

## **Committee: Council**

**Date: 1 March 2017**

### **Agenda item:**

**Wards:** All

**Subject:** Business Plan 2017-21

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

**Lead member:** Councillor Mark Allison, Deputy Leader and Cabinet Member for Finance

**Key Decision Reference Number:** This report is written and any decisions taken are within the Budget and Policy Framework Procedure Rules as laid out in Part 4-C of the Constitution.

**Contact officer:** Paul Dale

### **Urgent report:**

Reason for urgency: The Mayor has approved the submission of this report as a matter of urgency as it is a statutory requirement that the Council sets a balanced budget and Council Tax as appropriate for 2017/18 by 10 March 2017.

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### **Recommendations:**

1. That the Council agrees the Business Plan 2017-21 including:-
  - A) the General Fund Budget;
  - B) the Council Tax Strategy for 2017/18 equating to a Band D Council Tax of £1,135.31, which is an increase of 3% for Adult Social Care flexibility;
  - C) the Medium Term Financial Strategy (MTFS) for 2017-2021;
  - D) the Capital Investment Programme (as detailed in Annex 1 to the Capital Strategy);
  - E) the Capital Strategy (Section 4)
  - F) the Treasury Management Strategy (Section 5), including the detailed recommendations in that Section, incorporating the Prudential Indicators as set out in this report;and agrees the formal resolutions as set out in Appendix 1 to this report.

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1. **Purpose of report and Executive Summary**

- 1.1 At its meeting on 13 February 2017, Cabinet considered two reports which concerned the detailed structure and scrutiny of the Council's Business Plan for 2017-21, including the Budget and Council Tax for 2017/18, the MTFS for 2017-21 and the Capital Strategy and Investment Programme for 2017-21. A Council Tax increase, the first increase since 2010/11, of 3% is proposed to provide for Adult Social Care flexibility.

1.2 The two reports were:-

- Reference from the Overview and Scrutiny Commission – pre decision scrutiny of the Business Plan 2017-21 (Agenda Item 6)
- Business Plan 2017-21 (Agenda Item 7)

1.3 In respect of the reference from Overview and Scrutiny Commission it was RESOLVED:-

- That Cabinet, in taking decisions relating to the Business Plan 2017-21, takes into account the comments and recommendations made by the Overview and Scrutiny Commission (set out in paragraphs 2.5 to 2.12 of the report) and the outcomes of consideration by the Overview and Scrutiny Panels (set out in Appendix 1 of the report).

1.4 In respect of the Business Plan report (Agenda item 7) it was RESOLVED that Cabinet:-

1. considers and agrees the response to the Overview and Scrutiny Commission;
2. resolves that, having considered all of the information in this report and noted the positive assurance statement given by the Director of Corporate Services based on the proposed strategy, the Council Tax in 2017/18, equating to a Band D Council Tax of £1,135.31 be approved and recommended to Council for approval;
3. considers all of the latest information and the comments from the scrutiny process, and makes recommendations to Council as appropriate;
4. resolves that the Business Plan 2017-21 including the General Fund Budget and Council Tax Strategy for 2017/18, and the Medium Term Financial Strategy (MTFS) for 2017-2021 as submitted, along with the Equality Assessments (EAs), be approved and recommended to Council for approval subject to any proposed amendments agreed at this meeting;
5. resolves that, having considered all of the latest information and the comments from the scrutiny process, the Capital Investment Programme (as detailed in Annex 1 to the Capital Strategy); the Treasury Management Strategy (Section 5), including the detailed recommendations in that Section, incorporating the Prudential Indicators and the Capital Strategy (Section 4) as submitted and reported upon be approved and recommended to Council for approval, subject to any proposed amendments agreed at this meeting;
6. notes that the GLA precept will not be agreed by the London Assembly until the 22 February 2017, but the provisional figure has been incorporated into the draft MTFS;
7. request officers to review the savings proposals agreed and where possible bring them forward to the earliest possible implementation date;

8. note that there may be minor amendments to figures in this report as a result of new information being received after the deadline for dispatch and that this will be amended for the report to Council in March;
9. consider and approve the Risk Management Strategy.

## 2. **Introduction**

- 2.1 This report provides a comprehensive presentation of all issues relevant to the formulation of the Council's Business Plan for the period 2017-21.
- 2.2 The report includes details about the General Fund revenue budget and explains how this information has been used to produce a draft budget and Council Tax levy. It summarises the work that has been undertaken since April 2016 towards formulating the Business Plan 2017-21 including the Budget for 2017/18, Medium Term Financial Strategy 2017-21 and Capital Strategy 2017-21. It describes the steps taken to ensure that business planning is integrated with financial planning. It sets out details of how the budget has been structured to ensure that a balanced budget is set for 2017/18 and progress towards a balanced budget over the medium term. A separate section is provided for Schools budgets.
- 2.3 The report sets out the draft Capital Programme 2017-2021. It details the work that has been undertaken to produce a programme that is aligned with business planning requirements and also integrated with the revenue budget.
- 2.4 The Medium Term Financial Strategy (MTFS) is updated to reflect the Council's anticipated financial outlook over the period 2017-2021.
- 2.5 Cabinet on 13 February 2017 was invited to consider the various responses from scrutiny bodies to the draft budget proposals as set out in a separate report on the agenda for that meeting. The Overview and Scrutiny Commission and panels considered the budget savings and growth proposals agreed by Cabinet on 12 December 2016 and the Overview and Scrutiny Commission also considered the additional information provided in the report to Cabinet on 16 January 2017.
- 2.6 At this Council meeting, Members are presented with details that provide a comprehensive presentation of all issues relevant to the formulation of the Council's Business Plan for the period 2017-2021.
- 2.7 The report includes details about the General Fund revenue budget and explains how this information has been used to produce a draft budget and Council Tax levy.
- 2.8 The Council's Business Plan 2017-21 consists of a number of key elements and the report is structured into five sections for ease of reference :-

- Section 1: Business Plan 2017-21 including the Medium Term Financial Strategy, the overarching financial strategy, which brings together individual elements of the budget and reviews the strategic aims and key issues and assumptions.
- Section 2: The General Fund Revenue Budget and Council Tax strategy;
- Section 3: Schools budgets – funded by Dedicated Schools Grant (DSG)
- Section 4: The Capital Programme and the Capital Strategy;
- Section 5: The Treasury Management Strategy

## 2.9 The Scrutiny Function

2.9.1 The Overview and Scrutiny Commission and Panels considered some proposed amendments to previously agreed savings and the draft capital programme 2017-21 during the November 2016 cycle of meetings and feedback from this scrutiny process was considered by Cabinet on 12 December 2016. Cabinet considered revenue savings and growth proposals at its meeting on 12 December 2016 and referred them, along with draft EAs, the capital programme and service plans as part of a pack of measures, to the Overview and Scrutiny Panels and Commission for consideration during the January 2017 cycle of meetings.

During the January 2017 cycle of meetings the available details relating to the MTFs, revenue and capital budgets and the Business Plan were considered by the Scrutiny Panels on the following dates:-

Healthier Communities & Older People Overview & Scrutiny Panel	10 January 2017
Children and Young People Overview & Scrutiny Panel	11 January 2017
Sustainable Communities Overview & Scrutiny Panel	12 January 2017
Overview and Scrutiny Commission	26 January 2017

## 2.10 Feedback from Scrutiny Process

A summary of findings and recommendations from the Overview and Scrutiny Commission was provided in a comprehensive report on the scrutiny of the Business Plan 2017-21 as a separate report to Cabinet on 13 February 2017. The Cabinet resolutions made at its meeting on 13 February 2017 in response to the Overview and Scrutiny Commission are set out in paragraph 1.3.

2.11 This report incorporates the outcome of the Final Local Government Finance Settlement. Appendix 1 provides the Council Tax resolutions.



- 2.12 Delivery of the Business Plan, including the budget and service plans, will be monitored throughout the year in line with the corporate Performance Management Framework.

### **3. Business Planning**

- 3.1 Further information about the Business Plan 2017-21 is included in Section 1 of this report.
- 3.2 The financial impact of the Business Plan is reflected in the budget proposals in this report.

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

- 4.1 All relevant implications are included in the report with further details in the appendices.

### **5. Legal and statutory implications**

- 5.1 The Local Government Act 2003 requires the Chief Finance Officer to report to Council as part of the budget process on the robustness of the estimates and the adequacy of the proposed financial reserves. The Council is required by the Local Government Finance Act 1992 to make specific estimates of gross revenue expenditure and anticipated income leading to the setting of the overall budget and council tax. The amount of council tax must be sufficient to meet the council's legal and financial commitments, ensure the proper discharge of its statutory duties and lead to a balanced budget.
- 5.2 The Localism Act 2011 amended the legislation regarding the calculation of council tax. It also provides for a council tax referendum to be held if an authority increases its relevant basis amount of council tax in excess of principles determined by the Secretary of State. The Secretary of State has ruled that most principal authorities, which includes Merton council, proposing increases which exceed 2% or more will need to hold a referendum. Within the provisional Local Government Finance Settlement it was also announced that there would be an increase to the flexibility offered on the use of the Adult Social Care precept so that social care authorities can charge a precept of up to 3% in 2017/18 and 2018/19 with an overall limit of 6% over three years up to and including 2019/20.
- 5.3 In considering the budget for 2017/18, members must consider the ongoing duties under the Equality Act 2010 to have due regard to the need to eliminate unlawful discrimination, harassment and victimisation; and advance equality of opportunity between people who share a protected characteristic and those who do not; and foster good relations between those who share a protected characteristic and those who do not.

Members must consider how the decisions will contribute to meeting these duties in light of other relevant circumstances such as economic and practical considerations.

- 5.4 The Council's processes for the development and adoption of the budget are set out in the Budget and Policy Framework Procedure Rules contained in Part 4C of the Constitution.

## **6. Human Rights, Equalities and Community Cohesion Implications**

- 6.1 In identifying spending reductions, services where at all feasible, have sought to minimise the impact of the reductions on traditionally disadvantaged groups. The proposed budget reflects the Council's spending priorities for the year and the Council's core commitment to equal opportunities in employment and service delivery. The Council has a corporate policy of endeavouring to redeploy staff affected by reorganisation and other staffing changes. Every effort is therefore made to redeploy any staff affected by spending reductions.
- 6.2 A number of meetings with Staff Side have taken place and they have been advised of the Council's savings proposals and consultation is ongoing and they will be further involved in any proposals affecting staff when they are to be implemented.
- 6.3 It is anticipated that the Budget will be set at a level which enables the Council to continue to be Human Rights compliant.
- 6.4 Equality and community issues are also addressed in savings proposals. Equalities assessments of savings proposals have been provided and these were discussed at Scrutiny meetings.

## **7. Risk Management and Health and Safety Implications**

- 7.1 Each saving proposal has been assessed in terms of service impact and reputational impact and these have been included in reports to the Scrutiny Panels.
- 7.2 In setting the budget the level of risk has been an important factor in setting the assumptions on which the overall budget is based. The level of reserves and balances, as well as the level of contingencies available have been taken into account as well as an assessment of pressures identified as part of current year monitoring. Account has also been taken, as far as possible, of the likely impact of expected legislative and technical changes.
- 7.3 Risk management and health and safety implications were considered as part of the Capital Strategy.

