

## Financial Monitoring Task Group

**Date: 5 July 2016**

**Subject: Budget Outturn Report 2015/16**

Lead officer: Paul Dale

Lead member: Mark Allison

### **Recommendations:**

- A. That Cabinet note the provisional revenue outturn for 2015/16
  - B. That Cabinet consider the issues around the quality of revenue budget monitoring and agree to receive a further report on the detailed issues in respect of 2016/17
  - C. That Cabinet consider the outturn position on Capital and slippage into 2016/17
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### **1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

This report outlines the provisional out-turn position for the last financial year (2015/16) and the issues that arise from it.

Section 2 – Summarises the draft outturn position of the Authority.

Section 3 – Reviews the outturn position for corporate items

Section 4 – Reviews the outturn position for service items

Section 5 – Reviews the detailed outturn position for service departments

Section 6 – Reviews the quality of budget monitoring

Section 7- Provides information on the capital outturn

Section 8 – Summarises the movement in reserves

## Section 2 – DRAFT REVENUE OUTTURN 2015/16

The following table summarises the out turn position for 2015/16 and more detail is Provided in Appendix 1

FINAL OUTTURN	Current Budget 2015/16 £000s	Outturn £000s	Variance at year end £000s
<b><u>Department</u></b>			
Corporate Services	30,210	29,837	-373
Children, Schools and Families	50,089	50,082	-7
Community and Housing	56,453	57,393	940
Public Health	296	289	-7
Environment & Regeneration	18,423	22,055	3,632
Net Recharges	-646	-374	272
<b>NET SERVICE EXPENDITURE</b>	<b>154,825</b>	<b>159,282</b>	<b>4,457</b>
TOTAL CORPORATE PROVISIONS	-129	-2,926	-2,797
<b>TOTAL GENERAL FUND</b>	<b>154,696</b>	<b>156,355</b>	<b>1,659</b>

Business Rates	-33,371	-33,371	0
Grants	-39,859	-40,819	-960
Council Tax and Collection Fund	-81,471	-81,471	0
<b>FUNDING</b>	<b>-154,701</b>	<b>-155,661</b>	<b>-960</b>

<b>NET</b>	<b>-5</b>	<b>694</b>	<b>699</b>
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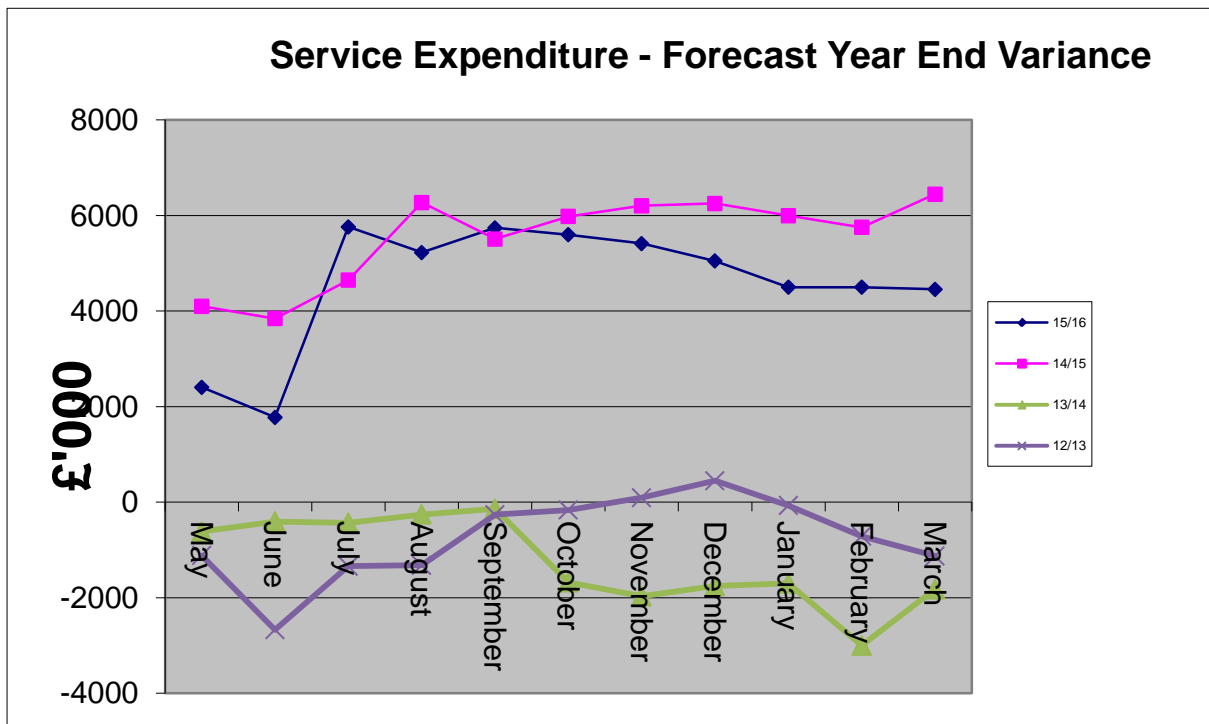
2015/16	Current Budget	Final Outturn	OUTTURN Variance (Mar)
<b>Expenditure</b>	£000	£000	£000
Employees	96,604	97,197	593
Premises Related Expenditure	8,927	8,643	(284)
Transport Related Expenditure	14,667	15,055	387
Supplies and Services	174,676	173,419	(1,256)
Third Party Payments	89,261	93,795	4,534
Transfer Payments	104,027	102,136	(1,891)
Support Services	31,902	33,528	1,626
Depreciation and Impairment Losses	19,619	19,619	0
			0
Corporate Provisions	(129)	(2,927)	(2,797)
<b>GROSS EXPENDITURE</b>	<b>539,554</b>	<b>540,466</b>	<b>912</b>
<b>Income</b>			
Government Grants	(267,583)	(266,673)	910
Other Grants, Reimbursements and Contribs	(22,294)	(26,877)	(4,584)
Customer and Client Receipts	(62,073)	(59,389)	2,685
Interest	(44)	(22)	22
Recharges	(32,547)	(33,902)	(1,355)
Balances	(316)	2,752	3,069
<b>GROSS INCOME</b>	<b>(384,858)</b>	<b>(384,110)</b>	<b>747</b>
<b>NET EXPENDITURE</b>	<b>154,696</b>	<b>156,355</b>	<b>1,659</b>

Arising from this the issues that need to be examined is;

:

- The continuation of an overspending in 2015/16
- The sources of the overspending
- Comparisons to recent years
- The quality of forecasting.

In 2014/15 the overall overspending was £3.8m or 2.4% of the net budget. In 2015/16 the overall overspending was £1.6 or 1% of the net budget

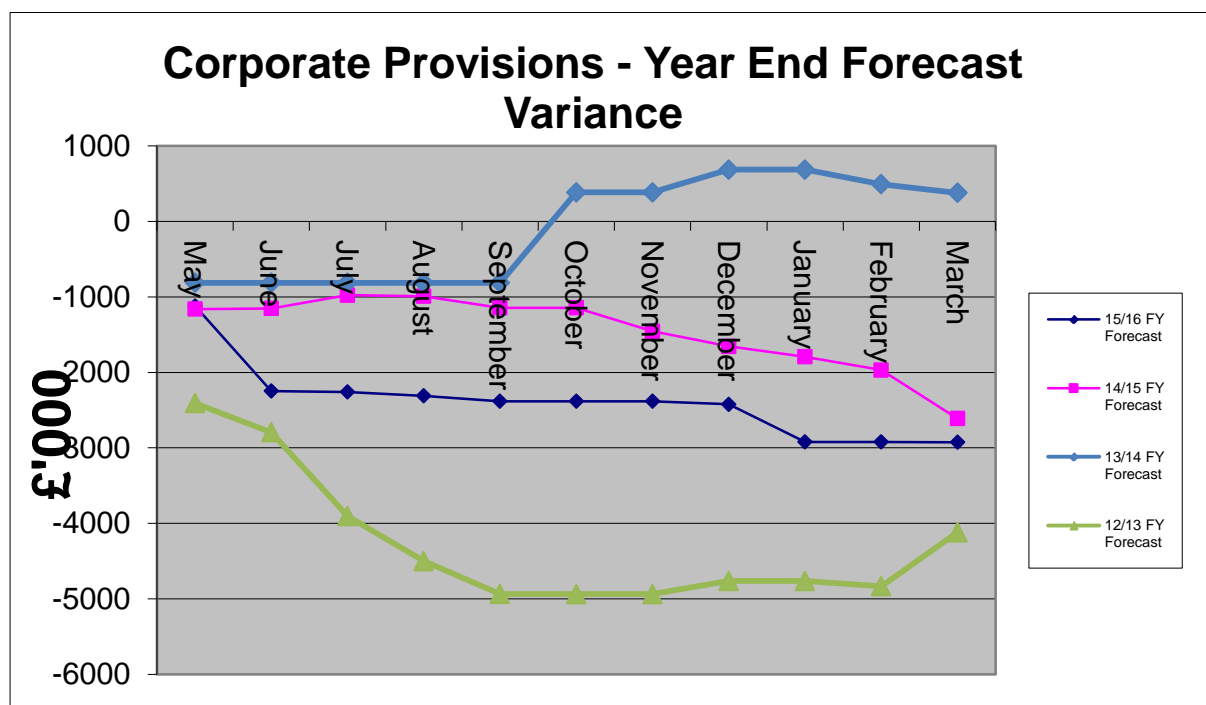


## Section 3 Corporate Items

- These budgets cover a wide range of significant areas including treasury management, contingency, contributions to past service deficiency on the pensions fund and contributions from government grants and use of reserves. The details comparing actual expenditure with budget are contained in Appendix 1 and 2. The summary position is as follows:-

Corporate Items	Current Budget 2015/16 £000s	Outturn (Mar.) £000s	Outturn Variance (Mar.) £000s	Forecast Variance at year end (Jan.) £000s	2014/15 Year end Variance £000s
Cost of borrowing	14,117	14,166	49	(25)	205
Use for Capital Programme	0	0	0	0	0
<b>Impact of Capital on revenue budget</b>	<b>14,117</b>	<b>14,166</b>	<b>49</b>	<b>(25)</b>	<b>205</b>
<b>Investment Income</b>	<b>(559)</b>	<b>(1,172)</b>	<b>(613)</b>	<b>(238)</b>	<b>(385)</b>
<b>Pension Fund</b>	<b>5,042</b>	<b>4,426</b>	<b>(616)</b>	<b>0</b>	<b>(300)</b>
<b>Pay and Price Inflation</b>	<b>584</b>	<b>(70)</b>	<b>(654)</b>	<b>(542)</b>	<b>(883)</b>
<b>Contingencies and provisions</b>	<b>4,264</b>	<b>1,548</b>	<b>(2,716)</b>	<b>(1,490)</b>	<b>64</b>
<b>Income Items</b>	<b>(174)</b>	<b>(841)</b>	<b>(667)</b>	<b>(626)</b>	<b>(914)</b>
<b>Appropriations/Transfers</b>	<b>(4,710)</b>	<b>(2,983)</b>	<b>1,727</b>	<b>0</b>	<b>(399)</b>
<b>Central Items</b>	<b>4,447</b>	<b>908</b>	<b>(3,539)</b>	<b>(2,896)</b>	<b>(2,817)</b>
<b>Levies</b>	<b>926</b>	<b>926</b>	<b>(0)</b>	<b>0</b>	<b>0</b>
<b>Depreciation and Impairment</b>	<b>(19,619)</b>	<b>(19,619)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL CORPORATE PROVISIONS</b>	<b>(129)</b>	<b>*(3,620)</b>	<b>*(3,491)</b>	<b>(2,921)</b>	<b>(2,612)</b>

\* Net of £0.694m funding from Balancing the Budget Reserve to balance.



- The monitoring information throughout 2015/16 has been indicating that there will be an underspend in corporate items at outturn. This has been mainly in contingencies which have been held covering anticipated overspends arising from service pressures.

3. Impact of Capital on Revenue Budget  
Throughout 2015/16 a small underspend on the cost of borrowing had been forecast and it has been anticipated that this would be set-aside for use in future funding of the capital programme. However, borrowing costs were marginally higher (£49k) than budgeted.
4. Investment Income  
There has been a £0.613m over-achievement of investment income during 2015/16. Although, some additional investment income was forecast in monthly monitoring this has been exceeded. The main reason for the additional income is that the amount of investment has remained higher during the year than estimated when the budget was set and also the interest rate received on investments has exceeded expectations. Further work will be undertaken in 2016/17 to improve the forecasting of cash flow and its impact on investment income.
5. Pension Fund  
There are two elements to the underspend. The first reason is that there has been an underspend of £0.300m due to the provision for auto-enrolment not being utilised. These costs have been absorbed within departmental budgets. Secondly, the provision for early redundancy costs has been underutilised leading to an underspend of £0.313m but this variance should be considered together with the overspend of £0.910m within Corporate Services (Corporate items) leading to a net £0.6m overspend for the authority.
6. Pay and Price Inflation  
The provision for inflation includes an element for price increases exceeding 1.5% and throughout 2015/16 the level of inflation has been low leading to an underspend.
7. Contingencies and Provisions  
This budget contains budgets for the provision of bad debts, loss of income arising from the P3/P4 site development, direct revenue funding of capital, provision for re-enuisation, Single Status/Equal Pay and general contingency.

