high-quality service.</p> <p>Economies of scale and the potential to share capacity across ASC and Children's Department.</p>	<p>ASC preferred commissioning model is significantly different from the Children's Department model in a way that while the former is based on geographical partitioning of the borough, the latter is based on specific services.</p> <p>Some of the elements commissioned within the Children's Department are not offered in the ASC model, which makes the service so different and would require 2 different specifications.</p>

CONSULTATION UNDERTAKEN OR PROPOSED

- 3.1 All homecare providers on the present framework were informed of the Council's intention to recommissioning all of Merton's homecare contracts in October 2022. As part of the ongoing cost of care exercise all homecare providers were invited to submit cost of care information so that median value for costs of care could be established for Merton.
- 3.2 All homecare providers registered in Merton will be invited to discuss the findings of the exercise in online meetings to be held in March 2023. The annex B Care homecare report will be published on 1st February 2023 as per the funding conditions set out by DHSC. As the specification of framework is developed there will be further consultation with providers to sensitize its development to the needs of customers and providers within the local market.

TIMETABLE

Milestone	Target Date
Presentation of Gateway 1 report to Procurement Board	17 Jan 2023
Fair Cost of Care Submission Market Sustainability Plan	1 Feb 2023
Presentation of report to Cabinet	20 Feb 2023
Call in expires	28 Feb 2023
Complete preparation of tender documents including specification, Method Statements, Evaluation Matrix, Form of Tender, Pricing Schedule, terms and conditions.	28 February 2023
Invite tenders	6 March 2023 to 10 April 2023
Evaluation of submissions	13 April 2023 to 19 May 2023
Prepare Contract Award/ Gateway 2 Report	15 May 2023 to 26 May 2023
Presentation of Gateway 2 Report to Departmental Procurement Group	7 June 2023
Procurement Board Meeting (Gateway 2 report to be submitted by 15 June)	20 June 2023
Submit Contract Award/ Gateway 2 Report to Director for sign off	22 June 2023
Notify bidders of outcome	3 July 2023
Standstill period	13 July 2023

Contracts award via Portal	14 July 2023
Mobilisation (Lead in period) ends	30 September 2023
Contract Start Date	1 October 2023

FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 4.1 Estimated value of the new contract over 5 years is £56.84m (Standard contract value £51.43m and Inflationary uplift from year 2 to year 5 - £5.41m). The current service value is funded from Adult Social Care Placement budget. The procurement requirement and its associated delivery will be funded in the same way. Information in this document is based on planned packages of care.

LEGAL AND STATUTORY IMPLICATIONS

- 5.1 This report is recommending that Cabinet approves the commissioning of Future Homecare Arrangements as described in the report above for a term of five (5) years without the option to extend. These are services which fall under the Light Touch Regime (LTR) and as the value of the procurement is over the threshold, Part 3 of the Public Contracts Regulations 2015 apply. The LTR provides a flexibility for the Council and how it conducts the procurement and the approach being recommended in this report would be permissible under Part 3.
- 5.2 The delegation in recommendation B is permissible under section 9E of the Local Government Act 2000.
- 5.3 In accordance with CSO 19.2.4, once awarded, information about the contract must be published on both the Council's Existing Contract's Register in-line with the Local Government Transparency Code 2015 (and any subsequent amendments), as well as Contracts Finder in-line with Crown Commercial Services guidance.
- 5.4 It is a requirement, in accordance with DHSC guidance, that Merton's Fair Cost of Care (Annex B) and the Market Sustainability Plan are published on Merton's website.

CRIME AND DISORDER IMPLICATIONS

- 6.1 There are no specific implications that would affect this tender.

RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 7.1 All organisations to be awarded contracts will have to confirm that they have a Health and Safety policy that compliments the Council's corporate procedures for effective health and safety and risk management. Tender documentation to be submitted by all bidders will be assessed against criteria that will be developed by the Council to ensure that any bidder who is awarded a contract complies with all statutory regulations in all matters related to the homecare service.

7.2 The Council will ensure compliance to the contract specification and contract standards through use of a robust monitoring procedure that will be developed for this service. This will use at least the following methods:

- The Provider will be responsible for managing its performance and for collating all performance data at the required level of frequency as set out in the service specification, which will form part of any monitoring requirements.
- The Provider must submit the required contract monitoring data (Key Performance Indicators) on a quarterly basis. The quarterly monitoring report will be followed up by a service review meeting, initially on a quarterly basis, but which may also be held at other times as appropriate and may be initiated by either the commissioners or the provider. If a provider is failing to deliver the service as set out in the contract, the Contract Monitoring Officer may choose to meet with the provider more frequently and the provider will be required to facilitate this.
- The Council will carry out quarterly and annual contract management meetings. Contract monitoring may involve analysing Key Performance Indicators and documentation relating to customers and other stakeholders, staff files, insurance documents and any other relevant paperwork.
- The Provider is required to capture data that evidence that the service is delivered in a way that reflects the diversity of the London Borough of Merton's population, and the service is accessible to all who need it.
- The Provider shall inform the Council when any serious service complaint arises or in the event of any serious incident which may impact on the service. Complaint investigation responses from the provider will be reviewed at contract monitoring meetings.
- The provider must ensure that the views of individuals and stakeholders are routinely sought, collated, evaluated and utilised to support service delivery / development. The outcomes of such feedback must be routinely made available to the Council.
- The Council will work with the Provider to develop performance levels that challenge but are achievable and measurable from time to time as may be required to effectively manage performance.