## 8. Consultation undertaken or proposed

- 8.1 Regular reports have been made on progress on the Business Plan to Cabinet on 19 September 2016, 12 October 2016, 12 December 2016, and 16 January 2017.
  - 8.2 In addition, Scrutiny Panels and the Overview and Scrutiny Commission have had two rounds of scrutiny on the proposed budget and Business Plan;
  - 8.3 There have been further detailed consultations held by Community and Housing and Children, Schools and Families in relation to some of their proposals.
  - 8.4 The Council launched a consultation with residents on council tax and council spending on 9 September 2016. Residents had until 4 November 2016 to respond and the outcome will be taken into consideration when the decisions are to be made with respect to the council tax and MTFS for 2017-21 as part of the Business Planning Process. The outcomes from the consultation were detailed in a report to Cabinet in December 2016.
  - 8.5 As part of the response, the CCG have indicated that there would be a reduction in funding of approximately £2m if there was not an increase in Council Tax.
  - 8.6 In accordance with statute, consultation has taken place with business ratepayers and a meeting was held on 7 February 2017.. A verbal update will be provided at the Cabinet meeting.
  - 8.5 Further, regarding the capital programme, meetings of the Capital Programme Board were held, consisting of key officers from each department.
9. **Appendices – the following documents are to be published with this report and form part of the report**

### **SECTION 1: BUSINESS PLAN 2017-21**

### **SECTION 2: GENERAL FUND BUDGET AND COUNCIL TAX STRATEGY**

- |             |  |
|-------------|--|
| Appendix 1: | Draft Resolutions to Council   |
| Appendix 2: | Local Government Finance Settlement 2017-2018                              |
| Appendix 3: | Collection Fund, Council Tax Base, NNDR1 and Funding Methodology           |
| Appendix 4: | Other Corporate items in the MTFS  |
| Appendix 5: | Analysis of the transition from Council in March 2016 to a balanced budget |

Appendix 6:	Statement of Council Tax requirements and balances
Appendix 7:	Revised MTFS incorporating changes
Appendix 8:	Reserves
Appendix 9:	Budget summaries – These replace the version included in the pack issued to Members in December 2016
Appendix 9a:	Standard Subjective Analysis
Appendix 10:	Risk Analysis for the General Fund
Appendix 11:	Savings brought forward from new savings in 2019/20
Appendix 12:	Replacement Saving and Equality Assessment for D&BC6

### **SECTION 3: Schools budget**

No appendices

### **SECTION 4: Capital budget**

Draft Capital Strategy 2017-21 (includes Annexes 1-5)

### **SECTION 5: Treasury Management Strategy**

including Prudential Indicators

**Background Papers – the following documents have been relied on in drawing up this report but do not form part of the report**

Reports to Cabinet

Budget files in Corporate Services department

# Business Plan

## 2017 / 2021



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## INTRODUCTION

Welcome to Merton Council's Business Plan for 2017/21, which brings together financial information in the form of the council's budget and the Medium Term Financial Strategy, along with the service planning of all of the council's operational services over the next four years. Although it is a four year plan, it will be refreshed every year to ensure we are on target and to take account of changing needs and priorities.

As the work of the council encompasses such a wide and diverse range of services, we have tried to include all the necessary information needed to understand what we are doing and why we are doing it. This information should give you a detailed picture of how the council will operate over the next four years. To help understand some of the more complex areas of the council's business a Glossary of Terms has been included.

The Background and Context section sets the scene for the Business Plan, with some of the key facts relating to Merton.

The Medium Term Financial Strategy incorporates details of the money the council has coming in (revenue) and the money and assets it has in place (capital) and how it will spend and invest this money over the four year planning period, through the Capital and Treasury Management Strategies.

Other key resources in place to enable the council to manage the Business Plan include how we:

- manage and develop staff, through the Workforce Strategy;
- obtain goods and services, through the Procurement Plan;
- design and develop information technology, through the IT Strategy;
- identify and manage the risks the council may face in delivering services, through the Risk Management Strategy; and
- manage and monitor performance against objectives, through the Performance Management Framework.

Each major work area in the council completes a service plan or commissioning plan, to give a high level overview of its financial position, what it exists to do, what it hopes to achieve and how it will achieve its major work programmes over the next four years.

We appreciate that there is a huge level of detail in the plan, but hope it helps you to understand what the council is trying to achieve and how we intend to succeed. If you have any comments or questions on the content of this plan, then please contact [zoe.church@merton.gov.uk](mailto:zoe.church@merton.gov.uk)

## TRANSFORMATION STATEMENT

By 2020 Merton Council will be transformed by the fruition of a number of change projects which will maximise the use of information technology and streamline processes and service provision. Providing value for money services to our residents is at the heart of our business and we must be able to demonstrate that all of our services represent best value for money. We will do this by continuing to finding innovative solutions to maximise future efficiency.

The financial reality facing local government dominates the choices the council will make for the future of the borough. The development of the Business Plan 2017/21 is therefore based on the set of guiding strategic priorities and principles, as adopted by the council on 13 July 2011:

- Merton should continue to provide a certain level of essential services for residents. The order of priority of 'must' services should be:
  - i) Continue to provide everything that is statutory.
  - ii) Maintain services – within limits – to the vulnerable and elderly.
- After meeting these obligations Merton should do all that it can to help residents who aspire. This means we should address the following as priorities in this order:
  - i) Maintain clean streets and keep council tax low.
  - ii) Keep Merton as a good place for young people to go to school and grow up.
  - iii) Be the best it can for the local environment.
  - iv) All the rest should be open for discussion.

The financial pressures facing Merton mean we should no longer aim to be a 'place-maker' but be a 'place-shaper'. The council should be an enabler, working with partners to provide services.

Our top priority will continue to be to provide safe services of the best possible quality within financial constraints and the July 2011 principles. We will deliver services that customers want and need and, where possible, involve our customers in service specification and design.

The Authority is utilising best practice in project management/ transformation to assess the future direction of services and the required staff, process and IT development to deliver this change. Internal decision making structures have been established to maximise Authority wide assessment and development.



## NATIONAL POLICY CONTEXT

Local government continues to be affected by reductions in the level of funding that it receives from central government. It will also be impacted by the steps being taken to reshape the way local authorities are financed through the proposal that councils will retain 100% of their business rates by 2020. These are part of steps towards a proposed devolution of powers from central to local government.

Proposed changes around funding and devolution will have a significant impact on the services that the council provides over the lifetime of this Business Plan. In addition, the decision for the United Kingdom to leave the European Union means continued uncertainty for local government around the loss of European funding after the guarantees to replace it run out, what the impact for members of the EU workforce could be and how challenges for the economy could affect local budgets.

The 2016 Budget announcement and 2016 Autumn Statement both contain policy updates that will have a significant effect on the council and its work, although a lot of the detail about how these will be implemented continues to be unclear. Some of the key announcements include:

- The Government will find a further £3.5 billion of savings from public spending in 2019/20. According to London Councils, the impact on local government is likely to be a reduction of around 30% between 2015 and 2020 in its level of resources;
- The Treasury will lead an efficiency review, to report in 2018, into the efficiency of all departmental spending to inform future expenditure decisions;
- Confirmation that the Revenue Support Grant will be phased out by 2020;
- An aim to introduce more frequent business rate revaluations (at least every 3 years);
- Central government to work with local authorities to standardise business rates bills;
- Local government to be compensated for the loss of income as a result of changes to the business rates and the implementation of 100 per cent business rates retention;
- Devolution of power to school leaders, expecting all schools to become academies by 2020, or to have an academy order in place to convert by 2022. Forced academisation has subsequently been dropped as a policy, but the Government continues to push academies as the favoured models for schools;
- £50 million of new capital funding to support the expansion of existing grammar schools in each year from 2017-18;
- An apprenticeship levy to be introduced in April 2017, with employers, including local authorities helping to fund a national apprenticeship programme;
- The green light for Crossrail 2, which will include the rebuilding of Wimbledon station to deal with the extra tracks required as part of the programme;
- The launch of the Starter Homes Land Fund prospectus, inviting local authorities to access £1.2 billion of funding to remediate brownfield land to be used for housing, to deliver at least 30,000 Starter Homes;
- Measures to speed up the planning system, including minimising the delays caused by planning conditions, and ensuring the delivery of local plans by 2017;
- Investment in a major house-building programme, which will involve the scrapping of one of the Help to Buy schemes; through a new £2.3bn Housing Infrastructure Fund
- Mayoral combined authorities to be given borrowing powers, with London receiving £3.15bn for over 90,000 new affordable homes and devolution of the adult skills budget;
- The new mandatory National Living Wage came into effect in April 2016, set at £7.20 an hour for workers aged 25 and above, rising to £7.50 in April 2017, which will have an impact on a number of council providers and partners.

## **THE COUNCIL**

The Council comprises of 60 elected councillors representing 20 wards. The current political composition of the Council as at February 2017 is:

- Labour: 36 councillors
- Conservative: 19 councillors
- Merton Park Ward Independent Residents: Three councillors
- Liberal Democrats: One councillor
- No Affiliation: One councillor

The full Council usually meets five times a year, and is responsible for setting the overall direction of the council, including agreeing the rate of council tax. A Cabinet of nine councillors from the administration makes the majority of decisions throughout the year, with Overview and Scrutiny committees in place to hold the Cabinet's decision making to account. Regulatory committees are appointed by Council and carry out planning and licensing functions.

### **The Organisation**

As at 30 September 2016 the council, excluding schools, has 1,746 FTE (head count 1,937 employees) who work across four departments.

- Children, Schools and Families
- Community and Housing
- Corporate Services
- Environment and Regeneration

Broken down, Environment and Regeneration has the largest number of employees (531 FTE), followed by Children, Schools and Families (447 FTE), Corporate Services (426 FTE) and the Community and Housing (340 FTE).

Overall, 59.7% of the council's workforce is female, while 26.4% are from an ethnic minority background. Both these figures are below the London average, which are 62.2% and 36.3% respectively. 6.7% of the workforce is recorded as having a disability, which is above the London average of 4.4%. The majority of employees (42.8%) are aged between 50 and 64, with 24.3% aged between 25 and 39 and 26.4% aged between 40 and 49.

## **Merton: the people and the place**

Merton is an outer London borough situated to the south west of central London, neighbouring the boroughs of Croydon, Kingston, Lambeth, Sutton and Wandsworth. Comprising of 20 wards, it covers an area of approximately 14.7 square miles and has a population of just over 200,000 residents living in around 80,000 properties.

Served by 5,379 businesses, the borough's main commercial centres are Mitcham, Morden and Wimbledon, of which Wimbledon is the largest. Other smaller centres include Raynes Park, Colliers Wood, South Wimbledon, Wimbledon Park and Pollards Hill. The borough is predominantly suburban in character, with high levels of commuter flows in and out of central London. Merton has a large number of parks and green spaces, including Wimbledon and Mitcham commons, and almost twice as much of the borough is open space compared to the average in London. Every year Merton plays host to one of the country's most famous sporting events – the Wimbledon Tennis Championships held at the All England Lawn Tennis and Croquet Club, which brings an extra 500,000 people into the borough.

## **Merton: the people**

### **Population and demographics**

- Merton's population according to the Greater London Authority (GLA) 2016 projection is 207,141 people, living in 83,446 occupied households
- Population density is higher in the wards of the east of the borough compared to the wards in the west
- The average age of residents in the borough is 36.6, above the London average of 35.9. The proportion of the population that is working-age (16-64) is 87.9
- GLA 2013 round population projections records Merton's BAME population as 74,971, meaning Black, Asian and Minority Ethnic (BAME) groups make up around 36.7% of the population. This is lower than the London average of 42.5%
- Based on GLA trend-based projections, Merton's population is projected to increase by 13,245 between 2014 and 2020. During this time the boroughs age profile is also projected to change, with the most notable growth coming in the numbers of those aged under 16 and those over 50. This will be against a projected decline in the proportion of people aged 25-35
- Merton's ethnic composition is also forecast to change, with the BAME proportion set to increase to 40%

### **Deprivation**

- The Indices of Multiple Deprivation (IMD) sets out a relative position for each local authority in the country, reflecting the multidimensional nature of deprivation by giving an overall score for each area. The indices were updated in September 2015 and show that Merton ranks as 'very low' in terms of overall social deprivation compared to other London boroughs.