The net underspend of £2.716m consists of the following main variations:-

- a) Contingency – Underspend £0.725m: Part of the contingency was held throughout the year as cover for anticipated pressures in service expenditure, with £0.775m being allocated to offset service expenditure.
- b) P3/P4 - Underspend £0.4m: The underspend is due to the delay in commencing with the proposed development which means that car parking income has continued on the site.
- c) Single Status/Equal Pay – Underspend £0.1m: All lump sum costs incurred for Single Status/Equal Pay awards agreed in 2015/16 have been charged against the provision set aside for this purpose.

d) Revenuisation and Miscellaneous – underspend £1.405m. It was originally anticipated that this budget would be used to fund capital projects but it was subsequently decided to use capital receipts and retain the flexibility that revenue resources provide. The underspend was transferred to the Revenue Reserve for Capital and this is reflected in the appropriations/transfers details.

8. Income Items

The underspend is due to £0.8m income relating to a charge to CHAS for the Intellectual Property.

9. Appropriations/Transfers

There have been a number of movements to/from reserves. The £1.7m variation reflects three main elements which were not anticipated when the budget was set:-

- a) The transfer to the revenue reserve for capital (£1.405m) referred to in 7 (d) above.
- b) The transfer to a new reserve (LEP – New Homes Bonus Funded Projects) of £1.037m New Homes Bonus. This relates to the New Homes Bonus which was top-sliced for the LEP and approved to fund new capital/revenue projects (Report to Cabinet 19/10/15 refers)
- c) The funding of the net overspend of £0.694m from the reserve for Balancing the Budget, to be reimbursed in 2016/17

## **Section 4 Overall Service Spending**

### **Major out – turn issues**

Prior to 2013/14 there had been major underspending on service activity overwhelmingly in the areas of waste, children's social care and Adult Social Care. This overspending reduced substantially in 2013/14 mainly as a result of previously overprovided budgets in the areas of waste and adult social care being reduced by offering them up as savings in setting the budget. In 2014/15 services overspent.

Service Spending 2014/15	Current Budget	Outturn Variance to budget	Outturn Variance to budget	Budget as % of Council Budget	Overspend as % of Overspend
	£'000	£'000	%	£'000	£'000
Adult Social Care	53,399	2595	4.86%	35.14%	40.25%
Waste	14,486	1440	9.94%	9.53%	22.33%
Social Care , Youth Inclusion and Commissioning	18,794	1867	9.93%	12.37%	28.95%
<b>Total 3 major areas</b>	<b>86,679</b>	<b>5,902</b>	<b>6.81%</b>	<b>57.04%</b>	<b>91.53%</b>
The Rest	<b>65,290</b>	<b>546</b>	<b>0.84%</b>	<b>42.96%</b>	<b>8.47%</b>
<b>Total</b>	<b>151,969</b>	<b>6,448</b>	<b>4.24%</b>	<b>100.00%</b>	<b>100.00%</b>

In 2014/15 the 3 service areas previously with large under-spending all shifted to having large overspendings.

The pattern in 2015/16 contains some similarities to 2014/15 but with one major change. The largest area of overspending is in parking income due to delays in the implementation of ANPR. In Waste overspending has reduced in scale

Service Spending 2015/16	Current Budget	Outturn Variance to budget	Outturn Variance to budget	Budget as % of Council Budget	Overspend as % of Overspend
	£'000	£'000	%	£'000	£'000
Adult Social Care	52,461	2,684	5.12%	33.88%	60.22%
Parking	-10,763	3,750	34.84%	6.95%	84.14%
Social Care , Youth Inclusion and Commissioning	28,601	617	2.16%	18.47%	13.84%
<b>Total 3 major areas</b>	<b>70,299</b>	<b>7,051</b>	<b>10.03%</b>	<b>45.41%</b>	<b>158.20%</b>
The Rest	<b>84,526</b>	<b>-2,594</b>	<b>-3.07%</b>	<b>54.59%</b>	<b>-58.20%</b>
<b>Total</b>	<b>154,825</b>	<b>4,457</b>	<b>2.88%</b>	<b>100.00%</b>	<b>100.00%</b>



## Section 5 Detailed Service Spending

### Corporate Services

15/16	Current Budget £000	Full year Outturn £000	Outturn variance £000	Jan Forecast Variance £000	Outturn variance 14/15 £000
Business Improvement	4,118	4,088	-30	-166	-259
Infrastructure & Transactions	10,007	9,759	-248	-333	-347
Resources	7,376	7,133	-243	-247	-255
Human Resources	2,294	2,240	-54	-22	-26
Corporate Governance	2,505	2,079	-426	-274	-433
Customer Services	2,613	2,132	-481	-414	-273
Corporate Items including redundancy costs	1,296	2,405	1,109	1,528	1,320
<b>Total (controllable)</b>	<b>30210</b>	<b>29837</b>	<b>-373</b>	<b>71</b>	<b>-273</b>
<b>Overheads</b>	<b>-16,610</b>	<b>-18,026</b>	<b>-1,416</b>		
<b>Total</b>	<b>13,600</b>	<b>11,809</b>	<b>-1,788</b>		

#### **Business Improvement – underspend £30k**

The support and maintenance has overspent but is offset by the underspends on vacant posts. The support and maintenance will be a budget pressure next year.

#### **Infrastructure and Transactions – underspend £248k**

The underspend relates to the revenue generated from the Corporate Print Strategy and an overachievement of income in the Post service following the introduction of Docqticket system and the renegotiation of the postal and print contracts.

#### **Resources – underspend £243k**

The majority of the underspend is due to reduced expenditure on supplies and services, £65k of this relates to a reduction in the External Audit fee costs, there is also reduced spend on consultancy as well as some future years savings being captured early.

#### **Human Resources –underspend £54k**

There is an underspend of £36k in Occupational Health due to lower than anticipated contract costs. This, combined with a vacancy in the shared service, accounts for the £54k underspend in HR.

### **Corporate Governance – underspend £426k**

There is a underspend of £141k following the transfer of the Benefits Investigation team to the DWP under the Single Fraud Investigation Service. There is an underspend in the current year due to DCLG one-off funding but the cost of this service will increase next year. £25k underspends relate to vacant posts and £50k for future year saving captured early.

The cost of the internal audit shared service was £69k less than anticipated for 15/16.

SLLP experienced a shortfall in demand. This resulted in a £137k deficit in the hard charging model at year end. The model is designed to break even but variables such as demand for the service and underachievement of income can result in a deficit. This was reported to the SLLP Board and an agreement has been reached whereby the shortfall will be split across the four boroughs and recovered by the SLLP.

### **Customer Services –underspend £481k**

The Merton bailiffs' service overachieved in fee income by £191k but this is partly offset by a shortfall on the shared bailiffs' income target of £130k.

An underspend of £130k is due to vacant posts within the division.

Translation services and Registrars office overachieved income by £92k and there are underspends on the establishment and parking cash collection contracts of £33k.

### **Corporate items – forecast overspend £1,109k**

The overspend includes a £910k overspend for one-off redundancy payments and pension strain.

There was a £743k shortfall in subsidy for temporary accommodation as the cost of temporary accommodation is significantly higher than the subsidy available, which is capped. The cost of temporary accommodation is disclosed in Housing Services within C&H whereas the benefit paid is within corporate items in Corporate Services together with Housing Benefits subsidy grant.

From the start of financial year 2016/17 the benefit paid and grant recovered, and therefore the shortfall, will appear within the C&H budgets

so the true cost of temporary accommodation is captured and reported in the correct division.

The above overspends were partly offset by a reduction in the provision requirement for housing benefit overpayments.

## Environment & Regeneration

<b>Environment &amp; Regeneration</b>	<b>2015/16 Current Budget</b>	<b>Full year Outturn (March)</b>	<b>Outturn Variance (March)</b>	<b>Forecast Variance at year end (Jan)</b>	<b>2014/15 Outturn Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Public Protection	(9,504)	(5,795)	3,709	3,254	(53)
Sustainable Communities	13,611	13,011	(600)	(242)	203
Waste Services	15,115	15,302	187	(201)	1,440
Other	(798)	(462)	336	272	(291)
<b>Total (Controllable)</b>	<b>18,424</b>	<b>22,056</b>	<b>3,632</b>	<b>3,083</b>	<b>1,299</b>

Description	Current Budget	Full year Outturn	Outturn variance	Jan Forecast Variance	Outturn variance 14/15
Employee underspend within Parking Services	3,177	3,106	(71)	(105)	99
Delay in implementation of measures to tackle traffic congestion	(3,510)	0	3,510	3,510	0
Overachievement of income in Parking Services	(11,976)	(12,205)	(229)	(287)	110
General Supplies & Services overspend in Parking Services	503	1,108	605	284	(8)
Employee overspend within Regulatory Services	1,872	2,075	203	111	99
Overachievement of Customer & Client Receipts within Regulatory Services	(344)	(379)	(35)	(10)	(41)
Employee underspend within Safer Merton	360	271	(89)	(93)	(91)
Underspend on third party payments within Safer Merton	251	140	(111)	(95)	(78)
Other	163	89	(74)	(64)	(143)
<b>Total for Public Protection</b>	<b>(9,504)</b>	<b>(5,795)</b>	<b>3,709</b>	<b>3,254</b>	<b>(53)</b>
Employee overspend within B&DC	1,714	1,773	59	81	200
Employee overspend within Future Merton	2,638	2,762	124	113	105
General Supplies & Services underspend within Future Merton	1,082	1,014	(68)	(70)	(132)
General 3 <sup>rd</sup> party payments underspend within Future Merton	3,040	2,904	(136)	(121)	(106)
Overachievement of other grants and contributions within Future Merton	(1,017)	(1,137)	(120)	(39)	(103)
Premises related underspend within Property Management	283	193	(90)	(39)	32
Overachievement of rental income within Property Management	(4,060)	(4,490)	(430)	(239)	(181)
Employee related overspend within Greenspaces	2,370	2,450	80	107	142
Premises related underspend within Greenspaces	744	679	(65)	(50)	78
General Supplies & Services underspend within Greenspaces	612	557	(55)	(43)	(10)
Underachievement of Customer & Client Receipts within Greenspaces	(1,979)	(1,701)	278	271	79
Premises related overspend within Leisure & Culture	277	330	53	1	(53)
Employee underspend within Senior Mgmt & Support	858	713	(145)	(144)	(51)
Other	7,049	6,964	(85)	(70)	203
<b>Total for Sustainable Communities</b>	<b>13,611</b>	<b>13,011</b>	<b>(600)</b>	<b>(242)</b>	<b>203</b>
Employee overspend within Waste Services	7,545	7,758	213	155	316
Transport related underspend within Waste Services	1,901	1,755	(146)	(254)	(155)
General Supplies & Services underspend within Waste Services	869	799	(70)	(96)	(169)
General 3 <sup>rd</sup> party payments overspend within Waste Services	7,000	7,346	346	113	909
Overachievement of Customer & Client Receipts within Waste Services	(2,357)	(2,521)	(164)	(143)	527
Overspend within Transport Services	(798)	(462)	336	272	(291)
Other	157	165	8	24	12
<b>Total for Street Scene &amp; Waste</b>	<b>14,317</b>	<b>14,840</b>	<b>523</b>	<b>71</b>	<b>1,149</b>
<b>Total Excluding Overheads</b>	<b>18,423</b>	<b>22,056</b>	<b>3,632</b>	<b>3,083</b>	<b>1,299</b>

## **Overview**

The department has a year-end direct overspend of £3,632k at year end. The main area of variance is Parking Services, but there are variances within several sections of the department. The deferred ANPR income together with the legal costs associated with the ANPR litigation defence amount to c£3.5 m. Without this the Department would have been much closer to a break even. It is important to note that the ANPR benefits are deferred, and not lost, with an expected start date in June this year. It is important that the income above budget is captured in 2016/17 as part of budget monitoring and transferred to reserves to make good the required use of reserves in 2015/16.

## **Pressures**

### **Public Protection**

#### **Parking & CCTV Services overspend of £3,750k**

This is mainly due to an unsuccessful legal challenge to the award of the contract for the provision and maintenance of ANPR cameras, resulting in a delay to the contract award. The expected contract start date is now June 2016, whereas the budgeted expectation was for a November 2015 start. It is expected that improved compliance and traffic flow at the locations concerned will be seen within a couple of months of implementation.

As a result, however, the section incurred £201k in legal fees associated with the legal challenge, and £300k in a legal settlement as a result of the subsequent mediation, which are included within the supplies & services overspend.

In addition, the section experienced a continued reduction in existing PCN related income (£253k) due to increased compliance, and the continued funding of CPZ related expenditure (£260k). This was offset by over-recoveries in most areas of on-street/ permit / bay suspension revenue (£587k), and off-street parking income (169k). In addition, the outturn included a c£60k loss of income as a result of providing free parking during the Christmas period.

There was also a £71k employee related underspend, which partly mitigated these overspends.

#### **Regulatory Services Partnership overspend of £141k**

The overspend is mainly as a result of a delay in implementing the second phase of the shared service staffing structure, which was budgeted to begin in April but was not implemented until October.

#### **Safer Merton underspend of £182k**

The year-end underspend was due to an underspend on employees (£89k) and third party payments (£11k), mainly as a result of the recent reorganisation within the section.

## **Sustainable Communities**

#### **Building & Development Control overspend of £16k**

The section ended the year with an employee overspend of £59k, but this was offset by underspends elsewhere within the section, mainly on general supplies and services budgets.

### **Property Management underspend of £559k**

The underspend of £559k is mainly as a result of exceeding their commercial rental income expectations by £288k due to a current high occupancy rate (c98%) and rapid turnaround of empty property. In addition, the section received two separate payments totalling £193k to cover potential dilapidation costs following the end of the respective leases. There was also an NNDR related underspend of £71k whereby the authority is not currently liable for the charge.

### **Future Merton underspend of £185k**

The main areas of underspend were seen within third party payments (£136k), and other grants and contributions (£120k). The underspend on third party payments was mainly due to lower than budgeted CPZ implementation and flood risk management costs, whilst the overachievement of grants and contributions was mainly as a result of a £100k contribution received from Merton Priory Homes for regeneration / planning work.