BACKGROUND PAPERS

8.1 This report should be read in conjunction with the following papers:

- The Council's Contract Standing Orders.
- The Council's Procurement Strategy.

APPENDICES

- 9.1 The following documents are to be published with this report and form part of the report:
- Appendix 1: Cost of Care Annex B Merton domiciliary care report.
 - Appendix 2: Cost of Care Annex C Draft Merton Market Sustainability Plan Jan 2023.
 - Appendix 3: Unison's Ethical Care Charter.

Appendix 1: Cost of Care Annex B Merton domiciliary care report

Introduction

The government is implementing wide-ranging and ambitious reform of Adult Social Care. In December 2021 it published a White Paper, [People at the Heart of Care](#), that outlined a 10-year vision that puts personalised care and support at the heart of Adult Social Care. Ensuring market sustainability and moving towards a fair cost of care are some of the first steps in the journey to achieve this. Local authorities are required to start preparing markets for wider reform and thereby increase market sustainability.

As part of these preparations and to evidence work being done to prepare their markets, local authorities have been required to carry out a cost of care exercise for 18+ domiciliary care to determine the actual median cost of delivering care within the local area. This cost of care report is produced in line with government guidance and sets out how:

- the exercise was carried out
- providers were engaged; and
- the resulting cost of care for the local area has been determined - this includes the approach taken for return on operations (ROO).

This exercise presented Merton significant issues with data quality and some unreliable results due to the small number of returns impacting on the median calculation. The Council intend to continue to work with providers to agree 2022/23 rates that are sustainable for the Merton market.

To improve understanding of the actual cost of delivering care in Merton the Council has surveyed the 18+ domiciliary care providers within the borough. Merton engaged extensively with providers to maximise the rate of response to the exercise, however, 20% of the homecare providers responded. We therefore consider the cost information produced as it not fully representative of Merton's homecare market which includes a wide range of different sized providers. We consider that costs tend to vary significantly from provider to provider, with factors such as the size of the organisation, variations in staff pay rates and use of agency staff.

Cost of Care Provider Engagement and Response

Supporting information on important cost drivers used in the calculations:	18+ domiciliary care
Number of location level survey responses received	10
Number of locations eligible to fill in the survey (excluding those found to be ineligible)	50

All homecare providers registered within Merton were invited to participate in this cost of care exercise. They were contacted by email in May 2022 alerting them to the requirement for all local authorities to start preparing local markets for implementation of wider charging reforms, and specifically the requirements for increased market sustainability through Fair Cost of Care funding. The government required the Council to collect consistent data from local providers on actual costs to enable subsequent analysis. The Council decided to use the MS Excel based Fair Cost of Care Toolkit, co-designed by Local Government Association (LGA) and ARCC-HR Ltd.

This tool was also used by the other five South West London boroughs to support a consistent approach to the costing exercise with neighbouring Councils. Providers were invited to participate in Homecare CoC Toolkit demonstrations and Q&A webinars. Providers were then individually contacted by phone to encourage participation and to gauge any issues they might have with the process. Some providers stated that they found the toolkit too complicated. Other providers were positive about the exercise however they claimed capacity issues prevented them engaging in the exercise fully.

To assist Merton home care provider's submit cost of care data returns, further invitations to participate were sent in a Cost of Care Forum in mid July 2022, in partnership with Richard Ayres of Care England (part of the Care Provider Alliance). This provided guidance on completing the exercise from the industry perspective. After another telephone call round to all providers, a further webinar forum was organised for the end of July, with an invitation for both Merton and South-West London providers, to participate in a forum, in which Richard Ayres of Care England presented on the homecare toolkit.

Merton is concerned that fundamental issues related to data quality, lack of clarity in the guidance and the pursuit of the mathematical median calculations produced cost of care figures that are neither fair or sustainable. The cost data collated for DSHC is presented without real context and the insight that it gives is not in our judgement an accurate reflection of the true costs of care within Merton. Since the end of data collection deadlines background circumstances which directly affect the providers operating costs have changed significantly. With rising inflation, living and running cost increases we consider that the data submitted through this exercise is less than accurate. Further developments relevant to homecare provider costs include:

- Energy costs: on 8 September 2022, central government announced a policy to provide financial support for households (“energy price guarantee”) alongside a new 6-month scheme for businesses and other non-domestic energy users. The details of the scheme are yet to be published.
- Inflation: rate of inflation is unpredictable and continuously changing. The inflation rate for 2022/23 is not a reliable benchmark for determining fees in future financial years; it is necessary to have a dynamic approach to working with providers to understand actual costs.
- London Living Wage: on 22 September, the Living Wage Foundation announced an uplifted London Living Wage rate for the 2022/23 financial year of £11.95.

