

Cabinet

Date: 13 February 2017

Subject: Financial Report 2016/17 – December 2016

Lead officer: Paul Dale

Lead member: Mark Allison

Recommendations:

- A. That Cabinet note the financial reporting data relating to revenue budgetary control, showing a forecast net overspend at year end of £6.021 million, 1.1% of the gross budget.
- B. That Cabinet note the proposals set out in 2.4 to fund this shortfall without any impact on services in the current year.
- C. That Cabinet approve the virement of £236k from the corporate contingency to Children, Schools and Families for the third and fourth quarters' costs of additional social worker capacity.

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This is the financial monitoring report for period 9, 31st December 2016 presented in line with the financial reporting timetable.

This financial monitoring report provides:-

- The income and expenditure at period 9 and a full year forecast projection.
- An update on the capital programme and detailed monitoring information;
- An update on Corporate Items in the budget 2016/17;
- Progress on the delivery of the 2016/17 revenue savings
- Progress on the delivery of 2014/15 and 2015/16 revenue savings

2. THE FINANCIAL REPORTING PROCESS

- 2.1 The budget monitoring process continues to focus on adult social care and children's social care as these areas are forecasting significant overspends.
- 2.2 Chief Officers, together with budget managers and Service Financial Advisers are responsible for keeping budgets under close scrutiny and ensuring that expenditure within budgets which are overspending is being actively and vigorously controlled and where budgets are under spent, these underspends are retained until year end. Any final overall overspend on the General Fund will result in a call on balances as has been the case for the last two financial years, however this action is not sustainable longer term.

2.3 2016/17 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

Executive summary – At period 9 to 31st December 2016 the year end forecast is a net £6.021m overspend (£6.325m overspend last month) compared to the current budget.

Summary Position as at 31st December 2016

	Current Budget 2016/17	Forecast Variance at year end (Dec)	Forecast Variance at year end (Nov)	Outturn variance 2015/16
	£000s	£000s	£000s	£000s
Department				
3A. Corporate Services	11,808	(724)	(300)	(373)
3B. Children, Schools and Families	51,304	1,343	1,525	(7)
3C. Community and Housing	56,764	9,218	9,107	940
3D. Public Health	43	0	0	(7)
3E. Environment & Regeneration	22,457	740	391	3,632
Overheads	0	0	0	272
NET SERVICE EXPENDITURE	142,377	10,576	10,723	4,457
3E. Corporate Items				
Impact of Capital on revenue budget	13,643	6	6	49
Central budgets	(9,335)	(3,355)	(3,197)	(2,846)
Levies	928	0	0	0
TOTAL CORPORATE PROVISIONS	5,236	(3,349)	(3,191)	(2,797)
TOTAL GENERAL FUND	147,612	7,228	7,532	1,660
FUNDING				
Revenue Support Grant	(23,156)	0	0	0
Business Rates	(34,230)	0	0	0
Other Grants	(9,811)	(542)	(542)	(954)
Council Tax and Collection Fund	(80,399)	0	0	(6)
FUNDING	(147,597)	(542)	(542)	(960)
Appropriation from reserves		(665)	(665)	0
NET	16	6,021	6,325	699

	Current Budget 2016/17	Forecast Variance at year end (Dec)	Forecast Variance at year end (Nov)
	£000	£000	£000
Expenditure			
Employees	94,033	1,214	1,659
Premises Related Expenditure	8,521	-537	-226
Transport Related Expenditure	14,509	971	808
Supplies and Services	168,720	-685	-1,171
Third Party Payments	89,559	12,302	11,863
Transfer Payments	104,224	-9,042	-9,423
Support Services	32,135	-0	-0
Depreciation and Impairment Losses	17,637	-0	-0
GROSS EXPENDITURE	529,338	4,223	3,511
Income			

Government Grants	-265,733	9,632	10,276
Other Grants, Reimbursements and Contribs	-24,745	-3,097	-2,455
Customer and Client Receipts	-63,486	206	-25
Interest	-46	30	31
Recharges	-32,519	0	0
Balances	-433	-417	-616
GROSS INCOME	-386,961	6,354	7,212
NET EXPENDITURE	142,377	10,576	10,723

Chart 1 below shows the forecast year end variance for departmental expenditure with a comparison against prior years.

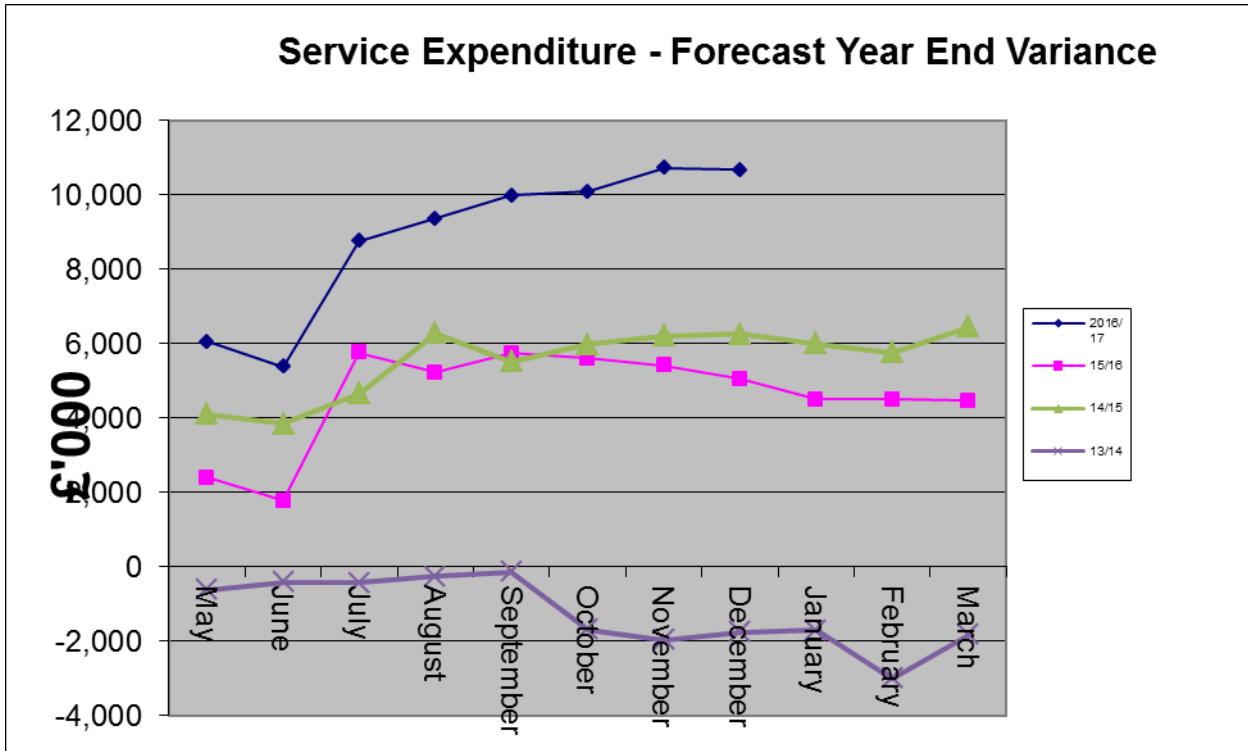
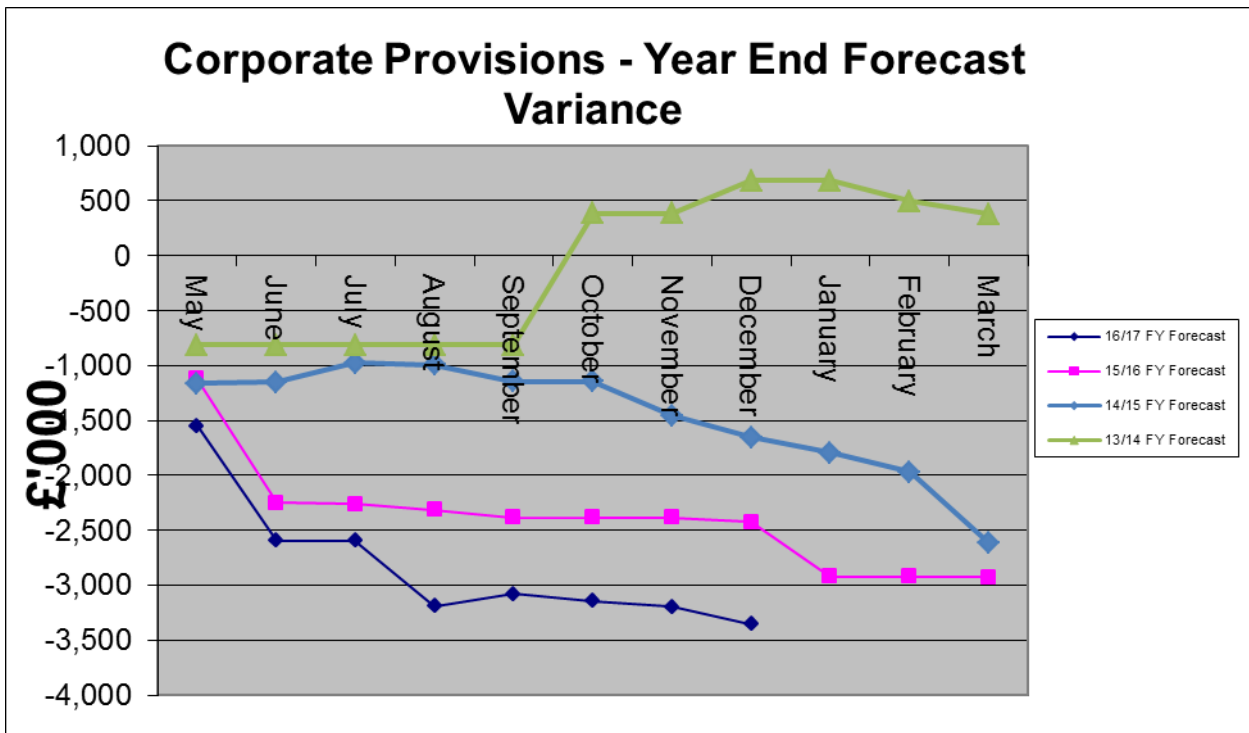


Chart 2 shows the forecast year end variance for corporate provisions with a comparison against prior years.



2.4

The overspend can be addressed as follows:

	£000
November monitoring forecast overspend	6,021
Sources of funding:	
Savings Mitigation Fund	1,300
Contribution to balancing the budget reserve	2,394
General Fund balances	2,327
This reduces general fund balances to *	12,824

*Still above the minimum level of balances of £12.01m.

3. DEPARTMENTAL SUMMARY OF CURRENT POSITION

Corporate Services

	2016/17 Current Budget	Full year Forecast December	Forecast variance at year end Dec	Forecast variance at year end Nov	2015/16 Outturn Variance
	£000	£000	£000	£000	£000
Business Improvement	3,280	3,086	-194	-191	-29
Infrastructure & Transactions	9,920	9,448	-472	-96	-249
Resources	6,801	6,855	54	47	-243
Human Resources	2,231	2,033	-198	-143	-55
Corporate Governance	2,751	2,508	-243	-265	-426
Customer Services	2,579	2,536	-43	-17	-479
Corporate Items including redundancy costs	981	1,353	372	365	1109
Total (controllable)	28,543	27,819	-724	-300	-372

Overview

The Corporate Services (CS) department are forecasting an underspend of £724k at year end, an increase of £424k from last month. The main reason for the increase in underspend is a review of capital projects and associated revenue expenditure which could be surrendered to mitigate the current year overall Council overspend. This underspend of approx. £350k is the revenue expenditure that was associated with the Energy Invest To Save capital budget which has been slipped into next year's programme of works.

Business Improvement - £194k under

The underspend is due to an overachievement of street naming income and an underspend relating to non-salary expenditure.

Infrastructure & Transactions - £472k under

The increase in underspend as mentioned above is due to the decision to defer the Energy Invest to Save capital scheme until next year, resulting in an underspend in the associated revenue expenditure that would have been required in the current year.

Resources - £54k over

The delayed implementation of the FIS/E5 finance system has caused an overspend which is being funded from underspends elsewhere in the division.

Human Resources – £143k under

The underspend is due to unfilled posts within the new HR structure and an underspend on learning and development expenditure.

Corporate Governance - £243k under

The forecast underspend is partly due to a £50K underspend in Internal Audit, a consequence of an Audit Partnership restructure and £38k in Benefits investigation where a 17/18 saving has been captured early.

Merton legal are forecasting an overachievement of income relating to S106 and Merton Property charges of approx. £105k and there are underspends on supplies and services budgets within Democratic Services of approx. £50k.

Customer Services - £43k under

The communications service is underachieving on advertising income targets which is partially offset by underspends elsewhere in the service resulting in a £30k overspend.

The Merton Bailiff Service is forecasting overachieving income by £160k but this is offset by a forecast £75k underachievement of income in the Shared Bailiff Service.

There is a reduction in the anticipated recovery of court cost income which is offset by underspends elsewhere within the division.

Corporate Items - £372k over

Redundancy costs are forecasted to be £380k over budget.

Estimates from Westminster Council regarding the shared coroner court service are £100k higher than budget. The reasons for the increase are being reviewed with Westminster Council.

The budget monitoring process will focus on pressures to ensure remedial action is taken and underspends can be held to offset any overspends.

Environment & Regeneration

Environment & Regeneration	2016/17 Current Budget £000	Full year Forecast (Dec) £000	Forecast Variance at year end (Dec) £000	Forecast Variance at year end (Nov) £000	2015/16 Variance at year end £000
Public Protection	(10,962)	(10,176)	786	358	3,709
Sustainable Communities	12,334	11,693	(641)	(557)	(600)
Waste Services	15,283	15,687	404	405	187
Other	(847)	(656)	191	185	336
Total (Controllable)	15,808	16,548	740	391	3,632

Description	2016/17 Current Budget £000	Forecast Variance at year end (Dec) £000	Forecast Variance at year end (Nov) £000	2015/16 Variance at year end £000
Underachievement of Customer & Client Receipts within Parking Services	(17,194)	537	234	3,281
Employee overspend within Parking Services	3,417	136	72	(71)
Underspend within Safer Merton	583	(98)	(112)	(182)
Other small over and underspends	2,232	211	164	681
Total for Public Protection	(10,962)	786	358	3,709
Overachievement of rental income within Property Management	(4,090)	(572)	(428)	(430)
Employee overspend within Greenspaces	2,271	83	83	80
Underachievement of Customer & Client Receipts within Greenspaces	(2,053)	215	235	278
Overachievement of Grants & Contributions within Greenspaces	(153)	(111)	(111)	(14)
Overachievement of Customer & Client Receipts within D&BC	(1,973)	(147)	(153)	14
Underspend within Senior Management & Support	972	(64)	(90)	(149)
Other small over and underspends	(7,308)	(45)	93	(379)
Total for Sustainable Communities	12,334	(641)	(557)	(600)
Employee overspend within Waste Services	7,594	401	310	213
Overspend on 3 rd party payments within Waste Services	6,756	234	364	346
Overspend on Transport related costs within Waste Services	1,938	224	148	(146)
Overachievement of Customer & Client Receipts within Waste Services	(2,348)	(288)	(191)	(164)
Overspend within Transport Services	(847)	191	185	336
Other small over and underspends	1,343	(167)	(226)	(62)
Total for Street Scene & Waste	(14,436)	595	590	523
Total Excluding Overheads	15,808	740	391	3,632

Overview

The department is currently forecasting an overspend of £740k at year end. The main areas of variance are Parking Services, Property Management, Greenspaces, Development & Building Control, Waste Services, and Transport Services.

Pressures

Public Protection

Parking & CCTV Services – forecasting a total £830k overspend

The section is forecasting to underachieve on its customer and client receipts by £537k. This is mainly as a result of the problems encountered regarding the implementation of the new ANPR system across the borough. This has meant that we did not have a fully functional system on July 3rd 2016, which was the original go-live date and the date upon which budget forecasting for ANPR was based. The contractor was initially been required to carry out several upgrades of the ANPR camera software in order to rectify the problems. As a result, the ANPR data received from July to October was not truly representative and so a forecast of receipts from PCNs had not been feasible until November.

In addition to the upgrades undertaken, the contractor has now been required to undertake a detailed review of each camera location to ensure that each individual camera is performing with a 100% accuracy and in accordance with the original specification. It is expected that this programme of testing will be concluded at the end of February 2017. Whilst this programme of testing is on going we have asked the contractor to provide a technical resource based in the parking back office to work with our staff as we have identified that some of the ANPR camera locations “regions of interest” for enforcement are not configured correctly as per our enforcement policy. It is believed that once these changes are made over short period of time we will be able to improve the capture rate as the cameras will focus on a larger enforcement area. It is too early to say at this moment how much the growth will be but it is clear that it will improve the numbers captured. Our forecast is currently based on the best available data as at the end of December projected forward for the remainder of the financial year and also includes the introduction of three additional ANPR camera locations from February.

In addition, the section continues to fund CPZ related expenditure totalling £200k, and provide free parking during the Christmas period resulting in a loss of income of c£60k. These pressures are being partially offset by an over-recovery in most areas of on-street/ permit/ bay suspension revenue (£375k), and off-street parking income (£284k).

Sustainable Communities

Property Management – forecasting a total £475k underspend

The main reason for the forecast underspend is as a result of exceeding their commercial rental income expectations by £572k mainly due to conducting the back log of rent reviews in line with the tenancy agreements.