The section had a year-end employee overspend of £124k. The restructure between Future Merton and Traffic & Highways commenced in May so only a part-year effect was seen in 2015/16, coupled with the associated notice periods and protected allowances. In addition, the section has struggled to fill some of the vacancies leading to more expensive agency staff being employed. An additional resource has been recruited to work on specific projects, such as the Phase C Lot 2 procurement (£55k).

### **Greenspaces overspend of £223k**

This overspend is mainly as a result of an underachievement of internment income due to fewer burials (£130k), sports income (£73k), and income relating to rents (£30k).

The overspend also includes a loss of £55k (£81k loss overall as £25k marketing costs borne by the OCPB reserve) in relation to the inaugural Classics in the Park event.

The employee overspend of £80k is as a result of overtime payments (Parks), Wimbledon fortnight, and staffing of the firework displays.

These overspends were partially off-set by underspends within Premises (£65k), and Supplies & Services (£55k).

### **Senior Management & Support underspend of £149k**

This underspend was mainly as a result of delayed filling of vacant posts in order to contribute towards the department's mitigating actions.

## **Street Scene & Waste**

### **Waste Services overspend of £187k**

The section had an overspend relating to the ongoing operational and disposal costs associated with the management of the HRRC and transfer station of £309k. Although the site is now under new management, the overspend was due to the part year effect of the current arrangements. However, it is expected that this pressure will not reoccur in 2016/17.

The section also had an employee related overspend of £212k due to cover for absences, sick leave, and in order to maintain the level of service performance. Also, in agreement with the Environment Director, the bulk leafing programme was reintroduced to ensure the level of service performance is maintained. The additional cost of this service was capped at £10k and was covered by additional agency staff.

Offsetting these overspends were underspends within transport (£146k), supplies and services (£70k), and customer and client receipts (£164k).

**Transport Services overspend of £336k**

This overspend was mainly as a result of a lower than expected user requirement of the Workshop, external income, additional agency requirements to cover permanent posts and staffing issues in the first part of the year, and a delay in the external use of the tachograph centre.

Focus has been put on securing additional work for the Tachograph Centre, and a number of external customers are now signing up to use their services. Initially, the Fleet Maintenance Manager was targeting the bigger operators in the immediate and surrounding area of the depot. He has now confirmed that this is starting to show some success.

## Children Schools and Families

Children, Schools and Families	2015/16 Current Budget £000	Full year Outturn (Mar) £000	Outturn Variance at year end (Mar) £000	Forecast Variance at year end (Jan) £000	2014/15 Variance at year end £000
Commissioning, Strategy and Performance	8,630	9,307	677	1,053	1,287
Education	19,397	19,431	34	(19)	953
Social Care and Youth Inclusion	11,997	12,306	309	222	580
Public Health contribution	0	(328)	(328)	(328)	(415)
PFI	7,974	7,606	(368)	(205)	6
Redundancy costs	2,091	1,760	(331)	(322)	39
<b>Total (controllable)</b>	<b>50,089</b>	<b>50,082</b>	<b>(7)</b>	<b>401</b>	<b>2,450</b>

### Overview

At the end of March Children Schools and Families underspent by £7k on local authority funded services. The department received growth for placements and transport but this was not sufficient to cover the total shortfall caused by the increased birth rate and additional burdens from central government. The expenditure was netted down by one off Public Health money of £328k making the underlying overspend £321k, (£729k in January) a reduction of £408k.

It is important to note that the majority of the underspend used to offset cost pressures in this financial year are due to management actions. This would mean that the demographic and new burdens cost pressures will continue into the new financial year, as will pressures on staffing budgets to fund agency social workers to maintain appropriate caseloads. Strong management action will be needed to ensure that there is no bottom line overspend in 2016/17 and the scope for internal redistribution of budgets must be explored this year.

### Local Authority Funded Services

There are a number of volatile budgets, which require continuous and careful demand management. Significant overspends and underspends identified to date are detailed below:

Description	2015/16 Budget £000	Mar Outturn £000	Jan Forecast £000	2014/15 £000
Fostering and residential placements (ART)	5,192	377	696	1,052
Supported lodgings/housing	629	546	615	427
Un-accompanied asylum seeking children (UASC)	60	308	279	193
Procurement & School organisation	547	(276)	(268)	(128)
Legal cost	527	(53)	(96)	(123)
Other small over and underspends	1,675	(225)	(173)	(134)
<b>Subtotal Commissioning, Strategy and Performance</b>	<b>8,630</b>	<b>677</b>	<b>1,053</b>	<b>1,287</b>



SEN Transport	3,878	380	440	1,168
Staffing underspends across Early Years services	2,134	(315)	(307)	(192)
Other small over and underspends	13,385	(31)	(152)	(47)
<b>Subtotal Education</b>	<b>19,397</b>	<b>34</b>	<b>(19)</b>	<b>953</b>
No Recourse to Public Funds (NRPF)	20	470	472	441
Independent review and service quality	530	192	174	210
Social Work staffing	3,394	151	126	315
Serious case review	77	(77)	(77)	(76)
Youth Offending Team	616	(78)	(65)	0
CAMHS	303	(119)	(133)	(207)
Adoption & 14+ teams	1,498	(171)	(174)	0
Other small over and underspends	6,159	(59)	(101)	(103)
<b>Subtotal Children's Social Care and Youth Inclusion</b>	<b>11,997</b>	<b>309</b>	<b>222</b>	<b>580</b>
<b>Public Health contribution</b>	<b>0</b>	<b>(328)</b>	<b>(328)</b>	<b>(415)</b>
<b>Subtotal PFI</b>	<b>7,974</b>	<b>(368)</b>	<b>(205)</b>	<b>6</b>
<b>Subtotal Redundancy cost</b>	<b>2,091</b>	<b>(331)</b>	<b>(322)</b>	<b>39</b>
<b>Grand total Children, Schools and Families</b>	<b>48,111</b>	<b>(7)</b>	<b>401</b>	<b>2,450</b>

### Commissioning, Strategy and Performance Division

While the numbers of Looked After Children (LAC) remain relatively stable, the complexity of a significant proportion of cases is contributing to the net overspend of £377k. This includes on-going pressures on in-house fostering of £333k, residential placements of £273k, and mother and baby placements of £56k which is offset by underspends in secure accommodation cost of £35k and independent agency fostering of £250k.

The budget for semi-independent and supported lodgings/housing placements overspent by £546k. This budget is used to finance placements for young people aged 16/17 who require semi-independent provision and for Care Leavers through to age 21 and, in some cases, older. There has been an increase in forecast expenditure due to an increase in caseload as some young people have now reached 18 and funding for their placement has transferred from the LAC placement into this budget. Because of their specific needs, some young people have also needed to move to more expensive placements.

The UASC payments overspent by £308k this year due to both an increase in cases and an increase in the number of claimants turning 18 which is when central government contribution towards these cases ceases. The number of UASC who have entered and who have been distributed across London has increased from 233 in 2011/12 to 468 in 2015/16 and 2016/17 figures will see further growth.

Procurement and school organisation budgets underspent by £276k as a result of lower spend forecast on revenue budgets. This budget relates to construction projects that cannot be classified as capital. The majority of this is required for temporary classrooms due to rising pupil demand when it is not viable to provide permanent buildings. This year demand for reception year places was slightly lower than forecast so there was no need for temporary classrooms.

The direct charging budgets for the shared legal service underspent by £53k.

There were various other small over and underspends across the division netting to a £225k underspend. These combine with the items described above to arrive at the total divisional overspend of £677k.

### Education Division

SEN and FE transport cost overspent by £380k, £60k less than the forecast in January. The overspend relates to cost on external home to school transport as additional budget was received to balance the internal transport cost. The overspend is due to an increase in complexity of caseload and cost of taxis. The Director of CSF is leading a council wide review of the current arrangements for procuring taxis and will be making recommendations once there is better understanding of the reason for the rising costs. We are reviewing demand management, cost efficiency of supply and safeguarding of students with E&R who provide the in-house service and commission the taxi service.

As part of management action, where possible, recruitment to vacancies in Early Years have been delayed in preparation for 2016/17 savings and to reduce the overall in-year departmental overspend. This resulted in an overall underspend of £315k.

There were various other small over and underspends across the division netting to a £31k underspend. These combine with the item described above to arrive at the total divisional overspend of £34k.

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

The NRPF budgets overspent by £470k for the current financial year. This increase in cost was in response to case law regarding housing families with no recourse to public funds (Zambrano & Clue cases). This is an issue across London.

The independent review and service quality team overspend by £192k. This is due to the use of agency staff to cover permanent IRO vacancies as well as one post above establishment to ensure appropriate caseloads to support the quality assurance function.

The Central Social Work, MASH and Permanency team's staffing costs overspent by £151k. As highlighted in the budget reports to Cabinet and Council, additional capacity is being kept under regular review and funded quarterly from the corporate contingency. This amount equates to six additional social workers. On top of the additional staff, the team also had to cover vacancies with agency staff due to difficulty in recruiting permanent members of staff.

The serious case review budget underspent by £77k because there has been limited need to commission reviews during the current financial year.

The Youth Offending Team (YOT) underspent by £78k. This was due to a combination of holding staff vacancies and providing a reduced wraparound service as part of management action to reduce the overall departmental overspend.

The Children and Adolescent Mental Health Service (CAMHS) underspent by £119k due to vacancies.

The adoption and 14+ teams underspent by £171k relating to temporarily holding staff vacancies as a result of management action to reduce the overall departmental overspend.

There were various other small over and underspends across the division netting to a £59k underspend. These combine with the item described above to arrive at the total divisional overspend of £309k.

### **Dedicated Schools Grant**

DSG funded services underspent by £1.1m. These budgets are not within the council's general fund and cannot be offset against the local authority funded budgets. Any underspend will be added to the DSG reserve and applied after consultation with Schools Forum.

£372k of the underspend relates to Independent Residential School provision.

The Early Years Funding Formula underspent by £170k. The majority of this relates to the EY Pupil Premium which was estimated by Central Government and is not expected to be reclaimed.

Lower than budgeted spend on independent post 16 provision resulted in an underspend of £236k.

Education inclusion budgets underspent by £167k due to underspends on hospital tuition, language and learning services, and permanent exclusion charges.

There were various other smaller over and underspends across the DSG netting to a £155k underspend which, combined with the items above, equates to the net underspend of £1.1m.

### **Management Action**

#### Staffing

Agency cost continues to be a cost pressure for the department. The continued recruitment drive including recruitment of NQSWs and retention payments which we started with last year will all have a positive impact on the current financial year and we will continue to take action to bring down anticipated overspends on agency/staffing costs, but neighbouring authorities' inspections could impact on this.

### Placements

Our edge of care panel continues to ensure that entry to care threshold is maintained. The impact of increased numbers of UASC is in particular affecting our LAC and care leaver numbers and we remain in the lowest rate of care range in London.

Work continues to ensure we lever in appropriate health contribution to children with complex needs and our ART service is driving down placement costs including through regional partnership commissioning.

Our ART Fostering Recruitment and Assessment team is continuing to recruit new foster carers and supported lodgings providers who will offer locally based placements. This is already resulting in a reduction in more expensive agency foster placements.

Our ART Placement service is working with providers to establish more local provision and offer better value placements to the Council. There is now an established agreed cost framework for semi- independent providers and this has resulted in more appropriately priced placements for Care Leavers and older LAC.

We continue to work with housing needs to secure better local housing pathways for our young people as they become independence ready.

### Transport

We will continue to model the potential impact of personal budgets from transport for to assist in delivering cost reduction solutions to individual children's transport needs. 26 personal budgets were approved this financial year providing an on-going cost reduction of £111k.

We are monitoring tight eligibility thresholds and defending appeals and we have extended our independence travel training which has delivered savings of £108k to date.

Having reviewed our policy on eligibility 2 years ago we are commencing a new review to establish whether it is possible to further tighten our policy.

### New burdens

There are a considerable number of duties placed on the Local Authority which have not been fully funded or not funded at all. Excluding the cost of these duties would leave a net departmental underspend of £1.331m, although £328k of this relates to Public Health contribution. The table below highlights the estimated overspends relating to these duties.

<b>Description</b>	<b>Budget £000</b>	<b>Outturn overspend £000</b>	<b>Jan overspend forecast £000</b>
Supported lodgings/housing	629	546	615
Un-accompanied asylum seeking children (UASC)	60	308	279
No Recourse to Public Funds (NRPF)	20	470	472
<b>Total</b>	<b>709</b>	<b>1,324</b>	<b>1,366</b>

These estimates only include services for these children and families including housing cost, they do not include staffing cost. Staff cost related to these clients are estimated to be about £270k and are included in the overall £7k departmental underspend.

Young people aged between 18 and 21 now have the right to stay in their foster, residential or other placements beyond 18. This means their fostering placement has to remain open to them and the in-house foster carer or Independent Fostering Agency will have to continue to be paid.

Young People on remand are classed as being LAC and also have access to care leavers' services across a range of budgets. These are in excess of the figures in the table above but included within the overall projections for the department. As the system does not separately identify costs relating to remand cases, it is not possible to identify this separately.

Unaccompanied Asylum Seeking Young People are also required to receive these leaving care services and we have 11 over 18s which is putting pressure on the UASC budget.

The majority of families presenting as NRPF needs are housing. Meetings are on-going to discuss options to reduce cost and strengthen processes and procedures. The work being undertaken by Housing Needs to stimulate local private housing supply and wider options will assist in reducing these costs. Discussions are on-going regarding the most economic way of procuring housing for families with no recourse to public funds.