Base Cost and Inflation

Ten Merton providers submitted cost information at 2022/23 prices, however the inflation rate applied to the 2021/22 cost base is not known as the data collection tool did not require providers to submit 2-years data. As Merton moves towards the cost of care, inflationary pressures in the market will need to be closely monitored along with the impact of other changes to the social care charging system. The rate will be updated to reflect actual inflation increases at the point of implementation. The cost of care exercise is not a replacement for the fee setting / annual uplift process. As such the exercise will inform future rates and demonstrate a move towards the median cost of care but will not replace the current process. The actual fee rates paid will still differ due to factors such as personalisation of care, quality of provision and wider market circumstances. The outputs of this exercise therefore will be one element to inform future negotiations, taking into consideration other known market factors including inflation, demand, capacity, benchmarking, quality and, importantly, affordability for Merton and availability of funding.

Approach to Return on Operations

The cost of care exercise is required to report monetary amounts per contact hour for return on operations (ROO). Merton notes a significant variation in Return on Operations costs submitted by home care providers and likewise with respect to Return on Capital. The ROO is the reward and incentive for operating the care and support services in a care home and the ROC is the return that investors require to invest in a business, it reflects the inherent level of risk of operating in the care home market. Calculation of the ROO involves judgement, and Merton should retain flexibility to vary the return paid to any individual provider depending on the individual business and the prevailing market conditions at the time it is being applied. Levels of ROO applied by providers vary greatly and given this variation, to arrive at median cost, the Council made the decision to adjust to a flat rate of 3% in line with the value cited by the UKHCA.

This approach ensures a consistent and fair basis to the calculation of ROO and provides a fair level of operating profit for providers.

Merton Cost of Care Tables

Cost of care median estimates from Annex A

Cost of care exercise results - all cells should be £ per contact hour, MEDIANS.	18+ domiciliary care
Total Careworker Costs	£16.64
Direct care	£10.84
Travel time	£1.52
Mileage	£0.76
PPE	£0.22
Training (staff time)	£0.15
Holiday	£1.42
Additional non-contact pay costs	£0.00
Sickness/maternity and paternity pay	£0.18
Notice/suspension pay	£0.03
NI (direct care hours)	£1.12
Pension (direct care hours)	£0.40
Total Business Costs	£6.47
Back office staff	£4.85
Travel costs (parking/vehicle lease et cetera)	£0.06
Rent/rates/utilities	£0.65
Recruitment/DBS	£0.07
Training (third party)	£0.07
IT (hardware, software CRM, ECM)	£0.17
Telephony	£0.12
Stationery/postage	£0.06
Insurance	£0.12
Legal/finance/professional fees	£0.09
Marketing	£0.04
Audit and compliance	£0.02
Uniforms and other consumables	£0.04
Assistive technology	£0.00
Central/head office recharges	£0.02

Other overheads	£0.00
CQC fees	£0.09
Total Return on Operations	£0.69
TOTAL	£23.80

Lower quartile/median upper quartile number of visits

<u>Homecare Mins per visit</u>	<u>Count</u>	<u>Lower Quartile</u>	<u>Median</u>	<u>Upper Quartile</u>
15	0	0	0	0
30	7	244	273	482
45	7	89	140	399
60	9	53	78	349

Cost per contact hour, the cost per visit for each of 15,30,45 and 60minute visits

Care Hourly Cost	£25.40		
<u>Total Visits</u>	<u>Total Cost</u>	<u>Mins</u>	<u>Hours</u>
0	£0.00	15	0.25
3444	£43,738.80	30	0.5
2018	£38,442.90	45	0.75
2334	£59,283.60	60	1

Count observations lower quartile, median and upper quartile

Cost of care exercise results - all cells should be £ per contact hour, MEDIANS.	Count of Responses	Lower Quartile	Median	Upper Quartile
Total Careworker Costs		£7.72	£17.71	£23.38
Direct care	9	£1.84	£9.90	£11.47
Travel time	7	£1.66	£2.27	£3.07
Mileage	7	£0.69	£0.94	£2.23
PPE	6	£0.30	£0.61	£1.50
Training (staff time)	7	£0.15	£0.16	£0.40
Holiday	8	£1.17	£1.43	£1.61
Additional non-contact pay costs	2	£0.12	£0.14	£0.15
Sickness/maternity and paternity pay	8	£0.18	£0.22	£0.51
Notice/suspension pay	6	£0.30	£0.45	£0.60
NI (direct care hours)	8	£0.93	£1.19	£1.39
Pension (direct care hours)	9	£0.38	£0.40	£0.45
Total Business Costs		£3.85	£6.76	£11.58
Back-office staff	8	£2.79	£4.85	£7.88
Travel costs (parking/vehicle lease etc)	6	£0.06	£0.13	£0.33
Rent/rates/utilities	8	£0.27	£0.65	£1.41
Recruitment/DBS	8	£0.05	£0.07	£0.17
Training (third party)	7	£0.05	£0.07	£0.12
IT (hardware, software CRM, ECM)	8	£0.07	£0.17	£0.45
Telephony	8	£0.07	£0.12	£0.24
Stationery/postage	8	£0.04	£0.06	£0.07
Insurance	8	£0.06	£0.12	£0.15
Legal/finance/professional fees	7	£0.06	£0.09	£0.17
Marketing	8	£0.03	£0.04	£0.06
Audit and compliance	5	£0.03	£0.04	£0.06
Uniforms and other consumables	6	£0.04	£0.06	£0.09