Greenspaces – forecasting a total £183k overspend

The forecast employee overspend of £83k is as a result of overtime payments (Parks), and staffing of the firework displays (before taking into account income received from the event).

The section is also forecasting an underachievement of income of £215k, which is a result of an underachievement of sports income (£90k), a delay to the implementation of saving E&R26 i.e. P&D within certain parks (£48k), and the ‘Live at Wimbledon Park’ event (£70k). Unfortunately, due to lower than expected ticket sales, the event was cancelled with a total of c£33k of costs incurred (net of refunds), and although this event was expected to break-even this year, there was a budgeted expectation for it to achieve a surplus of £70k. Work continues to identify how we can generate further income from events in parks.

These pressures are being partially off-set by expected underspends within Supplies & Services (£24k), and Grants & Contributions (£111k).

Development & Building Control – forecasting a total £226k underspend

An underspend of £226k is being forecast mainly due to an overachievement of customer & client receipts of £147k, which is mainly attributable to planning application fees and Planning Performance Agreements where we are being more successful.

Street Scene & Waste

Waste Services – forecasting a total £404k overspend

The section is forecasting an employee related overspend of £401k as a result of covering for absences, sick leave, and in order to maintain the level of service performance. However, as the section's employee establishment is still to be finalised it is not yet possible to confirm how this impacts on their budgeted establishment. This has reduced this month as we bear down on further agency staff use.

The forecast overspend on 3rd party payments of £234k mainly relates to waste disposal costs. A major contributing factor to this is the reduction of food waste which has fallen by 5.7%. This represents an additional 210tns which is being disposed/ treated as landfill waste , and as such is subject to a higher gate fee. In addition to this, Garden waste has increased by 8.6% which is a positive contributor to the services recycling performance. However this additional 309 tonnes of material is subject to a gate fee and haulage cost.

These pressures are being partially offset by expected underspends within Supplies & Services (£136k), and Customer & Client Receipts (£288k).

Transport Services – forecasting a total £191k overspend

The overspend is mainly as a result of additional agency and overtime requirements due to a number of staffing issues, which are being addressed in line with corporate policy. A recent recruitment process for drivers through the conventional market places yielded only 7 applications and no appointable applicants. Advice has been taken from one of the commercial bus companies who have had similar issues in the past, in preparation for another recruitment drive in the coming months.

Children Schools and Families

Children, Schools and Families	2016/17 Current Budget £000	Full year Forecast (Dec) £000	Forecast Variance at year end (Dec) £000	Forecast Variance at year end (Nov) £000	2015/16 Variance at year end £000
Commissioning, Strategy and Performance	8,083	9,833	1,750	1,640	677
Education	16,314	16,047	(267)	(125)	34
Social Care and Youth Inclusion	11,958	12,663	705	817	309
Public Health contribution	0	0	0	0	(328)
PFI	7,799	7,254	(545)	(507)	(368)
Redundancy costs	2,077	1,777	(300)	(300)	(331)
Total (controllable)	46,231	47,574	1,343	1,525	(7)

Overview

At the end of December Children Schools and Families had a forecast overspend of £1.343m on local authority funded services. Close scrutiny of overspending areas and management action to offset these overspends are on-going by the management team.

Local Authority Funded Services

There are a number of volatile budgets requiring continuous and careful demand management which will be reflected through fluctuating monthly forecasts. Significant cost pressures and underspends identified to date are detailed below:

Description	Budget £000	Dec £000	Nov £000	2015/16 £000
Fostering and residential placements (ART)	5,056	486	386	377
Supported lodgings/housing	634	1,218	1,190	546
Un-accompanied asylum seeking children (UASC)	60	526	537	308
Procurement & School organisation	550	(386)	(339)	(276)
Other small over and underspends	1,783	(94)	(134)	(278)
Subtotal Commissioning, Strategy and Performance	8,083	1,750	1,640	677
SEN Transport	3,785	262	262	374
Staffing underspends across Early Years services	2,873	(320)	(320)	(315)
Children's Centre programme funding	90	(120)	(120)	0
Children with disabilities team (CWD) staffing	541	4	66	8
Other small over and underspends	9,025	(93)	(13)	(33)
Subtotal Education	16,314	(267)	(125)	34
No Recourse to Public Funds (NRPF)	20	625	580	470
Social Work staffing	3,075	262	378	151
CAMHS	306	(63)	(62)	(133)
Other small over and underspends	8,557	(119)	(79)	(179)
Subtotal Children's Social Care and Youth Inclusion	11,958	705	817	309

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 causing cost pressures as detailed below. Placements are checked on a monthly basis and assumptions reviewed quarterly to ensure that projections of spend are as accurate as possible.

Service	Budget £000	Forecast spend £000	Variance		Placements	
			Dec £000	Nov £000	Dec Nr	Nov Nr
Residential Placements	2,127	2,457	330	255	15	16
Independent Agency Fostering	1,762	1,745	(17)	(14)	40	40
In-house Fostering	904	1,160	256	266	51	52
Secure accommodation	164	46	(118)	(151)	2	1
Mother and baby	99	134	35	30	2	3
Total	5,056	5,542	486	386	110	112

The ART service seeks to make placements with in-house foster carers wherever possible. However, the needs of some looked after children mean that placements with residential care providers or independent fostering agencies are required.

- The forecast spend on residential placements has increased by £75k from last month. This is due to the extension of 4 placements from last month's predictions and an increase in number of nights provided for one young person who is receiving respite.
- The forecast spend for agency fostering placements has reduced by £3k from last month. The number of placements remains the same. One young person projected to move into a foster placement from residential was unable to

- The forecast spend on in-house foster carers reduced by £10k from last month. This is due to four new placements and five children leaving, making a net decrease of one placement.
- One young person was remanded into secure accommodation in December. In view of information received about the offence committed by this young person, we have budgeted until the end of March as he is likely to remain on remand for that period. This has increased the prediction in the Secure Accommodation budget by £33k.
- In November we were anticipating overspending on the Mother and Baby placement budget by an estimated £30k. In December one placement has ended. The two placements remaining needed extra support costing an additional £5k. There will be an additional placement made in January which has not been budgeted in this return.

The budget for semi-independent and supported lodgings/housing placements is estimated to overspend by £1,218k. This budget is used to finance an increased number of placements for young people aged 16/17 and above. These are for young people who require semi-independent provision and for Care Leavers through to independence or, in some cases, through to the age of 21, as part of our statutory duties. There are currently 60 semi-independent placements. There were 35 young people in semi-independent accommodation at the end of 2014/15.

Since 2014/15 average weekly cost for semi-independent accommodation has reduced by £100. December costs reflect the fact that there were three new young people funded from this budget and two people left. Placements for four young people were extended due to housing not being provided at this stage. We are currently reviewing all placements in semi-independent provision and our overall approach to providing accommodation and support to our care leavers.

The UASC supported lodgings/housing placements are expected to overspend by £526k this year due to an increase in cases with no corresponding growth in budget. In December there were 31 placements with more young people turning 18 later during the financial year.

Procurement and school organisation budgets are expected to underspend by £386k 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.

There are various other small over and underspends forecast across the division netting to a £94k underspend. These combine with the items described above to arrive at the total reported divisional overspend of £1,750k.

Education Division

SEN and FE transport cost are expected to overspend by £262k, the same as the forecast last month. This forecast is calculated using a case-by-case costs model and is reviewed monthly. We continue to reviewing demand management, cost efficiency of supply, and safeguarding of students with E&R who provide the in-house transport and commission the taxi service. We went live with a Dynamic Purchasing System on the 12th of December which should provide some cost reductions in future. The cost will be met from the transport budget so we do not anticipate a big reduction in the current year cost. We do however expect a reduction in cost from 2017/18 to reduce further the current levels of overspend.

As part of management action, where possible, recruitment to vacancies in some areas will be delayed in preparation for 2017/18 savings with the aim to reduce the overall in-year departmental overspend. This is estimated to result in an overall underspend of £320k.

£120k of accumulated grant funding (which was originally ring-fenced), but which is now able to be used across children services and has been identified as a once-off contribution towards overspends.

The CWD team staffing costs is expected to overspend by £4k. 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 two additional social workers. An adjustment of £117k has been made for the full year towards the overspend for these costs. On top of the additional staff, the team also has to cover vacancies with higher cost agency staff.

There are various other small over and underspends forecast across the division netting to a £93k underspend. These combine with the item described above to arrive at the total reported divisional underspend of £267k.

Children's Social Care and Youth Inclusion Division

The NRPF budgets are forecast to overspend by £625k for the current financial year. This forecast is based on the assumption that case levels will not increase significantly towards the end of the financial year. We currently support 26 families with 40 dependants. The NRPF worker is working closely with housing colleagues to manage cases as they arise and are starting to review historic cases to identify ones where claimant circumstances has changed. We continue to use the Connect system to progress cases and have started a process of reviewing all open cases with the aim to limit the cost pressure on the council.

The Central Social Work, MASH and First Response team's staffing costs is expected to overspend by £262k. 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. An adjustment of £348k has been made for the full year towards the overspend of these costs. On top of the additional staff, the team also has to cover vacancies with agency staff due to difficulty in recruiting permanent members of staff. This cost could fluctuate during the course of the year depending on our ability to recruit permanent members of staff to our vacancies. Following a review of the MASH we have had to change staffing structures to strengthen management oversight given the complexity and volume of current cases. We are partially offsetting the additional cost through keeping vacancies elsewhere in CSF and will keep this under review as we complete the restructure of the department. Budgets will be realigned next year to ensure MASH and First Response staffing structure is fully funded.

The Children and Adolescent Mental Health Service (CAMHS) is expected to underspend by £63k due to vacancies.

There are various other small over and underspends forecast across the division netting to a £119k underspend. These combine with the item described above to arrive at the total reported divisional overspend of £705k.

Dedicated Schools Grant

DSG funded services is forecast to overspend by £417k. These budgets are not within the council's general fund and cannot be offset against or increase the local authority funded budgets. Any underspend or overspend will be added to the DSG reserve and applied after consultation with Schools Forum. Variances between individual subjective codes have been shown in the overall departmental analyses.

The Independent Residential School provision is expected to underspend by £159k. This is our best estimate at the moment with the information available as we are still awaiting confirmation on one placement. There is one case currently under review which could result in cost transferring to the general fund under Adult Social Care.

Independent Day School provision is estimated to overspend by £684k. This is in the main due to an increase of 21 placements from the new academic year which started in September.

There are various other smaller over and underspends forecast across the DSG netting to a £108k underspend which, combined with the items above, equates to the net overspend of £417k.

Management Action

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 £1,026k. The table below highlights the estimated overspends relating to these duties:

Description	Budget £000	Dec overspend forecast £000	Nov overspend forecast £000
Supported lodgings/housing	634	1,218	1,190
Un-accompanied asylum seeking children (UASC)	60	526	537
No Recourse to Public Funds (NRPF)	20	625	580
Total	714	2,369	2,307

Staffing

The number of Comensura agency social workers used in the second quarter continued to reduce. At 35 (26.6 WTE) in September 2016 this is a reduction of 17 from Sept 2015 (52/40 WTE). Expenditure on agency has also reduced by £178k from the same period last year moving from £671,541 in 2015 to £492,548 in 2016.

85% of agency workers are covering vacant posts, 9% long term absences such as maternity leave or secondments and 6% are above establishment to respond to volume pressures.

The number of leavers increased this quarter but in part reflected planned departures like career breaks, retirement etc. Although turnover has risen (due to reasons above) Merton's % remain in line or lower than the outer London averages of 26% turnover and 29% vacancy rate.

Key areas for recruitment continue to be MASH and First Response and CWD. A new 4 team/rota has been recently established in MASH/First Response. 6 NQSWs are due to start in October. Recruitment and retention (R&R) initiatives and our recruitment action plan continue.

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. It is difficult to predict these negotiations on a monthly basis as they are often connected with children's progress in placement.

Our ART Fostering Recruitment and Assessment team is continuing to recruit new foster carers who will offer locally based placements. This continues to ensure 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 ensure that accurate information about changes to placement costs are kept up to date. We are improving our response to invoice queries by having tight timescales in place. The placement reconciliation is completed on a monthly basis and builds in challenge meetings with colleagues in corporate finance.

We have commissioned an independent analysis of our residential and semi-independent expenditure to establish what further action we can take to reduce cost whilst meeting the needs of our young people.

We have tightened up our processes with YOS for obtaining information about young people remanded into secure accommodation and reviewed our forecast methodology. We will contact respite providers on a monthly basis going forward to ensure more accurate forecasts.

Transport

We have continued to develop a number of alternatives to transport and to develop a more cost effective continuum of offer to meet our SEN Transport statutory duties. We currently have 32 personal budgets. This equates to a £244k annual saving compared to what the cost would be if these clients were transported by taxi. In addition 10 young people have been through the independent travel training programme this year providing an on-going cost reduction of £91k. We are monitoring tight eligibility thresholds with the view to limit any additional cost pressure.

The Dynamic Purchasing System was implemented on the 12th of December and should provide some taxi cost reductions. We are also piloting initiatives to provide more cost effective answers to our statutory duties with a growing population.

The clienting of bus and taxi provision will transfer to CSF on the 1st April 2017.

General

The department continues to scrutinise all budgets to see how we can offset the above costs pressures and others created by growing demographics and new burdens. Where possible we will use grant and income flexibly and will also implement agreed savings for 2017/18 in year if possible to bring our anticipated spend in line with available budgets.

Additional social worker capacity

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. CMT / Cabinet are asked to

approve the virement for the second quarter of £236k from the corporate contingency. This adjustment has already been built into budget forecast for December.

Community and Housing

Community and Housing is forecasting an over spend of £9.2m as at December 2016. Which is apportioned as follows:-

Adult Social Care over spend is £8.3m and Housing, Libraries and Merton Adult Education £887k.

Please note that this forecast has been reduced by £500k over commitment on homecare still to be verified and anticipated other placement savings of £556k.

The Director has produced and is implementing an action plan to determine the full extent and reasons behind the current forecasted over spend, and to do everything possible to contain or reduce expenditure. This action plan is monitored and updated on a weekly basis.

C&H Summary Position

Community and Housing	2016/17 Current Budget £000	Full Year Forecast (Dec) £000	Forecast Variance (Dec) £000	Forecast Variance (Nov) £000	2015/16 Variance @ year end £000
Access and Assessment	37,241	46,120	8,879	8,816	3,259
Commissioning	4,225	4,111	(114)	(152)	(50)
Direct Provision	5,753	5,640	(113)	(87)	(197)
Directorate	815	494	(321)	(315)	(17)
Care Act Implementation Expenditure	0	0	0	0	(1,230)
Contribution from Public Health	0	0	0	0	(328)
Adult Social Care	48,034	56,365	8,287	8,262	1,437
Libraries and Heritage	2,217	2,076	(141)	(148)	(176)
Merton Adult Education	(238)	294	532	536	218
Merton Adult Education-Commissioning Model	0	0	0	0	0
Housing General Fund	2,052	2,548	496	457	(538)
Total	52,065	61,283	9,218	9,107	940

Access and Assessment - £8.9m over-spend

Access and Assessment	Variance (Dec'16) £000	Variance (Nov'16) £'000	2015/16 Variance @ Year end £000
Gross Placements overspend	7,298	7,200	3,146
Other A&A Over-spends/(underspend)	772	810	(526)
Sub-total Net over-spend	8,070	8,010	2,620
Under/(Over-achievement) of income	809	806	639
Total A&A Forecast over-spend	8,879	8,816	3,259

There is some slight movement in the placement spend.

Adult Social Care

Access and Assessment

Placement Activity

The table below details the current number of care packages and clients as at December 2016. Care packages increased by 39, client numbers by 10 and cost by £98k.

Activity Data	Care Packages (No's) Dec 16		Care Packages (No's) Nov 16	Clients (No's) Dec16		Clients (No's) Nov 16
Service Area						
Mental Health	152	↑	148	133	↓	135
Physical & Sensory	336	↓	337	249	↑	241
Learning Disabilities	438	↑	433	346	↔	346
Older People	1,655	↑	1,629	1,151	↑	1,147
Substance Misuse	5	↑	4	5	↔	5
No Recourse to Public Funds	14	↔	14	10	↓	11
Internal Placements	134	↑	130	60	↑	59
TOTAL	2,734		2,695	1,954		1,944
	39			10		

The main pressures are set out below.

Complexity of care needs: The level of intensity for support packages for people at home has been steadily increasing. One measure of this increasing complexity is that a growing number of older people require two carers to move them, particularly when leaving hospital, which is reflected in the steady growth in the percentage of double-up packages. These packages are often first assessed for whilst people are in hospital, and reflect the assessed risks associated with moving and handling. The department is focussing occupational therapy time to review cases where double ups are indicated to ensure that appropriate equipment or adjustments to the home setting are put in place.

More generally as older people, in particular, are being discharged from hospital earlier, they have had less opportunity to recuperate and receive input such as physiotherapy to recover confidence and mobility. This can be exacerbated by changes in medication on discharge and the confusion inherent in moving vulnerable people between home and hospital. The Hospital to Home team was identified in the recent restructure as the key team to manage these challenges along the re-ablement and brokerage services, and work continues to optimise the team's input.

The team has successfully managed the pressure through the holiday period. The service is also shifting reviews to focus more on three months after start of service so that the person has had time to recover some independence but has not become too used to the level of support.

Price pressures: Nationally the market in social care has shown that providers are successfully demanding increases in fees.