## Community and Housing

At the end of March 2016 Community & Housing had a net over-spend variance of £940k against a predicted forecast of £876k reported in January 2016. The main contributors to this variation came from fees and charges for placements, Merton Adult Education and Housing budgets.

The Department received funding/growth of £3.9m for protecting and modernising social care and increased integration under the Better Care Fund and to manage the new duties arising from the Care Act 2014.

<b>15/16</b>	<b>Current Budget</b>	<b>Full Year Outturn</b>	<b>Outturn Variance</b>	<b>Jan Forecast Variance</b>	<b>Outturn Variance 14/15</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Access and Assessment	40,882	44,141	3,259	2,114	2,648
Commissioning	4,635	4,585	(50)	(91)	(221)
Direct Provision	5,947	5,750	(197)	415	892
Directorate	997	980	(17)	(11)	(223)
Care Act Implementation Expenditure	1,265	35	(1,230)	(1,000)	0
Directorate-Care Act Imp Income	(1,265)	(1,265)	0	0	0
Contribution from Public Health	0	(328)	(328)	(328)	(500)
<b>Adult Social Care</b>	<b>52,461</b>	<b>53,898</b>	<b>1,437</b>	<b>1,099</b>	<b>2,596</b>
Libraries and Heritage	2,243	2,067	(176)	(90)	4
Merton Adult Education	(154)	63	218	249	254
Housing General Fund	1,903	1,365	(538)	(328)	(106)
<b>Total (Controllable)</b>	<b>56,453</b>	<b>57,393</b>	<b>940</b>	<b>876</b>	<b>2,748</b>

Overspending in Adult Social Care has been netted down by a one off Public Health transfer of £328k in 2015/16. Difference between Access & Assessment and Direct Provision to forecast is partly due to internal recharges at year end. The majority of Community & Housing overspend is in Access & Assessment as demonstrated in the table below.

**Access & Assessment- £3,259k over spend**

<b>Access &amp; Assessment</b>	<b>Full year Outturn Variance £'000</b>	<b>Jan Forecast Variance £'000</b>
Gross Placement overspend	3,146	3,542
Other A&A under-spends	(526)	(1,136)
<b>Sub-total Net Overspend</b>	<b>2,620</b>	<b>2,406</b>
Under/(Over) achievement of income	639	(292)
<b>Total A&amp;A Forecast over-spend</b>	<b>3,259</b>	<b>2,114</b>

**Analysis of Community & Housing (under)/overspend**

<b>Community &amp; Housing</b>	<b>Current Budget £'000</b>	<b>Full year Outturn Variance £'000</b>	<b>Jan Forecast Variance £'000</b>	<b>Outturn Variance 14/15 £'000</b>
<b>Access &amp; Assessment</b>				
Gross Placements	38,178	3,146	3,542	3,689
Client & CCG Contribution Income	(11,874)	639	(292)	(612)
Placements- ILF Grant	0	(242)	(196)	n/a
Placements-Internal	0	751	n/a	n/a
Concessionary Fares	9,203	(147)	(164)	(45)
Occupational Therapist	859	(221)	(220)	(122)
Merton Community Health	829	(222)	(231)	(132)
Other Access & Assessment	3,687	(175)	(325)	(130)
<b>Sub-total Access &amp; Assessment</b>	<b>40,882</b>	<b>3,259</b>	<b>2,114</b>	<b>2,648</b>
<b>Commissioning</b>				
Brokerage, Contracts, Performance & Planning & Comm.	1,146	(118)	(142)	(237)
Voluntary Organisations - grants	721	113	78	138
Voluntary Organisations – Contracts	195	(18)	(18)	(24)
Voluntary Organisations – Dementia contract	230	8	8	11

Pollards Hill Contract	215	(14)	(14)	32
Supporting People grant	2,128	(21)	(2)	(141)
<b>Sub-total Comm.</b>	<b>4,635</b>	<b>(50)</b>	<b>(90)</b>	<b>(221)</b>
<b>Direct Provision</b>				
Day Centres	2,423	(53)	(64)	(58)
Supported Living & Internal Placements	873	(64)	566	109
Re-ablement	1,568	(286)	(289)	371
Helping people at home grant	0	(25)	(25)	(75)
Residential	816	179	195	222
Mascot	(17)	38	25	5
Other Direct Provision	284	(11)	7	318
<b>Sub-total Direct Provision</b>	<b>5,947</b>	<b>(197)</b>	<b>415</b>	<b>892</b>
<b>Contribution from Public Health-Ageing Well Grants</b>	<b>0</b>	<b>(328)</b>	<b>(328)</b>	<b>(500)</b>
<b>Directorate</b>	<b>997</b>	<b>(1,247)</b>	<b>(1,011)</b>	<b>(223)</b>
<b>Sub-total ASC</b>	<b>52,461</b>	<b>1,437</b>	<b>1,099</b>	<b>2,596</b>
<b>Libraries</b>	<b>2,243</b>	<b>(176)</b>	<b>(90)</b>	<b>4</b>
<b>Merton Adult Education</b>	<b>(154)</b>	<b>218</b>	<b>249</b>	<b>254</b>
<b>Housing</b>				
Temporary Accommodation	116	(317)	(205)	84
Homelessness Prevention	320	(19)	7	(127)
Housing Advice & Options	500	(17)	(10)	(7)
Housing Needs	283	(92)	(95)	(43)
Housing Strategy	134	(20)	(11)	(18)
Housing Supply & Development	266	(37)	(34)	(3)
Housing Environmental Health	228	(35)	(41)	(59)
Merton Action Single Homeless	56	(1)	7	0
<b>Reserves Funding Adjustment</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>67</b>
<b>Sub-total Housing</b>	<b>1,903</b>	<b>(538)</b>	<b>(382)</b>	<b>(106)</b>
<b>Grand total Community and Housing</b>	<b>56,453</b>	<b>940</b>	<b>876</b>	<b>2,748</b>



## Adult Social Care

### Placement Activity

The total gross placement budget for 2015.16 was £38.1m and outturn total expenditure was £41.3m, this is £396k less than forecasted in January 2016.

Increase in number of packages is as a result of internal placements.

The table below details the current number of clients and care packages numbers as at March 2016.

Activity Data	Care packages (No's) Mar'16		Care packages (No's) Jan'16	Clients (No's) Mar'16		Clients (No's) Dec'16
<b>Service Areas</b>						
Mental Health	140	↑	134	125	↑	115
Physical & Sensory	351	↑	336	269	↑	238
Learning Disabilities	432	↑	416	348	↑	340
Older People	1,719	↑	1,712	1,255	↑	1,202
Substance Misuse	15	↑	14	15	↑	14
No Recourse to Public Funds	16	↑	15	10	↑	9
<b>Total</b>	<b>2,673</b>	↑	<b>2,627</b>	<b>2,022</b>	↑	<b>1,918</b>

### Challenges of Adult Social Care in 2015.16:-

#### Access and Assessment

There is evidence of some success in managing demand in 2015/16 in order to achieve savings required. Throughout the year providers sought inflationary increases and at one point it was very difficult to place clients due to competition from other purchasers in the market willing to pay a higher rate for nursing, residential and homecare placements.

The main pressures were:

**Price pressures.** Nationally the market in social care has shown that providers are successfully demanding increases in fees. This is due to pressures such as clarification over the definition of minimum wage and increasing challenges in hiring staff. Merton has in recent years held fees low compared with other boroughs, for example by not offering an increase in general for inflation for five years. However, providers can now obtain better prices from neighbouring

boroughs and/or the NHS. This means that to secure supply and sustain a viable market Merton had to negotiate new higher fees.

The impact of the negotiations agreed to date is £581k (£387k for Residential and Nursing placements and £194k for domiciliary care providers. Price increases were not offered to all providers.

**NHS pressures.** The lack of domiciliary and bed-based capacity in the national and local social care market resulted in a significant negative impact on the ability to avoid Delayed Transfer of Care (DToC) charges, which will be further compounded by Winter pressures;

Cost of DToC fines incurred during 2015/16 were considerably higher than in previous financial years.

### **New responsibilities arising from the Cheshire West judgement**

The Government provided some funding to cover the implications of the Cheshire West judgement around Deprivation of Liberty Assessments (DOLS) £80K. The actual spend on DOLS IN 2015/16 was £537k net. Number of cases dealt with during 2015/16 was £651. Thus allocated grant of £80k and £125k reserves was insufficient for the new responsibilities.

**Ordinary Residents** Three new Ordinary Residents cases costing £193k were passed to Merton by neighbouring boroughs. Similarly LBM transferred packages worth £58k to neighbouring boroughs.

Increasing cost trends resulting from the complexity of support for young people in transitions from CSF to Adult Social Care. In 2015/16 transitions forecasted spend was £675k, actual cost was £589k, of which £319k relates to clients over 21 years old.

### **Placements Income**

There were fewer clients in residential placements resulting in significantly less client contribution. This was not identified until very late in the year.

The prediction and monitoring of income is a key budget area which needs substantial further development and ownership by managers. It is expected that the new social care system will contribute to solving this problem but will require changes in management processes if improvements are to be delivered.

### **Commissioning under spend £50k**

There were various staff vacancies across this division throughout this financial year in light of the planned restructure.

### **Direct Provision under spend £197k**

Under spend is due to internal recharge between Access & Assessment and Direct Provision at year end.

Plans are in progress to transfer permanent budgets from Access & Assessment in 2016/17 to cover cost of the increase demand for internal placements in supported living.

### **Re-ablement under spend by £286K**

Under spend is as predicted of which £189k relates to salaries, £59k on supply and services and travel £38K.

### **Transport SLA (Core-route) - £11k over-spend and other routes underspent by £2k.**

### **Residential Homes £179k over spend**

Riverside has overspent by £96k of which £89k is on salaries part of which is due to the implementation of the single status.

Meadowsweet was also over spent by £83k all of which also mainly on salaries.

This in part is due the provision of staff to cover Cliveden Road, which is a Supported Living unit and the implementation of single status.

### **Directorate - £1,247k under spend**

Directorate under spent on salaries by £67k and supply and services by £1.180m. Care Act grant was used to mitigate pressures on the placements budgets, due to the request for enhanced fees and Adult Social Care (ASC) new duties of market oversight under the Care Act, ASC might have been able to bear down harder on care package volumes had it not been for national eligibility criteria.

### **Libraries- £176k under spend**

Throughout the year libraries was forecasting an under spend, and in January 2016 forecasted to underspend by £90k. However as at year end this increased to £176k. This is due to vacant posts, reduction in spend on supply & services, contracts and better than expected income collection. Improvements are required in monitoring in this area.

### **Merton Adult Education - £218k over spend**

Merton Adult Education (MAE) had been consistently forecasting an over spend of £249k for 2015/16. The difference is due to additional contribution from reserves of £31k to cover cost for works undertaken during the financial year on the conversion of MAE to a commissioning model.

During 2015/16 MAE's SFA grant and other associated fee income reduced compared to 2014/15 by £237k. This service had £176k savings applied to its budget.

### **Housing - £538k under-spend**

Housing was forecasting an under spend of £382k but due to additional housing benefit income and client contribution outturn increased to £538k

There is still an on-going housing benefit issue regarding entitlement not matching subsidy received by the Local Authority. This issue is expected to be resolved in 2016/17.

There is a need to improve the in year monitoring for this service.

### **Public Health**

This service was forecasting an over spend in January 2016 of £71k.

<b>Public Health</b>	<b>Budget</b>	<b>Full Year Outturn</b>	<b>Outturn Variance</b>	<b>Jan Forecast Variance</b>	<b>Outturn Variance 14/15</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
PH - Directorate	1,140	1,024	(116)	(179)	(305)
PH- Contraception	713	672	(41)	(9)	(26)
PH - STI Testing and Treatment (GUM)	2,060	2,033	(27)	134	110
PH - SH Advice, Prevent and Promotion	217	208	(9)	35	(97)
PH - NHS Health check	316	238	(78)	(37)	17
PH - Falls Prevention	66	66	0	0	(1)
PH - Obesity	572	372	(200)	(54)	(28)
PH – Non Recurrent Project	940	940	0	(47)	0
PH – Live-well including smoking cessation)	345	329	(16)	(14)	(35)
PH - Substance Misuse (drugs and alcohol)	1,755	1,723	(32)	(308)	(422)
PH - School Nursing	849	833	(16)	(16)	(4)

(including National Child Measurement programme)					
PH - Surveillance and Control of Infectious Diseases	10	0	(10)	(10)	(9)
PH- Determinants	160	77	(83)	(55)	0
PH - Community Services Contract Estates	285	284	(1)	0	0
PH-New Investments	104	106	2	(16)	(275)
PH - Health Visiting Service	1,476	1,461	(15)	(15)	n/a
<b>Total Public Health</b>	<b>11,008</b>	<b>10,366</b>	<b>(642)</b>	<b>(592)</b>	<b>(1,075)</b>
<b>PH - Main &amp; Other Grants</b>	<b>(9,236)</b>	<b>(8,595)</b>	<b>642</b>	<b>663</b>	<b>0</b>
<b>Healthvisiting</b>	<b>(1,476)</b>	<b>(1,476)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Net Public Health</b>	<b>295</b>	<b>295</b>	<b>0</b>	<b>71</b>	<b>(1,075)</b>