Merton ranks as 7th least deprived out of the 33 London boroughs and ranks 212 out of 354 (where 1 is the most deprived) for the rest of England

- This overall lack of deprivation does, however, hide inequalities in the borough between deprived wards in the east of the borough (Mitcham) and the more affluent wards in the west (Wimbledon). Three wards are more deprived than the average for London: Cricket Green, Figge's Marsh and Pollards Hill
- The GLA Pay-check 2011 dataset illustrates there are large disparities in the distribution of income within Merton. In general the west of the borough is more affluent, notably Wimbledon Park, Village, and Hillside wards. These wards have a median income range of £41-£50,000. By comparison wards in the east such as Figge's Marsh, Pollards Hill, St. Helier, and Cricket Green have a median income range of £24-28,000

## Health

- Health outcomes in Merton are generally better than those in London, and in line with or above the rest of England, however, there is a difference between the most and least deprived areas within the borough for life expectancy of 7.9 years for men and 5.2 years for women
- Linked to deprivation, those in the east of the borough have a much higher chance of serious illness and early deaths from illnesses such as cancer and heart disease

## Education

- As at January 2016 the borough had 29,119 pupils across state funded primary, secondary and special schools and pupil referral units
- In 2016 72% of students in Merton achieved A\*-C in Maths and English. This is up 10% on 2015 and our priority is to continue this trajectory of improvement. 34.9% of pupils in Merton have a first language known or believed to be other than English. This is below the London average of 38.7%
- The percentage of children known to be eligible for and claiming free school meals is 14.8%, below the London average of 17.6%
- 47 out of the 52 schools (including maintained, academies and special schools) in the borough are judged as 'Good' or 'Outstanding' by Ofsted as at November 2016

## Employment

- Merton residents who are in active full-time employment are distributed all over the borough, however, unemployed residents are concentrated towards the east of Merton, and self-employed residents are concentrated toward the west
- Although unemployment in the borough is below the national average, it rises significantly in some of the eastern wards, and 63% of all benefit claimants live in the east of the borough

- The average annual income for residents in Merton as at 2015 is £33,122, slightly below the London average of £33,203, but above the national average of £27,869

## **Merton: the place**

### **Green environment**

- Merton has more than 100 parks and green spaces, including Wimbledon and Mitcham commons, with 99.6% of Merton's area within less than 400m distance from a publicly accessible open space. 18% of the borough is open space, compared to a London average of 10%

### **Housing and the built environment**

- The 2011 Census shows that there are 78,757 households within Merton. This number is projected to rise to 99,000 (15%) by 2021, an average annual household growth of 2.2%. This is the fourth highest projected household growth in England with much of the increase expected to be in single person households
- Merton's social housing stock is amongst the lowest in London at 14%, compared to a London average of 22%. 58% of social housing and 63% of private rented homes are flats, compared with only 24% in the owner-occupied sector
- The median average house price in Merton in 2015 was £415,000, the fifteenth highest in London and an increase of 8% on the figure for 2014. The average house price in London was £399,950 an increase of 10%
- The ratio of house prices to earnings in Merton is 14.27, which is the twelfth highest in London and above the London average of 11.32

### **Transport**

- Merton has good connections with the London transport network with Wimbledon being a central transport hub in the South London area. Regular suburban rail services run into central London and both the District and Northern underground lines run through the borough
- The Tramlink provides connections between Wimbledon and Croydon via Mitcham and Morden, while numerous other over ground stations and bus routes provide easy access to neighbouring boroughs

### **Crime**

- The crime rate per 100,000 of the population for 2015/16 was 57.6, which is below the London average of 79.3 and the Outer London average of 65.4. This is the sixth lowest in London

## **MERTON PARTNERSHIP**

Merton Partnership brings together a range of key partners from the public, private and community and voluntary sectors in Merton, including the council, Clinical Commissioning Group, and Police. In 2009 the Partnership developed the Community Plan that set out the overall direction and vision for the borough until 2019. The plan was then refreshed by the partnership in 2013. The document sits above each of the different partner's own Business Plan.

The Partnership is chaired by the Leader of the Council and hosts an annual themed conference. It has an Executive Board, also chaired by the Leader of the Council that meets bi-monthly and whose role is to set the strategic direction of the Partnership and manage the delivery of the priorities and targets set out in the Community Plan and Neighbourhood Renewal Strategy.

Within the Partnership there are four thematic subgroups that co-ordinate the activities of their members to ensure that the strategy agreed by the Executive Board is carried out through the relevant Boards and Trusts. These four thematic subgroups mirror the themes of the Community Plan.

### **Children's Trust**

Merton's Children's Trust arrangements began in 2005 in order to bring together all partners involved in providing services to children and families in Merton. The Board encompasses a wide range of different groups and partnerships, overseeing their performance and activities. The Children's Trust is designed to deliver the outcomes set out in Merton's Children & Young People Plan 2016-19 which includes improving outcomes for those subject to the effects of disadvantage, safeguarding children and young people and closing the gap in educational outcomes and opportunity.

### **Health and Wellbeing Board**

Merton Health and Wellbeing Board's full statutory responsibilities have been in place since April 2013, bringing together the Council, Clinical Commissioning Group, HealthWatch and the voluntary and community sector. Health and Wellbeing Boards deliver strategic local leadership to improve health outcomes. The work of the Board is also central in helping to inform the commissioning of health and social care services in Merton. It has a core role in encouraging that services across the NHS, social care, public health and other local partners are joined-up and work together to reduce health inequalities and support independent living.

### **Safer and Stronger Communities**

The Safer and Stronger Partnership incorporates the statutory Community Safety Partnership and is responsible for setting and overseeing the strategic direction for community safety and the community cohesion agenda in the borough. The Community Safety Partnership has a statutory duty to undertake a strategic assessment to inform priority setting to address crime and disorder issues in the local area. Key themes for the partnership include reducing the fear of crime, reducing alcohol related violence and supporting those who are effected by alcohol misuse and reducing anti-social behaviour and its effects on communities as well as individuals. The Partnership looks to empower local people to have a greater choice and influence over local decision-making and to increase community cohesion and integration.

## **Sustainable Communities and Transport**

The Sustainable Communities and Transport partnership was established to create a more sustainable borough, one which is less reliant on fossil fuel and which reduces its negative impact on the environment and climate change. The Partnership promotes investment into the borough in order to create new jobs, improve the skills and capacity of residents and to improve the condition and supply of housing including affordable housing. The Partnership also works to promote the development of sustainable transport including cycling and walking, as well as public transport in and around Merton.

## **Corporate Capacity**

In addition to the four thematic partnerships, Merton Council has added the theme of Corporate Capacity which looks at ensuring that the council has sound financial management and high standards of governance, effectively recruits, develops and manages staff and that it is continually reviewing its processes to improve them and provide value for money. The theme ensures that customer access, customer services and customer care as well as equalities, diversity and community cohesion underpin the work of the council.

## **Corporate Strategies**

The council has a number of corporate and service-specific strategies and plans that support the work of the council, the Merton Partnership and the four Thematic Partnerships. These strategies and plans draw heavily on the aims set out in the Merton Community Plan, but also reflect central Government policy changes, sub-regional policies (e.g. set by the Mayor of London), new legislative requirements and short term changes to local priorities. The following list is not exhaustive but shows the diversity of strategies and plans currently in place:

<http://www.merton.gov.uk/council/plansandpolicies.htm>

# **Section B**

## **Other Key Resources**



## B. WORKFORCE STRATEGY

The workforce strategy will be reviewed again following the completion of the Target Operating Model development process within the council. A refreshed draft will be ready in 2017 and in the meantime we will continue to deliver the actions identified in the current strategy. However some information has been updated.

### 1. INTRODUCTION

Welcome to Merton's Workforce strategy, which outlines our aims for the period 2014 – 2018 and shows how we will support, engage with and develop our workforce, so they are equipped to meet the challenges of continuing to deliver high quality services to our customers and local communities.

The people, who work for, work with, volunteer with, and wish to work for Merton Council, are vital for us to reach our goals. All of our achievements as a council, and the excellent services we deliver to our public, are reliant on us having a suitably skilled, able and equipped workforce, who demonstrates our values and behaviours. Our MJ Award for the Best Achieving Council in 2013 is testament to the commitment and professionalism of our people. This strategy aims to build on the success and dedication of the current workforce, and ensure that we have the structures and resources to meet the challenges of the future.

Through our Merton 2015 and London's Best Council programme we have already begun to transform the way we work and what we do - successfully delivering savings and new approaches to the services we offer our residents, while maintaining customer satisfaction. In order to achieve further changes, council departments have designed Target Operating Models which are focussed on providing the highest quality services to the public, operating with efficiency and accountability.

The workforce strategy will underpin the delivery of these Target Operating Models. Our workforce is at the heart of everything we do, and this strategy ensures that we have the right staff in the right place, with the right skills and tools to enable the transformation of council services to meet future challenges. This means in some areas the council will diminish in size and in other areas it may expand, depending upon the needs of that service to operate efficiently and effectively for our residents.

The strategy has been developed in consultation with staff from across the council, harnessing their knowledge and experience to identify the measures and actions that will enable Merton Council to meet its aspirations and continue to provide our public with high-quality services, environment and facilities.

The strategy shows how departments, managers and human resources will jointly contribute towards achieving our organisational priorities, and addresses four key areas:

- Workforce planning
- Recruitment and retention
- Organisational and workforce development
- Morale, health and wellbeing

Through the action plans and outcome measures that we are proposing, we believe that we will equip Merton Council with the modern and dynamic workforce that is needed to take on the challenges of delivering excellent public services for years to come.

**Ged Curran**

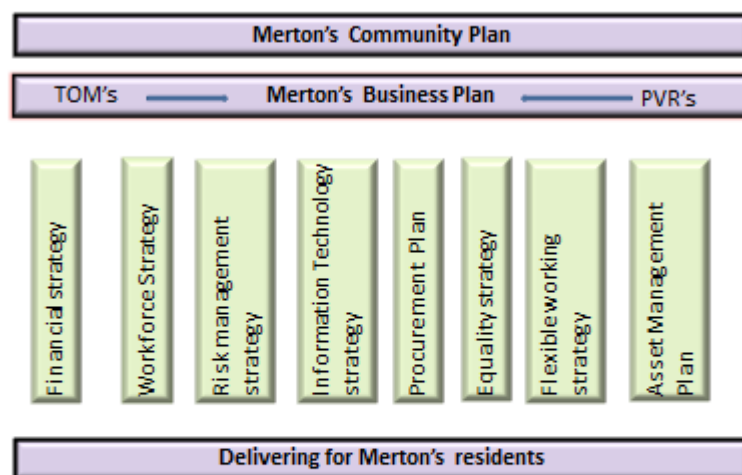
**Chief Executive**

## 2. BACKGROUND

Merton Council is undergoing a period of sustained and conscious transformation in order to best respond to the changing environment (especially financial) and customer expectations. We are working together to shape services and the organisation to ensure a successful future for our residents and staff.

### 2.1 Key Council priorities

The key priorities for the borough are captured within the Community Plan, developed by the Merton Partnership. The Plan sets the overall long-term direction and vision for the borough to



2019.

The Community Plan identified the first four priority areas, with Corporate Capacity having been added by the Council.

- Children and Young People – Better opportunities for youngsters
- Health and Well Being – A healthy and fulfilling life
- Sustainable Communities and Transport – Keeping Merton moving
- Safer and Stronger – Being safe and strong
- Corporate Capacity

The theme of Corporate Capacity encompasses the effective recruitment, development and management of staff. This Workforce Strategy outlines how we will transform the Council's workforce and be fit for purpose in 2018.

## 2.2 How the Council has changed in the last 3 years

We take a proactive approach to planning for our future. Since 2010 our transformation programme Merton 2015 has delivered savings of £70 million, or one third of our budget. It is to our employees' credit that through this time we have maintained high levels of resident satisfaction.

We are particularly proud of winning over 40 industry awards across a range of sectors and having achieved the MJ Award for the Best Achieving Council in 2013 against the backdrop of such a challenging financial environment.

Continued delivery of quality and value for money services for our residents has been achieved through reviewing our service delivery models and developing innovative solutions, including shared services, partnership working and the development of volunteering in the borough. Continuous improvement is at the heart of our approach and we have introduced lean methodology to drive out waste from our processes and now work in a highly focused and lean operation.

Our employees have shown themselves equal to the challenges, and as we plan the future shape of our services and organisation, we are laying the foundations to ensure that the workforce continues to enable the Council to best serve our residents.

### 3. HIGH LEVEL SHAPE OF THE WORKFORCE

Merton Council has a workforce of 2,003 people in 1,746 full-time equivalent posts, with an additional 3,307 (2,253 FTE) Schools employees, not including casual staff.