There are significant cost pressures in the home care market due to the London Living Wage, low margins leading to some providers recently exiting the market and a high demand for labour. Our contracted providers have been struggling to supply the level of carers needed, which has forced the council to spot purchase care, often at a higher price. For care homes, there are the same wage pressures.

This means that to secure supply and sustain a viable market Merton had to negotiate higher fees in 2015/16 and 2016/17.

Recent comparator data indicates that Merton has been paying less than the average for south west London when placing people in care homes. For example, an analysis of 2015/16 data shows that Merton paid an average of £502 and £636 per week for older peoples residential and nursing care, compared to ££561 and £690 per week paid by comparator authorities. However, this position has proved difficult to sustain, with residential care providers in particular seeking to make up for several years of nil or below inflation increases. As reported in the press recently, even not for profit providers are considering moving the focus of their business away from local authority business and are increasingly demanding commercial rates.

This is more viable for providers in an area such as Merton due to the number of self-funders.

As a consequence and to secure an adequate supply a number of uplifts have been agreed with providers of older people residential and nursing care services which has resulted in a £820k cost pressure.

This is being mitigated by the work of the brokerage team which consistently looks for care within the capped rates they are given to negotiate with, minimising voids in any remaining block contracts, and looking for any possible advantageous new block contracts even for short periods of time.

A major re-commissioning exercise is being undertaken this year that will seek to create a more sustainable supply of care, without the need to go off contract. Work is on-going with the South West London authorities and health to try to improve market leverage, particularly in residential care through joint working.

Learning Disabilities Rising 18, School and College Leavers – Transitions

The service had estimated Transitions costs for 2016/17 of £657k of which £449k are active commitments to date, the remaining £208k is expected by March 2017.

There are the same issues over the complexity of needs for young people moving into adult social care services.

Deprivation of Liberty Assessment (Dolls) (Cheshire West judgement)

Management action has been taken to prioritise the assessments to be completed in the current financial year in order to reduce overspend on this budget line. The financial pressure has been caused by a significant growth in demand as well as the cessation of the government grant initially provided to respond to the legislative changes. . Adult Safeguarding forecasting an over spend of £109k.

Commissioning- £114k under-spend

The Commissioning service is forecasting an underspend due to salaries, and finding early savings in the supporting people area.

The forecast underspend has decreased slightly in this month due to the need to pay for annual Care First fees due to delay in the SCIS project.

Direct Provision - £114k under-spend

This service underspend has increased by £26k since November. This is mainly in the following areas:-

Mascot in supply and service, revision of the Re-ablement Team and Residential homes salary forecast.

Adult Social Care: other management action

Key elements of progress in the action plan include:

- Placements in care homes have come down to within target levels
- There is a continued reduction in the backlog of financial assessments which arose from the re-structure

- Claw back of unused funds in direct payments accounts has increased
- There are some focussed reviews continuing to take place for those with large learning disability packages
- Agency staffing has continued to reduce and despite the challenges of the restructure and delay in SCIS go-live it is expected that spend on staffing in assessment and commissioning will be within budget
- Some audit work has begun with home care providers not using CM2000 to ensure that invoices are reflecting actual usage
- Teams worked hard through the Christmas and New Year period to ensure that people leaving hospital were placed with providers before Christmas: this has meant that placements through the period and into January have been made under less time pressure, which assists price negotiation

C&H-Other Services

Libraries- £142k under-spend

This service is forecasting an £142k under spend as at December 2016. This is a reduction of £6k from the previous month, which is due to the transfer of cost from MAE and the use of agency staff to facilitate Libraries re-organisation to achieve 2017/18 savings.

Merton Adult Education - £532K over-spend

This service overspend has reduced by £4K which is due to the transfer of Marlborough Hall (located in Wimbledon library) cleaning costs to the Libraries.

The new commissioning model is forecasting to breakeven in 2017/18. In this year there are one-off residual costs due to moving from one service model as a provider to the commissioning model.

Housing - £ 496k over-spend

The Housing service is forecasting an over spend of £496k in December which is an increase of £39k from November. Temporary accommodation forecasted overspend has increased by £50k, rent deposit reduced forecasted spend by £15k and Housing Advice & Options forecasted a £3k overspend in supply and services.

Public Health

Public Health is expected to currently forecasting a breakeven position as at December 2016.

Public Health	2016/17 Current Budget £000	Full year forecast (Dec) £000	Forecast Variance (Dec) £000	Forecast Variance (Nov) £000	2015/16 Variance @ Yearend £000
PH - Directorate	509	495	(14)	(12)	(116)
PH - Admin	26	16	(10)	(8)	0
PH-Contraception	748	748	0	0	(41)
PH - GUM	2,136	2,056	(80)	(80)	(27)
PH-Sexual Health Advice	127	123	(4)	(1)	(9)
PH-NHS Health check	523	557	34	34	(78)
PH-Falls Prevention	57	57	0	0	0
PH - Obesity	415	415	0	0	(200)
PH - Smoking	0	2	2	0	(16)
PH-Substance Misuse	1,781	1,653	(128)	(128)	(32)
PH-School Nursing	936	1,040	104	93	(16)
PH-Infectious Diseases	0	0	0	0	(10)
PH - Determinants	368	410	42	26	(83)
PH-Community	0	0	0	0	(1)
PH-New Investments	20	8	(12)	(11)	2
PH-Health Visiting	3,229	3,229	0	0	(15)
Sub-Total Public Health	10,875	10,809	(66)	(85)	(642)
PH - Main Grant	(8,046)	(7,965)	81	100	642
PH-Health Visiting Grant	(2,952)	(2,967)	(15)	(15)	0
Grand Total	(123)	(123)	0	0	0

Corporate Items

The details comparing actual expenditure up to 31 December 2016 against budget are contained in Appendix 2. The main areas of variance as at 31 December 2016 are:-

Corporate Items	Current Budget 2016/17 £000s	Full Year Forecast (Dec.) £000s	Forecast Variance at year end (Dec.) £000s	Forecast Variance at year end (Nov.) £000s	2015/16 Year end Variance £000s
Cost of borrowing	13,643	13,649	6	6	49
Use for Capital Programme	0	0	0	0	0
Impact of Capital on revenue budget	13,643	13,649	6	6	49
Investment Income	(739)	(1,160)	(421)	(421)	(613)
Pension Fund	5,232	4,932	(300)	(300)	(616)
Pay and Price Inflation	739	120	(619)	(519)	(654)
Contingencies and provisions	3,962	2,097	(1,865)	(1,807)	(2,716)
Income Items	(948)	(1,098)	(150)	(150)	(667)
Appropriations/Transfers	57	57	0	0	1,727
Central Items	8,303	4,948	(3,355)	(3,197)	(3,539)
Levies	928	928	0	0	0
Depreciation and Impairment	(17,638)	(17,638)	0	0	0
TOTAL CORPORATE PROVISIONS	5,236	1,887	(3,349)	(3,191)	(3,491)

There has been a net increase in the projected underspend on corporate items of £158k based on December information. This is due to:-

- An increase in the forecast spend against the Contingency and Provisions budget, where the budget for the third and fourth quarter's cost of £237k relating to 8 additional social worker posts (£465k for the year) has been vired to Children, Schools and Families;
- There is expected to be an increase in the underspend of £100k against the provision for utilities inflation which is now not expected to be required;
- There is expected to be an underspend of £21k against the budget set aside for loss of Housing benefit Administration Grant;
- It is anticipated that the revenue contribution to capital can be reduced by £274k.

4. CAPITAL PROGRAMME 2016-20

4.1 The Table below shows the final position on the capital programme as at December 2016. This position was fixed as part of November Monitoring and it will be used to compile the Capital Strategy, Medium Term Financial Strategy and Treasury Management Strategy.

Depts	Current Budget 16/17	Variance	Revised Budget 16/17	Current Budget 17/18	Variance	Revised Budget 17/18	Revised Budget 18/19	Variance	Revised Budget 18/19	Revised Budget 19/20	Variance	Revised Budget 19/20
C&H	1,951	0	1,951	1,334	0	1,334	629	0	629	280	0	280
CS	8,974	0	8,974	7,131	0	7,131	2,852	0	2,852	2,530	0	2,530
CSF	13,396	0	13,396	17,035	0	17,035	11,900	0	11,900	9,934	0	9,934
E&R	14,143	0	14,143	18,566	0	18,566	20,873	0	20,873	4,445	0	4,445
TOTAL	38,465	0	38,465	44,066	0	44,066	36,254	0	36,254	17,189	0	17,189

4.2 The table below summarises the position in respect of the Capital Programme as at December 2016 the detail is shown in Appendix 5

Merton Summary Capital Report - December 2016 Monitoring

Department	Revised Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Community and Housing	1,950,550	367,822	730,470	(440,054)	1,407,380	(543,170)
Corporate Services	8,974,660	1,473,613	3,420,219	(1,785,484)	5,763,479	(3,211,181)
Children Schools and Families	13,396,210	10,004,094	10,464,052	(459,957)	13,009,470	(386,740)
Environment and Regeneration	14,143,230	7,879,913	9,283,960	(1,404,048)	14,024,984	(118,246)
Total Capital	38,464,650	19,725,442	23,898,701	(4,089,543)	34,205,313	(4,259,337)

- a) Community and Housing – The projected £543k underspend is on one scheme – Disabled Facilities Grants (DFG). Officers are currently projecting the maximum projected spend £500k on the scheme. The flexibility in relation to the use of DFG funding is currently being explored.
- b) Corporate Services – The two schemes showing a large variance will be slipped into 2017/18, these are the Acquisition Fund £1,372k and the Bidding Fund £1,839k.
- c) Environment and Regeneration – Officers are currently projecting that three schemes will underspend £3k on Replacement of Fleet Vehicles, £70k on CCTV and £50k on the TfL20mph Scheme. One scheme is currently projecting an overspend of £6k (it is envisaged that this will be funded from within the existing programme at year end). The profile of spend on Morden Leisure Centre is currently being reviewed.
- d) Children, Schools and Families – Officers are currently projecting three underspends - a £233k underspend on the Harris Merton scheme, a £45 underspend on Singlegate, £104k underspend on the School Equipment Loans and a £4k underspend on St Catherine’s Field. The Harris Merton and Singlegate are in-year underspends and the budgets need to be slipped into 2017/18.

4.3 The table below summarises the movement in 2016/17 funding since approval in March 2016:

Depts.	Original Budget 16/17	Net Slippage 2015/16	Adjustments	New External Funding	New Internal Funding	Re-profiling	Revised Budget 16/17
Community & Housing	2,074	271	0	0	(115)	(279)	1,951
Corporate Services	7,565	4,065	(1,267)	341	(125)	(1,605)	8,974
Children Schools & Families	13,998	141	(239)	368	224	(1,096)	13,396
Environment and Regeneration	15,658	2,176	(73)	505	411	(4,534)	14,143
Total	39,295	6,653	(1,579)	1,214	395	(7,514)	38,465

4.4 The table below compares capital expenditure (£000s) to December 2016 to that achieved over the last few years:

Depts.	Spend To December 2012	Spend To December 2013	Spend To December 2014	Spend To December 2015	Spend To December 2016	Variance 2012 to 2016	Variance 2013 to 2016	Variance 2014 to 2016	Variance 2015 to 2016
C&H	509	935	458	713	348	(161)	(587)	(110)	(365)
CS	1,619	3,071	1,041	1,345	1,386	(233)	(1,685)	346	42
CSF	21,071	7,383	14,568	11,159	9,684	(11,388)	2,301	(4,884)	(1,475)
E&R	6,518	6,471	3,415	5,553	7,834	1,315	1,362	4,418	2,280
Total Capital	29,717	17,861	19,482	18,770	19,252	(10,465)	1,390	(230)	482

Outturn £000s	40,487	31,564	36,869	29,327	
Budget £000s					38,465
Projected Spend December 2016 £000s					34,594
Percentage Spend to Budget					50.05%
% Spend to Outturn/Projection	73.40%	56.59%	52.84%	64.00%	55.65%
Monthly Spend to Achieve Projected Outturn £					5,114

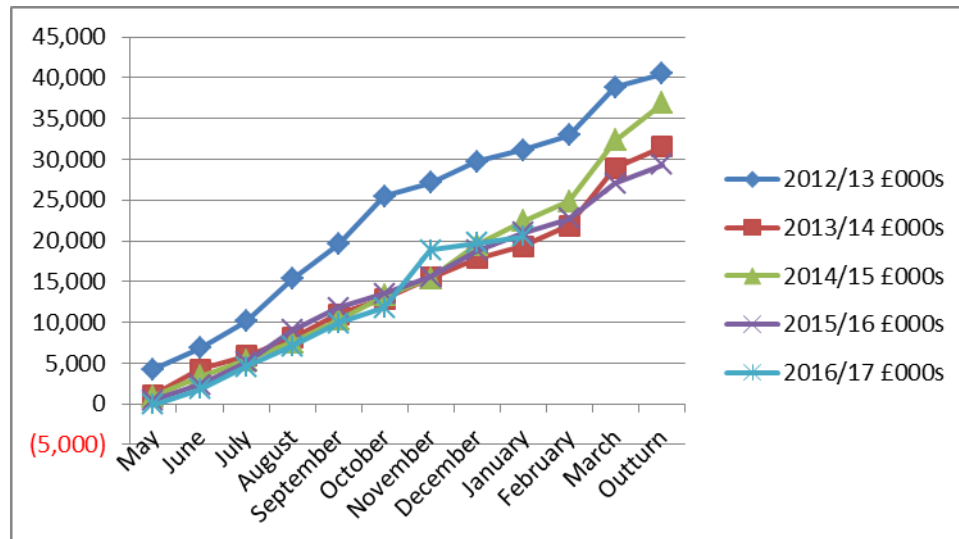
4.5 December is three quarters of the way through the financial year. The £7.5 million spend last month has boosted the current year spend compared to previous years, however, the table below shows that officers spent just under £0.5 million in December 2016.

Spend During December 2016

Department	Spend To November 2016 £000s	Spend To December 2016 £000s	Increase £000s
C&H	348	368	20
CS	1,386	1,474	87
CSF	9,684	10,004	320
E&R	7,834	7,880	46
Total Capital	19,252	19,725	474

4.6 The table below summarises the capital spend patterns for the financial years from 2012/13.

Spend Data from 2012/13 to Present



Please note January 2017 to 12/1/17

4.7 The accumulation of budget manager returns above shows a projected outturn of just under £34.2 million. Utilising this spend information officers project that outturn will be just under £32 million. The financial funding model will utilise this information to improve the accuracy of outturn projections and the funding required. This information will then be utilised by the medium term financial strategy, the Capital Strategy and the Treasury Strategy.

5. DELIVERY OF SAVINGS FOR 2016/17

Department	Target Savings 2016/17	Projected Savings 2016/17	Period 9 Forecast Shortfall	Period9 Forecast Shortfall	Period 8 Forecast Shortfall	Period 8 Forecast Shortfall
	£000's	£000's	£000's	%	£000's	%
Corporate Services	2,316	2,028	288	12.4%	288	12.4%
Children Schools and Families	2,191	2,191	0	0.0%	0	0.0%
Community and Housing	5,379	3,712	1,667	31.0%	1,679	31.2%
Environment and Regeneration	4,771	2,409	2,362	49.5%	1,229	25.8%
Total	14,657	10,340	4,317	29.5%	3,196	21.8%

Appendix 6 details the progress on savings for 2016/17 by department.

Progress on savings 2015/16

Department	Target Savings 2015/16	2015/16 shortfall	2016/17 projected shortfall
	£000's	£000's	£000's
Corporate Services	1,170	0	0
Children Schools and Families	781	0	0
Community and Housing	2,154	14	14
Environment and Regeneration	4,192	3,493	28
Total	8,297	3,507	42

Appendix 7 details progress on savings for 2015/16. Details of savings achieved and the expected full year affect of these savings in 2016/17 are provided.

Progress on savings 2014/15

Department	Target Savings 2014/15	2014/15 shortfall	2015/16 shortfall	2016/17 projected shortfall
	£000's	£000's	£000's	%
Corporate Services	1,650	0	0	0
Children Schools and Families	860	40	0	0
Community and Housing	2,465	1,339	1,339	834
Environment and Regeneration	3,338	129	125	125
Total	8,313	1,508	1,464	959

Appendix 8 details progress on savings for 2014/15. Details of savings achieved and the expected full year affect of these savings in 2016/17 are provided.

6. CONSULTATION UNDERTAKEN OR PROPOSED

6.1 All relevant bodies have been consulted.

7. TIMETABLE

7.1 In accordance with current financial reporting timetables.

8. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

8.1 All relevant implications have been addressed in the report.

9. LEGAL AND STATUTORY IMPLICATIONS

9.1 All relevant implications have been addressed in the report.

10. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

10.1 Not applicable

11. CRIME AND DISORDER IMPLICATIONS

11.1 Not applicable

12. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

12.1 The emphasis placed on the delivery of revenue savings within the financial monitoring report will be enhanced during 2016/17, the risk of part non-delivery of savings is already contained on the key strategic risk register and will be kept under review.