**Under-spends on Public Health budget lines 2015/16 is due to the following:-**

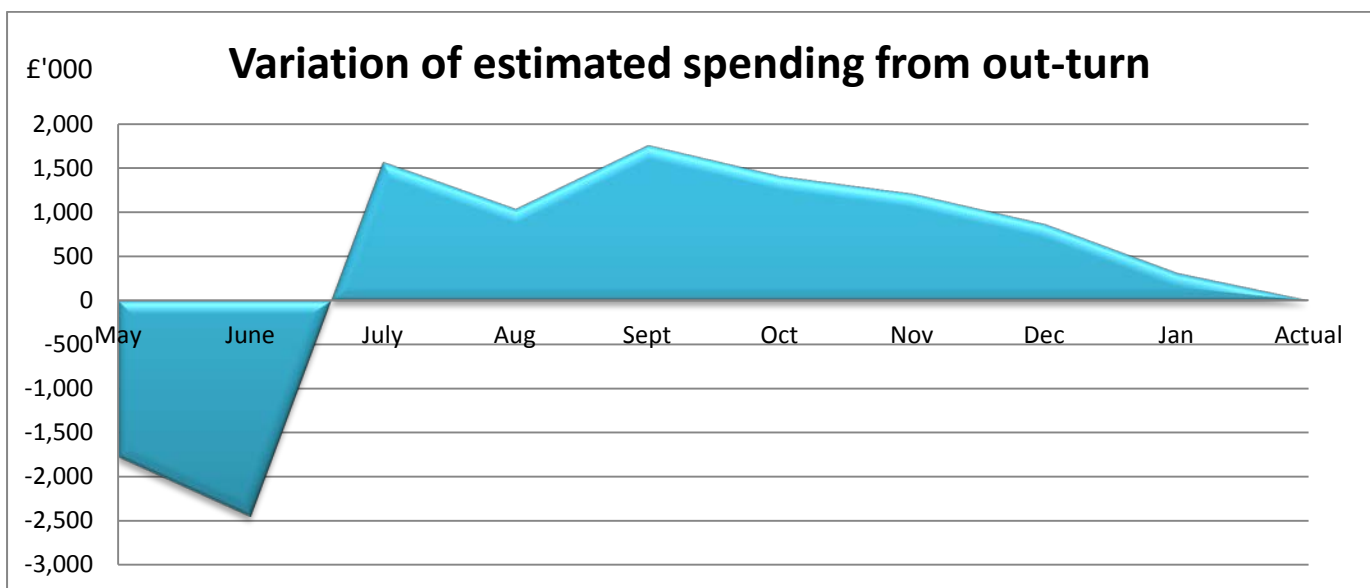
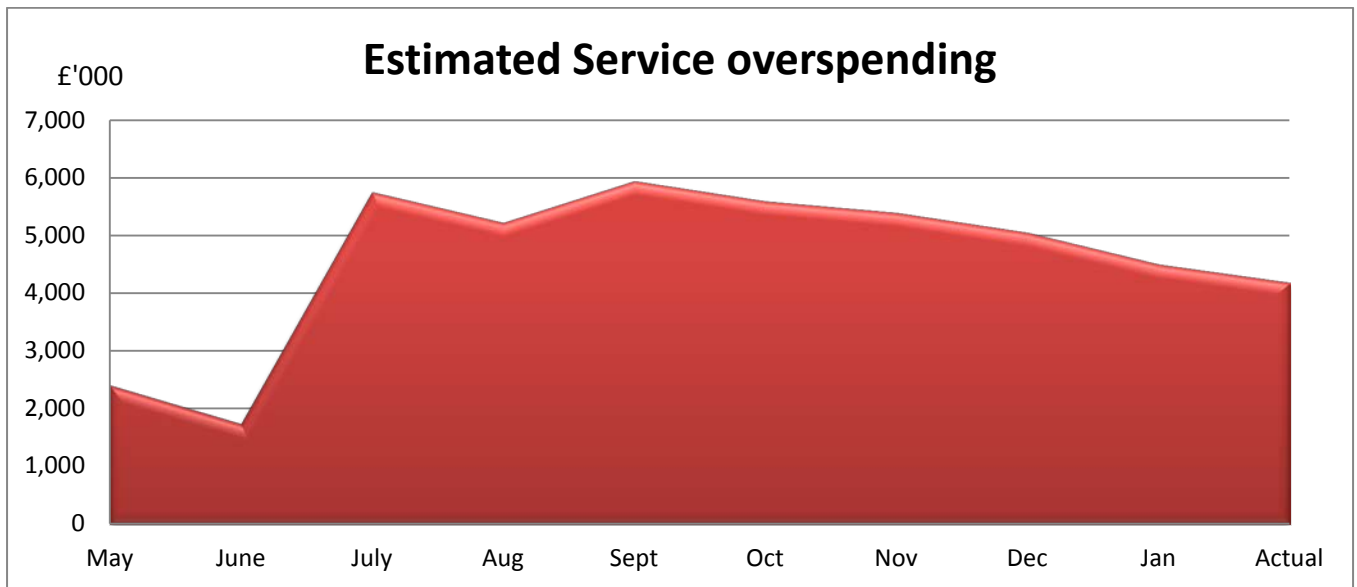
- Directorate under spent on staffing and fees.
- In year reduction of Public Health main grant of £663K.
- Change in joint working arrangement with Merton CCG regarding the 'Weight Management' contract and the uncertainty surrounding the in year grant reduction.
- Substance misuse contract was under re-procurement.
- Sexual Health budget is unpredictable since it is activity based thus difficult to forecast accurately. It is hope that once a trend is established forecasting in this area will improve.
- Public Health also received £21.5k health premium incentive payment for progress made in improving the health of the local population.

## Section 6 Quality of Budgetary Control

In recent years the quality of budgetary control has been somewhat erratic, and was particularly poor in 2010/11 and 2011/12. In overall terms the quality of budget monitoring has very substantially improved since then

### Service Expenditure

The graphs below show that in May and June overspending was significantly underestimated and from July to December it was overestimated.



## Quality of Monitoring

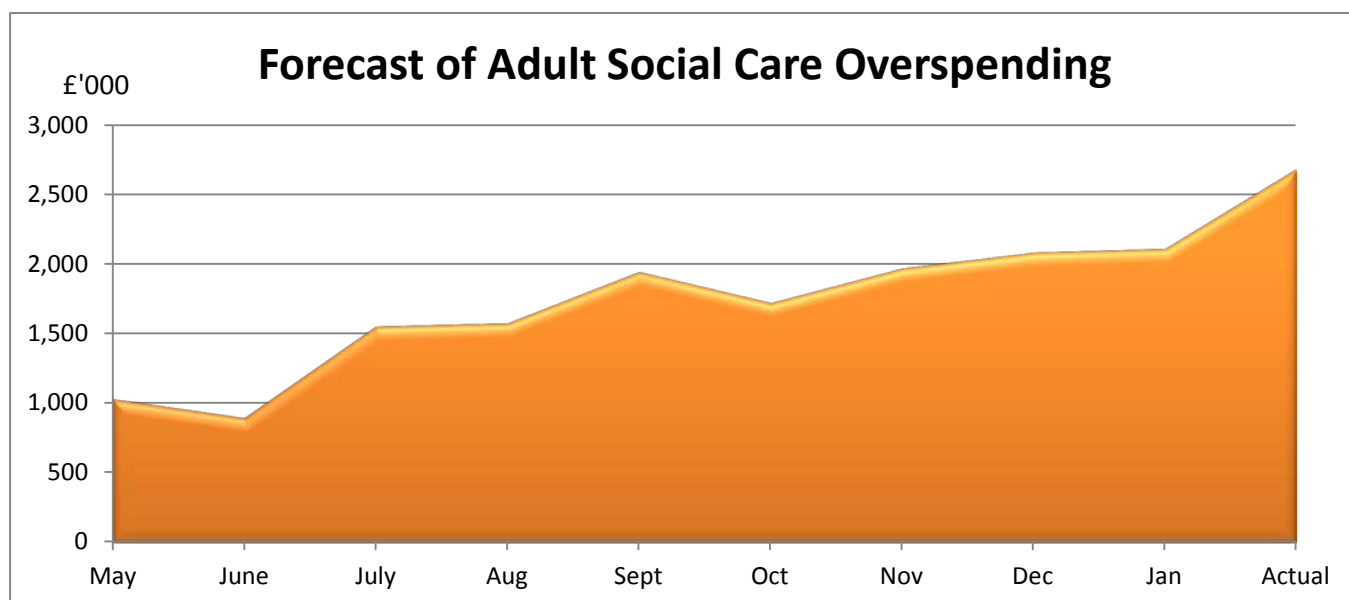
As the text above shows that from the overspending in 2 areas Adult Social Care and Parking exceed the bottom line overspending. There are other areas where significant overspending occurred:

- Childrens social care and commissioning
- Street scene and waste

The graphs below examine the quality of monitoring in each of these areas and remaining budgets

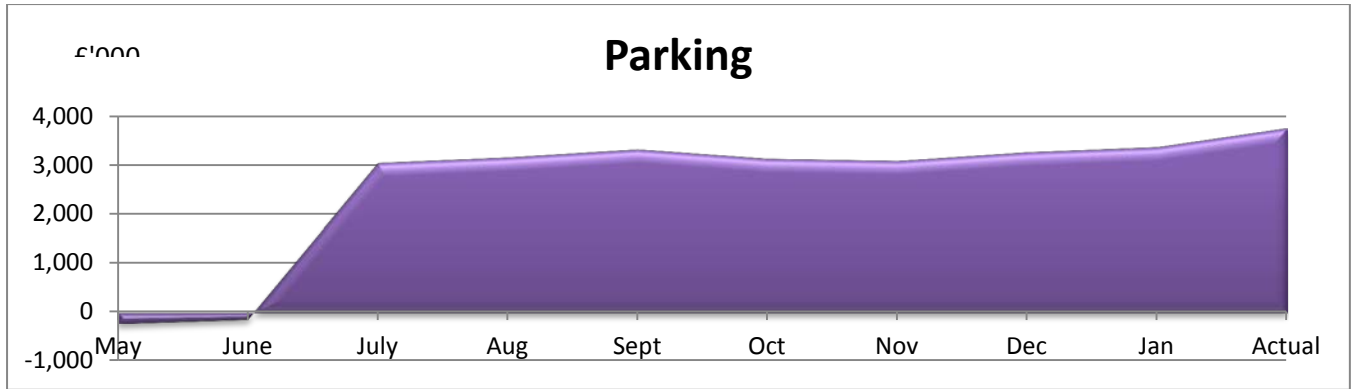
### Adult Social Care

The scale of the overspending was consistently underestimated throughout the year. The final outturn overspending was 2.5 times greater than the May estimate



### Parking

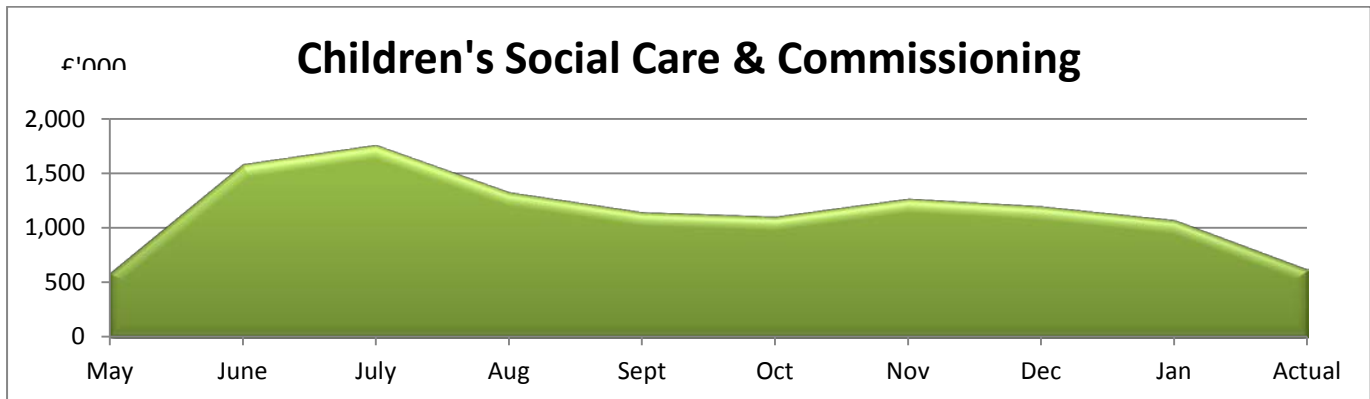
Once it became apparent that ANPR would be delayed in implementation the forecast in spending was close to the actual out-turn



There are a few other areas where overspending exceeded £500,000

### Children's Social Care & Commissioning

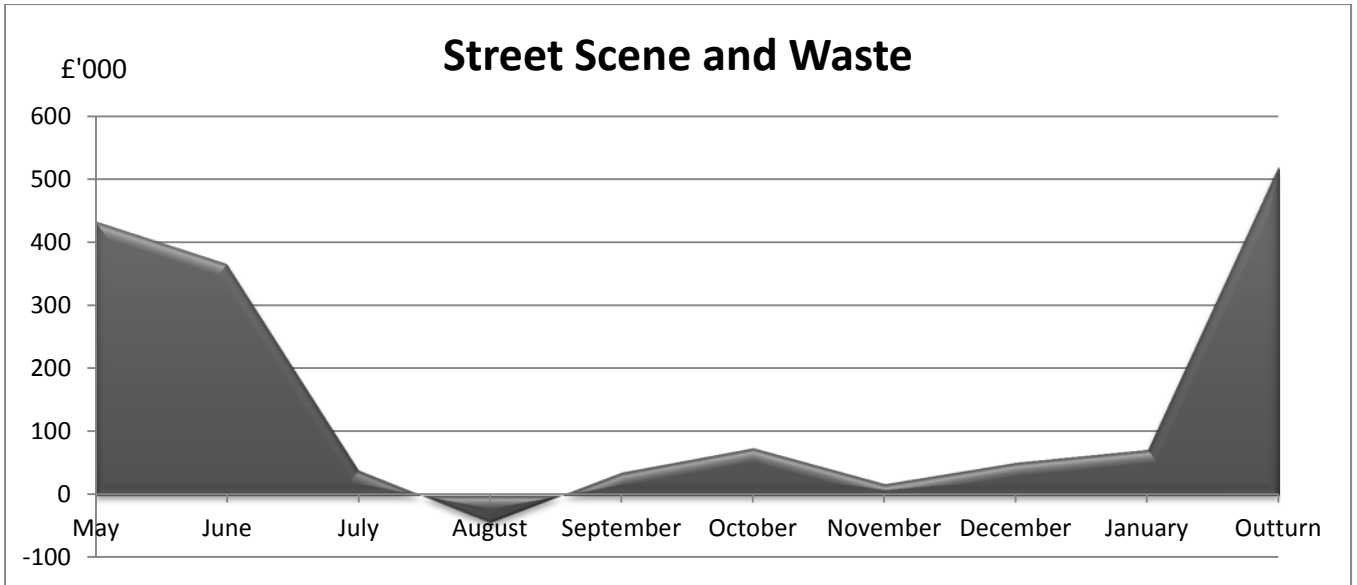
In Children's Social Care the scale of the overspend was heavily overestimated from June to January.