We work across five Departments: Environment and Regeneration (30%), Children, Schools and Families (25%), Community and Housing (25%), Corporate Services (20%) and the Chief Executive's Department. We work over a number of sites across the Borough, and we have recently undertaken a project to move more colleagues to the Civic Centre to free up premises space.

Within Schools (68.55%) of employees work part-time, outside of the Schools we mainly work full time (74.43%).

While some groups are unevenly represented across pay levels, there are no significant discrepancies in pay by protected characteristics.

The Council has a pay ratio of 1:11 between the lowest and highest paid employees, well within the ratio level of 1:20 that was established for the Hutton Fair Pay Review (March 2011), with the Council positioned in the bottom quartile for senior pay for the 32 London boroughs.

The decision has been taken to implement the London Living Wage, increasing the salary of the lowest paid staff to £9.75 per hour from 1 April 2017. We are working on calculating the full value of the pay and benefits package to be able to accurately communicate the reward for working at the Council.

Agency workers are a key part of our workforce plan providing resource and business-critical skills as and when it is needed, with agency workers making up 5.6% of our workforce in 2013. Through the workforce planning element of this strategy, agency use will be reviewed and reconfigured to provide best value for money and consistent service delivery, while maintaining the agility of the workforce.

We have a diverse workforce, the majority, 60% are female (88% in Schools) and 5.84% are disabled, which compares positively to the London Councils' median of 4.6% but this ratio is only 1.03% in Schools. A quarter of our workforce (23.26%) are from a Black, Asian and Minority Ethnic (BAME) background, which compares favourably to our 23% target.

However, only 5.8% of employees are from the Asian or Asian British community. In Schools

there are 15% BAME employees, and 6.4% of an Asian or Asian British background, in both groups somewhat lower than the London Councils' median of 7.6%. Of more concern is the fact that within the resident community 35% are of Black, Asian and Minority Ethnic background as 18% of the community is of Asian background (2011 Census).

As is characteristic of local government, we have a mature workforce as 60.6 % of us are over the age of 45, while only 17.6% are 16-34, but only 2.21% are 16-24 of age. In recent years the numbers of younger workers have increased due to the rollout of apprenticeships.

Our turnover rate is traditionally very low with natural turnover (resignations) in 2013 at 5.5% with full staff turnover at 14.37% annually, which compares favourably with other London boroughs. In some areas however it is agreed that some turnover may actually be beneficial to service delivery and could be achieved through transformation.

In 2013 we recruited to 254 posts and the time to hire, from identification of a vacancy to the post being filled, is now at 90 days, having recently been reduced through a recruitment process review and the implementation of an applicant tracking system in April 2013.

Merton has a consistently higher than expected rate of sickness, with an average of 9.29 days per person lost to sickness, which compares unfavourably to the London Councils' average of less than 8, which is also our own target. Particularly high levels of sickness are present in Environment and Regeneration (12 days) and Community and Housing (11 days). Within these Departments, the high areas for sickness absence are Street Scene and Waste, and Access and Assessment and Direct Provision respectively. In these areas sickness is more prevalent due to the nature of the work which includes more physically demanding roles and work with vulnerable residents.

Merton Council performs well overall on analysis of our workforce data against information from London local government organisations as well as recommendations for good practice.

The following areas have been identified as requiring action through the Strategy:

- Communicating the full value of the pay and benefits package
- Spans of control (e.g. who has responsibility for what)
- The review of agency use as part of workforce planning: reducing costs, while maintaining flexibility and sufficient resource

- Representation of the Asian community within the workforce
- Ageing workforce – succession planning and talent management
- Sickness absence – managing a reduction in the number of days lost to sickness

## 4. STRATEGY

### 4.1 The Council's strategic direction

We are rightly proud of our achievements over the past years, including the MJ Award for Best Achieving Council 2013, which is testament to the quality of dedication of our workforce.

We are committed to continue making Merton a great place for people to live, work and learn. The Council provides high quality services and we work with the community to enhance resident satisfaction. In the face of the economic climate, we set out to provide excellent value for money and continue to challenge the way we deliver our services to improve outcomes for our residents. We aim to do this by finding innovative solutions to maximise future efficiency. Our customers must be at the heart of our service planning. We will deliver services that customers want and need and involve our customers in service specification and design.

We are continuously reviewing and updating our delivery models and are at the forefront of new developments, such as partnership working including shared services and flexible working. The financial pressures facing Merton mean we will now take on the role of 'place-shaper' whereby the Council should be an enabler, working with partners to provide services.

By 2015 the core Merton Council workforce will be smaller than it was in 2010. However, some service areas may remain unchanged others have experience growth in this time, for example through becoming the hosts of shared services or expanding our volunteering schemes. We want to employ people who are resilient, ambitious, disciplined in thought and action, people who can take us from 'good to great'. We will reward and celebrate great individuals and team performance, but not tolerate sustained poor performance.

We build on the principles of the disciplined people, disciplined thought and disciplined action to take Merton Council from 'Good to Great' (Collins 2006). We work to a clear direction with high ambition, a strong vision and shared values. The Council has a strong leadership at its helm, setting high expectations and driving continuous performance improvement.

## 4.2 Model for achieving the strategy

Since 2010 we have been working on a major transformation programme **Merton 2015**, which will radically transform our services by 2015 to meet resource constraints, while still delivering quality and value for money services for our residents.

To set the future vision for the Council and its services, we work on developing a Target Operating Model (TOM). TOM documents set a vision for each of the departments and detail the shape of our future business model, covering all aspects of the organisation, including: services, processes, structures, people and technology.

Through this process, the Departments have identified the main developments we will have to make to best deliver our services in the future. These include:

- Strategic modernisation of service delivery, including review of direct service delivery and management e.g. reduction in resources, externalisation / remodelling of services, changes to terms and conditions;
- Workforce that meets the demands of the future working environment, managing flexible working, more agile and responsive workforce, adaptability e.g. appropriate agency usage, review of the skill mix and spans of control;
- Workforce demographics, knowledge transfer and new approaches e.g. partnership working, apprenticeships and the use of volunteers;
- New and improved skills, responding to legislative changes, competency / behaviour based approach for staff management, leadership and management skills to embed a performance approach and quality assurance e.g. technical management skills, such as workforce mapping, and people management skills e.g. performance management conversations and effective staff engagement;
- ‘Good to Great’ principles of disciplined people, thought and action. Effective management of performance, capability and sickness, in policy as well as practice;
- Morale and engagement, further enhancing commitment to the organisation, clarifying what the Council expects of us and what we can expect of the Council. Effectively managing the impact of changes on the workforce;
- Ensuring that supporting resources and the relevant infrastructure are available, e.g. IT systems, and management information;

Additional programmes that have been designed to identify how we can provide better value for money services e.g. service reviews, including Public Value Reviews, Target Operating Models



and lean processes will have an impact on how we work. The reviews look to reduce costs while maintaining the quality of services and we apply the Lean methodology to best utilise our resources.

Through the Customer Contact Programme we are exploring better, cheaper contact with customers maximising the use of innovative technology to make it easier for us to do business, for customers to report service requests and for us to keep them informed of progress. This will require staff to implement and learn new systems and new ways of working to achieve this change.

The Flexible Working Programme will provide us with greater flexibility for staff and save time and money by making better use of technology.

## 5. KEY WORKFORCE PRIORITIES FOR THE FUTURE

We have identified four priorities for workforce transformation to support the realisation of the

Council's plans for the future:

- Workforce planning
- Recruitment and retention
- Organisational and workforce development
- Morale, health and wellbeing

To understand and define the priorities, key requirements and the corresponding actions, we triangulated statistical and comparative workforce data, departmental information through discussions with DMTs and information in the TOMs, to establish the future position of the Organisational and People Layers and associated requirements, and undertook a series of employee engagement focus groups.

What we want to achieve, why this is a priority, what actions we will take and who will be responsible to lead each action are outlined in the following sections and in the accompanying action plan in Appendices B and C in more detail.

Merton Council has a diverse workforce, but there is more work to ensure it is done to be fully representative of the resident community. As these changes can take time and are not fully within the Council's control, we will work to develop awareness and skills to enable employees – particularly those delivering services on the front line – to effectively work with diverse communities.

The Council's structure, its terms and conditions and therefore its workforce reflect the traditional local authority model and are fairly rigid. While much development is already underway, we will

need to carry out significant further work to modernise the organisation, its service delivery and workforce. A key element of this modernisation will be embedding a flexible approach to work, which is a newly introduced concept to the organisation. Flexible working will require new skills of managers, better performance management practice and a more outcomes based and accountability-driven approach from staff.

Highly responsive workforce planning is a new concept to some areas of the business, therefore skills to be able to do this successfully need to be developed. We will offer managers the support to accurately determine future workforce need, both in terms of employee numbers, volunteers and skills requirements. Once demand is determined, we will need an agile workforce, where employees are multi-skilled, and able to deploy their specialist skills in a range of settings.

In recent years, we have reduced management costs to minimise the number of front line job losses. We need to ensure that we have appropriate management spans of control and flexible and lean organisational structures. In 2009 Merton had 1.46 managers to direct reports. In 2012, our ratio of managers to staff was 1:6. We should aspire to develop Merton to reach the optimum span of control structure of 1:8 according to the Deloitte report to maximise efficiency and continue to reduce headcount, where it is safe and reasonable to do so. It is recognised that in some service areas, notably social care, direct practice with children has appropriate ratios, as governed by our regulators.

These transformation changes are having a significant impact on staff, which we need to proactively manage. We want everyone to feel supported to embrace these changes and will need to provide effective change management practice, engagement and communication activities, building on recent successes in this arena e.g. shared legal services reorganisation.

In order to maintain commitment to the organisation and positive morale, we will have to communicate a new 'psychological contract' (what we can expect of the Council and what it can expect of us). We can no longer offer a job for life, or, with flatter structures, necessarily a progression through the ranks, but can provide opportunities for on-going development of skills on the job and in formal training, leading to increased professional confidence and competence and better employability for the future.

## 5.1 Workforce planning

The Council has effective mechanisms for successful workforce planning. The shape of the workforce reflects service delivery models and supports the organisation to achieve its business objectives and outcomes.

## What we want to achieve

- Correct alignment of workforce size, skills base, and behavioural competencies to future business models
- An agile workforce, which is responsive to changing needs
- A workforce which is representative of and sensitive to the community which it serves

## Why this is a priority

The workforce is truly our most important asset, and one of the largest resources, as most Council services are delivered directly by our staff. The composition of Merton's current workforce requires some changes to ensure our continued success, meet future requirements and to better reflect our communities. We need to be able to accurately predict the shape of the workforce we will need to deliver our strategic plans and our services.

## Actions

- Based on departmental TOMs, design the future shape of the workforce to best match its service delivery plans and financial context;
- Determine organisational structures, which support future delivery models - determine the desired combination of directly employed staff, shared services, externalised work, agency workers and volunteers, as well as appropriate spans of control for each service area;
- Review and action requirements to reflect legislative and regulatory changes as they emerge (e.g. Care Bill, BSF and Children and Families Act);
- Manage the transition from the current to the future structure;
- Establish on-going monitoring for workforce arrangements through accurate and relevant management information for decision-making e.g. workforce, equality, productivity and financial data;

## Key outcomes

- A new workforce structure is in place supporting future service plans
- Appropriate organisational structures, including spans of control, are designed and implemented for each service area, reflecting best practice and local requirements

- Enhanced service delivery – as reported through the residents’ survey - through improved workforce planning practice, including better training needs analysis
- Review and consideration of modernised terms and conditions

## 5.2 Recruitment and retention

The organisation has a clear and effective recruitment and retention focus and plan of key workforce skills and behaviours. This includes succession planning, and managing turnover.

### What we want to achieve

- Make Merton an employer of choice through creating all innovative and positive brand image;
- Ensure future key talent is successfully recruited retained and developed in appropriate roles within the Council to deliver effective services to residents and that capacity is built across the future workforce to implement new service delivery models;
- Establish inter-organisational collaboration to ensure that Merton’s residents are served by the best people, whether within the Council or through our partners;
- Reduce recruitment and turnover costs and agency use;

### Why this is a priority

We want to recruit, develop and retain talented people to enable us to deliver outstanding services to our residents. As our requirements and service delivery models change, our recruitment activity needs to evolve and respond to meet demand as cost effectively as possible. We want to attract the right people with the right skills and behaviours. We want to build leadership and strategic capacity. In specific divisions within the Council we have a high level of turnover, retention needs to be understood and stabilized.