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

Appendix 1-	Detailed position table
Appendix 2 –	Detailed Corporate Items table
Appendix 3 –	Pay and Price Inflation
Appendix 4 –	Treasury Management: Outlook
Appendix 5 –	Current Capital Programme 2016/17
Appendix 6 –	Progress on savings 2016/17
Appendix 7 -	Progress on savings 2015/16
Appendix 8 -	Progress on savings 2014/15
Appendix 9 -	Debt Report
Appendix 10 -	Cashflow statement
Appendix 11 -	Customer/ Client receipts

14. BACKGROUND PAPERS

14.1 Budgetary Control files held in the Corporate Services department.

15. REPORT AUTHOR

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**Summary Position as at 31st
December 2016**

APPENDIX 1

	Original Budget 2016/17	Current Budget 2016/17	Year to Date Budget (Dec)	Year to Date Actual (Dec)	Full Year Forecast (Dec)	Forecast Variance at year end (Dec)	Forecast Variance at year end (Nov)	Outturn Variance 2015/16
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000
Department	-	-	-	-	-	-	-	-
3A. Corporate Services	11,357	11,808	18,488	18,398	11,083	(724)	(300)	-373
3B. Children, Schools and Families	50,183	51,304	19,653	19,330	52,647	1,343	1,525	-7
3C. Community and Housing	-	-	-	-	-	-	-	0
Adult Social Care	51,413	51,575	32,255	37,653	59,907	8,332	8,262	1,437
Libraries & Adult Education	2,796	2,846	2,154	2,117	3,236	390	387	41
Housing General Fund	2,009	2,343	1,353	1,569	2,839	496	457	-538
3D. Public Health	417	43	-965	-2,722	44	0	0	-7
3E. Environment & Regeneration	21,230	22,457	5,291	3,688	23,197	740	391	3,632
Overheads	0	0	0	0	0	0	0	272
NET SERVICE EXPENDITURE	139,405	142,377	78,229	80,034	152,953	10,576	10,723	4,457
3E. Corporate Items								
Impact of Capital on revenue budget	13,643	13,643	4,464	4,223	13,649	6	6	49
Other Central items	-5,962	-9,335	3,168	3,575	-12,690	-3,355	-3,197	-2,846
Levies	928	928	764	764	928	0	0	0
TOTAL CORPORATE PROVISIONS	8,608	5,236	8,396	8,562	1,887	-3,349	-3,191	-2,797
TOTAL GENERAL FUND	148,013	147,612	86,625	88,596	154,840	7,228	7,532	1,660
- Funding	-	-	-	-	-	-	-	-
- Business Rates	(34,230)	(34,230)	(5,376)	(5,376)	(34,230)	0	0	0
- RSG	(23,156)	(23,156)	(15,739)	(15,739)	(23,156)	0	0	0
- Council Tax Freeze Grant 2014/15	0	0	0	0	0	0	0	(6)
- Section 31 Grant	(822)	(822)	(427)	(427)	(898)	(76)	(76)	83
- New Homes Bonus	(4,192)	(4,192)	(3,570)	(3,570)	(4,658)	(466)	(466)	(1,037)
- PFI Grant	(4,797)	(4,797)	(2,398)	(2,398)	(4,797)	0	0	0
Grants	(67,198)	(67,198)	(27,510)	(27,510)	(67,740)	(542)	(542)	(960)
Collection Fund - Council Tax Surplus(-)/Deficit	(3,200)	(3,200)	0	0	(3,200)	0	0	0
Collection Fund - Business Rates Surplus(-))/Deficit	1,721	1,721	0	0	1,721	0	0	(0)
Council Tax								
- General	(78,620)	(78,620)	0	0	(78,620)	0	0	(0)
- WPCC	(300)	(300)	0	0	(300)	0	0	(0)
Council Tax and Collection Fund	(80,399)	(80,399)	0	0	(80,399)	0	0	(0)
FUNDING	(147,597)	(147,597)	(27,510)	(27,510)	(148,139)	(542)	(542)	(961)
NET	417	16	59,115	61,087	6,701	6,686	6,990	699
Appropriation from reserves	-418				(665)	(665)	(665)	
NET	(1)	16	59,115	61,087	6,036	6,021	6,325	699

	Current Budget 2016/17	Year to Date Budget (Dec)	Year to Date Actual (Dec)	Full Year Forecast at (Dec)	Forecast Variance at year end (Dec)	Forecast Variance at year end (Nov)
Expenditure	£000	£000	£000	£000	£000	£000
Employees	94,033	70,339	72,231	95,248	1,214	1,659
Premises Related Expenditure	8,521	6,907	5,227	7,984	-537	-226
Transport Related Expenditure	14,509	10,838	10,354	15,479	971	808
Supplies and Services	168,720	117,151	114,039	168,034	-685	-1,171
Third Party Payments	89,559	64,592	65,635	101,860	12,302	11,863
Transfer Payments	104,224	77,889	70,142	95,182	-9,042	-9,423
Support Services	32,135	0	0	32,135	-0	-0
Depreciation and Impairment Losses	17,637	11	0	17,637	-0	-0
GROSS EXPENDITURE	529,338	347,728	337,627	533,560	4,223	3,511
Income						
Government Grants	-265,733	-197,972	-183,749	-256,101	9,632	10,276
Other Grants, Reimbursements and Contribs	-24,745	-13,781	-14,143	-27,842	-3,097	-2,455
Customer and Client Receipts	-63,486	-46,077	-45,697	-63,280	206	-25
Interest	-46	-35	0	-16	30	31
Recharges	-32,519	0	0	-32,519	0	0
Balances	-433	-330	-195	-850	-417	-616
GROSS INCOME	-386,961	-258,195	-243,784	-380,607	6,354	7,212
NET EXPENDITURE	142,377	89,533	93,843	152,953	10,576	10,723

Appendix 2

3E. Corporate Items	Council 2016/17 £000s	Original Budget 2016/17 £000s	Current Budget 2016/17 £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 2015/16 £000s
Cost of Borrowing	13,643	13,643	13,643	4,464	4,223	13,649	6	6	49
Impact of Capital on revenue budget	13,643	13,643	13,643	4,464	4,223	13,649	6	6	49
Investment Income	(739)	(739)	(739)	(493)	(916)	(1,160)	(421)	(421)	(613)
Pension Fund	5,232	5,232	5,232	4,395	5,085	4,932	(300)	(300)	(616)
Corporate Provision for Pay Award	883	883	0	0	0	0	0	0	(92)
Provision for excess inflation	540	540	439	0	0	20	(419)	(419)	(475)
Utilities Inflation Provision	300	300	300	0	0	100	(200)	(100)	(87)
Pay and Price Inflation	1,723	1,723	739	0	0	120	(619)	(519)	(654)
Contingency	1,500	1,500	1,035	0	441	441	(594)	(831)	(725)
Single Status/Equal Pay	100	100	100	0	25	0	(100)	(100)	(100)
Bad Debt Provision	500	500	500	0	0	500	0	0	12
Loss of income from P3/P4	400	400	0	0	0	0	(400)	(400)	(400)

Loss of HB Admin grant	200	200	200		0	179	(21)	0	0
MAE 1st year redundancies	600	600	600		0	600	0	0	0
Revenuisation and miscellaneous	1,414	1,414	1,127	0	0	377	(750)	(476)	(1,503)
Contingencies and provisions	4,714	4,714	3,962	0	466	2,097	(1,865)	(1,807)	(2,716)
Local Services Support Grant	204	204	204	68	0	54	(150)	(150)	(41)
Other	(1,152)	(1,152)	(1,152)	0	(202)	(1,152)	0	0	(626)
Income items	(948)	(948)	(948)	68	(202)	(1,098)	(150)	(150)	(667)
Appropriations: CS Reserves	(1,371)	(1,371)	(1,958)	0	0	(1,958)	0	0	(0)
Appropriations: E&R Reserves	(520)	(520)	(1,372)	(715)	(715)	(1,372)	0	0	1
Appropriations: CSF Reserves	44	44	(115)	(60)	(115)	(115)	0	0	(0)
Appropriations: C&H Reserves	1,146	1,146	1,146	0	0	1,146	0	0	0
Appropriations:Public Health Reserves	0	0	(28)	(28)	(28)	(28)	0	0	(0)
Appropriations:Corporate Reserves	2,394	2,394	2,385	0	0	2,385	0	0	1,726
Appropriations/Transfers	1,693	1,693	57	(803)	(858)	57	0	0	1,727
Depreciation and Impairment	(17,638)	(17,638)	(17,638)	0	0	(17,638)	0	0	0
Central Items	7,681	7,681	4,308	7,632	7,798	959	(3,349)	(3,191)	(3,491)
Levies	928	928	928	764	764	928	0	0	0
TOTAL CORPORATE PROVISIONS	8,608	8,608	5,236	8,396	8,562	1,887	(3,349)	(3,191)	(3,491)

Pay and Price Inflation as at December 2016

In 2016/17, the budget includes 1% for increases in pay and 0.5% for increases in general prices, with an additional amount of £0.540m which is held to assist services that may experience price increases greatly in excess of the inflation allowance provided when setting the budget. There have been a number of requests to call on this budget and it is currently forecasting an underspend of £419k. Any balance on this budget will be used to offset the forecast overspend on services

Pay:

The local government pay award for 2016/17 has been agreed and will cover the two years from April 2016. For the lowest paid (those on spinal points 6-17) this means a pay rise of between 6.6% and 1.01% in the first year, and between 3.4% and 1.3% in the second. Those on spinal points 18-49 will receive 1% in year one and the same again the following year. The offer also includes a joint review of the NJC pay spine and term-time working for school support staff. The budget has now been reallocated to services.

Prices:

The Consumer Prices Index (CPI) rose by 1.6% in the year to December 2016, compared with a 1.2% rise in the year to November. The rate in December was the highest since July 2014, when it was also 1.6%. Price movements for the majority of the broad groups of goods and services acted to increase the rate between November 2016 and December 2016. The main contributors to the increase in the rate were rises in air fares and the price of food, along with prices for motor fuels, which fell by less than they did a year ago.

CPIH, a measure of UK consumer price inflation that includes owner occupiers' housing costs, rose by 1.7% in the year to December 2016, up from 1.4% in November.

The RPI 12-month rate for December 2016 stood at 2.5%, up from 2.2% in November 2016.

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. As a result of the reduction to 8 meetings per year, the MPC will not meet to discuss the Bank Base Rate in January 2017. The next MPC meeting will end on 1 February 2017.

At its meeting ending on 14 December 2016, the MPC voted unanimously to keep the Bank Base Rate at 0.25%. It also voted unanimously to continue with the programme of sterling non-financial investment-grade corporate bond purchases totalling up to £10 billion, financed by the issuance of central bank reserves and also voted unanimously to continue with the programme of £60 billion of UK government bond purchases to take the total stock of these purchases to £435 billion, financed by the issuance of central bank reserves.

The update for last month based on December 2016, indicated that the outlook for inflation is that it is likely to exceed 2% in late 2017 and during 2018. The MPC minutes note that "twelve-month CPI inflation stood at 1.2% in November, up from 0.9% in October and 1.0% in September. Looking forward, the MPC expects inflation to rise to the 2% target within six months. Since the Committee's previous meeting, sterling's trade-weighted exchange rate has appreciated by over 6%, while dollar oil prices have risen by 14%. All else equal, this would result in a slightly lower path for inflation than

envisaged in the November Inflation Report, though it is still likely to overshoot the target later in 2017 and through 2018.”

The next update will be in February 2017 at which time the Bank of England will also publish the next Inflation Report (2 February 2017).

The latest inflation and unemployment forecasts for the UK economy, based on a summary of independent forecasts are set out in the following table:-

Source: HM Treasury - Forecasts for the UK Economy (January 2017)			
	Lowest %	Highest %	Average %
2016 (Quarter 4)			
CPI	0.6	1.8	1.2
RPI	1.7	3.0	2.2
LFS Unemployment Rate	4.7	5.2	4.9
2017 (Quarter 4)			
CPI	1.7	3.8	2.8
RPI	2.3	5.2	3.5
LFS Unemployment Rate	4.5	5.7	5.3

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 2016 to 2020 are summarised in the following table:-

Source: HM Treasury - Forecasts for the UK Economy (November 2016)					
	2016	2017	2018	2019	2020
	%	%	%	%	%
CPI	0.7	2.7	2.6	2.2	2.1
RPI	1.8	3.5	3.1	3.0	3.1
LFS Unemployment Rate	5.0	5.2	5.5	5.4	5.3

Treasury Management: Outlook

As previously advised, the Bank of England has reduced the number of times the MPC will meet to discuss the Bank Base Rate to 8 meetings per year, and therefore there will not be a meeting in January 2017. The next MPC meeting will end on 1 February 2017.

At its meeting ending on 14 December 2016 the Committee voted unanimously to maintain Bank Rate at 0.25%. The Committee voted unanimously to continue with the programme of sterling non-financial investment-grade corporate bond purchases totalling up to £10 billion, financed by the issuance of central bank reserves. The Committee also voted unanimously to continue with the programme of £60 billion of UK government bond purchases to take the total stock of these purchases to £435 billion, financed by the issuance of central bank reserves.

The next update will be in February 2017 at which time the Bank of England will also publish the next Inflation Report (2 February 2017).

The MPC's forecasts of Bank Base Rate in recent Quarterly Inflation Reports which were made pre-Brexit up to May 2016 are summarised in the following table:-

	End Q.4 2016	End Q.1 2017	End Q.2 2017	End Q.3 2017	End Q.4 2017	End Q.1 2018	End Q.2 2018	End Q.3 2018	End Q.4 2018	End Q.1 2019	End Q.2 2019	End Q.3 2019	End Q.4 2019
Nov.'16	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.4	0.4
Aug.'16	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	
May '16	0.4	0.4	0.5	0.5	0.5	0.6	0.6	0.6	0.7	0.7	0.8		
Feb. '16	0.5	0.5	0.6	0.7	0.8	0.8	0.9	1.0	1.0	1.1			
Nov '15	0.6	0.7	0.8	0.9	1.0	1.1	1.1	1.2	1.3				
Aug.'15	1.0	1.2	1.3	1.4	1.5	1.6	1.7	1.7					
May '15	0.9	1.0	1.1	1.2	1.3	1.3	1.4						
Feb.'15	0.8	0.9	1.0	1.0	1.1	1.1							
Nov '14	1.4	1.5	1.5	1.7	1.7								
Aug.'14	2.0	2.1	2.2	2.3									

Source: Bank of England Inflation Reports

The MPC makes its decisions in the context of the monetary policy forward guidance announced alongside the publication of the August 2013 Inflation Report. This guidance was summarised and reported in the July 2013 monitoring report.

The Inflation Report for February 2014 provided a summary of the Bank of England's approach to its proposed monetary policy as the economy recovers and once the unemployment threshold has been reached:-

- The MPC sets policy to achieve the 2% inflation target, and, subject to that, to support the Government's economic policies, including those for growth and employment.
- Despite the sharp fall in unemployment, there remains scope to absorb spare capacity further before raising Bank Rate.
- When Bank Rate does begin to rise, the appropriate path so as to eliminate slack over the next two to three years and keep inflation close to the target is expected to be gradual.
- The actual path of Bank Rate over the next few years will, however, depend on economic developments.
- Even when the economy has returned to normal levels of capacity and inflation is close to the target, the appropriate level of Bank Rate is likely to be materially below the 5% level set on average by the Committee prior to the financial crisis.

- The MPC intends to maintain the stock of purchased assets at least until the first rise in Bank Rate.
- Monetary policy may have a role to play in mitigating risks to financial stability, but only as a last line of defence if those risks cannot be contained by the substantial range of policy actions available to the Financial Policy Committee and other regulatory authorities.

Changes to the Bank Base Rate will depend on how quickly the economy recovers and will be set to achieve the inflation target of 2%.

The MPC sets monetary policy to meet the 2% target in the medium term and in a way that helps to sustain growth and employment.

Community & Housing Summary Capital Report - December 2016 Monitoring

Scheme Description	Revised Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Adult Social Care	52,410	21,904	(32,992)	54,896	52,410	0
Libraries	94,970	(14,039)	94,970	(109,009)	94,970	0
Housing						
8 Wilton Road	0	(4,371)	0	(4,371)	0	0
Western Road	760,000	0	380,000	(380,000)	760,000	0
Disabled Facilities	1,043,170	364,328	288,492	(1,570)	500,000	(543,170)
Community and Housing Total	1,950,550	367,822	730,470	(440,054)	1,407,380	(543,170)

Corporate Services Summary Capital Report - December 2016 Monitoring

Scheme Description	Revised Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Business Improvement	2,100,380	80,500	1,334,512	(1,254,012)	2,100,380	0
Corporate Items	3,372,300	161,122	161,122	161,122	161,122	(3,211,178)
Facilities Management	1,422,020	428,892	734,006	(305,114)	1,422,020	0
IT Total	1,523,800	538,074	817,814	(279,740)	1,523,797	(3)
Resources	556,160	265,025	372,765	(107,740)	556,160	0
Corporate Services Total	8,974,660	1,473,613	3,420,219	(1,785,484)	5,763,479	(3,211,181)

Children, Schools & Families Summary Capital Report - December 2016 Monitoring

Scheme Description	Revised Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Aragon expansion*	0	(11,083)	(11,083)	0	0	0
Joseph Hood Permanent Expansn	3,720	1,000	3,720	(2,720)	3,720	0
St Mary's expansion*	0	(43,972)	(23,722)	(20,250)	0	0
Hillcross School Expansion*	3,090	(69,767)	(69,767)	0	3,090	0
Merton Abbey Temp Accomodation*	0	(19,325)	(23,684)	4,359	0	0
Pelham School Expansion*	10,660	(8,117)	(8,117)	0	10,660	0
Dundonald expansion	2,664,410	2,094,869	2,397,897	(303,028)	2,664,410	0
Poplar Permanent Expansion*	1,000	(49,144)	(49,144)	0	1,000	0
Singlegate expansion	1,014,020	826,509	863,020	(36,511)	969,020	(45,000)
Primary School Exp. Overspen Provision*	61,490	(326,503)	(344,131)	17,628	61,490	0
Wimbledon Park expansion*	0	(27,000)	(27,000)	0	0	0
Primary Expansion	3,758,390	2,367,467	2,707,989	(340,522)	3,713,390	(45,000)

CSF department has undertaken a number of major school expansion projects over the past few years. Under the contract terms the council holds back a retention sum which is only paid at least a year after the building project is completed, and then only when we are satisfied that all minor defects on the building are completed satisfactorily. This can frequently take a considerable period and the cumulative effect is that there are a series of accruals from the end of the 2015/16 financial year where the money has not been spent in 2016/17. It is not in the council's interests to spend this money until we are absolutely sure the building is defect free.