### Street Scene and Waste

Street Scene and Waste overspent by over £500,000. A significant overspend had not been predicted since June and the overspend forecast in January was a seventh of the actual out-turn





## Section 7 Reserves Position

Actual Movement in Reserves 2015/16	Bal at 31/3/15	Net Movt. in year	Bal. at 31/3/16
	£'000	£'000	£'000
General Fund Reserve	15,151	0	15,151
Earmarked Reserves	30,197	(1,457)	28,740
Grants & Contributions	3,335	(1,409)	1,926
Schools	16,938	2,635	19,573
<b>Total Available Gen. Fund Rev. Reser</b>	<b>65,620</b>	<b>(231)</b>	<b>65,389</b>
<b>Fixed to Contracts</b>	<b>1,955</b>	<b>0</b>	<b>1,955</b>
<b>Total General Fund revenue reserves</b>	<b>67,575</b>	<b>(231)</b>	<b>67,344</b>

<b>Analysis</b>			
<b>Earmarked Reserves</b>			
Outstanding Council Programme Board	9,515	(3,233)	6,282
For use in future years for budget	5,752	113	5,865
Revenue Reserves for Capital / Revn.	6,062	1,685	7,747
Renewable Energy reserve	1,441	82	1,523
Repairs & Renewal Fund	1,424	(200)	1,224
Transforming families reserve	414	(414)	0
Pension Fund additional contribution	63	0	63
Local Land Charges Reserve	1,419	226	1,645
Apprenticeships	648	(242)	406
Community Care Reserve	1,386	0	1,386
Local Welfare Support Scheme	614	(81)	533
Economic Development Strategy	1,148	(529)	619
Governor Support Reserve	52	(33)	19
Wimbledon Tennis Courts Renewal	77	25	102
Corporate Services Reserve( other)	182	108	290
New Homes Bonus Scheme	0	1,037	1,037
<b>Earmarked Reserves</b>	<b>30,197</b>	<b>(1,457)</b>	<b>28,740</b>
Adult Social care contributions	425	(75)	350
Culture and Environment contributions	447	(313)	134
Culture and Environment grant	363	50	413
Childrens & Education grant	650	(279)	371
Adult Social Care grants	0	0	0
Supporting People balances	0	65	65
Housing Planning Development grant	190	(89)	101

Housing GF grants	106	0	106
Public Health	1,154	(1,132)	22
CSF reserve	0	365	365
<b>Grants &amp; Contributions</b>	<b>3,335</b>	<b>(1,409)</b>	<b>1,926</b>
<b>Sub-Total</b>	<b>40,972</b>	<b>(7,439)</b>	<b>33,533</b>

Insurance Reserve	1,955	0	1,955
<b>Fixed to Contracts</b>	<b>1,955</b>	<b>0</b>	<b>1,955</b>

DSG Reserve	3,585	784	4,368
Schools Reserve	52	(52)	0
Schools PFI Fund	4,366	235	4,600
Refund of PFI contributions	400	(300)	100
Add Schools own reserves	8,535	1,969	10,504
<b>Schools Reserves</b>	<b>16,938</b>	<b>2,635</b>	<b>19,573</b>

Capital Grants	5,409	(4,266)	1,143
Capital Contributions	306	2,705	3,011
Capital Receipts	31,263	(1,681)	29,582
<b>Capital Reserves</b>	<b>36,978</b>	<b>(3,242)</b>	<b>33,736</b>

Earmarked reserves can only be retained for the purposes for which they were approved and a number have been closed and taken to the OCPB reserve for investment in efficiency and transformation. There will be further reviews of the usage of reserves in the year and other reserves that are not being actively used will be treated in a similar manner.

## Section 8 CAPITAL

### CAPITAL OUTTURN 2015-16

#### Outturn and Budget Management

The table (a) below shows that Total Capital Expenditure for 2015/16 is 29.3 million compared to the total projected by budget managers in November 2015 of £36.8 million (this equates to a negative variance of 19.03%. This overall total masks considerable variances on individual schemes and was less accurate than the projected 2014/15 variance of £5.3 million or 12.6%, 2013/14 variance of £1.6 million or 5.49% and 2012/13 variance of £4.8 million or 10.65%

**Table (a) - Capital Outturn Position 2015/16**

Department	Total Budget £000's	Adjusted Actual £000's	Outturn Variance to Budget £000's	November Forecast For Year £000's	November	% Variance to November Forecast %
					Forecast Variance to Outturn £000's	
Column	(1)	(2)	(3)	(4)	(5)	(6)
			(2)-(1)		(2)-(4)	(5)/(4)
Community and Housing	1,611	1,355	(256)	1,706	(350)	(20.54)
Corporate Services * and **	6,858	2,697	(4,161)	5,413	(2,578)	(47.62)
Children Schools and Families*	14,619	14,327	(292)	15,372	(920)	(5.98)
Environment and Regeneration * and **	14,127	10,948	(3,178)	14,015	(3,100)	(22.12)
<b>Total</b>	<b>37,215</b>	<b>29,327</b>	<b>(7,887)</b>	<b>36,506</b>	<b>(6,947)</b>	<b>(19.03)</b>

\* Outturn Adjusted for leasing payments of £231k Multi Function Devices and Bins Leases £38k

\*\* Budget increased during February/March 2016 by £26k Improving Financial Information Systems (for the purchase of a second Multi-Protocol Label Switching) and a £4k increase to one of the Transport for London Schemes.

Please see below for a description of major variances, slippage and drawn down on 2016/17 for funding of overspends.

#### Movement in the 2015/16 Original Approved Programme

The Capital Programme for 2015/16 as approved in March 2015 was £41.9 million. Subsequently, slippage from 2014/15 (£7.2 m), with other net adjustments of £1.265 million giving an effective opening programme of £47.9m. However, during the financial year £10.7 million was re-profiled (moved) into subsequent financial years. These movements are shown below. Coupled with the £7.8million underspend there has been effectively a 39% slippage or reduction in schemes from the initial budget plus new schemes.

**Table (b) – Summary Movement in the Capital Programme since Approval March 2015**

Depts.	Original Budget 15/16 £000's	Slippage 2014/15 £000's	Reductions/ Adjustments £000's	New External Funding £000's	New Internal Funding £000's	Re-profiling £000's	Final Budget 15/16 £000's
Community and Housing	2,161	1,436	189	0	0	(2,174)	1,612
Corporate Services	7,428	2,408	(171)	0	201	(3,009)	6,857
Children Schools and Families	17,105	1,014	(56)	(7)	750	(4,187)	14,619
Environment and Regeneration	15,240	2,345	(2,720)	253	296	(1,287)	14,127
<b>Total</b>	<b>41,934</b>	<b>7,203</b>	<b>(2,758)</b>	<b>246</b>	<b>1,247</b>	<b>(10,657)</b>	<b>37,215</b>

The table (c) below shows that levels of slippage and under spending remain high. In 2015/16 the outturn position of £29.3 million reflected the lower levels of spend on the primary expansion programme, this year almost 50% of outturn spend is from Children, Schools and Families.

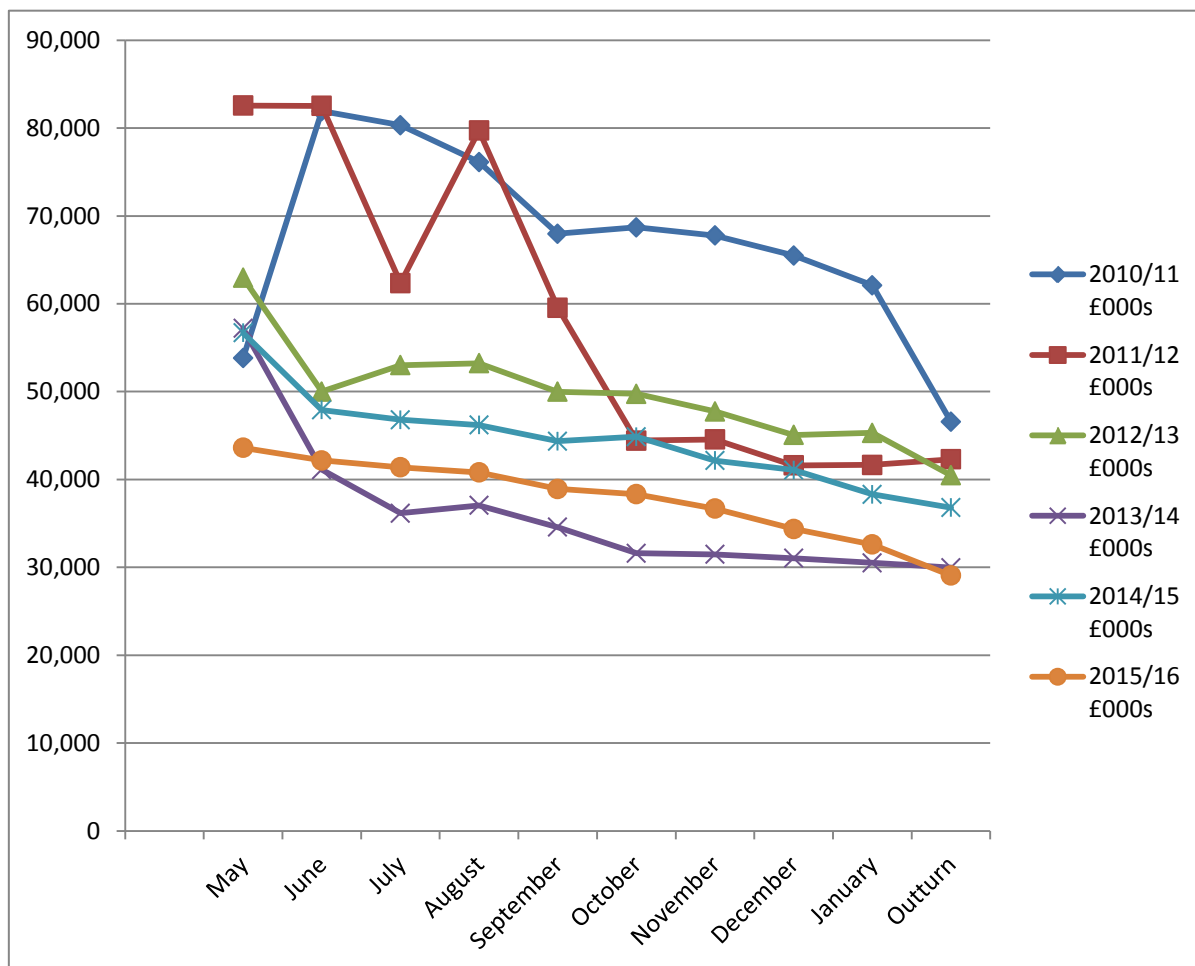
**Table (c) – Gross Capital Programme Compared to Final Budget and Outturn 2015/16**

Department	Gross Programme £000s	Final Budget £000s	Outturn £000s	Underspend Against			
				Gross Budget		Final Budget	
				£000s	%	£000s	%
Community & Housing	3,786	1,612	1,355	(2,431)	(64.20%)	(257)	(15.92%)
Corporate Services	9,866	6,857	2,697	(7,169)	(72.67%)	(4,160)	(60.67%)
Children, Schools & Families	18,806	14,619	14,327	(4,479)	(23.82%)	(292)	(2.00%)
Environment & Regeneration	15,414	14,127	10,948	(4,466)	(28.97%)	(3,179)	(22.50%)
<b>Total</b>	<b>47,872</b>	<b>37,215</b>	<b>29,327</b>	<b>(18,545)</b>	<b>(38.74%)</b>	<b>(7,888)</b>	<b>(21.19%)</b>

## Capital - Monthly Managers Forecast Spend to Outturn

The graph below shows the overall forecasting by managers of the outturn spend on capital over the last 5 years. There has clearly been an improvement with a much lower overestimate in spending in the earlier part of the year. For the financial years 2010-13 there was a continued problem with the quality of forecasting around December when the revenue budget for the following year is being prepared. The overestimate in spending feeds through into an overestimate of the budget for capital charges in the following year. For 2013/14, the graph shows that reasonably accurate outturn projects were available from October 2013. In 2014/15 budget managers continued to provide unrealistic estimates of spending above £40million until January 2015. In 2015/16 budget managers were forecasting a £36.7 million outturn in November 2015 this had reduced by £32.6 million by January 2016 monitoring – with final spend £3.3 million lower than finally projected