### Actions

- Implement the recommendations of the Recruitment Review 2013/14 ensuring that we optimise technological solutions, employer brand and embed the functionality of our applicant tracking system to meet hiring managers’ and candidates’ needs;
- Develop our employer brand, value proposition and talent wave to become an employer of choice, building on the success of recent awards;
- Analyse market trends, consider and find solutions for their impact on the current pay

model, and communicate the value of the full benefits package;

- Sustain effective recruitment and retention of key staff groups, e.g. qualified social workers and children's specialist functions;
- Work to reflect our communities profile: review potential initiatives to address where the workforce is insufficiently representative of the community. In the interim, provide skills development to equip staff with knowledge and insight to effectively and sensitively work with diverse communities;
- Collaborate with strategic partners to develop a mobile and agile workforce serving the residents of Merton, develop new models, such as inter-organisational working, partnerships and volunteering;
- Develop career paths to support the optimum organisational design, build on opportunities for in-house professional development to grow leadership and strategic capacity e.g. apprenticeships, training contracts, secondments;

#### Key outcomes

- Balanced workforce in terms of skills, age and experience, addressing current concerns in workforce demographics and community representation;
- Merton Council perceived to be an employer of choice, attracting high quality candidates;
- Employees are more satisfied with opportunities to develop themselves and progress their employability;
- The structure and size of the Council meets current requirements and is adaptable to future needs
- Core professional and business critical skills are retained and available within the Council
- Reduction and better targeting in the use of agency staff – reduction in agency rates in social work roles;
- Talented people are delivering our services through direct employment or other service delivery models including partnership working, shared services or volunteering;

### 5.3 Organisational and workforce development

The workforce is equipped with the skills, competencies and infrastructure to achieve cultural change and the desired organisational behaviours when creating and delivering new and improved service delivery models (e.g. flexible working, customer service, IT). To support this the Council will provide new skills, abilities and competencies for the workforce including learning and

development of key skills for future service delivery.

### What we want to achieve

- Accurate mapping future workforce function, form, skills and behaviours to alternative business delivery models
- Ensure staff work in a modern, flexible way to improve productivity and efficiency and equip them with key future skills and behaviours to enable them to do so
- Provide first class customer service to meet our residents' needs, through new service channels where appropriate
- Best practice in safeguarding is embedded in all relevant roles and activities

### Why this is a priority

It is crucial for Merton's success that our workforce has the right skills, behaviours and adaptability to meet the demands of the transformation and new service delivery models. Our managers need the skills and resources to effectively lead our teams and we need to be able to respond to organisational as well as legislative changes.

The requirements on organisational and workforce development are changing, with more focused and flexible options becoming the norm.

### Actions

- Engender the 'Good to Great' principles of disciplined thought and action through the organisation;
- Managers' capability development specifically on building strategic capacity through future planning, accurate workforce planning and designing spans of control
  - Train managers to strategically plan for service transformation and improvement i.e. TOM's including:
    - Train managers to map future workforce profile to business need
    - Train managers to undertake development needs analysis of the workforce to improve skills and behavioural competencies
- Develop first class customer service behaviours to meet our residents' needs, through new service channels where appropriate;
- Develop a workforce that's self-disciplined, enabled with both tools and skills to deliver excellence and held accountable for outcomes;

- Engender effective change management and communication practice to support the workforce to embrace changes and minimise the impact of changes;
- Embed the management behaviours across the organisation to support performance
  - Service inputs, outputs & outcomes – performance
  - People
  - Communication – stakeholder scanning
  - Resources – money, assets, technology
  - Change
  - Self-awareness and personal responsibility
- Maintain the golden thread of Council objectives – departmental objectives – team objectives – individual objectives to guide everyone’s work;
- Provide a flexible and responsive suite of development options;
- Ensure that all statutory CPD requirements are met;
- Establish effective change management practices to support employees through the transformation;
- Prioritise learning and development spending to best support the Council’s objectives and transformation;
- Leverage the opportunities for development arising from shared services and partnerships;

### Key outcomes

- Correlate the development of first class workforce to deliver resident satisfaction, reflective of the ‘Good to Great’ culture, as measured by improvements on the Mori residents’ survey;
- Employees feel supported through organisational change and report that communication was effective;
- Learning needs are effectively identified and support the organisations’ overall objectives in the most cost effective way;
- Leaderships competencies are clearly demonstrated and performance improved;

- Potential future leaders have been identified, the diversity profile of the group is representative of the workforce and people are engaged on a talent management programme (Bringing on Talent Programme);
- Outcomes of learning and development activity can be clearly linked to the delivery of our priorities and key workforce objectives;
- Learning and development accessible to all staff and partners where appropriate;
- Performance of staff is increased through development of key skills and behaviours supported through honest performance appraisal conversations;
- Staff understand the Council and their own priorities and know what they need to do to achieve these;
- Staff are more satisfied with the opportunities for them to contribute to how the Council works;
- Increased customer satisfaction with effectively delivered services.

#### 5.4 Morale, health and wellbeing

We need to ensure that the organisation understands what a healthy workforce looks like and supports staff to achieve this.

##### What we want to achieve

- An improved understanding of the issues underpinning workforce wellbeing, and develop actions to optimise wellbeing, productivity, engagement and attendance.
- Improved morale and employee engagement

##### Why this is a priority

We want to be a healthy and motivated workforce, able to meet the demands of the Council, its residents and customers. We want to understand and address the root causes of sickness and act to enhance engagement and support the wellbeing of staff and improve attendance rates.

##### Actions

- Carry out a research project with Public Health on the root causes of sickness absence and consider its recommendations for implementation, including the option of using the London Workplace Charter
- Improve access to data and information for managers, to help them manage sickness better



- embedding an attendance and performance culture
- Provide flexible working arrangements that support employee wellbeing
- Provide policies and practices that reflect the requirement for new ways of working and service delivery
- Effectively manage the impact of changes on the workforce, including appropriate supervision, direction and support from managers
- Review employee engagement initiatives and develop ways to increase engagement and Morale
- Release the capacity of staff and managers away from bureaucratic administrative practice using innovative technological solutions such as channel migration and self service.

#### Key outcomes

- A healthier workforce with a reduction in number of days lost through sickness – a stretch target of moving to the upper quartile from bottom quartile, with differential targets for frontline and back office
- Employees report that they feel supported in performing their roles in a day-to-day basis and through organisational changes
- Employees are more satisfied with their work / life balance
- Flexible working practices are effectively implemented and have a positive impact on morale
- Employees are aware of available support structures and make use of these as required e.g. Employee Assistance Helpline
- We have a culture of employee engagement: Staff Attitude Survey results improving each time with a stretch target of 80% satisfaction reported in 2018
- We have a culture of improved productivity as reflected in the Mori residents' survey

## PROCUREMENT PLAN Section

### 1 – Introduction

Procurement is defined in the National Procurement Strategy as:

“The process of acquiring goods, works and services, covering both acquisition from third parties and from in-house providers. The process spans the whole cycle from identification of need, through to the end of a service contract or the end of the useful life cycle of an asset. It involves options appraisal and the critical ‘make or buy’ decision which may result in the provision of services in house in appropriate circumstances”

Although the definition is primarily about procurement, it also about the need to secure sustainable services, products and outcomes which meet the needs of the community we serve. Strategic procurement also encompasses collaboration, including the need to develop partnerships, consider delivery options and ensure value for money for every pound spent.

This document sets out the Council’s strategic approach to procurement for the next three years. It is not intended to be a procurement manual; however, the principles should be applied to all procurement and commissioning, recognising that procurement must work closely with our health and social care colleagues to deliver value for money from all commissioning and procurement.

Consideration of this strategy is not optional and it should be read in conjunction with the Council’s Contract Standing Orders (CSO’s).

The Procurement Strategy emphasises the continuing importance of sustainable procurement being used to support wider social, economic and environmental objectives in ways that offer real long term benefits to the residents of this borough.

Cost reduction and efficiency targets will not be achieved if the Council fails to approach competition positively, taking full account of the opportunities for innovation and genuine partnerships which are available from working with others in the public, private and Voluntary, Community and Faith Sectors (“VCFS”).

This strategy provides a corporate focus for procurement. It embraces the Council’s commitment to strategic procurement and sets out the Council’s aspirations. It is not a ‘user manual’; more detail on procurement processes and issues will be found in the Contract Standing Orders and on the procurement intranet.

The strategy will contribute to delivering the long term goals of:

- The Business Plan 2017-21
- Community Plan
- London's Best Council by 2020

The principal means of disseminating detailed procurement guidance are the Commercial Services Team (CST), and the intranet.

## Section 2 – Objectives and Benefits

The overarching objectives of this strategy are:

- To evaluate and improve current procurement practices to achieve better value for money and to ensure customer/client needs are met
- To ensure best practice examples are identified and applied consistently across the organisation.
- To align procurement activities with other strategies adopted and to ensure that corporate objectives are addressed
- To ensure that current and future procurement activities are planned, monitored, and reviewed effectively including identifying opportunities for collaboration with both private and public sector bodies and the VCFS

In taking this strategy forward, the Council expects to realise the following benefits:

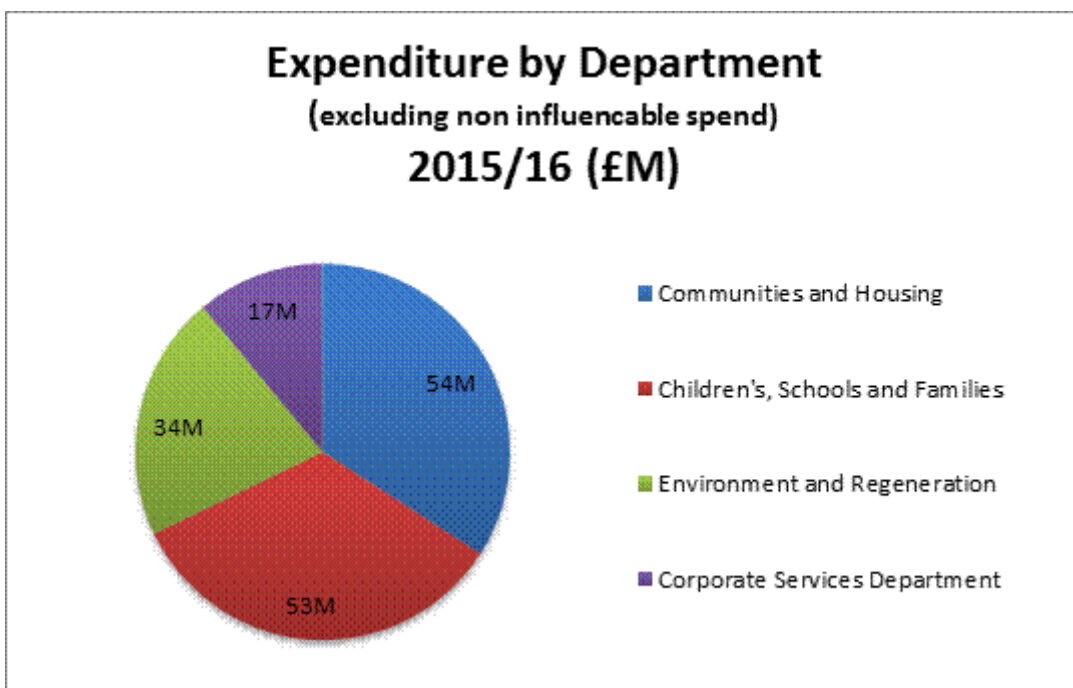
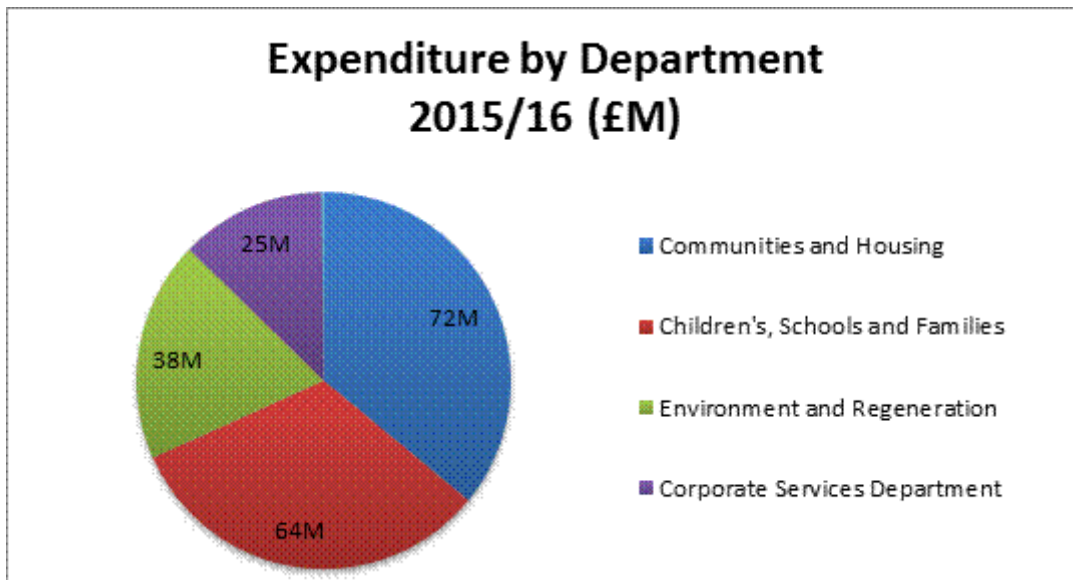
- Demonstrate continuous improvement and achieve value for money through the efficient procurement of goods and services
- Encourage communication and interaction with local and national suppliers to understand their views
- Develop relationships between the Council, the business community and the broader voluntary sector which create mutually advantageous, flexible and long term relations
- More efficient procurement processes
- Better risk management
- Strategic procurement planning
- Effective spend analysis and measurable cash savings
- Proactive contract management
- Greater use of standard processes and templates
- Compliance with appropriate legislation
- Compliance with Contract Standing Orders
- Collaboration, including with other authorities, local businesses and the VCFS
- Greater use of the E-Tendering system