Children, Schools & Families Summary Capital Report - December 2016 Monitoring Continued ...

Scheme Description	Revised Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
New School	6,764,500	6,464,358	6,439,500	24,858	6,764,500	0
Harris Merton Expansion	1,033,440	218,769	250,000	(31,231)	800,000	(233,440)
Secondary Expansion	7,797,940	6,683,127	6,689,500	(6,373)	7,564,500	(233,440)
Cricket Green Site	1,560	495	(1,200)	1,695	1,560	0
Primary school autism unit	40,730	24,234	(34,783)	59,017	40,730	0
Perseid	150,000	(131,055)	(80,805)	(50,250)	150,000	0
Futher SEN Units	165,320	0	29,500	(29,500)	165,320	0
SEN Expansion	357,610	(106,326)	(87,288)	(19,038)	357,610	0
Devolved Formula Capital	367,820	275,877	275,877	0	367,820	0
Free School Meals	0	(24,126)	(24,126)	1	0	0
B698 St Catherines Fields Fencing	24,100	20,250	24,100	(3,850)	20,250	(3,850)
Schs Cap Maint & Accessibility	985,900	787,825	878,000	(90,175)	985,900	0
Schools Equipment Loans	104,450	0	0	0	0	(104,450)
Other	1,482,270	1,059,826	1,153,851	(94,024)	1,373,970	(108,300)
Children Schools and Families	13,396,210	10,004,094	10,464,052	(459,957)	13,009,470	(386,740)

Environment & Regeneration Summary Capital Report - December 2016 Monitoring

Scheme Description	Revised Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Footways Planned Works	1,000,000	822,191	700,000	122,191	1,000,000	0
Greenspaces	722,560	561,586	294,360	267,226	722,560	0
Highways General Planned Works	435,860	129,629	241,750	(112,121)	435,860	0
Highways Planned Road Works	1,500,000	1,414,542	1,485,000	(70,458)	1,500,000	0
Leisure Centres	1,972,540	578,826	1,188,720	(609,894)	1,972,540	0
Other E&R	193,020	81,622	60,000	21,622	192,907	(113)
On and Off Street Parking	9,900	0	0	0	9,900	0
Regeneration Partnerships	3,535,210	1,618,090	1,906,858	(288,768)	3,541,207	5,997
Street Lighting	662,000	619,515	584,135	35,380	662,000	0
Street Scene	105,950	60,337	61,072	(736)	105,820	(130)
Transport for London	2,552,620	1,116,592	1,522,938	(406,346)	2,501,620	(51,000)
Traffic and Parking Management	920,070	562,041	830,525	(268,484)	850,070	(70,000)
Transport and Plant	488,000	288,166	284,477	3,689	485,000	(3,000)
Waste Operations	45,500	26,776	124,125	(97,349)	45,500	0
Environment and Regeneration	14,143,230	7,879,913	9,283,960	(1,404,048)	14,024,984	(118,246)

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2016/17- Dec'2016

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Expected Savings £000	Shortfall £000	RAG	2017/18 Savings Expected £000	2017/18 Expected Shortfall £000	17/18 RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Underpend ? Y/N
	<u>Adult Social Care</u>										
CH02	Promoting Independence - Public Value Review - Efficiencies to be found in hospital discharge process and by enabling customers to regain and maintain independence	100	58	42	R	100	0	G	David Slark	Some savings achieved through provider negotiations	Y
CH29	Older People - Managing Crisis (including hospital discharge) admissions to residential care. This would include a number of activities designed to reduce admissions to residential care placements. We would be looking to families to continue to support people at home for longer. This would fit in with our overall approach to enable independence.	125	0	125	R	125	0	R	Kim Carey	We continue to manage to target the number of admissions to residential care, but this is having a knock-on to the cost of care in the home. Arrangements are now in place to mitigate the cost of double handed care using proactive OT engagement in these packages.	Y
CH34	Substance Misuse Placements - Actively manage throughput in residential rehab placements - A reduction in the placements available for Substance misuse clients	6	6	0	G	6	0	G	Henrietta Brown		Y
CH05	Realise benefits of new prevention programme in terms of reduced demand for statutory services, or alternatively if these benefits have not occurred then to reduce investment in the prevention programme through reduced grants to Voluntary Organisations. -Reduced demand for statutory services or reduced level of preventative services. In the latter case people would lose some of the services which make their life fuller.	500	500	0	G	500	0	G	Richard Ellis		Y
CH04	Reduce Management costs and reduction in staffing costs Access & Assessment- Staffing restructure to deliver efficient processes, and building on planned shift of some customers to manage their own processes.	100	75	25	A	100	0	G	Kim Carey	Due to the delays in submitting the staff re-structure Business Case and subsequent staff consultation this saving will not be fully realised.	Y
CH20	Access and Assessment Employees - Staff Savings 12 FTE to be deleted in 2016/17 12 FTE in 17/18, 12 FTE in 18/19 - These savings will come from across Access and Assessment, covering all service areas. - Reduction in the ability to carry out assessments and reviews, social work support, safeguarding activities, DOLs responsibilities and financial assessments. (CH20)	511	488	43	A	511	0	G	Kim Carey	Due to the delays in submitting the staff re-structure Business Case and subsequent staff consultation this saving may not be fully realised in year.	Y

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2016/17- Dec'2016

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Expected Savings £000	Shortfall £000	RAG	2017/18 Savings Expected £000	2017/18 Expected Shortfall £000	17/18 RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Underspend ? Y/N
CH58	Access and Assessment Employees - Staff Savings	700	700	0	G	700	0	G	Kim Carey		Y
CH22	Commissioning Employees- Staff Savings- 4 FTE to be deleted- Reduced capacity to monitor quality within provider services, reduced capacity to monitor performance within services and a reduced capacity to proactively work to sustain and develop a local provider market.	156	151	5	A	156	0	G	Richard Ellis	Due to the delays in submitting the staff re-structure Business Case and subsequent staff consultation this saving will not be fully realised.	Y
CH21	Direct Provision Employees - Staff Savings 11FTE to be deleted- Less activities available both at day centres and in the community. Clients would spend more time in larger congregated settings with less choice of activities. These savings would be made across the three LD and PD day centres.	274	274	0	G	274	0	G	Andy Ottaway-Searle		Y
CH23	Direct Provision Residential and supported living management -staff reductions- We would expect to keep front line support staff but reduce management. This would mean less resource to provide outreach and the emphasis would primarily on providing core services (Bring forward savings -CH37) 2 FTE's	100	100	0	G	100	0	G	Andy Ottaway-Searle		Y
CH24	Directorate- Staff Savings - 0.46 FTE to be deleted- None, post now funded by Public Health	21	21	0	G	21	0	G	Richard Ellis	Saving achieved as change of funding	Y
CH64	Directorate- Staff Savings - (Budget contribution to Joint Public Health consultant post to be deleted)- None, post now funded by Public Health	30	30	0	G	30	0	G	Richard Ellis	Saving achieved as change of funding	Y
CH24	Learning Disabilities- High Cost Packages - Review of High Cost Packages with a view to promoting independence This would be a holistic review of 17 identified high cost placements (i.e. those receiving packages of care over £1,500 per week and not health funded). We will use promoting independence as the basis of these reviews. We are designing these figures based on a 6% reduction in support for the identified client group.	100	100	0	G	100	0	G	Kim Carey	This is a priority for reviews. Clients have been identified where there is potential for more cost effective solutions.	Y

APPENDIX 6

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2016/17- Dec'2016

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Expected Savings £000	Shortfall £000	RAG	2017/18 Savings Expected £000	2017/18 Expected Shortfall £000	17/18 RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Underspend ? Y/N
CH25	Learning Disabilities- Medium Cost Packages- Review of medium cost packages with a view of promoting independence - This would be a holistic review of identified medium cost placements of care of between £400 -£1,500 per week and not health funded). We will use the promoting independence model as the basis for these reviews. We are designing these figures based on a 10% reduction in support for the relevant clients within the identified group.	400	273	127	R	400	0	A	Kim Carey	These cases are taking a lower priority due to the opportunity afforded by addressing the high cost packages first.	Y
CH26	Learning Disabilities - Direct Payments - Review of all Direct Payments in Learning Disabilities with a view to promoting independence .We will review the Direct Payments received by clients to assess whether it is still set at the appropriate level for their needs and whether the full payment is being utilised. We will use the promoting independence model as the basis of these reviews. We anticipate this being a reduction of 7% for the individual support packages within this client group. There are currently 98 packages in this group.	50	0	50	R	50	0	A	Kim Carey	Clients with high DP balances are being prioritised for review.	Y
CH27	Mental Health- Care Packages - Review of support packages within all areas of Mental Health services. - We anticipate this being a reduction of 5% across all support packages and will include a review of Direct Payments within this area. Options include less use of residential placements and quicker reviews as part of a recovery model.	76	0	76	R	76	0	A	Henrietta Brown	Reviews in progress	Y
CH28	Older People- Home Care Review of Home Care within support packages. There are currently 596 Older People within Merton receiving home care within their support packages. This represents an average reduction of 9% in home care support packages.	387	131	256	R	387	0	A	Kim Carey	These cases are being prioritised within the long term team. Priority is being given to clients with double up care packages after leaving hospital to identify potential for recovery and re-ablement	Y
CH30	Older People - Review of Direct Payments support packages - Review of Direct Payments in Older People using the enablement model. We will review the Direct Payments received by clients to assess whether the full payment is being utilised. We will use the enablement model as the basis of these reviews. We anticipate this being an average reduction of 15% for individual support packages within this client group. There are currently 225 packages.	345	0	345	R	345	0	A	Kim Carey	These cases are being prioritised within the long term team. Priority is being given to clients with double up care packages after leaving hospital to identify potential for recovery and re-ablement	Y

APPENDIX 6

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2016/17- Dec'2016

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Expected Savings £000	Shortfall £000	RAG	2017/18 Savings Expected £000	2017/18 Expected Shortfall £000	17/18 RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Underspend ? Y/N
CH31	Physical Disabilities- Review of all Direct Payments for clients with physical disabilities using promoting independence. -We will review the Direct Payments received by clients to assess whether it is still set at the appropriate level for their needs and whether the full payment is being utilised. We will use the promoting independence model as the basis of these reviews. We anticipate this being a reduction of 10% for the individual support packages within this client group. There are currently 150 packages in this group.	134	0	134	R	134	0	A	Kim Carey	These cases are being prioritised within the long term team. Clients with high DP balances are being prioritised for review.	Y
CH32	Physical Disabilities - Home Care -The saving would be delivered through a review of home care provision within support packages. There are currently 89 Physical Disabilities clients within Merton receiving home care within their support packages. The proposed savings represents an average reduction of 8% in home care for this group.	48	0	48	R	48	0	A	Kim Carey	These cases are being prioritised within the long term team. The lack of additional resource will mean that progress will now not be as quick as had been hoped.	Y
CH33	Physical Disabilities- High Cost Packages - Review of PD Residential and 1-1 packages. This saving would be delivered through a targeted review of a small number of PD customers in residential care. These reviews would look at renegotiating unit costs, transferring users to other types of accommodation in the community and reducing or removing 1-1 costs.	60	0	60	R	60	0	A	Kim Carey	These cases are being prioritised within the long term team.	Y
CH60	South Thames Crossroads : Decommission the crossroads service for carers. Replace with domiciliary care service/ Direct Payment offer and commissioned holistic carers' support service from voluntary sector.	294	294	0	G	294	0	G	Richard Ellis	Service decommissioned from 31st December 2016.	Y
CH61	Meals on Wheels (Sodexo) : Decommissioning service and embed support within community, neighbourhood and voluntary support infrastructure	153	86	67	R	153	0	A	Richard Ellis	Service was decommissioned on 31st July 2016, therefore will not meet all of savings target in year.	Y
CH62	Supported accommodation mental health : Decommission service as a result of Provider notice to cease service in Merton	106	106	0	G	106	0	G	Richard Ellis	The service has been decommissioned & saving achieved.	Y
CH63	Day support Imagine Independence : Decommission service and recommitment cost effective peer led day opportunities for people with mental health	84	84	0	G	84	0	G	Richard Ellis	The tender has been awarded and will commence 4th July (which will achieve the saving)	Y
CH51	NHS Income :Negotiate extra NHS funding for extra costs of Hospital Discharges - Circa £150k on packages, £50k on staff.	200	0	200	R	0	200	R	Richard Ellis	No longer achievable in the light of deficits with the health system	Y
	Library & Heritage Service										

APPENDIX 6

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2016/17- Dec'2016

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Expected Savings £000	Shortfall £000	RAG	2017/18 Savings Expected £000	2017/18 Expected Shortfall £000	17/18 RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Underspend ? Y/N
CH44	Deletion of all administrative support (Deletion of 1 x FTE)	26	26	0	G	26	0	G	Anthony Hopkins	Reorganisation complete and individual has been slotted into a new post in the council.	Y
CH45	Reduction in activities programme	2	2	0	G	2	0	G	Anthony Hopkins	Budget re-profiled and savings delivered.	Y
CH46	Withdrawal from annual CIPFA public library user survey (PLUS)	3	3	0	G	3	0	G	Anthony Hopkins	New systems devised and saving achieved.	Y
CH47	Reduction in volunteering contract	20	20	0	G	20	0	G	Anthony Hopkins	Savings achieved	Y
CH48	Reduction in media fund	45	45	0	G	45	0	G	Anthony Hopkins	Savings achieved	Y
	Merton Adult Education										
CH15	MAE :Staffing cost reductions -Delivery utilising the use of Information Technology and other efficiencies	8	0	8	R	8	0	G	Anthony Hopkins	Saving built into new SFA funding profile	Y
	Housing Needs & Enabling										
CH8	Reduction of Homelessness Prevention Grant:	56	0	56	R	56	0	A	Steve Langley		Y
CH9	Rationalisation of admin budget :	30	30	0	G	30	0	G	Steve Langley	Savings achieved	Y
CH40	Housing Strategy officer - deletion of 1 FTE :	43	43	0	G	43	0	G	Steve Langley	Savings achieved	Y
CH41	Environmental health Technical officer deletion of 1 FTE:	33	33	0	G	33	0	G	Steve Langley	Savings achieved	Y
CH42	Housing options adviser deletion of 1.5 FTE :	53	53	0	G	53	0	G	Steve Langley	Savings achieved	Y
	Total Community & Housing Department Savings for 2016/17	5,379	3,712	1,667		5,179	200				

APPENDIX 6

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 16-17

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Savings Expected £000	Shortfall	16/17 RAG	2017/18 Savings Expected £000	2017/18 Expected Shortfall £000	17/18 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
CSF2012-04	<u>Commissioning, Strategy and Performance</u> Reduce expenditure on LAC and SEN placements	50	50	0	R	50	0	A	Paul Ballatt	Although we expect to achieve the savings target, increased cost due to higher and more complex caseload is causing the service area to overspend. Placements are reviewed on a monthly basis and detailed analysis to back up the cost reduction in placement costs through negotiations with providers are reported to DMT every quarter. At the end of the second quarter, this equated to £731k. Third quarter information is expected to be available for the next return.	Y
CSF2014-02	Reduce the post 16 LAC/CL accommodation.	50	50	0	R	50	0	A	Paul Ballatt	Although we expect to achieve the savings target, increased cost due to higher and more complex caseload is causing the service area to overspend. Placements are reviewed on a monthly basis and detailed analysis to back up the cost reduction in placement costs through negotiations with providers are reported to DMT every quarter. At the end of the second quarter, this equated to £731k. Third quarter information is expected to be available for the next return.	Y
CSF2014-03	This will be achieved through a combination of reducing our training for facilitators of parenting programmes and decommissioning a service where the commissioned outcomes are not being delivered.	40	40	0	G	40	0	G	Paul Ballatt		
CSF2014-05	Reduction in commissioning of early intervention and prevention services from the VCS.	300	300	0	G	300	0	G	Paul Ballatt		
CSF2012-07	<u>Children Social Care</u> Family and Adolescent Services Stream - Transforming Families (TF), Youth Offending Team (YOT) and in Education, Training and Employment (ETE). 2016/17 savings will be achieved by the closure of Insight and deletion of YJ management post.	100	100	0	R	100	0	G	Paul Angeli	Insight was not closed as we were not able to opt out of the lease early. This saving will be delivered in 2017/18 and the short for 2016/17 covered through reduced grant-funded and targeted intervention services.	
CSF2015-01	Serious Case Reviews	77	77	0	G	77	0	G	Paul Angeli		
	<u>Early Years</u>										

APPENDIX 6

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 16-17

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Savings Expected £000	Shortfall	16/17 RAG	2017/18 Savings Expected £000	2017/18 Expected Shortfall £000	17/18 RAG	Responsible Officer	Comments	R / A Included in Forecast Over/Underspend? Y/N
CSF2013-01	Substantial reduction in EY budgets whilst retaining existing Children's Centres targeted work in areas of higher deprivation (up to 10% reduction overall to Children's Centre services). Reduction in funding and in kind contributions to voluntary sector organisations	17	17	0	G	17	0	G	Jane McSherry		
CSF2014-09	We are working on the detailed proposals which will in essence reduce the service to paid-for childcare (parents and DSG) with a very limited targeted service for highly vulnerable families.	254	254	0	G	254	0	G	Jane McSherry		
CSF2014-06	<u>Youth Service</u> Young people will be signposted to VCS youth provision. Work continues with RSLs and other possible funders to identify some residual funding.	480	480	0	G	480	0	G	Jane McSherry		
CSF2014-07	<u>Public Health</u> Children's centres deliver the widest outcomes for under fives and getting a good start in life is key to narrowing inequalities in health outcomes.	400	400	0	G	400	0	G	Jane McSherry		
CSF2014-08	<u>Schools</u> Increased income from schools and/or reduced LA service offer to schools.	400	400	0	G	400	0	G	Jane McSherry		
CSF2015-02	<u>Gross cutting</u> Service management review across the CSF dept (2/3 FTE depending on grading of posts)	23	23	0	G	23	0	G	Paul Angeli		
	Total Children, Schools and Families Department Savings for 2015/16	2,191	2,191	0		2,191	0				

CSF2012-04 and CSF2014-02 is shown as amber because, although the savings are met, the overall budgets are overspending due to demographic pressures.