**Capital - Monthly Managers Forecast Spend to Outturn 2010/11-2015/16**

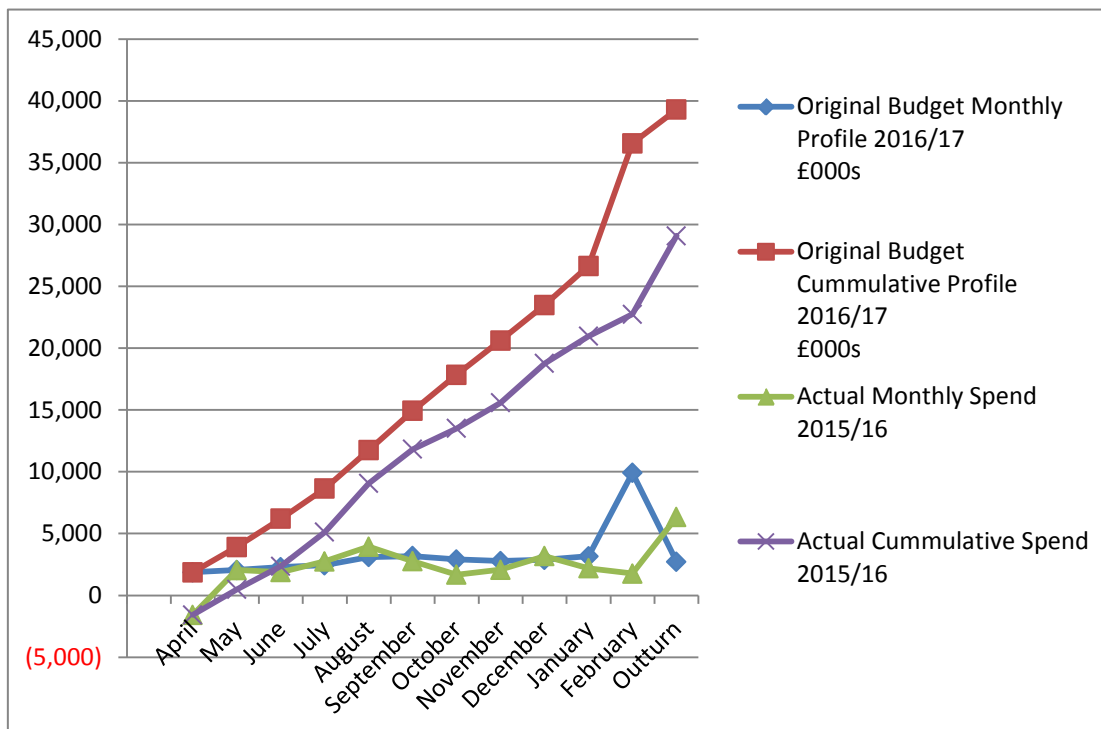


With the requested slipped budgets from 2015/16 the 2016/17 Capital Programme is currently almost £46 million; the authority is starting the financial year in a similar position as previous years. Financial officers will challenge budget holders to re-profile their budgets into subsequent financial years, where appropriate and this will be reported to Cabinet in September 2016. It seems extremely unlikely that this budget will be spent in the current year.

The graph below charts the monthly and cumulative difference between in year expenditure and profiled budget. Additional time will be spent this year working with budget managers to reduce the gap between spend and profiled budget

**Original Budget 2016-17 - Current Profile Compared to Spend in 2015/16**

£000s



**The Level of Re-Profiling / Slippage from 2015/16** - Current proposals for slippage total just under £7.0 million (compared to £7.2 million in 2014/15, £2.1 million in 2013/14 and £5 million from 2012/13), this is summarised below. This will increase the budget re-profiled into subsequent financial years from 2015/16 to just under £17.7 million).

**Table (e) – Current Slippage Position 2015/16**

Department	Total Year End Variance 2015/16	Recommend Accept Slippage	Surrender	Bring Forward from 2016/17
	£000's	£000's	£000's	£000's
Community & Housing	(256)	271	0	0
Corporate Services	(4,161)	4,065	72	0
Children, Schools & Families	(292)	534	143	(393)
Environment & Regeneration *	(3,178)	2,176	693	0
<b>Total</b>	<b>(7,887)</b>	<b>7,045</b>	<b>908</b>	<b>(393)</b>

\* Quietways (TfL) Scheme of £309k to be funded as part of 2016/17 TfL schemes to allow whole year to complete the scheme. If slipped into 2016/17 officers would only have four months to complete the scheme.

## Major Variances

a) Community and Housing – No budget has been relinquished. Slippage has been given to three schemes Disabled Facilities Grants (£203,170), Laptops for Other Staff (£52,410) and Libraries Self Service (£14,970).

b) Corporate Services – Budgets totalling £102.9k have been relinquished. Slippage has been given to the following twelve schemes:

	£
Replacement Document Management	342,000
Customer Contact Programme	115,930
Data Labelling	3,550
Replacement Social Care System	29,250
Acquisitions Budget	1,033,300
Capital Bidding Fund	1,357,000
Invest to Save Schemes	735,170
Repair & Maintenance	70,580
Disaster Recovery	217,540
IT Equipment	50,650
Improving Financial Information Systems	83,100
Smartphones	26,670

c) Children, Schools and Families – Budgets totalling £39k have been relinquished. Slippage has been given to the following fourteen schemes:

	£
Primary Expansion Contingency	300,330
Joseph Hood School Expansion	3,720
Hillcross School Expansion	3,090
Pelham School Expansion	10,660
Poplar School Expansion	1,000
Cricket Green Site	1,560
Hatfeild School	70,730
Perseid	1,930
Schools Capital Maintenance	54,360
Secondary School Expansion	30,000
St Marks	12,060
Harris Merton	43,710
Harris Morden	760

d) Environment and Regeneration - Budgets totalling £707.6k have been relinquished. Slippage has been given to the following 27 schemes:

	£
CCTV (Match funding)	115,440
London Road Cemetery	11,490
Parks Investment	55,000
B617a-c Wimbledon Park Upgrade	2,330
TfL Slippage	239,000
B683 Cannizaro Park	2,630
Pay and Display Machine	40,230
Morden Leisure Centre	161,370
B672a-f Connecting Colliers Wood	5,050
Industrial Estate Investment	131,360
Town Centre Investment	177,070



Rediscover Mitcham	37,040
Morden Shopping Parade/Brighter Businesses	10,140
B591b Shop Front Improvement	45,510
Street Lighting Replacement Programme	200,000
Mobile Working Initiative	57,220
Colliers Wood Area (S106)	9,570
B626a-c Cottnm Pk&HolInd Gdn	14,650
Outdoor Gyms PH Funding	11,700
Pollution PH Funding	19,780
Improved Parking – Shopping Parades	9,900
B646a Lombard Industrial Estate	16,860
GPS Vehicle Tracking	130,000
Tackling Traffic Congestion	37,530
Anti Theft Pay & Display Machines	26,150
Canons Parks for People	91,960
Parks Leases	7,690
Colliers Wood Regeneration Fund	246,580
Nelson Gardens Community Space	10,170
Tamworth Paddling Pool	2,410
23 Mostyn Rd	45,000
Leisure Centres Plant & Equipment	202,580
B489 Landscape Colliers Wood	5,540

**Revised Capital Programme 2016-20:** The table below summarises the proposed changes to the approved Capital programme for 2016-20 a summary of the capital programme including slippage is shown as Appendix 3.

**Table (f) - Merton's Capital Programme 2016-20**

Departments	Original Budget 16/17	Slippage 2015/16	Revised Budget 16/17	Original Budget 17/18	Original Budget 18/19	Original Budget 19/20
	£000's	£000's	£000's	£000's	£000's	£000's
Community and Housing	2,074	271	2,345	1,055	629	280
Corporate Services	7,565	4,065	11,630	5,196	2,977	2,795
Children Schools and Families	13,998	141	14,139	19,829	12,990	4,955
Environment and Regeneration	15,658	2,176	17,834	12,664	15,474	4,277
<b>Total</b>	<b>39,296</b>	<b>6,652</b>	<b>45,948</b>	<b>38,743</b>	<b>32,070</b>	<b>12,307</b>

## **Summary**

The Key observations from capital outturn are:

- a) The projected outturn position in November 2015 has been progressively less accurate since 2012/13. There remain some large variations within individual schemes especially within Business Improvement, Regeneration and Partnerships, Transport for London and Disabled Facilities Grants. Budget manager are currently being asked to review their in year spending profile and projected spending patterns over the period 2016-20. These changes will be reported to Cabinet in July 16. In addition, challenge meetings will be held with budget managers again this year over the summer and as part of September

and November monitoring to re-profile budgets and obtain accurate outturn projections as early as possible in the financial year

- b) The Capital Programme for 2016-20 needs to be reviewed and re-profiled to reduce it to a manageable and accurate level - The approved Capital Programme for 2015/16 was £39.296 million. Slippage from 2015/16, overspend adjustments, new funding and re-profiling have resulted in the proposed Capital Programme rising to £45.948 million. Budget Managers have already been asked to review the multi-year profile of their schemes, this challenge will continue in 2016/17. Officer time will be spent re-profiling the current and future year budgets and this will be reported to Cabinet in July 2016. Consideration will be given to the impact on subsequent financial years both in terms of the programme and the funding from revenue

## **9 CONSULTATION UNDERTAKEN OR PROPOSED**

- 9.1 All relevant bodies have been consulted.

## **10 TIMETABLE**

- 10.1 In accordance with current financial reporting timetables.

## **11. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

- 11.1 All relevant implications have been addressed in the report.

## **12. LEGAL AND STATUTORY IMPLICATIONS**

- 12.1 All relevant implications have been addressed in the report.

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

- 13.1 Not applicable

## **14 CRIME AND DISORDER IMPLICATIONS**

- 14.1 Not applicable

## **14. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

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

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

- Appendix 1 Out turn position
- Appendix 2 Corporate items
- Appendix 3 Current Capital Programme 2016-20 including Slippage
- Appendix 4 Debt Report
- Appendix 5 Departmental graphs

17 **BACKGROUND PAPERS**

17.1 Budgetary Control files held in the Corporate Services department.

18. **REPORT AUTHOR**

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## Final Outturn as at 31st March 2016

## APPENDIX 1

	Original Budget 2015/16 £000s	Budget (Mar) £000s	Outturn (Mar) £000s	Full Year Forecast (Jan) £000s	Outturn Variance (Mar) £000s	Forecast Variance at year end (Jan) £000s	Outturn Variance 2014/15 £000
<b>Department</b>	-						
3A. Corporate Services	14,025	13,600	11,811	15,342	(1,788)	84	(691)
3B. Children, Schools and Families	50,894	54,703	55,262	53,401	559	401	2,663
<b>3C. Community and Housing</b>	-				0		0
Adult Social Care	56,080	56,189	58,247	57,547	2,058	1,099	2,593
Libraries & Adult Education	3,169	3,121	3,207	3,441	87	159	281
Housing General Fund	2,151	2,154	1,630	1,772	(524)	(382)	(100)
3D. Public Health	320	468	468	1,224	0	70	(0)
3E. Environment & Regeneration	23,986	24,591	28,657	27,123	4,066	3,084	1,703
<b>NET SERVICE EXPENDITURE</b>	<b>150,624</b>	<b>154,825</b>	<b>159,282</b>	<b>159,850</b>	<b>4,457</b>	<b>4,515</b>	<b>6,448</b>
<b>3E. Corporate Items</b>							
Impact of Capital on revenue budget	14,117	14,117	14,166	14,092	49	(25)	205
Other Central items	-10,651	-15,172	-18,017	-18,258	(2,846)	-2,896	(2,817)
Levies	926	926	926	926	(0)	0	0
<b>TOTAL CORPORATE PROVISIONS</b>	<b>4,392</b>	<b>-129</b>	<b>-2,926</b>	<b>-3,240</b>	<b>-2,797</b>	<b>-2,921</b>	<b>-2,612</b>
<b>TOTAL GENERAL FUND</b>	<b>155,016</b>	<b>154,696</b>	<b>156,355</b>	<b>156,610</b>	<b>1,659</b>	<b>1,595</b>	<b>3,836</b>
<b>- Funding</b>							
- Business Rates	(33,686)	(33,371)	(33,371)	(33,686)	0	0	0
- RSG	(30,425)	(30,425)	(30,425)	(30,425)	0	0	0
- Council Tax Freeze Grant 2014/15	(861)	(861)	(867)	(861)	(6)	0	6
- Section 31 Grant	(1,134)	(1,134)	(1,051)	(1,134)	83	0	(160)
- New Homes Bonus	(2,642)	(2,642)	(3,679)	(2,642)	(1,037)	0	0
- PFI Grant	(4,797)	(4,797)	(4,797)	(4,797)	0	0	0
<b>Grants</b>	<b>(73,545)</b>	<b>(73,230)</b>	<b>(74,190)</b>	<b>(73,545)</b>	<b>(960)</b>	<b>0</b>	<b>(154)</b>
Collection Fund - Council Tax Surplus(-)/Deficit	(4,813)	(4,813)	(4,813)	(4,813)	0	0	0
Collection Fund - Business Rates Surplus(-)/Deficit	393	393	393	393	(0)	0	0
<b>Council Tax</b>					0	0	0
- General	(76,758)	(76,758)	(76,758)	(76,758)	(0)	0	0
- WPCC	(293)	(293)	(293)	(293)	(0)	0	0
<b>Council Tax and Collection Fund</b>	<b>(81,471)</b>	<b>(81,471)</b>	<b>(81,472)</b>	<b>(81,471)</b>	<b>(0)</b>	<b>0</b>	<b>0</b>
<b>FUNDING</b>	<b>(155,016)</b>	<b>(154,701)</b>	<b>(155,662)</b>	<b>(155,016)</b>	<b>(961)</b>	<b>0</b>	<b>(154)</b>
<b>NET</b>	<b>0</b>	<b>(5)</b>	<b>694</b>	<b>1,594</b>	<b>699</b>	<b>1,595</b>	<b>3,682</b>