Assistive technology	3	0.05	£0.05	0.07
Central/head office recharges	5	£0.02	£0.07	£0.11
Other overheads	2	£0.07	£0.08	£0.09
CQC fees	7	£0.09	£0.09	£0.11
Total Return on Operations	8	£0.93	£1.44	£1.76
TOTAL		£12.50	£25.91	£36.72

Data submitted by providers was subject to verification and validation process with providers requested to clarify the issues and anomalies within submissions, however, there was insufficient time to comprehensively review cost data and there is no robust way of scrutinising central overheads. This particularly concerns us as even within the limited sample size we noted that some providers have included costs that we would not cover in the rates we presently pay.

In our judgement the median rate simply selects a random value in the middle of the range of prices submitted by providers which does not accurately reflect the market rate. This is particularly evidenced by a recurrent anomaly we found of median calculations producing higher rates for standard care than for 'enhanced' care categories for both residential and nursing care. In practice of course, enhanced rates should be higher than standard rates. Merton therefore considers that the median calculation method produces results that do not reliably reflect market costs. We also consider the guidance for these reports and data gathering processes to be unclear. For example there was no clear criteria for moderation (e.g. adjusting for ROO / ROC). Within the DHSC guidance it recommends that council's query outliers with providers, however in this there is no clear line between a cost being inefficient or this being considered a true outlier.

In recognising shared elements of the regional care market, Merton advised providers that we are working closely with other South-West London boroughs of Croydon, Kingston, Sutton, Richmond and Wandsworth in undertaking the cost of care exercises and the development of our separate provisional Market Sustainability Plans. In doing so boroughs have shared learning on data methodologies, coordinated their approach to engagement with providers, shared one another's median costs of care and developed a shared understanding of the risks, issues and opportunities regarding care market sustainability across the sub-region. Moving forward the intention is to continue to work together to develop as consistent as possible overall strategic direction to support a sustainable care market in south-west London, taking collective action where appropriate but also recognising the need for local level decisions and action. Merton will continue working with providers to agree local fee rates that are sustainable in the context of the Merton market for 2022/23.

Appendix 2: Annex C Merton Market Sustainability Plan Jan 2023

Section 1: Assessment of the current sustainability of local care markets

a) Assessment of current sustainability of the 65+ care home market

Care Homes

In addressing demand in the care homes market Merton currently retains one block contract for the provision of 50 residential and nursing beds for older people. All block beds with our block contract provider are currently fully utilised. The Council spot purchases all other care home placements for older people. In the latest information from Capacity Tracker the median occupancy rate for homes within the scope of this cost of care exercise is presently 92%. Occupancy levels fell during the first year of the pandemic but have now recovered to broadly pre-pandemic levels. The ONS estimate of the proportion of self-funders is 41.9% and we are currently undertaking an exercise to test this figure.

We are not aware of any care home operating in the borough that is financially distressed and the generally high levels of occupancy are likely to be a factor in this. The present threshold rates for the Residential Care are £805.08 and nursing is £1014.27 (inclusive of FNC) respectively. Within Merton there are areas of the borough where it is more difficult for us to place individuals within a care home setting. This is due to the different nature of care home provision in those areas as a result of higher demand from privately funded individuals. Our Brokerage Team report their most significant challenge in placement finding as increasingly relating to residential care placements with a number of providers inclining towards the provision of nursing care only. Our longer-term strategy will focus on the development of further Extra Care capacity as an alternative to residential care, rather than trying to reverse the decline in the number of residential beds, which means this will remain a pressure for the medium term.

In terms of service availability and quality there are a number of care homes who have or are about to undertake renovation improvements. Examples of these refurbishments, includes one care home where there has been a room out of use, due to a flood damage which occurred several months ago and is now being repaired for use. In another example the is a care home undertaking works that secures fire safety and site security improvements. We have noted an increase in safeguarding alerts over the past 6 months. There have also been some concerns raised regarding the administration of medication with our Care Home Pharmacy team having to undertake medication audits at care homes following concerns about resident wellbeing. In terms of work force we have noted many of Merton care homes have continual vacancies for their managerial staff. Although the majority of care homes within Merton are CQC rated as Good, the turnover of care home managers generally is an issue that we are seeking to address. Although not specific to any type of care home, recruitment challenges impacting the retention of managers, deputy managers and clinical leads, often mean homes are being covered by interims. This can impact the continuity of care that residents receive. The care homes have been willing to work in partnership with our Contracts Team to review and improve their quality assurance processes and provide supporting

evidence their actions to sustain good standards and improvements. The Contracts Team also works with internal and external partners who may raise safeguarding concerns based on their observations when visiting a care home or within the course of their interactions with the care provider. Merton will continue to work collaboratively with providers in a supportive manner to achieve positive quality assurance outcomes for Merton residents. Recognising neighbouring boroughs share many elements of the same care market, Merton works within the South-West London Cost of Care group with Croydon, Kingston, Sutton, Richmond and Wandsworth. We are presently working closely together in undertaking the cost of care exercises and developing our provisional Market Sustainability Plans. In doing so the group has shared learning on methodologies, coordinated their approach to engagement with providers, had regard to one another's median costs of care, and developed a shared understanding of the risks, issues and opportunities regarding care market sustainability across the sub-region.