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 16-17

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Savings Expected £000	Shortfall	16/17 RAG	2017/18 Savings Expected £000	2017/18 Expected Shortfall £000	17/18 RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Underspend? Y/N
	Customer Services										
CS13	Reduction in discretionary relief (replacement of CS12 and CS13 which had both been deferred until 2016/17)	81	81	0	G	81	0	G	David Keppler/Sean Cunniffe		N
CS36	Re tendering of Cash Collection Contract	10	10	0	G	10	0	G	David Keppler/Sean Cunniffe		N
CS39	Impact of Customer Service Review	30	0	30	R	30	0	A	David Keppler/Sean Cunniffe	Will not be achieved in current year due to delay in Customer Contact Implementation. Will be met this financial year from another source	N
CS61	Dividend income from CHAS 2013 Limited	58	58	0	G	58	0	G			N
CS62	Recharges to Public Health	70	70	0	G	70	0	G			N
CSD9	Ending of e-Capture Service	9	9	0	G	9	0	G	David Keppler/Sean Cunniffe		N
CSD10	Ending of Risk Based Verification	22	22	0	G	22	0	G	David Keppler/Sean Cunniffe		N
CSD11	Terminate the Experian trace and search system contract	10	10	0	G	10	0	G	David Keppler/Sean Cunniffe		N
CSD14	Reduction of 1 FTE Revenues Officer	30	30	0	G	30	0	G	David Keppler/Sean Cunniffe		N
CSD15	Increase in Court Costs (council tax) - Increase from £110,000 to £115,000	40	40	0	G	40	0	G	David Keppler/Sean Cunniffe		N
CSD16	Reduction in discretionary relief	231	231	0	G	231	0	G	David Keppler/Sean Cunniffe		N
CSD18	My Merton and staff reductions - Renegotiate supplier costs for My Merton	32	32	0	G	32	0	G	Sophie Poole		N
CSD19	My Merton and staff reductions - Delete 1 FTE - Communication Asisstant	25	25	0	G	25	0	G	Sophie Poole		N
	Business Improvement										
CS5	Review and challenge of the procurement of Support & Maintenance & Licence Contracts	21	21	0	G	21	0	G	Sophie Ellis		N
CS6	Reorganisation of systems development and support arrangements.	88	0	88	R	88	0	G	Sophie Ellis	This was dependent on system changes which have not happened due to delays in implementation	Y
CSD37	PO Restructure	64	64	0	A	64	0	A	Sophie Ellis	At risk as dependent on MIB funding to be agreed.	N
CSD38	Reduction in support budget	5	5	0	G	5	0	G	Sophie Ellis		N
CSD39	Business Systems Team Restructure Phase 2	50	50	0	G	50	0	G	Sophie Ellis		N
CSD40	Secure additional income generated through gazeteer maintenance and street naming and numbering	30	30	0	G	30	0	G	Sophie Ellis		N
CSD41	Consolidation of systems support	20	20	0	A	20	0	A	Sophie Ellis	At risk dependent on additional funding	N
	IT Service Delivery										
CS5	Review and challenge of the procurement of Support & Maintenance & Licence Contracts	29	29	0	G	29	0	G	Mark Humphries		N
CS7	Reduction of costs through re-procurement of Mobile Telephones Contract against a number of revenue budgets spread across the Council	20	20	0	G	20	0	G	Mark Humphries		N
CS8	Reduction of costs through re-procurement of Wide Area Network(WAN) Links contract. Savings achieved against a number of revenue budgets spread across the Council	20	20	0	G	20	0	G	Mark Humphries		N
CS10	Outsourcing - Service Desk	20	0	20	R	20	0	G	Mark Humphries	Saving found from supplies budget	N
CS12	Information Governance Vacant Post	37	37	0	G	37	0	G	Mark Humphries		N
CS16	Surrender of remainder of ITSD Overtime budget	35	35	0	G	35	0	G	Mark Humphries		N
CS23	Outsourcing - Building Services & Security Service	50	50	0	G	50	0	G	Mark Humphries		N
CS28	M&E Term Contract (Amalgamation) of Intruder Alarms	20	20	0	G	20	0	G	Mark Humphries		N
CSD2	Energy Savings (Subject to agreed investment of £1.5m)	150	0	150	R	150	0	G	Mark Humphries	Full saving unlikely to be achieved due to delay in implementation. Alternative saving in current year has been identified	N

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 16-17

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Savings Expected £000	Shortfall	16/17 RAG	2017/18 Savings Expected £000	2017/18 Expected Shortfall £000	17/18 RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Under spend? Y/N
CSD3	Rationalise IT Service Delivery support & maintenance contracts.	86	86	0	G	86	0	G	Mark Humphries		N
CSD4	Rationalise Facilities Management Building Repairs & Maintenance budgets	15	15	0	G	15	0	G	Mark Humphries		N
CSD5	Increase income generation from external bookings at Chaucer centre	40	40	0	G	40	0	G	Mark Humphries		N
CSD6	Reduction in the number of vehicles operated by Infrastructure & Transactions division from three to two	5	5	0	G	5	0	G	Mark Humphries		N
CSD8	Restructure IT Service Delivery section and delete 1 FTE post.	40	40	0	G	40	0	G	Mark Humphries		N
	Resources										
CS46	Resources - Deletion of 3 Posts within the Division	25	25	0	G	25	0	G	Paul Dale		N
CS64	Reduction of treasury running costs through review, improvement and efficiency	20	20	0	G	20	0	G	Paul Dale		N
CS65	Consolidation of various budgets within Resources division	66	66	0	G	66	0	G	Paul Dale		N
CS67	Reduction in bank and giro charges	12	12	0	G	12	0	G	Paul Dale		N
CSD20	Increased income	16	16	0	G	16	0	G	Paul Dale		N
CSD21	Rephrase existing Savings	42	42	0	G	42	0	G	Paul Dale		N
CSD23	Cut running costs budgets	30	30	0	G	30	0	G	Paul Dale		N
CSD24	Consultancy budget	100	100	0	G	100	0	G	Paul Dale		N
CSD25	Increased charge to Pension Fund	20	20	0	G	20	0	G	Paul Dale		N
CSD26	Delete 1 Policy post	50	50	0	G	50	0	G	Paul Dale		N
	Human Resources										
CS46	Introduction of new application tracking system	10	10	0	G	10	0	G	Kim Brown		N
CS50	Occupational Health & Employee Assistance programme	40	40	0	G	40	0	G	Kim Brown		N
CS74	Review of L&D spend	69	69	0	G	69	0	G	Kim Brown		N
CSD32	Review of HR business support (printing and stationery)	5	5	0	G	5	0	G	Kim Brown		N
CSD35	Learning and Development Budget	18	18	0	G	18	0	G	Kim Brown		N
	Corporate Governance										
CS73	Saving from 4 borough shared legal service	60	60	0	G	60	0	G	Paul Evans		N
CSD44	Stop web casing meetings, remove scrutiny support fund and reduce other supplies and services	35	35	0	G	35	0	G	Paul Evans		N
CSD45	Share audit and investigation service	60	60	0	G	60	0	G	Paul Evans		N
	Other										
CSD48	CHAS Dividend	145	145	0	G	145	0	G			N
	Total Corporate Services Department Savings for 2016/17	2,316	2,028	288		2,316	0				

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2016-17

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Savings Expected £000	Shortfall	16/17 RAG	2017/18 Savings Expected £000	2017/18 Expected Shortfall £000	17/18 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Unders pend? Y/N
	SUSTAINABLE COMMUNITIES										
ER23	Staff savings from 6th month review following the merger of the traffic and highways and the FutureMerton team in to one team and further budget savings/adjustments within the controllable expenditure budgets	130	130	0	G	130	0	G	James McGinlay		N
ER23	Restructure of team to provide more focus on property management and resilience within the team.	52	0	52	R	52	0	G	James McGinlay	Due to a delay in implementation, it is unlikely that this saving will be achieved this financial year. However, it is being mitigated by an overachievement of commercial rental income.	N
EN27	Reduction in the Lining Budget	10	10	0	G	10	0	G	James McGinlay		N
EN30	Reduction in supplies and Services Costs	20	20	0	G	20	0	G	James McGinlay		N
EN31	Reduction in energy costs	30	30	0	G	30	0	G	James McGinlay		N
EN32	Renegotiation of J C Deceaux Contract	10	10	0	G	10	0	G	James McGinlay		N
EN35	Various Budgets - Increased Income through various charging increases where the service provided will still be purchased eg increases % commercial uplift from 30% to 50%, per hr; increases in charges in halls and at watersports centre, etc	14	14	0	G	14	0	G	James McGinlay		N
EN36	Various Budgets - Increased Income through sale of advice & guidance from senior professional officers and sale of specialist arts & leisure developed service packages to groups and organisations e.g private care homes, etc	10	10	0	G	10	0	G	James McGinlay		N
EN37	Merton Active Plus - Increased Income	5	5	0	G	5	0	G	James McGinlay		N
EN42	Consultancy Income. This is based on an average daily rate of £300 per day (15/16 equates to 7 days per year for each chargeable member of staff and 16 days in 16/17) based on the consultancy project management working practices adopted by FutureMerton team.	50	50	0	G	50	0	G	James McGinlay	Income achieved via Estates Regeneration income from CHMP. However, income is not guaranteed for future years.	N
EN45	Further commercialisation and development of sports and allied parks services (eg. increase in fees and charges (3.75%); cost recovery plus; service bundling; sponsorship of bedding plants, etc), aligned to the emerging strategy for sports.	13	0	13	R	13	0	G	James McGinlay	This saving is not currently being achieved. However, it forms part on the ongoing Phase C procurement exercise, and it is envisaged that the final agreement will result in this saving being met in full from 2017/18.	Y
E&R1	Arts Development - further reduce Polka Theatre core grant	5	5	0	G	5	0	G	James McGinlay		N
E&R2	Water sports Centre - Additional income from new business - Marine College & educational activities.	10	10	0	G	10	0	G	James McGinlay		N
E&R6	Reduced costs incurred as a result of sub-leasing Stouthall until 2024.	39	39	0	G	39	0	G	James McGinlay		N
E&R24	Reduction in current levels of staffing in the Greenspaces grounds maintenance and horticulture and sports teams.	130	0	130	R	130	0	G	James McGinlay	This saving is not currently being achieved. However, it forms part on the ongoing Phase C procurement exercise, and it is envisaged that the final agreement will result in this saving being met in full from 2017/18.	Y
E&R26	Introduction of P&D within certain parks responding to demand for the management of parking and controlling excess demand for spaces/ commuter parking	60	12	48	R	60	0	A	James McGinlay	Due to a delay in implementation, this saving will not be achieved this year. It is currently expected to be implemented around January 2017.	Y
E&R27	Additional property rental income	44	0	44	R	44	0	A	James McGinlay	New and reviewed tenancies are expected to be implemented during 2017/18 that will fully meet this saving.	N
E&R31	Senior management and support-Deletion of the 2 management support posts and absorption into existing resources.	70	70	0	G	70	0	G	Chris Lee		N

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2016-17

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Savings Expected £000	Shortfall	16/17 RAG	2017/18 Savings Expected £000	2017/18 Expected Shortfall £000	17/18 RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Underpend? Y/N
E&R32	Wifi Concessionary Contract-income from wifi concessionary contract to be let from 2015/16	20	20	0	A	20	0	G	James McGinlay	Phase one has been successfully implemented, and phase two will be implemented in 17/18.	N
E&R33	Various Budgets - Increase in income from commercialisation of services	250	180	70	R	250	0	A	James McGinlay/ Cormac Stokes	The £70k saving relating to the Live at Wimbledon Park event is not expected to be achieved this year.	Y
E&R35	Reduce street lighting contract costs	25	25	0	G	25	0	G	James McGinlay		N
E&R36	Reduction in reactive work budget	60	0	60	R	60	0	A	James McGinlay	Work is being undertaken in order to bring expenditure back in line with the budget. If this is not possible during 2016/17 then it will be mitigated from the 20% developer admin fees for highway works required.	Y
E&R38	Income from Section 278/Developers agreements where traffic works are required as part of development . Charging for work currently not charged for	50	50	0	G	50	0	G	James McGinlay	Being achieved from 20% developer admin fees for highway works required.	N
E&R39	Pre-application income. This is in addition to any previous pre-app savings proposal.	50	30	20	R	50	0	A	James McGinlay	Being achieved from 20% developer admin fees for highway works required.	Y
E&R40	Consultancy income. This is in addition to any previous savings proposal.	60	10	50	R	60	0	A	James McGinlay	It is being covered in 2016/17 from increased income within Property Management.	Y
E&R42	Design Vestry Hall income budget with current levels of income being achieved.	20	20	0	G	20	0	G	James McGinlay	Income achieved via Estates Regeneration income from CHMP. However, income is not guaranteed for future years.	Y
EN02	Introduction of unattended automatic number plate recognition CCTV parking enforcement cameras at fixed locations.	226	226	0	G	226	0	G	John Hill		N
EV11	Increase all pay and display charges for on and off street parking by 10%. It should be noted that no allowance has been made for elasticity of demand this figure could reduce by 25%	125	125	0	G	125	0	G	John Hill		N
E&R7	Due to additional requests from residents, the budget will be adjusted to reflect the demand for and ongoing expansion of Controlled Parking Zone coverage in the borough.	260	260	0	A	260	0	A	John Hill	The current estimates for new CPZ permit income is 170k. CPZ extensions to Tooting (GC), Colliers Wood (CW) and Merton Park (MP1) zones are pending and this will influence ability to meet £260k target.	N
E&R8	In response to residents concerns about traffic congestion, enforcement of moving traffic contraventions, following the implementation of ANPR.	1,700	60	1,640	R	1700	0	G	John Hill	The ANPR cameras started enforcement of Moving Traffic and Bus Lane parking regulations on the 1st July 2016. Whilst the majority of the ANPR locations went live in July with some initial growth in the number of ANPR PCNs issued, these numbers did not reach the expected forecast. The cause of the problem is the considerable technical issues which need to be resolved before a level of achievable savings and compliance can be measured. We have worked closely with the contractor to try and identify and reduce these issues and this collaborative working is still on going. The contractor is in the second week of a review of all 41 ANPR locations providing us with feedback at weekly meetings.	N