Our vision for procurement is to provide a first class service for our residents whilst we build on best practice to ensure value for money in all our procurement exercises.

### Section 3 - Overview of Procurement

The London Borough of Merton spends approximately £200m each year on goods and services on behalf of Merton’s residents. Of that £200m, the Council can influence approximately £160m. The range of goods and services is varied, but includes services for schools, waste collection, care services for children and adults, maintaining the highways, parks and services, encouraging business growth and major construction works.

*Updated expenditure 1 April 2015 – 31 March 2016*



Procurement in the Council takes place across all departments and is undertaken in what is called a 'devolved' model. This means that responsible officers in the departments undertake day to day operational procurement.

CST is part of the Infrastructure & Transactions division of Corporate Services department and was set up specifically to provide procurement support, advice and guidance to the departments and responsible officers. The devolved system means that the responsibility and accountability for operational procurement decisions and actions remain firmly with each responsible officer in the departments. This operating model for procurement is currently under review.

CST provides the following services:

- Provision of strategic commercial advice as requested
- Specific advice on EU Regulations and associated areas, including latest case law
- Benchmarking, identification and promulgation of best practice
- Involvement in high profile tender exercises as agreed
- Spend analysis and the Identification of potential savings opportunities and areas of collaboration
- Participation in key commercial exercises, such as make/buy reviews
- Maintenance of the contracts register. However, responsibility for entering information onto the contracts register and ensuring that the information is up to date and accurate, rests with the departments
- Undertaking a skills matrix and training of officers and elected members
- Engagement with partners and potential partners with the objective of streamlining the procurement process, i.e. making the Council an easier organisation with which to deal
- Providing up to date support via the intranet, toolkits, procurement guidance and advice.

Procurement is not simply about lowest price; instead it is a strategic tool to ensure that we receive best value whilst putting the needs of Merton's residents first.

Effective procurement is about managing the whole life cycle of the goods and services we procure, and also ensuring that specifications are right and fit for purpose with clear outcomes and purposes.

From January 2012 to May 2013, a number of improvements were made, including a strengthened Procurement Board, an enhanced Contracts Register and the implementation of a new e-Tendering system.

Furthermore, the Council also adopted a Procurement Governance and Gateway process which comprises four key elements, the Procurement Board, the Procurement Gateways, the

Operational Procurement Groups and the Risk Assessment Tool. These four elements are designed to work together to enable the Procurement Board to exercise effective oversight, control and to provide direction to procurement activity Council wide.

## Section 4 – Key Themes

### a. Value for Money (VFM)

In the unprecedented economic climate, the Council will need to make substantial year on year savings for the foreseeable future. Every pound spent must deliver true value to the community, whether that is by better management of our existing contracts, proactive spend analysis, being more commercially aware, or through reviewing current services and potential delivery models.

Knowing how, where and on what our money is spent will be used to drive a supplier review to maximise savings. Furthermore, we intend to review the supply base and drive additional efficiencies by reducing the overall number of suppliers and to utilise the additional leverage obtained. This exercise will also help us to develop and shape supply markets, define the skills to develop the market and to negotiate better outcomes for the Council and service users.

#### ***Principal Objectives***

- Undertake regular spend analysis of the Council's full non-pay spend with recommendations in how to identify and capture efficiencies
- Supply base review and rationalisation
- Make/buy reviews of services
- Challenge specifications and assumptions around strategic contracts

### b. Category Management

By grouping together products and services according to their function (e.g. care, construction, transport, professional services etc.) the Council can better manage the overall spend, whilst maximising our buying power and achieving economies of scale.

A 'Category' is an area of spend determined by known market boundaries separating different products or services. Category Management recognises that suppliers within a certain market are likely to have similarities which enable a tailored approach to procurement.

We will develop our capacity and capability in Category Management to support the major commercial decisions the Council is facing. We will add value to projects we support, bringing commercial insight and support throughout the commissioning lifecycle. Recognising this challenge, we will also develop our staff through a revised professional training programme. It will also enhance their relationship and partnership building skills. This means they will spend less time involved in the administrative task of running tenders and spend more time with customers, commissioners and our major suppliers.



**Principal Objectives**

- Develop a suite of category strategies to drive further savings and efficiencies
- Embed a category management approach across the Council
- Category Management specific training programme

**c. Contract Management**

We will manage our major contracts more actively to drive continuous improvement in performance and efficiency and further develop contract management across the Council. We will provide greater visibility of the performance of our top contracts to help to improve the management of major suppliers and ensure they are delivering against the agreed performance standards.

By reviewing strategic contracts and adopting a more commercial approach to the management of our key contracts we will ensure that improvements and efficiencies are delivered.

We will also work with operational contract managers in departments to build on best practice and provide training in contract management techniques.

The outcome of this change will be measured by the monitoring of contract performance and by the identification of improvements in performance levels and additional efficiencies during the life of a contract. Furthermore, as we develop stronger relationships with our key suppliers, we will be recognised as their 'customer of choice' which may lead to increased market intelligence and therefore improve our opportunities for innovation in the marketplace.

Through a clear commercially led approach to contract management, we will ensure a greater focus is directed towards obtaining the required outcomes. This will include increased monitoring and management of supplier performance through robust SLA's and KPI's (including the delivery of community benefits) and where performance is not being achieved, an action and improvement plan will be implemented.

**Principal Objectives**

- Reduce non-contracted spend
- Embed contract management principles across the Council
- Hold regular performance meetings with suppliers
- Set clear and proportionate KPI and SLA targets for suppliers
- Link payment to performance (where appropriate)

**d. Partnering and Collaboration**

Partnering means the creation of sustainable, collaborative relationships with suppliers in the public, private, social enterprise and voluntary sectors to deliver services; carry out major projects; or acquire supplies and equipment.

Partnerships can be beneficial and integrated in service delivery, but it needs to be recognised that this is not an easier contract style; indeed, partnering agreements are likely to be more challenging than traditional contracts. A partnership agreement will therefore require careful preparation and procurement. Partnering should be considered when engaging in best value reviews of services as a potential alternative to established methods of service delivery.

When formulating our procurement strategies, we will ensure that we take account of potential opportunities afforded by partnering and collaborating. We will also look at existing framework agreements when considering any future options for procurement and where appropriate the use of any national, regional or pan London procurement arrangements that fit with the Council's strategy.

Collaboration describes the various ways in which councils and other public bodies come together to combine their buying power, to procure or commission goods, works or services jointly or to create shared services.

Collaboration is a form of public partnership; its major benefits are economies of scale and accelerated learning.

We will ensure that contractors and partners have priorities which align with those of the Council and that they understand how they contribute to the Council's performance.

The Council will actively participate with other authorities and organisations where appropriate and feasible, to seek economies through joint procurement, joint commissioning, framework agreements and shared services.

#### ***Principal Objectives***

- Work with other public bodies to seek joint partnering and collaboration opportunities
- Investigate the greater use of collaborative contracts
- Look to use existing framework agreements where appropriate

### e. Market Management

The Council will continue to work with more diverse providers of services. In some areas there are strong markets but in others they are either small or not yet developed. The Council will make full use of all the different methods of delivery available, including joint ventures, public, private and VCFS options. Through procurement, we will support the growth of local businesses and other organisations by encouraging the use of local suppliers. While staying within the legal constraints of public sector procurement, the Council will encourage local suppliers to work with us, recognising and exploiting the ability to create a positive climate for firms based in Merton. The Council will endeavour to support a thriving local business sector, providing opportunities for suppliers to develop the capacity to win future contracts from the Council and other public sector partners.

This approach recognises that by encouraging sustainable high quality local employment, the Council is reducing the demand and thus cost of other public services. The Council will seek to encourage innovation, improve skill levels in Merton, create jobs and retain money in the local economy.

#### **Principal Objectives**

- Identify where market capacity may be weak and where new markets may need to be developed
- Encourage suppliers to develop innovative approaches
- Foster a collaborative approach to procurement
- Work to increase the proportion of spend with SME's and VCFS
- Take steps to promote and encourage local economic growth e.g. reducing the barriers to SME and VCFS participation
- Hold regular supplier engagement events

### f. Supplier Relationship Management

The Council will build strong, long term, positive relationships with suppliers across all sectors, not just when actively procuring goods and services but also when considering alternative delivery models e.g. social enterprises.

The Council will establish strategic relationships with suppliers to ensure that both parties are delivering against the commitments within the contract and also build upon mutual experience and knowledge to embed continuous improvement practices throughout the contracted period. Effective engagement with suppliers will also inform future specifications. This will ensure that the Council is approaching the market place with requirements which meet clearly defined needs and are commercially attractive to potential bidders.

The Council commits to making all procurement activity fair and transparent and to encourage a diverse range of potential bidders to participate.

A suite of standardised documents and contracts will be developed for use across the Council to ensure consistency and to make the procurement process more accessible to suppliers.

***Principal Objectives***

- Engage with key suppliers in all sectors
- Robust contract management
- Explore new models of service delivery and welcome dialogue with communities and suppliers to establish new and innovative procurement practices
- Encourage a diverse range of suppliers to work with the Council

## **g. Developing People and Improving Skills**

Procurement is a key activity in sourcing the skills, services and supplies required by the Council to deliver community outcomes. The officers who undertake procurement and contract management activity are vital to the successful delivery of the Council's strategic procurement objectives.

The required capacity and skills will continue to be developed in departments with support and guidance from CST.

CST will develop other ideas to encourage officer participation. These will include the offering of regular 'drop-in' sessions which will allow any topic of interest to be discussed informally. Also, specific targeted training will be developed and made available to officers/teams and divisions as required.

Regular procurement forums for all Merton responsible officers will continue to be offered. Active participation will be encouraged by the use of focus and working groups on specific topics of interest; such as toolkits, market engagement and benchmarking.