The intention is to continue to work together to develop a consistent strategic to supporting a sustainable care market across south-west London, taking collective action where appropriate but also recognising the need for independent local level decisions and actions. Merton the biggest sustainability challenge to this market as being under supply of care.

b) Assessment of current sustainability of the 18+ domiciliary care market

Commissioned home care

The present home care Framework Agreement commenced February 2018 and is due to end February 2023, however the Council has exercised an option to extend these contracts for a period of 8 months until September 2023.

The Framework is structured into multiple lots – three main geographic lots (West, Central and East zones), a back-up lot and a specialist lot. One prime provider was appointed to each of the geographic lots, while there was also provision for a back-up and specialist lots at the outset of the contract. Existing packages of homecare that were in place at the outset of the contract were not transferred to the new providers and as a result a range of spot-purchasing arrangements remain in place. The current arrangements have generally worked well, although the three main geographic providers have had varying capacity to take on new packages of homecare and as a result more use has been made of the back-up providers than was originally envisaged. At any one time there are around 650 individuals for whom a homecare service is being commissioned and in any one year, taking account of new packages being set up and packages coming to an end, the total number of people to whom a service is provided is approximately double this number. Approximately 7,500 hours of care are delivered each week, equating to around 391,000 hours of care per annum. As we have emerged from the pandemic the number of hours of care being delivered has been increasing, reflecting both increasing need for existing service users and increasing numbers of individuals coming into the social care system. The total gross cost of the service provision is around £8.3m pa, which means that homecare expenditure is a significant element of the Department's total spend on commissioned care as well as being significant with respect to the Council as a whole.

As stated above the current framework has multiple lots – three main geographic lots being West, Central and the East Zones respectively. Each lot has a prime provider with there being an additional award to the supplementary providers. For a range of business reasons (such as business closure or the provider not accepting any packages), several providers are no longer providing home care to LB Merton customers. Any care package which, legitimately, cannot be accepted by the relevant Prime provider is offered to one of the ‘Supplementary’ providers who are expected to operate across all three zones. Provision of specialist Home Care services (e.g. for a customer with an acute loss of hearing and vision) is delivered, as appropriate, by one of the ‘Specialist’ providers from the relevant Framework Lot.

Home care market

The spread of CQC registered providers across the borough is relatively even, with 11 registered in CR4 East, 10 registered in SM4 Central, 2 registered in SW16 East, 9 registered in SW19 West and 2 registered in SW20 West.

It is difficult to attract carers to work in the western part of the borough due to the limited range of public transport arrangements relative to other parts of London and our brokerage team have found it challenging to get providers to accept packages in the west of the borough. Areas like Wimbledon village tend to have larger properties and less housing density which means for example in a 30min call, a carer is unlikely to have another call within close proximity, thereby making it less viable to create a ‘round’. Most of Merton’s home care providers and care workers are based or live in the eastern part of the borough. Consequently, there are fewer workforce capacity issues with retention of care staff towards the eastern parts of Merton. We find larger home care providers struggle to recruit carers due to reluctance of local residents to pursue a career within the social care field. This creates consistent capacity issues in the western part of Merton, as most carers have to travel across borough to support residents in these areas.

Most of the carers who work within Merton tend to come from minority ethnic backgrounds and the majority of home care providers in Merton are SME organisations, including a number of franchise businesses, with many carers doubling up also as owners of their businesses. Nevertheless, according to the PAMMS market insight tool the financial risk for providers in the borough is generally Low to Moderate and we have seen a relatively small number of providers, commissioned or otherwise, leave the market.

Many home care providers struggle to retain ‘Outstanding’ or ‘Good’ CQC rating with more being rated as requiring improvement or inadequate over a long period of time due to the high turnover of carer staff. The prevailing issues which we have gathered from our quality assurance work and our discussions with CQC inspectors seem to be the timing of visits/late visits/missed visits, recording by carers not being of a satisfactory standard (e.g. communication logs not matching time sheets,) pre-employment checks not being suitably robust (e.g. no references on file, out of date DBS checks). It is also common for some carers to be employed by more than one home care provider who utilize zero-hour contracts. These arrangements may hamper continuity of workforce and the sustained quality in care provision. Providers

report that some cases, carers turn down shifts they had already accepted in favour of a late offer from a higher paying agency. Smaller organisations also struggle to secure resources to recruit, train and professionally develop carers. We find that smaller agencies tend to use electronic care monitoring/electronic document management systems less and rely on paper-based systems. This increases the complexity of determining whether customers are receiving care at the commissioned times.