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2016-17

Ref	Description of Saving	2016/17 Savings Required £000	2016/17 Savings Expected £000	Shortfall	16/17 RAG	2017/18 Savings Expected £000	2017/18 Expected Shortfall £000	17/18 RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Underspend? Y/N
E&R9	Change in on-street bay suspension pricing structure.	500	320	180	R	500	0	G	John Hill	The current data suggests that the shortfall could be c£180k as it would appear that pricing regime has reduced demand to a greater extent than previously expected. Initial income projections resulting from E&R 11 should offset this shortfall.	Y
E&R10	Back office reorganisation	80	0	80	R	80	0	G	John Hill	Savings will not be achieved as the reorganisation is based on a review of staff numbers following the successful implementation of ANPR which still has technical difficulties.	N
E&R11	Enforcement of pavement parking	60	240	-180	G	60	0	G	John Hill	Expected to exceed target by at least £250k and will be used to offset shortfall on E&R9.	Y
E&R12	End lease of Wycliffe Road	14	14	0	G	14	0	G	John Hill		N
E&R13	Increase income from discretionary fees & charges	50	50	0	A	50	0	A	John Hill	Work underway, but potential for slippage and subsequent failure to achieve full year effect. Currently considering the implementation of a number of income generating schemes such as a licensing pre-application service, scientific consultancy, food safety consultancy and chargeable business advice. Business cases to be finalised and reviewed by the Joint Regulatory Committee in February 2017.	N
E&R14	Greater funding of post dedicated to investigating potential recovery of funds under the POCA, to be funded from costs recovered.	50	25	25	R	50	0	A	John Hill	Income is subject to legal process through the courts and defendants' payments. Income forecast for year end is now 25k. Shortfall due to defendants failing to pay, and the Judge imposing the default sentence of 8 years imprisonment as a result.	N
EN14	STREET SCENE & WASTE Mobile technology including GPS and in cab monitors. Once implemented will reduce back office staff numbers as a result of reducing reliance on paper schedules and in addition the GPS vehicle tracking system will lead to improved service and fuel efficiency.	100	0	100	R	100	0	G	Cormac Stokes	This saving is linked to new CRM project and Environmental asset Management Business case. GPS and vehicle tracking will not be delivered this year.	Y
E&R17	To reduce the costs of the service and maintain current standards of cleaning within Merton it is proposed to alter how we deploy our resources by reducing residential solo sweepers and alter the use of mechanical sweepers by investing in electric sweepers	157	157	0	G	157	0	G	Cormac Stokes		N
E&R18	Cease the distribution of food caddy liners	70	70	0	G	70	0	G	Cormac Stokes		N
E&R19	Align income budget to levels of income being generated from the sale of Textiles.	50	50	0	G	50	0	G	Cormac Stokes		N
E&R20	To contribute to a cleaner borough, enforcement of litter dropping under EPA/ ASB legislation with FPN fines for contraventions.	20	20	0	G	20	0	G	Cormac Stokes		N
E&R21	HRRC Site operations procured to external provider. Contractual savings.	30	0	30	R	30	0	A	Cormac Stokes	Although procurement led to significant cost reduction, it was not sufficient enough to reduce below existing budget level. Therefore, an alternative saving will be presented to Cabinet in due course.	Y
E&R22	Removal of borough wide dog bins including Parks	42	42	0	G	42	0	G	Cormac Stokes		N
Total Environment and Regeneration Savings 2014/15		4,771	2,409	2,362							

APPENDIX Z

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 15-16

Ref	Description of Saving	2015/16 Savings Required £000	2015/16 Savings Expected £000	Shortfall	15/16 RAG	2016/17 Savings Expected £000	2016/17 Expected Shortfall £000	16/17 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Undersp end? Y/N

All savings for 2015/16 achieved

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2015-16

Ref	2015/16 Savings Required £000	2015/16 Savings Achieved £000	Shortfall	15/16 RAG	2016/17 Savings Expected £000	2016/17 Expected Shortfall £000	16/17 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N	
ER10	230	89	141	R	230	0	G	John Hill	New structure commenced in October 2015, so only a part-year effect saving was achieved in 2015/16. The shortfall is not expected to repeat in 2016/17.	N	
EN29	252	146	106	R	252	0	G	James McGinlay	Due to delay in implementation, the full effect of this saving was not realised in 2015/16.	N	
EN45	39	11	28	R	11	28	R	James McGinlay	This saving forms part on the ongoing Phase C procurement exercise, and it is envisaged that the final agreement will result in this saving being met in full from 2017/18.	Y	
EV02	4	0	4	R	4	0	A	John Hill	Delegated report yet to be drafted - demand for these permits has reduced and thus full year saving may not be as much as expected	N	
EV12	3,214	0	3,214	R	3,214	0	G	John Hill	The implementation phase of the contract is under way having started in late June 2016. There has been an initial growth in ANPR PCNs but technical issues need to be resolved before level of achievable savings can be measured.	N	
Total Environment and Regeneration Savings 2015/16					3,739	246	3,493				28

APPENDIX 7

DEPARTMENT: Corporate Services - PROGRESS ON SAVINGS 15-16

Ref	Description of Saving	2015/16 Savings Required £000	2015/16 Savings Expected £000	Shortfall	15/16 RAG	Responsible Officer	Comments
All savings for 2015/16 achieved							

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2014/15

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Actuals Savings £000	2014/15 Shortfall £000	2015/16 Savings Achieved £000	2015/16 Shortfall £000	RAG	2016/17 Savings Expected £000	2016/17 Expected Shortfall £000	RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Under spend? Y/N
	Adult Social Care												
ASC13/ASC34	Brokerage Efficiencies	300	118	182	118	182	R	187	113	R	Julie McCauley	Negotiations are on-going with existing service providers, however savings are dependent on market pressures and the current market is that prices are increasing, making negotiating reductions more difficult.	Y
ASC8	Optimising the use of block and spot contracts-OP&LD	300	141	159	141	159	R	141	159	R	David Slark	Negotiations are on-going with existing service providers, however savings are dependent on market pressures and the current market is that prices are increasing, making negotiating reductions more difficult.	Y
ASC54	Reduction in Mental Health Placement	50	0	50	0	50	R	0	50	R	Henrietta Brown	There was an increase in customers with higher needs, which led to a greater expense of placements. In addition, there were not sufficient opportunities for people to move to a lower level of support, so savings were not achieved.	Y
CH12	Remove day care costs from residential customers	250	0	250	0	250	R	0	250	R	Andy Ottaway-Searle	Due to the small number of residential customers this target was not able to be achieved.	Y
CH14	All Saints Respite extension	36	0	36	0	36	R	0	36	R	Julie McCauley	Building work not started to accommodate suitable environment for customers with physical disabilities, therefore savings not achieved.	Y
CH15	Assistive Technology	70	0	70	0	70	R	70	0	A	Andy Ottaway-Searle	Assisted technology used with new customers but tracking cost avoidance is difficult to demonstrate as previously these customers have not incurred costs. Work needed to review existing customers to identify if any savings can be made.	Y

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Actuals Savings £000	2014/15 Shortfall £000	2015/16 Savings Achieved £000	2015/16 Shortfall £000	RAG	2016/17 Savings Expected £000	2016/17 Expected Shortfall £000	RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Under spend? Y/N
CH6	Voluntary Organisation- SLA reduction	150	0	150	0	150	R	150	0	A	Simon Williams	Work on-going with voluntary sector to review funding to meet savings targets.	Y
ASC53	Meals on wheels contract	50	0	50	0	50	R	0	50	R	Simon Williams	Meals on Wheels contract will not be renewed, however the saving on the contract cost is a 16/17 saving.	Y
ASC50/CH7	Staffing savings in Direct Provision	216	0	216	0	216	A	216	0	A	Andy Otaway-Searle	Posts were deleted and budgets reduced at the start of the year, but, increased volumes from 12 to 38 people at our supported living services, plus the need to back fill long term sickness to meet CQC standards led to other staffing budgets overspending. This offset the planned savings. Since increased activity remains unfunded this overspend will only be recouped in 2015-16 if other savings targets are over achieved.	Y
	Merton Adult Education Increase income from commercial courses and café, reduction in staff. Admin & marketing cost.	176	0	176	0	176	R	0	176	R	Yvonne Tomlin	Saving not delivered due to changes in SFA funding	
	Total Community & Housing Dept's Savings for 2014/15	1,598	259	1,339	259	1,339		764	834				

DEPARTMENT: CHILDREN, SCHOOLS & FAMILIES SAVINGS PROGRESS: 2014-15

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Achieved £000	2014/15 Shortfall £000	2015/16 Savings Achieved £000	2015/16 Shortfall £000	RAG	2016/17 Savings Expected £000	2016/17 Expected Shortfall £000	RAG	Responsible officer	Comments	R /A Included in Forecast Over/Under spend? Y/N
CSF2012-08	<p>Education</p> <p>Introduce new models of fulfilling the council's statutory responsibilities for the provision of SEN transport</p>	140	100	40	140	0	G	140	0	G	Jane McSherry	The full year effect of the travel training programme and the roll-out of personal budgets will result in achieving this saving. During 2015/16 £108k was saved from ITT (£91k in the current year to date). The 32 personal budgets currently provide an annual equivalent saving of £211k. The overall transport budget is expected to overspend due to complexity of caseloads and increased prices. Actions implemented through the transport board has resulted in the forecast variance to reduce during 2016/17.	N

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2014-15

Ref	2014/15 Savings Required £000	2014/15 Savings Achieved £000	2014/15 Shortfall £000	2015/16 Savings Achieved £000	2015/16 Shortfall £000	RAG	2016/17 Savings Expected £000	2016/17 Expected Shortfall £000	RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Underspend? Y/N
EN45	96	67	29	71	25	R	71	25	R	James McGinlay	This saving forms part on the ongoing Phase C procurement exercise, and it is envisaged that the final agreement will result in this saving being met in full from 2017/18.	Y
EN15	100	0	100	0	100	R	0	100	R	Cormac Stokes	Improved management of the sickness monitoring is in place. All LTA being seen by HoS. The technical establishment is expected to be signed off soon. Once done so, it will be reconciled to the use of temporary staff to confirm if this saving has been met.	Y
Total Environment and Regeneration Savings 2014/15												
	196	67	129	71	125		71	125				

DEPARTMENT: Corporate Services - PROGRESS ON SAVINGS 14-15

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	14/15 RAG	Responsible Officer	Comments
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All savings for 2014/15 achieved

Appendix 9

Subject: Miscellaneous Debt Update December 2016

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

1.1 A breakdown of departmental net miscellaneous debt arrears, as at 30 December 2016, is shown in column F of the table below.

Sundry Debtors aged balance – 30 December 2016 – not including debt that is less than 39 days old

Department a	39 days to 6 months b	6 months to 1 year c	1 to 2 years d	Over 2 years e	Dec 16 arrears f	Sept 16 Arrears	Direction of travel
	£	£	£	£	£	£	
Env & Regeneration	2,070,449	300,432	215,352	254,971	2,841,204	1,024,164	↑
Corporate Services	112,930	82,183	39,723	85,843	320,679	510,158	↓
Housing Benefits	597,116	696,723	1,464,645	1,502,427	4,260,911	4,173,089	↑
Children, Schools & Families	260,067	55,958	45,235	194,988	556,248	983,259	↓
Community & Housing	1,224,227	823,648	936,078	1,792,712	4,776,665	4,975,275	↓
Chief Executive's	0	0	0	0	0	1,380	↓
CHAS 2013	70,151	18,344	19,730	14,025	122,250	97,411	↑
Total	4,334,940	1,977,288	2,720,763	3,844,966	12,877,957	11,764,736	↑
<i>Dec 15</i>	<i>2,859,849</i>	<i>1,770,361</i>	<i>2,428,652</i>	<i>3,315,104</i>	<i>10,373,966</i>		
<i>Variance Dec 15 to Dec 16</i>	<i>1,475,091</i>	<i>206,927</i>	<i>292,111</i>	<i>529,862</i>	<i>2,503,991</i>		↑

1.2 Since the position was last reported in September 2016, the net level of arrears, i.e. invoices over 39 days old, has increased by £1,113,221.

1.3 The net level of level of arrears has increased by £2,503,991 when compared to the position at the end of December 2015.

1.4 The above table shows the separate debt owed to CHAS 2013 Ltd.

1.5 There has been an increase of £1.8 million since last reported in September 2016 in the Environment and Regeneration department. Just under £1.0 million of the increase relates to debt owed to Future Merton for Section 106 income and £446,000 to Town Planning for the Community Infrastructure Levy. It should be noted that due to the regulations regarding Community Infrastructure Levy no recovery action can be taken for 60 days after the invoice has been issued due to the appeal rights of the debtor. There are some large invoices that have been raised in November that have not yet been paid, for example one invoice of £484,000 for section 106 income is outstanding. The service teams and debt recovery team are actively pursuing these debts and are reviewing the existing recovery processes to try to ensure quicker payment of these types of income.

1.5.1 The table below shows the total net level of arrears for the last five years – not including debt that is less than 39 days old

Sundry debt December 2012 to December 2016 – not including debt that is less than 39 days old

Department	Dec 2012	Dec 2013	Dec 2014	Dec 15	Dec 16
	£	£	£	£	£
Env & Regeneration	803,040	807,539	1,010,987	1,187,693	2,841,204
Corporate Services	504,275	372,586	1,010,061	356,128	320,679
Housing Benefits	3,172,438	3,036,852	3,097,467	3,749,990	4,260,911
Children, Schools & Families	761,010	95,675	519,488	314,278	556,248
Community & Housing	3,777,081	4,266,277	4,409,817	4,636,006	4,776,665
Chief Executive's	0	500	500	480	0
CHAS 2013	0	0	151,782	129,395	122,250
Total	9,017,844	8,579,429	10,200,102	10,373,970	12,877,957

1.7 The figures in the table above show that the major area of increase in debt over the four year period is housing benefit overpayments and Community and Housing. It should be noted that the amount of housing benefit paid out has increased over this period. In 2008/09 £61.3 million was paid out and just under £100 million was paid in 2015/16. The level of Community and Housing debt over 39 days has increased by just under £1.0 million in the four year period.

1.8 The action being taken to recover the largest debts is outlined below

2 THE PROCESS FOR COLLECTION OF MISCELLANEOUS DEBT

- 2.1 In considering the current levels of debt, it is important to outline the general process Merton currently has in place to collect its arrears. In general terms the process has 5 stages, as detailed below, although processes employed vary by debt type. It is important to note that most debtors can not pay their outstanding liabilities other than by payment arrangements. Once a payment arrangement has been made it can not be changed without the debtors consent.

The process for collecting debt

Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
Invoice issued to debtor with 30 days allowed for payment.	After 30 days and following two requests for payment, a final warning notice is issued and the case passed to the Debt Recovery team.	The debt and debtor is evaluated to ensure the most effective recovery action is taken to attempt recovery. This will include contacting debtors' direct and collecting payment or agreeing repayment plans and passing the debt to collection agents to collect on our behalf, bankruptcy proceedings, attachment to benefit etc.	If the debt remains unpaid then County Court action is taken by the Debt Recovery team's solicitor who administers this process.	The final stage is consideration of the debt for write-off if all other attempts to collect the debt have failed.

3. ACTION BEING TAKEN TO COLLECT OUTSTANDING DEBT

- 3.1 One of the two largest debts owed to the council is for Community Care Debt and the current level of debt is £4.95 million.
- 3.2 Over the past few years council staff have been working closely and following new processes to manage this debt. This work involves regular joint meetings between the financial assessments, social services, client financial affairs and debt recovery teams to review the debts of individual clients and establish action plans for each one.
- 3.3 These actions include, but are not limited to: early intervention from social workers to prevent debts from getting out of control and to ensure that clients are supported earlier to get their finances in order; as part of their induction all new Social Workers spend time with the Financial Assessment Team, to understand how financial assessments are carried out; social workers also check to see if there any safeguarding issues around non-payment of bills and work very closely with the Welfare Benefits Officer; there is more use of credit checks and land registry checks when assessing/investigating debt issues;

increased involvement from the client financial affairs team to take appointeeship for those without capacity or appropriate deputyship; Increased identification of cases where we will consider legal action to secure the debt and generally to share information and support each other in the collection and prevention of this debt. Although the debt has grown the actions being taken are mitigating the impact.

- 3.4 Of this £4.95 million debt £0.65 million is under 39 days and therefore no formal recovery action has taken place other than issuing an invoice and/or reminder. Of the remaining £4.29 million debt which is older than 39 days just over £0.6 million is secured debts against charging orders or deferred payment arrangements, £0.77 million is where the council has deputyship or awaiting probate, £0.28 where court action is taking place or there are queries on the invoices and a further £0.23 million has repayment arrangements in place. Whilst we are actively working on securing the remaining debt by similar means there is £2.18 million unsecured debt.
- 3.5 A new working group chaired by the Director of Community and Housing has been set up to monitor Community Care Debt and to work across departments to improve processes and ensure best practice is in place to maximise collection of debts at all stages.
- 3.6 The table below shows the breakdown of Community Care debt by recovery action

Total Community Care Debt by recovery action as at December 2016 compared to March 2016, June 2016 and September 2016

Community Care Debt	31-Mar-16	% at stage	30-Jun-16	% at stage	30-Sep-16	% at stage	31-Dec-16	% at stage
Invoice stage	656,084	14%	387,608	9%	772,555	16%	646,210	13%
Charge & Deferred Payment	995,753	22%	775,880	18%	706,043	15%	635,671	13%
Payment arrangement	372,108	8%	462,801	11%	451,694	10%	235,667	5%
Probate, DWP & Deputyship	925,447	20%	944,870	22%	895,603	19%	771,456	15%
Court action	147,886	3%	141,345	3%	256,347	5%	188,264	4%
Dept or service query	154,802	3%	182,702	4%	51,821	1%	286,782	6%
No action secured	1,386,446	30%	1,460,347	33%	1,624,173	34%	2,186,747	44%
Total Debt	4,638,526		4,355,553		4,758,236		4,950,797	

- 3.7 Although there has been an increase in Community Care debt of £192,561 since the end of September 2016 some large payments of old debts have been received in the last quarter. A payment of just over

£70,000 and another of just under £60,000 were received to clear two outstanding cases.