The forums will:

- Bring together all professionals across the Council working on procurement activity into a single forum
- Provide a platform for evidence sharing and best practice (both internal and external)
- Introduce and embed a co-ordinated and consistent Merton approach to procurement
- Identify savings and efficiencies opportunities

The forum is a reference group, accountable to the Procurement Board, with recommendations and updates to be fed bilaterally.

***Principal Objectives***

- Provide a career path for practitioners of procurement with clear roles and responsibilities
- Provide skills and training and learning & development opportunities for officers
- Ensure that procurement best practice advice is available via the Procurement Toolkit

**h. Systems and Processes**

Continued use of the e-Tendering system has improved compliance and at the same time it has streamlined the tendering processes.

The contracts register has received a refresh and is now part of the e-Tendering suite which is in the public domain so that any interested parties may view it. This has led to greater visibility of Council spend which will be fed into procurement and resource planning and should lead to greater opportunities for efficiency savings.

It will also make it easier for members of the public to have their requests under the Freedom of Information Act 2000 (Fol's) answered quickly and efficiently.

Ensure council and departmental rolling 1-3-year procurement plans are produced each financial year and kept up to date.

***Principal Objectives***

- Maintain an up to date contracts register
- Increased use of the e-Tendering system
- Investigating the strategic use of e-Auctions
- Training in the use of the procurement toolkit
- Develop a comprehensive rolling 1-3-year procurement plan

## Section 5 - Governance Framework

Merton's procurement is governed by EU law, UK Law and by Merton's Contract Standing Orders. These are mandatory for officers of Merton to follow.

### a. The Corporate Management Team

The Corporate Management Team (CMT) will continue to initiate and lead all procurement activity and endorse and support adherence to the procurement strategy across the Council. CMT will set the strategic direction of the Council, empower officers and hold officers to account in the delivery of the strategy.

### b. Contract Standing Orders

The Council will comply with the wide range of legislation, regulation and guidance which governs procurement. The Council's Contract Standing Orders, last fundamentally revised in April 2012 in line with the latest legal and operational requirements, are currently under review again, to take into account the Public Contracts Regulation 2015 (PCR2015), the Social Value Act 2012, lessons learnt over the past three years as well as emerging best practice principles.

Adherence to the Contract Standing Orders will be enforced to ensure the highest standards of probity and compliance, one of Merton's principles underpinning procurement activity.

### c. The Procurement Board

The Procurement Board is the primary strategic agent through which procurement activity is governed. The Procurement Board is made up of senior management officers and procurement professionals and is chaired by a Director.

The main functions of the Procurement Board are:

- Oversee the production and management of the procurement strategy
- Assure that procurement is managed competently and legally
- Ensure changes in legislation e.g. The Social Value Act (2012) and best practice are embedded in the Council's procurement practices
- Assessing whether procurement is achieving best value for the Council
- Ensuring that staff engaged in procurement have the required skills
- To be responsible for the Operational Procurement Groups (OPG)



#### d. Departmental Management Teams

Departmental Management Teams will receive regular reports from their procurement champions and ensure that the Procurement Strategy is being delivered effectively within their respective departments.

#### e. Operational Procurement Group

The OPG's are the operational arm of the Procurement Board, and are the means through which departmental procurement activity is planned and co-ordinated. One OPG exists for each department and the Groups co-ordinate, risk assess and manage the flow of all procurement activity. Each group is championed by a departmental procurement lead who also attends the Procurement Board.

#### f. Procurement Gateway process

It is a risk based approach which uses a series of minimum criteria and risk triggers to determine which procurement activities will come to the Procurement Board.

Currently projects need to be brought to the Procurement Board for review where:

- the total value is over £3m (or annual value over £750k) (Thresholds under review)
- or the decision to award the contract is to be made by Cabinet or
- three or more risk triggers are assessed at amber level or greater. These include; political or reputational risk, impact of failure on service user and maturity or volatility of the market.

#### g. Financial Regulations and Procedures

The Financial Regulations and Procedures are the internal rules applicable to Merton's financial processes and these have also been reviewed to take account of current and recent changes in procurement practice e.g. use of Framework Agreements. Within the options appraisal carried out for each procurement project there will be included due consideration to the methods of financing the project available i.e. capital borrowing, leasing, and other alternatives.

#### h. Procurement Plans

These plans identify the required strategic procurement activities for a period extending 1-3 years into the future. The departmental procurement plans inform the Corporate Procurement Plan, which will encompass all major procurements due in the following 1-3 years. This will allow for enhanced planning and scheduling, improved visibility and improved risk management for the Council's major procurement activities. The Corporate Procurement Plan is overseen by the Procurement Board.

### **i. Procurement Templates and Toolkits**

The 'Procurement Toolkit' is available to officers via the Procurement Intranet pages and it provides specific procedural guidance and templates for procurement activity.

The Council will review and keep these up to date. It is against this procedural guidance that individual compliance will be measured to ensure best practice, legal compliance and whether there is any off contract spend.

The CST will be working with departments to improve the current toolkit and templates.

### **j. The Contracts Register**

The Contracts Register is a Council-wide record of all contracts that the Council has entered into above the value of £5,000.

The Contracts Register is currently part-hosted via the London Tenders Portal as part of the Council's e-Tendering system. Responsible Officers must ensure that all contracts are entered onto it and that they are kept up to date.

The Contracts Register will continue to be a key component to co-ordinate and risk manage procurement activity at the corporate level and will assist with Fols.

### **k. e-Procurement**

During 2015 the Council re-let its contract for Pro-Contract. The system provides officers and suppliers with an effective and efficient way to electronically manage tender and quote processes. The system is designed to allow staff to conduct requests for quotations and tenders online, much more quickly and also to allow potential suppliers to respond without the need to complete numerous paper forms.

We will ensure that the benefits of e-Tendering continue by the promotion and monitoring of the system. The use of the e-Tendering system was made mandatory as of 1 April 2012.

Improved use of the e-Tendering system will provide corporate visibility on spend and prevent duplication of processes. Improved corporate visibility will in turn allow greater scrutiny of the management of spend across the Council.

### **l. Looking to the Future**

We are investigating the use of e-Auctions as a way of saving additional monies.



## Section 6 – Key Actions

A procurement action plan will cover the principal objectives detailed in this strategy document.

To help us achieve our vision, there are five key actions we are taking:

1. Implement our people development plan, putting in place a new programme of training, coaching and mentoring
2. Roll out stronger contract and supplier management across the Council for key contracts, identifying clear roles and responsibilities and providing professional support for service teams
3. Develop a rolling three-year corporate procurement plan, incorporating robust departmental plans
4. Provide an updated procurement toolkit and templates for responsible officers
5. Increased use of partnerships and collaboration with other organisations to drive greater efficiencies

By 2021, we will have:

Delivered substantial cost savings through strategic contracting, to help meet the Council's budget targets

Developed a best-in-class service which is highly responsive to the needs of customers, and is valued by them as a strategic partner in developing their own plans

Encouraged greater levels of spend with local suppliers and have thriving relationships with local businesses and VCFS communities

Established strong partnerships with other public sector bodies to leverage best value for money

## Contacting Us

Please contact us if you have any questions, comments or feedback about the Procurement Strategy:

E-mail: [procurement@merton.gov.uk](mailto:procurement@merton.gov.uk)

Phone: 020 8545 3736

### Other useful websites

Audit Commission <http://www.audit-commission.gov.uk>

Comprehensive Performance Assessment <http://www.audit-commission.gov.uk/cpa>

Department for Communities and Local Government <http://www.communities.gov.uk>  
Improvement and Development Agency, (I&DeA)

<http://www.idea.gov.uk>

Local Government Association

<http://www.lga.gov.uk> Regional Centre of

Excellence <http://www.rcoe.gov.uk>

# ICT STRATEGY 2016-20

## EXECUTIVE SUMMARY

This document sets out the Council's vision – articulated as a series of strategic objectives – for its information, communication and technology infrastructure and architecture.

The development of the document is a result of a comprehensive planning and consultation exercise involving all services across the organisation. This was guided by a number of design principles that provide a broad framework within which the strategic priorities have been developed. The aim of these principles is to ensure that the management and development of IT and systems complies with necessary standards and protocols and aligns with the wider strategic direction of the council by:

- organising information and systems around customers;
- automating processes wherever possible;
- consolidating and rationalising master data sets wherever possible
- supporting joint working and shared services; and
- reducing, as far as possible, reliance on highly technical support.

Importantly, the strategy introduced a Technical Design Authority to ensure a controlled, disciplined approach to changes to the technical architecture and infrastructure. This is designed to accommodate the demands and requirements that will inevitably arise during the lifetime of this strategy but are not currently known. The role of this body is to manage and agree any alterations that are proposed to the agreed implementation plan that supports this strategy. The terms of reference for the group are appended to this strategy (Appendix 2), and these are designed to ensure it operates in a collaborative, agile way to mitigate against the risk of unnecessary bureaucracy and business interruption,

The strategic priorities that this strategy seeks to deliver are:

- Customer focused systems
- Integrated and joined-up systems and infrastructure
- Single source of master data sets
- IT that is fit for purpose now and into the future
- The ability to operate from multiple locations and devices (flexible and mobile working)
- Increased self-service
- Automation where it's efficient and effective to do so
- Systems and infrastructure that are resilient, compliant and experience minimal downtime

All of these outcomes need to be delivered within an overarching strategic aim of **becoming London's Best Council with an efficient organisation and reduced operating costs.**

These high level outcomes shape and prioritise the activity set out in the supporting implementation plan for the strategy.

## **ABOUT THIS STRATEGY**

This document sets out Merton's vision and strategy for its Information, Communication and Technology infrastructure and systems architecture. In developing the strategy, officers have drawn on the target operating models (TOM) and associated delivery plans developed by the Council's businesses throughout 2015/6. This ensures that Merton continues to take a business-led (and therefore customer-led) approach to the development, improvement and maintenance of its IT assets.

The strategy also reflects the more technical guiding principles and constraints that frame our IT ambitions, either because of legislative requirements or as part of our commitment to adhere to industry standards and best practice.

In striking the balance between responding to business needs and managing IT assets effectively and efficiently this strategy is designed to provide a broad strategic framework for the maintenance and improvement of the Council's IT and business systems. It is supported by a more detailed implementation plan that sets out the operational tasks associated with achieving the strategy. The implementation plan will be reviewed annually; the content of the plan and progress against it will be assured and managed through Corporate Services DMT and the Merton Improvement Board. The Assistant Directors of Infrastructure & Transactions and Business Improvement will be jointly accountable for its delivery.

## **BUSINESS CONTEXT**

As a high achieving authority, Merton is single minded in its commitment to continuous improvement. The organisation recognises that this will require IT infrastructure and systems that support excellent services and – in the context of a decreasing financial envelope – greater automation and self-service.

The financial context in which we operate requires that the organisation finds ever more efficient ways to manage and improve its IT assets. Where judicious investment is required in order to transition the organisation towards more efficient ways of working on an 'invest to save' basis, the Council allocates funding from reserves earmarked specifically for this purpose. The Merton Improvement and Capital Programme Boards manage this process, awarding funding on the basis of sound business cases and overseeing their implementation to ensure benefits are realised.

Through the development of TOMs each business has set out its future state and the role that IT will play in enabling this. It is this information that, drawn together, forms the basis of this strategy and supporting implementation plans. The activities reflect the development, improvement and maintenance of IT and business systems needed by services in order to achieve their stated ambitions.

In addition, the strategy incorporates the activity that will be required to deliver cross-cutting transformational projects and programmes of change and improvement. The most notable of these are:

- Flexible Working – a programme of coordinated activity designed to introduce modern working practices that make the most effective and efficient use of office space and officer time.
- Customer Contact – a three-year programme that will enable and drive channel shift, the transition of customer interaction to cheaper (usually online) channels and self-service wherever possible.

- Mobile working – the integration of systems and introduction of mobile devices and mobile-enabled systems so that officers can work from any location.
- SCIS – the re-procurement of the Council’s social care information system.
- Financial systems – the re-procurement of the Council’s financial information management systems.