At present most home care providers guarantee carers are paid the National Minimum Wage rate, but not the London Living Wage rate. This tends to encourage carers to move regularly between agencies to secure marginally better pay rates. The present home care rates Merton pay to providers track closely to the median rates established under this Cost of Care exercise. This compromises the sustainability of retaining carers in this part of London particularly at this time of rising inflation and increases in the cost of living. Within the recommissioning of homecare services during 2023 we intend therefore setting a requirement to pay the London Living Wage and will price accordingly. These workforce challenges suggest the need for local, regional and national promotion of the social care sector in order to attract more local residents to pursue this as a career. Carers need to be guaranteed a certain number of hours within their contracts in order to commit, rather than just being offered zero-hour contract arrangements. They also need good rates of pay that guarantee sustainable employment and economic wellbeing.

As above, in recognising the shared elements of a regional care market, Merton is working within the South-West London boroughs of Croydon, Kingston, Sutton, Richmond and Wandsworth closely to undertake the cost of care exercises and develop our provisional Market Sustainability Plans. We are also working together on a first South West London workforce strategy, recognising the shared significance of this issue.

Section 2: Assessment of the impact of future market changes (including funding reform) over the next 1-3 years, for each of the service markets

Care Home market

In respect of the care home market in Merton, the key strategic challenge is managing under supply of care beds, particularly in the winter months. Currently, the London Borough of Merton has one block contract for the provision of residential and nursing beds for older people. Merton then spot purchases all other care home placements for older people. All block beds with our block contract provider are currently fully utilised. Capacity tracker shows that across older people care homes within the borough there is only approximately 8% of beds available. Taking account of the sections of the market that are 'out of reach' for publicly funded placements, this means that there is currently a risk that we have insufficient in-borough provision within the market to meet our projected demands particularly during the winter period. We are seeking to address this by working in partnership with providers and have invested in the market by offering a 5.9% uplift in prices for 2022/23 to address supply issues and to support sustainability.

With respect to future market changes and the impacts of the charging reforms we anticipate significant pressures on the Council's budgets as a result of the changes to the thresholds. Given the relatively high proportion of privately funded residents indicated by the ONS model our view currently is that it is likely to take a number of years for any material shift in the ability of the market to provide access to private funders at publicly funded rates.

With regard to the Care Homes market, Merton will be undertaking further quantitative and qualitative assessment of the impact self-funders have on the market across the borough. In terms of dialogue with Care home providers with regards to this Cost of Care exercise and market sustainability, within the discussions we have had with providers on issues such as inflation uplifts, cost of living increases, we have indicated that the Cost of Care work will be used, along with a range of other information and data to inform future fee setting exercises. Merton will continue to work with the Dignity in Care Forum which was established to develop partnership working with providers focused on improving care outcomes. This will support sustaining service improvements and the sharing of best practice for carers and providers within the borough. Merton will also use this opportunity to better understand needs of self-funders on providers and the market more widely.

Home Care market

To address demand pressures in homecare and to enable a more strategic response to national policy, including Cost of Care, we intend recommissioning our homecare contracts within the next 12 months. In seeking to finalise a new service model prior to going out to tender we recognise that the cost of care will be a key consideration in establishing the sustainability of the homecare market.

The logic of connecting the implementation of the Cost of Care requirements to the recommissioning of the services is a key factor in Merton's proposed homecare recommissioning. We will need to determine the implementation timescale and reflect this in the pricing arrangements for the new contracts (in addition to the usual inflation related uplift arrangements). The current contractual arrangements are based on providers paying National Living Wage (NLW) as a minimum. Merton's ambition is to incorporate London Living Wage (LLW) as a minimum into all new contracts. For our home care contracts this is currently estimated to create a cost pressure of between £1.1million and £1.5million per annum.

As part of the recommissioning process Merton will assess the viability of signing up to the Ethical Care Charter developed by Unison. This sets out a series of commitments that support improved working conditions for the home care workforce with the presumption that this translates into improved quality of care. A number of commitments relate to good practice and will be incorporated into the specification in any case, but there are specific commitments around fixed hours contracts and occupational sick pays schemes that have potential cost implications. In terms of supporting the local economy, we will seek to frame the service specification and tender requirements to enable local SME sized organisations to be able to bid competitively. As referenced in section 7 below Merton will do more to understand

what the optimal geographic make up of Lots are for the new arrangements. There is a complex interplay between alignment with other relevant services (Primary Care being a key one); ease of rostering and operational delivery; maximising active / green travel options; and ease of recruitment.

Integration and alignment: As alluded to above, as well as geography, there is also a need to consider how we optimise integration / alignment with a range of other services delivered to vulnerable individuals in their own homes and local communities.

Reablement and maximising independence

We have a successful Reablement model that has a strong track record in reducing and delaying the need for ongoing care and support. In developing the new service model, we want to look at ways in which that focus on maximising independence can be incentivised both in the way that the service is specified but also potentially in payment structures, although the evidence on whether payment based incentivisation has the desired impact is mixed.

Section 3: Plans for each market to address sustainability issues identified, including how fair cost of care funding will be used to address these issues over the next 1 to 3 years

This cost of care exercise has highlighted concerns Merton has with regards to the feasibility of materially moving towards a calculated cost of care in the short to medium term. Our view is that the cumulative cost of implementing the charging reforms will add pressure to Councils budget at a time when wider cost reductions are widely expected. Until such time as we understand the full impact of the charging reforms, other pressures on the Council's budget and the amount of grant to be provided by Government we are unable to set out any definitive plans for increasing rates paid to providers beyond allowing for inflationary pressures. The calculated cost of care is only one aspect of our overall approach to setting rates.