<b>2015/16</b>	<b>Current Budget</b>	<b>Final Outturn</b>	<b>OUTTURN Variance (Mar)</b>	<b>Forecast Variance (Jan)</b>	<b>Outturn Variance 2014/15</b>
<b>Expenditure</b>	£000	£000	£000	£000	£000
Employees	96,604	97,197	593	100	849
Premises Related Expenditure	8,927	8,643	(284)	(334)	(3,433)
Transport Related Expenditure	14,667	15,055	387	16	1,496
Supplies and Services	174,676	173,419	(1,256)	(1,853)	4,902
Third Party Payments	89,261	93,795	4,534	5,694	7,469
Transfer Payments	104,027	102,136	(1,891)	(5,755)	4,490
Support Services	31,902	33,528	1,626	(1)	67
Depreciation and Impairment Losses	19,619	19,619	0	(0)	0
			0		
Corporate Provisions	(129)	(2,927)	(2,797)	(2,921)	(2,612)
<b>GROSS EXPENDITURE</b>	<b>539,554</b>	<b>540,466</b>	<b>912</b>	<b>(5,053)</b>	<b>13,228</b>
<b>Income</b>					
Government Grants	(267,583)	(266,673)	910	5,827	3,255
Other Grants, Reimbursements and Contribs	(22,294)	(26,877)	(4,584)	(2,333)	(3,030)
Customer and Client Receipts	(62,073)	(59,389)	2,685	2,763	(7,315)
Interest	(44)	(22)	22	24	24
Recharges	(32,547)	(33,902)	(1,355)	1	168
Balances	(316)	2,752	3,069	367	(2,494)
<b>GROSS INCOME</b>	<b>(384,858)</b>	<b>(384,110)</b>	<b>747</b>	<b>6,648</b>	<b>(9,392)</b>
<b>NET EXPENDITURE</b>	<b>154,696</b>	<b>156,355</b>	<b>1,659</b>	<b>1,595</b>	<b>3,836</b>

## APPENDIX 2

Corporate Items	Council 2015/16 £000s	Original Budget 2015/16 £000s	Current Budget 2015/16 £000s	Year to Date Budget (Mar.) £000s	Outturn (Mar.) £000s	Outturn Variance (Mar.) £000s	Forecast Variance at year end (Jan.) £000s
Cost of Borrowing	14,117	14,117	14,117	14,117	14,166	49	(25)
Use for Capital Programme						0	0
<b>Impact of Capital on revenue budget</b>	<b>14,117</b>	<b>14,117</b>	<b>14,117</b>	<b>14,117</b>	<b>14,166</b>	<b>49</b>	<b>(25)</b>
<b>Investment Income</b>	<b>(559)</b>	<b>(559)</b>	<b>(559)</b>	<b>(559)</b>	<b>(1,172)</b>	<b>(613)</b>	<b>(238)</b>
<b>Pension Fund</b>	<b>5,042</b>	<b>5,042</b>	<b>5,042</b>	<b>5,042</b>	<b>4,426</b>	<b>(616)</b>	<b>0</b>
Corporate Provision for Pay Award	189	189	92	92	0	(92)	(92)
Provision for inflation in excess of 1.5%	543	543	475	475	0	(475)	(400)
Utilities Inflation Provision	100	100	18	18	(70)	(87)	(50)
<b>Pay and Price Inflation</b>	<b>832</b>	<b>832</b>	<b>584</b>	<b>584</b>	<b>(70)</b>	<b>(654)</b>	<b>(542)</b>
Contingency	1,500	1,500	725	725	0	(725)	(1,040)
Single Status/Equal Pay	100	100	100	100	0	(100)	(50)
Bad Debt Provision	500	500	500	500	512	12	0
Loss of income arising from P3/P4	400	400	400	400	0	(400)	(400)
Revenuisation and miscellaneous	3,525	3,525	2,539	2,539	1,036	(1,503)	0
<b>Contingencies and provisions</b>	<b>6,025</b>	<b>6,025</b>	<b>4,264</b>	<b>4,264</b>	<b>1,548</b>	<b>(2,716)</b>	<b>(1,490)</b>
Local Services Support Grant	0	0	0	0	(41)	(41)	0
Other	(174)	(174)	(174)	(174)	(800)	(626)	(626)
<b>Income items</b>	<b>(174)</b>	<b>(174)</b>	<b>(174)</b>	<b>(174)</b>	<b>(841)</b>	<b>(667)</b>	<b>(626)</b>
Appropriations: CS Reserves	(3,003)	(3,003)	(2,924)	(2,924)	(2,924)	(0)	0
Appropriations: E&R Reserves	(1,631)	(1,631)	(1,235)	(1,235)	(1,234)	1	0
Appropriations: CSF Reserves	(618)	(618)	(414)	(414)	(414)	(0)	0
Appropriations: C&H Reserves	(545)	(545)	(196)	(196)	(196)	0	0
Appropriations: Public Health Reserves	(320)	(320)	(1,132)	(1,132)	(1,132)	(0)	0
Appropriations: Corporate Reserves	806	806	1,191	1,191	*2,917	*1,726	0
<b>Appropriations/Transfers</b>	<b>(5,311)</b>	<b>(5,311)</b>	<b>(4,710)</b>	<b>(4,710)</b>	<b>(2,983)</b>	<b>1,727</b>	<b>0</b>
<b>Depreciation and Impairment</b>	<b>(16,506)</b>	<b>(16,506)</b>	<b>(19,619)</b>	<b>(19,619)</b>	<b>(19,619)</b>	<b>0</b>	<b>0</b>
<b>Central Items</b>	<b>3,466</b>	<b>3,466</b>	<b>(1,055)</b>	<b>(1,055)</b>	<b>(4,546)</b>	<b>(3,491)</b>	<b>(2,921)</b>
<b>Levies</b>	<b>926</b>	<b>926</b>	<b>926</b>	<b>926</b>	<b>926</b>	<b>(0)</b>	<b>0</b>
<b>TOTAL CORPORATE PROVISIONS</b>	<b>4,392</b>	<b>4,392</b>	<b>(129)</b>	<b>(129)</b>	<b>*(3,620)</b>	<b>*(3,491)</b>	<b>(2,921)</b>

\* Net of £0.694m funding from Balancing the Budget Reserve to balance.

## Appendix 3

### Merton Approved Capital Budgets 2016/17 with Slippage

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year
Community and Housing	2,344,650	(98,364)	339,016	(437,380)	2,344,650
Corporate Services	11,630,200	(50,633)	1,047,010	(1,097,643)	11,630,200
Children Schools and Families	14,138,850	(384,439)	1,146,465	(1,530,904)	14,138,850
Environment and Regeneration	17,834,000	89,710	1,493,576	(1,403,866)	17,834,000
<b>Total Capital</b>	<b>45,947,700</b>	<b>(443,726)</b>	<b>4,026,067</b>	<b>(4,469,793)</b>	<b>45,947,700</b>

### Community and Housing Approved Capital Budgets 2016/17 with Slippage

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year
Laptops for Other Staff	52,410	558	0	558	52,410
CareFirst report Development	14,000	0	2,334	(2,334)	14,000
Excel Add-Ins	3,000	0	500	(500)	3,000
Captive E-Learning CareFirst	8,350	0	1,392	(1,392)	8,350
Adult Social care Collections	10,000	0	1,666	(1,666)	10,000
Telehealth	43,750	0	7,292	(7,292)	43,750
The Gables Mitcham	0	(26,765)	0	(26,765)	0
<b>Adult Social care Collections</b>	<b>131,510</b>	<b>(26,207)</b>	<b>13,184</b>	<b>(39,391)</b>	<b>131,510</b>
Library Self Service	94,970	(67,786)	40,000	(107,786)	94,970
Colliers Wood Library Re-fit	200,000	0	0	0	200,000
<b>Libraries</b>	<b>294,970</b>	<b>(67,786)</b>	<b>40,000</b>	<b>(107,786)</b>	<b>294,970</b>
8 Wilton Road	0	(4,371)	0	(4,371)	0
Western Road	760,000	0	126,666	(126,666)	760,000
191-193 Western Road	115,000	0	19,166	(19,166)	115,000
Disabled Facilities Grant	1,043,170	0	140,000	(140,000)	1,043,170
<b>Housing</b>	<b>1,918,170</b>	<b>(4,371)</b>	<b>285,832</b>	<b>(290,203)</b>	<b>1,918,170</b>
<b>Community and Housing Total</b>	<b>2,344,650</b>	<b>(98,364)</b>	<b>339,016</b>	<b>(437,380)</b>	<b>2,344,650</b>

### Corporate Services Approved Capital Budgets 2016/17 with Slippage

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year
Business Improvement	2,717,920	0	271,198	(271,198)	2,717,920
Corporate Budgets	3,372,300	0	0	0	3,372,300
Facilities Management	3,422,020	(20,354)	436,044	(456,398)	3,422,020
Information Technology	1,819,860	69,610	220,834	(151,224)	1,819,860
Resources	298,100	(99,889)	118,934	(218,823)	298,100
<b>Corporate Services Total</b>	<b>11,630,200</b>	<b>(50,633)</b>	<b>1,047,010</b>	<b>(1,097,643)</b>	<b>11,630,200</b>

## Appendix 3

### Children Schools and Families Approved Capital Budgets 2016/17 with Slippage

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year
Aragon expansion	0	(11,083)	0	(11,083)	0
Devolved Formula Capital	0	30,653	0	30,653	0
Free School Meals	0	(24,126)	0	(24,126)	0
Primary Expansion Contingency	300,330	(449,866)	0	(449,866)	300,330
Joseph Hood Permanent Expansn	3,720	0	0	0	3,720
St Mary's expansion	0	(43,972)	0	(43,972)	0
Hillcross School Expansion	3,090	(70,948)	0	(70,948)	3,090
Merton Abbey Temp Accomodation	0	(23,684)	0	(23,684)	0
Pelham School Expansion	10,660	(18,780)	0	(18,780)	10,660
Dundonald expansion	2,694,410	233,940	695,000	(461,060)	2,694,410
Poplar Permanent Expansion	1,000	(49,144)	0	(49,144)	1,000
Singlegate expansion	1,014,020	276,265	328,000	(51,735)	1,014,020
Wimbledon Park expansion	0	(27,000)	0	(27,000)	0
<b>Primary Expansion</b>	<b>4,027,230</b>	<b>(177,745)</b>	<b>1,023,000</b>	<b>(1,200,745)</b>	<b>4,027,230</b>
Cricket Green Site	1,560	(1,200)	0	(1,200)	1,560
Hatfield	70,730	(41,073)	0	(41,073)	70,730
Perseid	201,930	(196,885)	0	(196,885)	201,930
Secondary School Autism Unit	600,000	0	0	0	600,000
Further SEN Provision	295,320	0	0	0	295,320
<b>Special Educational Needs Exp.</b>	<b>1,169,540</b>	<b>(239,158)</b>	<b>0</b>	<b>(239,158)</b>	<b>1,169,540</b>
Secondary School expansion	30,000	0	0	0	30,000
St Marks 4fe	163,060	0	0	0	163,060
New School 6fe	5,070,000	31,728	0	31,728	5,070,000
Harris Merton 2fe	2,225,110	5,481	90,000	(84,519)	2,225,110
Harris Morden 2fe	543,560	0	0	0	543,560
<b>Secondary Expansions</b>	<b>8,031,730</b>	<b>37,209</b>	<b>90,000</b>	<b>(52,791)</b>	<b>8,031,730</b>
Schs Cap Maint & Accessibility	805,900	(4,745)	16,057	(20,802)	805,900
Schools Equipment Loans	104,450	0	17,408	(17,408)	104,450
<b>Other</b>	<b>910,350</b>	<b>(4,745)</b>	<b>33,465</b>	<b>(38,210)</b>	<b>910,350</b>
<b>Children Schools and Families</b>	<b>14,138,850</b>	<b>(384,439)</b>	<b>1,146,465</b>	<b>(1,530,904)</b>	<b>14,138,850</b>

### Environment & Regeneration Approved Capital Budgets 2016/17 with Slippage

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year
Footways Planned Works	1,040,230	3,700	50,000	(46,300)	1,040,230
Greenspaces	763,540	10,755	71,834	(61,079)	763,540
Highways General Planned Works	435,860	0	11,500	(11,500)	435,860
Highways Planned Road Works	1,500,000	1,176	100,000	(98,824)	1,500,000
Leisure Centres	5,807,500	14,984	905,162	(890,178)	5,807,500
Other E&R	137,220	0	13,334	(13,334)	137,220
On and Off Street Parking	9,900	0	0	0	9,900
Regeneration Partnerships	3,263,720	(22,153)	16,912	(39,065)	3,263,720
Street Lighting	662,000	(2,157)	20,000	(22,157)	662,000
Street Scene	102,510	0	8,400	(8,400)	102,510
Transport for London	1,993,800	(10,066)	20,000	(30,066)	1,993,800
Traffic and Parking Management	866,180	15,770	108,750	(92,980)	866,180
Transport and Plant	561,600	62,389	93,602	(31,213)	561,600
Safer Merton - CCTV & ASB	514,440	540	66,500	(65,960)	514,440
Environmental Health	0	14,772	0	14,772	0
Waste Operations	175,500	0	7,582	(7,582)	175,500
<b>Environment and Regeneration</b>	<b>17,834,000</b>	<b>89,710</b>	<b>1,493,576</b>	<b>(1,403,866)</b>	<b>17,834,000</b>





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