- 3.8 The largest area of debt owed to the council is for housing benefit overpayments with the total level of debt being £8.28 million, this figure includes £4,323,053 within the sundry debtors system and debt still within the housing benefit system.
- 3.9 It has been previously reported that the Department of Work and Pensions commenced a “Real Time” Information initiative at the end of September 2014 which was aimed at identifying overpayments of housing benefit. The DWP have compared housing benefit claim data and HMRC data and over the six month life of the initiative highlighted 900 cases for Merton where there were data discrepancies.
- 3.10 In May 2015 the second phase of the initiative commenced and we are receiving approximately 150 cases per month.
- 3.11 As at the end of December 2016, £3.4 million of overpayments have been identified and created. A number of cases have resulted in overpayments of over £10,000 and have been referred to the Internal Audit team and the new joint DWP Fraud team.
- 3.12 Where possible these overpayments are being recovered from on-going benefit payments. We are entitled to deduct between £10.95 and £23.35 per week from on-going housing benefit dependant on circumstances. Where the change has resulted in housing benefit being cancelled or nil entitlement we contact the claimants employer and are paid a percentage deduction of their salary each month. So far we have over £190,000 set up to recover in this way.
- 3.13 A further tranche of these cases commenced in May 2016.
- 3.14 The Department of Work and Pensions commenced another initiative in the final quarter of 2014/15. This initiative is where council’s are encouraged to identify fraud and error within the system and have been awarded set up funding and on-going funding based on achieving performance targets. This initiative is being extended for 2016/17.
- 3.15 The Council exceeded three of the five periods from December 2014 to March 2016 and obtained £60,246. The Council has committed to continuing this initiative for 2016/17 and has received £49,000 funding to administer this. The first quarter target has been exceeded and additional funding of £28,169 has been received. The second quarter target was not met and no additional funding received.
- 3.16 These two initiatives and the normal churn of claims resulted in the level of housing benefits debt increasing and it is very likely that it will continue to increase. The DWP have confirmed that both of the above initiatives will continue into 2017/18.

- 3.17 Although the overall housing benefit debt has increased there has been an increase in the amount of debt either being recovered from on-going benefit or on arrangements, with £3.03 million being recovered from on going benefit by reducing current housing benefit payments. Just over £5.25 million is on a payment arrangement or recovery from on going benefit
- 3.18 The table below shows breakdown of all housing benefit overpayments by recovery action.

Total Housing Benefit Debt by recovery action from June 2015 to December 2016 by quarter

Recovery Stage	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16
Invoice and Reminder stage	542,969	814,303	1,571,934	1,205,885	667,690	624,877	874,548
On-going recovery	3,070,965	2,839,286	3,237,225	3,105,644	2,928,207	3,048,093	3,032,558
Payment Arrangements	1,514,546	1,324,634	1,606,401	1,792,340	1,922,400	2,134,893	2,220,007
No Arrangements secured	2,325,949	2,255,792	1,608,915	1,870,006	2,528,002	2,544,392	2,162,070
Total HB Debt	7,454,429	7,234,015	8,024,476	7,973,875	8,046,299	8,352,255	8,289,183

3.19 We have continued to review and target all housing benefit debt. We have tried to improve the procedures at the beginning of the process when a debt is first identified by ensuring that invoices are raised as soon as possible to give the best chance of recovery, we are targeting debtors who are now in work and we will be applying to recover the overpayments from their employers and we are looking at the oldest debts to consider if they are still collectable. However, it should be noted that a lot of the housing benefit debt is very difficult to recover as the Council's powers of recovery are very limited unless the debtor works or owns their own property.

3.20 The table below shows the amount of debt written off in accordance with financial regulations and scheme of management in 2014/15, 2015/16 and 2016/17.

Debt written off in 2014/15, 2015/16 and 2016/17 by debt type

	2014/15	2015/16	2016/17				
	Total	Total	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Debt type							

Sundry Debt	£347,726	£581,419	£129,338	£0	£0		£129,338
Housing benefit overpayments	£1,050,105	£510,352	£116,012	£68,489	£109,542		£294,043
Council Tax	£526,881	£951,280	£118,937	£109,969	£279,547		£508,453
Business Rates	£790,373	£659,514	£0	£0	£271,978		£271,978
Total	£2,715,085	£2,702,565	£364,287	£178,458	£661,067	£0	£1,203,812

3.21 Of the business rates debt written off in 2014/15 just over £400,000 related to businesses that went into liquidation. For 2015/16 £392,000 and for 2016/17 £189,000 related to businesses that went into liquidation and therefore it was not possible to collect the rates.

3.22 Towards the end of 2014/15 an exercise was commenced targeting the highest housing benefit debts with the aim of agreeing payment arrangements where possible and where appropriate writing debts off. This included many large overpayments, some identified through fraud activity where the prospect of collecting the debt was minimal. In some instances payment arrangements were put in place for 5 years and the remainder of the debt written off. If circumstances change of the debtors or after 5 years all payments are made there is the option of writing part or all of the debt back to collect.

3.23 Although the debt written off within any of the years does not relate to one specific year it should be noted that in 2015/16 the council was collecting a net debt of £102.6 million in council tax (this includes the GLA portion), a net debt of £92.3 million in business rates (this includes Business Rates Supplement) and approximately £44 million raised through sundry debts.

3.24 Every effort is made to collect all outstanding debts and debts are only written off as a last resort. The council is still collecting some council tax debts that are greater than 6 years old or will have secured the debts against properties where possible.

4. SUNDRY DEBT COLLECTED

4.1 The two tables below show the amount of sundry debt raised over the past four years along with the payments received via cash, journals or credits, and shows the amount written off for each year along with the balance outstanding as at the end of August 2016 and December 2016.

As at end of August 2016

Year	Invoices raised	Credits	Journals	Written Off	Payments	O/s	% Collected	% o/s or w/o
2013/14	£44,842,844	-£2,515,060	-£100,561	-£217,833	£41,162,418	£846,973	97.63%	2.37%

2014/15	£57,041,098	-£6,728,829	£449,753	-£179,094	£49,546,062	£1,036,866	97.87%	2.13%
2015/16	£67,409,189	-£10,592,591	-£123,014	-£48,375	£53,733,094	£2,912,116	95.61%	4.39%
2016/17	£20,333,928	-£1,440,193	-£40,136	-£690	£12,699,368	£6,153,542	69.73%	30.27%

As at end of December 2016

Year	Invoices raised	Credits	Journals	Written Off	Payments	O/s	% Collected	% o/s or w/o
2013/14	£44,842,844	-£2,531,232	-£91,213	-£217,833	-£41,252,390	£750,176	97.84%	2.16%
2014/15	£57,041,098	-£6,756,029	£459,436	-£179,094	-£49,731,873	£833,538	98.23%	1.77%
2015/16	£67,409,189	-£11,330,263	-£112,786	-£48,374	-£54,377,668	£1,540,099	97.65%	2.35%
2016/17	£43,058,643	-£4,200,922	-£60,362	-£696	-£30,050,524	£8,746,139	79.70%	20.30%

4.2 Active recovery action continues to be undertaken on all outstanding debts. The tables above show that £96,797 was collected for 2013/14, £203,328 for 2014/15 and £1,372,017 for 2015/16 in the past four months. Included in the amounts outstanding would be cases where the debt has already been secured against a charge on the property or deferred payment arrangement.

4.3 For 2013/14 and 2014/15, invoices for over £101.8 million were raised and over 97.5% has already been collected.

4.4 On the 6 February 2017 the department will be implementing the new Financial Management System. As part of this implementation the existing debt recovery system will be replaced with a new debt recovery system. Staff within the debt recovery team have been undertaking training and user testing to ensure that effective recovery action can continue as soon as the system goes live although there will be a period of adjusting to the new system and processes. Assurances have been given that the new system will enable like for like reporting for the purposes of monitoring and reporting on debts.

5. PROVISION FOR BAD AND DOUBTFUL DEBTS

5.1 Provision has been made available for writing off bad and doubtful debts held within the ASH and Housing benefits systems. These provisions are £2.83m for ASH miscellaneous debt and £6.29m for debt held in the Housing Benefits system, making a total General Fund provision for bad and doubtful debts of £9.12m. Clearly, every attempt is made to collect debts before write-off is considered. The current level of provision is analysed in the table below.

5.2 The Council adheres to the requirements of the SORP when calculating its provisions. Merton's methodology is to provide on the

basis of expected non collection using the collection rates for individual departmental debt, and the age of the debt.

Provision for Bad and Doubtful Debts

Department	Total Provision	
	At 31/03/2015	At 31/03/2016
	£000's	£000's
Env & Regeneration	332	377
Corporate Services	432	342
Housing Benefits	6,344	6,287
Children, Schools & Families	90	121
Community & Housing	1,996	1,995
Total	9,194	9,122

6. EXECUTIVE SUMMARY / CONCLUSION

6.1.1 Merton's total level of miscellaneous debt arrears i.e. invoices over 39 days old, as at 31 December 2016 is £12,871,957. The net level of arrears, when the matter was last reported in September 2016 was £11,764,736.

7. TOTAL DEBT DUE TO MERTON

The total amount due to Merton as at 30 December 2016 is detailed in the table below.

Total debt outstanding as at 31 December 2016 and compared with previous periods over the past 12 months

	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16
	£	£	£	£	£
Miscellaneous sundry debt Note 1	11,272,021	16,281,729	12,762,026	12,406,364	13,588,220
Housing Benefit debt	8,024,475	7,973,874	8,046,299	8,352,255	8,289,183
Parking Services	2,026,990	2,236,486	2,475,209	2,800,371	3,425,473
Council Tax Note 2	3,954,459	3,696,585	5,028,749	4,524,303	3,822,875
Business Rates Note 3	1,502,441	1,112,781	1,696,598	1,147,749	972,883
Total	26,780,386	31,301,455	30,008,881	29,231,042	30,098,634

Note 1 This figure differs from the amount shown in Table 1 as it shows all debt, including that which is less than 39 days old.

Note 2 Council tax debt does not include the current year council tax collection.

Note 3 Business rates debt does not include the current year business rates collection

- 7.1 The overall debt outstanding has increased by £3.318 million in the past 12 months compared to the end of December 2015.
- 7.2 The areas where there has been the largest increase are miscellaneous sundry debts which has increased by £2.3 million, housing benefit debt by £0.26 million and parking by £1.4 million. The parking increase is due to the large increase in PCN's being issued following the ANPR implementation.
- 7.3 Detailed breakdowns of the Council Car Parking figures are shown in the table below:

Car Parking Aged Debtors – December 2016

Age of Debt	Outstanding £	Number of PCNs
0-3 months	1,536,443	12,158
3-6 months	690,881	4,214
6-9 months	360,156	2,173
9-12 months	250,200	1,543
12-15 months	245,426	1,562
Older than 15 months	342,367	2,409
Total December 2016	£3,425,473	24,059
Total September 2016	£2,800,371	20,122
Increase	£625,102	3,937

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Description	Dec-16									
	2015/16 Actual £000	2016/17 Current Budget Forecast £000	2016/17 Year to Date (Third quarter to December 2016) Actual £000	2016/17 Jan - March Forecast £000	2016/17 Year end Forecast as at December 2016 Forecast £000	2016/17 Previous Forecast at September 2016 Forecast £000	Forecast Variance at year end (Sept forecast / Dec forecast) Forecast £000	Forecast Variance at year end (December forecast compared to "Budget") Forecast £000		
<u>Payments</u>										
Payroll Related Payments (including payroll element of Schools' advances)-net pay	116,209	109,615	140,237	46,746	186,983	113,706	73,277	77,368		
Payroll related-HMRC	41,600	37,642	29,430	9,810	39,240	39,068	172	1,598		
Payroll related-Teachers Pensions Authority	14,502	8,678	10,354	3,451	13,805	13,691	114	5,127		
Payroll related-pension fund and disbursements and including back funding and added years	22,712	15,752	15,969	4,158	20,127	21,580	-1,453	4,375		
Service payments- (Premises, Transport, Supplies and Services and Third Party payments)	299,145	359,642	139,670	46,356	186,026	238,732	-52,706	-173,616		
Transfer Payments-Housing Benefits	93,060	97,349	67,171	22,390	89,561	91,834	-2,273	-7,788		
Bank Charges & Related Expenditure	247	246	211	70	281	280	1	35		
Precepts and Levies - CTAX (GLA) and NDR(GLA,CLG) and levies	80,113	84,250	61,396	22,692	84,088	84,250	-162	-162		
Business Rates and CTax Refunds	5,787	6,360	4,596	1,532	6,128	5,996	132	-232		
Capital Payments	29,078	32,006	19,725	6,575	26,300	45,106	-18,806	-5,706		
Total Payments	702,453	751,540	488,759	163,780	652,539	654,243	-1,704	-99,001		
<u>Receipts</u>										
Business Rates Receipts	-90,733	-91,913	-79,806	-15,633	-95,439	-96,739	1,300	-3,526		
Council Tax Receipts	-104,431	-105,028	-89,175	-15,887	-105,062	-105,999	937	-34		
DWP - Housing Benefit Subsidy & Admin Grant & Discretionary Housing Payment grant(S31 Grant)	-93,310	-97,816	-68,237	-22,746	-90,983	-92,280	1,297	6,833		
Grants (Including Capital Grants and Public Health Grants)	-240,758	-270,641	-160,423	-55,807	-216,230	-214,900	-1,330	54,411		
Other receipts-fees and charges	-72,025	-77,689	-45,698	-10,233	-55,931	-61,395	5,464	21,758		
Payroll Recoupment	-83,440	-85,218	-57,048	-19,016	-76,064	-85,750	9,686	9,154		
VAT Reimbursement	-21,830	-21,546	-14,187	-7,094	-21,281	-20,468	-813	266		
Total Receipts	-706,527	-749,851	-514,574	-146,415	-660,989	-677,531	16,542	88,862		
1. Net Cashflow (Revenue and Capital Cash)	-4,074	1,689	-25,815	17,366	-8,450	-23,288	14,839	-10,139		
Interest Received on investments	-942	-580	-767	-256	-1,023	-916	-107	580		
Interest on Pooled Property Investment	-198	-284	-179	-60	-239	-244	5	284		
Interest Paid on Debt inc DME	6,704	3,937	4,318	2,400	6,718	6,597	121	-3,937		
2. Interest-net (Net cash flow)	5,564	3,073	3,372	2,084	5,456	5,437	19	-3,073		
B/F Cash Deposits Balance (SoA Note 9 Financial Instruments)	86,100	58,538	85,400	107,700	85,400	85,400	0	-58,538		
B/F Bank Balance (SoA Note 14 Cash and cash equivalents)	-252	-200	1,906	2,049	1,906	2,049	-143	200		
B/F ST Borrowing (SoA Note 9 Financial Instruments)	-11,910	0	-10,000	-10,000	0	-15,000	15,000	0		
B/Fwd Total	73,938	58,338	77,306	99,749	87,306	72,449	14,857	-58,338		
Change in cash and investments (1+2)	1,490	4,763	-22,443	19,450	-2,994	-17,851	14,858	-4,763		
C/F Cash Deposits Balance (SoA Note 14 Financial Instruments)	85,400	53,775	107,700	90,500	90,500	90,500	0	-53,775		
C/F Bank Balance (SoA Note 14 Cash and Cash Equivalents)	2,049	-200	2,049	-200	-200	-200	0	200		
C/F ST Borrowing (SoA Note 9 Financial Instruments)	-15,000	0	-10,000	-10,000	0	0	0	0		
B/Fwd Total	72,449	53,575	99,749	80,300	90,300	90,300	0	-53,575		

Customer & Client Receipts - £000's									
2016/17									
Department	Division/Service	Total Budget	Year to Date Actual (P9)	Year to Date Budget (P9)	Year to Date Over (under) Spend	Latest Forecast	Forecast Variance	Internal Receipts Forecast	External Receipts Forecast
Childrens Schools & Families	Schools Buy Back	-1,179	-878	-809	-68	-1,255	-76	0	-1,255
	Early Years & Childrens Centres	-1,405	-1,100	-1,136	36	-1,244	161	0	-1,244
	Other	-308	-458	-214	-243	-534	-226	0	-534
	CSF Total	-2,892	-2,435	-2,159	-276	-3,033	-141	0	-3,033
Corporate Services	Business Improvement	-114	-286	-85	-201	-614	-501	-521	-93
	Corporate Governance	-3,097	-3,027	-2,292	-735	-3,303	-205	-3,285	-18
	Customer Services	-2,288	-1,644	-1,699	55	-2,263	25	-2,153	-110
	CS Resources	-726	-536	-545	9	-858	-132	-857	-1
	Human Resources	-560	-330	-388	58	-578	-18	-399	-178
	Infrastructure & Transactions	-2,584	-1,607	-1,945	337	-2,622	-38	-1,099	-1,523
	Corporate Items	0	-4	0	-4	0	0	0	0
	CS Total	-9,369	-7,434	-6,954	-479	-10,239	-870	-8,315	-1,923
Environment & Regeneration	Street Scene & Waste	-11,369	-8,444	-8,527	83	-12,084	-715	-9,314	-2,770
	Public Protection	-17,618	-11,450	-12,744	1,294	-17,022	596	-85	-16,937
	Sustainable Communities	-10,744	-8,650	-8,034	-616	-11,325	-581	-502	-10,823
	E&R Total	-39,731	-28,544	-29,305	761	-40,431	-700	-9,901	-30,530
Community & Housing	Adult Social Care - Client Contribution & Other Cont	-10,157	-6,634	-6,671	37	-8,719	1,439	0	-8,719
	MAE & Libraries	-1,158	-346	-854	508	-434	724	-6	-427
	Housing	-178	-304	-134	-171	-424	-246	0	-424
	C&H Total	-11,493	-7,285	-7,659	375	-9,577	1,916	-6	-9,571
Grand Total		-63,485	-45,697	-46,078	380	-63,280	205	-18,223	-45,057

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