The response rate for data returns from our homecare provider was relatively low, despite significant engagement work, and therefore we have attributed less weight to this data in the determination of the cost of care in Merton. The median rates produced in the exercise are significantly higher than the current rates we are paying although for home care this is masked somewhat by the incrementally higher rates we pay for 45 minute and 30 minute visits, which increase our average price paid. With respect to the present Cost of Care funding allocation we have used 25% of the funds to support the preparation of our plans and then targeted the remainder at providers as one-off additional payments for 2022/23. Given the concerns set out above we view this as being a prudent and sustainable approach in the short term.

Our approach for 2023/24 and beyond will be set out comprehensively in the final version of our Market Sustainability Plan.

(a) 65+ care homes market

Merton now set up a programme group driving forwards implementation of the charging reforms. This group will provide financial and operational modelling for the impact of these reforms and include within this an ongoing analysis of our care homes market, and a better understanding of self-funders within Merton's care homes. We shall assess the operational changes needed for care management and supplier systems. We are also modelling the financial impact on the Council – both for staffing (financial assessment, care management, support staff etc.) and the financial impact of the changes to the Care Cap and the implementation of Section 18(3). Further information on the output of this work will be provided in the updated version of this Market Sustainability Plan in February 2023.

(b) 18+ domiciliary care market

We intend recommissioning our home care contracts during 2023 and this will give us an opportunity to work with the market to agree a service delivery model and set a rate for care which is sustainable for providers and the Council over a longer term period. While there is more work to do on our future service model, the key characteristics of a future model are likely to be:

- Continuation of a primarily geographically focused model but configured differently to better match Primary Care Networks, and to seek to resolve issues with the current model relating to areas of the borough where it is more difficult to commission new packages of care.
- Appointment of two providers to each geographic area rather than the current one per area, in order to reduce the risk that new packages cannot be commissioned via the geographic lots. This will enable for a smaller number of 'back-up' providers to be commissioned.
- An increased emphasis on a 'reablement' type model, with options to incentivise reductions in package size over time.
- Continued use of our Electronic Call Monitoring (ECM) solution as a key tool for managing cost and quality.
- Securing a small number of specialist providers to support people with learning disabilities, people with mental health problems and other cohorts.

- Increased emphasis on local provision, by requiring registered locations in the borough, and on local employment, including links with local further education colleges and other local recruitment channels.
- Maximising social value through robust use of the Council's social value policy and toolkit.

Further information on the future model will be provided in the updated version of this Market Sustainability Plan in March 2023.

save
care
now!

UNISON's Ethical Care Charter

We cannot go on like this. Care users and care workers across the UK are in desperate need of change. Getting all councils to adopt UNISON's Ethical Care Charter offers a practical way to improve the standard of homecare throughout our communities.

Together we must all call for a care system that is properly funded and treats our care users and care workers with dignity. We must save care now.

Ethical care charter for the commissioning of homecare services

Stage 1

- The starting point for commissioning of visits will be client need and not minutes or tasks. Workers will have the freedom to provide appropriate care and will be given time to talk to their clients
- The time allocated to visits will match the needs of the clients. In general, 15-minute visits will not be used as they undermine the dignity of the clients
- Homecare workers will be paid for their travel time, their travel costs and other necessary expenses such as mobile phones
- Visits will be scheduled so that homecare workers are not forced to rush their time with clients or leave their clients early to get to the next one on time
- Those homecare workers who are eligible must be paid statutory sick pay

Stage 2

- Clients will be allocated the same homecare worker(s) wherever possible
- Zero hour contracts will not be used in place of permanent contracts
- Providers will have a clear and accountable procedure for following up staff concerns about their clients' wellbeing
- All homecare workers will be regularly trained to the necessary standard to provide a good service (at no cost to themselves and in work time)
- Homecare workers will be given the opportunity to regularly meet co-workers to share best practice and limit their isolation

Stage 3

- All homecare workers will be paid at least the Living Wage. The Living Wage is calculated every November.
- If Council employed homecare workers paid above this rate are outsourced it should be on the basis that the provider is required, and is funded, to maintain these pay levels throughout the contract
- All homecare workers will be covered by an occupational sick pay scheme to ensure that staff do not feel pressurised to work when they are ill in order to protect the welfare of their vulnerable clients.

savecarenow.org.uk

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Committee: Cabinet

Date: 20 February 2023

Wards: All wards

Subject: Award of contract for corporate electricity supply

Lead officer: Louise Round, Interim Executive Director Innovation and Change

Lead member: Billy Christie - Cabinet Member for Finance and Corporate Services

Contact officer: Corin Freshwater-Turner – Energy and Sustainability Manager

Exempt or confidential report

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

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

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

Recommendations:

- A. Award a 2+2+2-year contract to bidder A for the supply of electricity to sites covered by the corporate utility contract, starting from 1st April 2023.
- B. That authority to take up the 2 optional 2-year extensions on the contract be delegated to the Director of Innovation and Change in consultation with the Cabinet Member for Finance and Corporate Services.

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1. The current corporate electricity supply contract, which supplies electricity to Council buildings and schools which choose to opt in, comes to an end on the 31st March 2023. This report seeks approval for the award of a 2-year contract, with 2 options to extend for 2 further years at the council's discretion, starting 1st April 2023 to Bidder A.

1.2. The wholesale utility market has been extremely volatile over the last year, with prices starting the year at historically high levels and climbing significantly during the year.

1.3. Central government have provided support for businesses and councils in this situation through the Energy Bill Relief Scheme, which is providing a price cap for energy rates over the 2022-2023 winter.

1.4. Since Autumn 2022 wholesale utility prices have been falling, due to increased gas storage and a mild winter, and this is likely to provide a lower cost per unit for electricity compared to last year.

1.5. This contract has been tendered once in September/October with no responses and this is second tendering process.

2 DETAILS

- 2.1. The Council's existing contract for the supply of electricity is due to expire on 31st March 2023, and the Council's Procurement Board has approved re-procurement of this contract.
- 2.2. The total value of the Council's Electricity Supply contract is estimated to be around £22,200,000 over the full 6-year term, based on current prices, although the majority of this expenditure will be made up of pass-through charges and the cost of wholesale energy. The actual supplier fees are anticipated to make up less than 0.5% of this value.
- 2.3. With the assistance of the Council's Energy Consultant / Third Party Intermediary (TPI), Inspired Energy, a competition was run off an agreed framework, ULT/09/2019/IE National Framework Agreement for Provision of Energy to Public Sector, to procure a new corporate electricity supplier for the coming years.
- 2.4. The further competition from the framework was released on 2nd December 2022 and was made available to all contractors on the framework via the London Tenders Portal.
- 2.5. Ultimately only 1 response was received.
- 2.6. The bid was evaluated by a panel of 3 officers, comprising 2 from Inspired Energy, and the Council's Energy and Sustainability Manager, Corin Freshwater-Turner.
- 2.7. The tender was assessed based on a split of 50% Price / 50% Quality, with quality criteria including questions covering customer service, billing, wholesale trading functions, social value and sustainability.
- 2.8. As only a single bid was received it scored 100% for the Price section.
- 2.9. Bidder A's overall quality score was 28% out of a possible 50%, and scored particularly well in areas such as onboarding and account management. Full details of the quality scoring can be found in exempt Appendix A.
- 2.10. It is therefore the recommendation of the panel that the contract for the supply of power be awarded to Bidder A.

3 ALTERNATIVE OPTIONS

- 3.1. Do not award a contract: This approach would not be compliant with the regulations or CSOs and would result in the supplies reverting to "out of contract" rates from 1st April. This would potentially significantly increase costs for all sites for the term of the contract.
- 3.2. Do not award and re-run the tender exercise: There is no guarantee that a second tender exercise would generate additional interest. Conducting a further exercise would also mean there would only be a very short time between the start of any contract and 1st April 2023, limiting the ability of Inspired to secure wholesale energy at the best price for the Council.
- 3.3. Do not award and run a full tender process: Conducting a further tender exercise would also mean there would only be a very short time between the start of

any contract and 1st April 2023, limiting the ability of Inspired to secure wholesale energy at the best price for the Council.

4 CONSULTATION UNDERTAKEN OR PROPOSED

4.1. N/A

5 TIMETABLE

5.1.

DATE	STAGE
17th January 2023	Procurement Board
20th February 2023	Cabinet
27th February 2023	Notification of Intention to Award (issue accept and regret letters)
28th February 2023	Mandatory Standstill period commences
9th March 2023	Expiry of standstill period required under Regulation 87 of the Public Contracts Regulations 2015
9th March 2023	Terms and Conditions agreed between Inspired Energy Solutions and the preferred Supplier(s)
10th March 2023	Contract Award
11th March 2023	Interim Contract Start Date – Electricity Trading Commences
1st April 2022	Full Contract Start Date - Supply Commences

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

6.1. A credit check was carried out and the recommended contract limit is £24,000,000. The report further states “**all contract may be considered**”.

6.2. The accounts and other financial information held at Companies House have been reviewed and no concerns regarding the financial viability of the company have been highlighted.

7 LEGAL AND STATUTORY IMPLICATIONS

7.1. Officers are recommending approval to award a call off contract to the Preferred Bidder following the conduct of a mini competition under the United Learning

Trust's National Framework Agreement for Provision of Energy to Public Sector ref. number ULT/09/2019/IE (the Framework).

7.2. The details of the conduct of the mini-competition and selection of the Preferred Bidder set out in the body of this report evidence full compliance with the Framework's call off process and the Council's CSOs (Contract Standing Orders) 12.4.

7.3. Once approved, a contract award notice and information about the award of the contract must also be published on Contracts Finder. Once concluded, the details of the completed Contract must be added to the Existing Contracts Register.

7.4. Section 9E of the Local Government Act 2000 permits the recommended delegation.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

8.1. None identified

9 CRIME AND DISORDER IMPLICATIONS

9.1. None identified

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

10.1. None identified

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

- Appendix A – Scoring (Exempt)

12 BACKGROUND PAPERS

12.1. None identified