## **STRATEGIC DESIGN PRINCIPLES**

As this strategy has already acknowledged, Merton must be judicious in its management and development of IT and systems – changes to our infrastructure and architecture have cost implications beyond the initial investment as they will require support and maintenance. In addition, there are a suite of technical standards and protocols with which the Council needs to comply.

To ensure that all of these factors are taken into account, the organisation has adopted a holistic approach to developing this strategy. Businesses have worked with target operating models to clarify and articulate their current and future IT needs; but to help frame their thinking and ensure development proposals are realistic a series of design principles have been applied to the process. These will continue to inform our IT development:

- IT systems must be customer centric and support the Council’s Customer Channel Design principles.
- IT systems should consolidate information around the citizen, reduce reliance on paper and provide automated workflows wherever possible.
- IT systems must support social inclusion and be user friendly.
- IT systems must improve information use and sharing with Merton partners, where appropriate, and comply with the Information Strategy.
- IT systems must support the Council’s Information Channel Design Principles.
- IT systems will maximise use of configuration to ensure they are readily upgradable and supported by the vendor. System customisation should be avoided.
- IT systems and Service delivery will be designed with shared function/service in mind.
- All significant IT developments, improvements and technology purchases will be governed and controlled through the Technical Design Authority to ensure technology compliance and maximum value is achieved.

## **STRATEGIC PRIORITIES**

Drawing on the TOMs and transformation delivery plans of the organisation, as well as developments in the world of IT, legislative requirements and industry good practice, we have developed a set of strategic priorities that clarify where scarce resources will be focused over the life of the strategy.

These are the high level outcomes this strategy aims to deliver:

- Customer focused systems
- Integrated and joined-up systems and infrastructure
- Single source of master data sets (master data management)
- IT that is fit for purpose now and into the future
- The ability to operate from multiple locations and devices (flexible and mobile working)
- Increased self-service
- Automation where it's efficient and effective to do so
- Systems and infrastructure that are resilient, compliant and experience minimal downtime

All of these outcomes need to be delivered within an overarching strategic aim of **becoming London's Best Council with an efficient organisation and reduced operating costs** .

These high level outcomes shape and prioritise the activity set in the supporting implementation plan for the strategy. The following objectives set out in more detail how each will be achieved.

### **Customer focused systems**

- Council systems that support the Customer Contact Strategy and programme, enabling a customer centric approach, with information consolidated around the service users.
- Support social inclusion by maximising access to IT resources by members of the community and community groups, and by providing user-friendly systems, systems that cater for a wide range of needs in support of the Digital Inclusion Strategy.
- Support the customer contact strategy by providing a consistent customer experience through a variety of channels.
- Customer data stored consistently across various systems.
- System and IT infrastructure enhancements and implementation informed by business need (which in turn articulates customer need).
- Where feasible and beneficial, maximise the benefits of mobile working by gathering multi-agency data at each interaction thereby reducing multiple contacts with customers.

### **Integrated and joined-up systems and infrastructure**

- System integration wherever possible and beneficial.
- Actively consider the potential for joint working with partnering boroughs and agencies in all IT decisions.
- Improved – through IT systems/infrastructure – information use and sharing with Merton partners.
- IT infrastructure and systems that support, enable and promote shared services.
- Support business transformation through end- to-end integration of processes, consolidated customer databases and exploiting e-enabling services and improved service delivery within the council.

- Create and maintain a 'single version of the truth' with appropriate arrangements in place to improve and maintain primary data sources that feed secondary sets with minimal manual intervention.
- Maximise existing investments.

### **Fit for purpose now and into the future**

- Create a clear vision and target operating model for the IT infrastructure and systems architecture that is based on businesses' plans for the future.
- Create and maintain IT infrastructure and systems that support business agility.
- Lead and promote business change through innovation and technology.
- Actively maintain good market intelligence and scan for new opportunities.

### **Operating from multiple locations and devices**

- Provide business solutions and IT infrastructure that support the flexible working programme and accommodation strategy through mobile and home working.
- Documents available electronically at point of use; reduced reliance on paper.
- Telephone systems and printing follow the worker.
- Deploy, wherever possible, device and operating system agnostic solutions

### **Increased self service**

- Introduce and improve the functionality of web-enabled services and systems.
- Better use and quality of geospatial data.
- Support stronger clienting of the IT service by businesses by raising IT skills.

### **Systems and infrastructure that are resilient, compliant and experience minimal downtime**

- Establish and maintain a programme for effective disaster recovery.
- Develop and regularly test business continuity plans.
- Achieve and maintain compliancy with PSN, N3 and CJSM regulations.
- Manage and monitor 'downtime' that is as close to zero as possible.
- Introduce, develop and maintain change control mechanisms.
- Adopt a 'cloud first' managed/hosted infrastructure approach wherever appropriate

## **CHANGE MANAGEMENT**

A key factor in delivering this strategy will be the introduction and maintenance of effective change management mechanisms. As the Council increases its reliance on technology through programmes such as Customer Contact and Flexible Working but also seeks, in parallel, to reduce the cost of maintaining and supporting systems and IT infrastructure, establishing effective governance and control of IT assets will become even more important. The uncontrolled and ungoverned development of systems and IT infrastructure risks not only confusing and disrupting the system and IT architectures, but also carries a cost implication: improvements will be inefficient where technical support and maintenance resource implications have not been correctly understood. This could, in the longer term, counteract business benefit/efficiencies if not properly planned for.

It is therefore important that explicit arrangements are put in place that guarantee that appropriate discipline will be consistently applied to the development of the organisation's system architecture and IT infrastructure. Whilst this strategy and implementation plan provides a route map for investment over the coming four years, it cannot be expected that the requirements of the organisation will remain static over its lifetime. New business demands are likely to emerge that are not currently understood, or are driven by changes in policy or statutory frameworks. For this reason, this strategy introduced a **Technical Design Authority**. The role of this body will be to manage and agree any alterations that are proposed to the agreed implementation plan that supports this strategy.

It will govern and manage development of the Council's systems and IT and ensure changes and improvements are compliant with not only necessary technical and security standards, but also Council strategy, i.e. rationalisation and integration of systems, reduction in support overheads etc. This will ensure that there is full collaboration and consultation on any significant proposal to amend the Council's technology architecture (outside those improvements and activities already agreed as part of this strategy and implementation plan). The terms of reference for the group are appended to this strategy (Appendix 2).

## **OPERATIONAL DELIVERY**

The core delivery plans for the Infrastructure and Transactions and Business Improvement divisions will incorporate activity required for the routine maintenance of the Council's IT infrastructure and systems. This strategy and supporting implementation plan captures the activity over and above this core offer, relating to improvements outside those that are routinely expected. For each of these, a business case has been prepared to secure investment from earmarked reserves. This will enable the necessary resources to ensure timely and effective delivery to be made available.

To provide consolidated and resilient support arrangements, any system that is being supported by individuals within service teams, the support arrangements will be migrated to the IT infrastructure and business systems team.

Prioritisation and sequencing of the programme will be managed through Merton Improvement Board to ensure that it takes account of pan-organisation imperatives and priorities. Regular reports on progress and resource management will be submitted to the Merton Improvement Board, in addition to Corporate Services DMT.

A series of Service Level Agreements will sit alongside the strategy and set out agreed metrics and service standards to enable departments to assure and monitor delivery.

## **BUSINESS CONTINUITY**

Business continuity will be assured through the deployment of four planned maintenance windows per year. These will allow crucial system and infrastructure updates and improvements to be made with minimum impact on service provision.

It will also be enhanced through the provision of suitable Wide Area Network (WAN) links to the designated Business Continuity centre. We will ensure that connectivity to Business



Critical systems is maintained in the event that we were no longer able to occupy the Civic Centre.

We will continue to ensure that the remote access infrastructure is available with diverse internet routes.

Business continuity plans will be routinely reviewed and tested.

## **DISASTER RECOVERY**

The Council's IT infrastructure and business systems underpin many of the Council's critical activities. In the event that an incident occurred that interrupted the availability of IT and systems – for example a fire, or borough emergency that affected the Civic Centre – it would be essential that systems were restored as quickly as possible. This is particularly true given the potential for some systems to support civic recovery.

In order to ensure this is the case, we will complete Phase 1 Disaster Recovery arrangements, which include the identification of the Council's core business critical IT systems and the relocation of hardware to the new Disaster Recovery facility located at London Borough of Wandsworth. We will also review departmental IT Disaster Recovery plans and provide some critical challenge to ensure that they are robust and fit for purpose.

Utilising agreed planned maintenance periods we will undertake regular testing of Disaster Recovery arrangements including operational infrastructure, hardware and emergency backup systems to ensure that they are fully operational.

We will develop phase 2 Disaster Recovery arrangements including the procurement of new Active/Active Storage Area Network equipment (SAN) and install the new infrastructure and equipment at the Civic centre and Wandsworth sites.

Finally, we will properly map and document the new Disaster Recovery processes and produce an operational maintenance manual.

All of these activities – along with timescales – are included in the Implementation Plan that supports this strategy.

## **APPENDICES:**

1. Implementation plan
2. Technical Design Authority terms of reference

## **RELATED DOCUMENTS**

Information Technology (IT) Policy

Social Media Protocol

Information Strategy

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<b>Document Status</b>	Approved by MIB

## List of Agreed Schemes in the IT Implementation Plan

.Appendix 1

Project Name	Brief Description	Comment as at w/c 06/02/2017
<b>System improvements and implementations - AGREED and RESOURCED</b>		
In-Cab - specification devt and requirements gathering	Exercise to establish business requirements for functionality currently delivered through Confirm (street scene, asset mgt & waste mgt)	Completed. Cost prohibitive so scaled down into EAMS project
(EAMS) - Environmental Asset Management system - specification devt and requirements gathering	Exercise to establish business requirements for functionality currently delivered through Confirm (street scene, asset mgt & waste mgt)	Completed.
(EAMS) - Asset Management - procurement and implementation	Project to procure and implement new Environmental Asset Management System (EAMS).	Procurement completed. Implementation in progress – due for completion September 2017.
Customer Contact	Implement new transactional website, content management system, customer account functionality and customer relationship management system	A number of pathfinder services now live. Pilot EDRMS live.
EDRMS	Implement replacement EDRMS (to replace SMART)	Pilot teams live, first tranche of teams due April 2017
Implement room booking system (internal)	Room and Space management system	Completed
(SCIS) - Social Care Information System	Implement replacement system (replacing CareFirst)	Implementation in progress go live schedule for April 2017
Inspire	Scope and initiate work to achieve new European INSPIRE standard for metadata for geospatial info.	Completed and data published.
Data labelling	Implementation of new system to categorise and label data for increased information security	Re-scoped and implementation being planned.
(FIS) - Financial Systems Re-Engineer	Procure and implement replacement financial management information system	Completed. System went live on 6th February 2017
Implement phone system call control liberty system	Implement Liberty Parking Services	Completed

Project Name	Brief Description	Comment as at w/c 06/02/2017
Implement Planet Press	Implement new system for automated payment letters and printing	Completed for initial scope, further opportunities for automation to be investigated.
Automated Council Tax forms	Implement (pilot) new revenue and benefits ePayment portal solution to automate Council Tax payments	Completed
ANPR - Specification	A consultant to write the specification and provide expert advice and support in respect of the project to procure new ANPR CCTV cameras to be used for traffic enforcement.	Completed
GIS requirements review	A consultant to assess and prioritise the GIS requirements of the Authority.	Completed
Pop Up Libraries		Completed
NHS Number as URN	To introduce the NHS number as the URN within our Social Care System. Already under way and in CareFirst action plan	De-scoped for phase 1. To be reviewed in phase 2.
Tree Survey Remote Solution	Provision of remote survey solution for tree survey work <b>(underway)</b> .	Short-term solution in place. Longer term solution will be addressed by EAMS implementation.
Schools Admissions System	Procurement exercise and implementation of new schools admissions system (Currently Impulse system) as current contracts expire - No shared service, so use of Framework.	Complete. Went live on 30th September 2015
Mapping and Data Improvement	Geocode and integrate a range of datasets into the GIS database - prioritised by business benefit.	Mostly completed. Minor issues remain, due for completion March 2017

Project Name	Brief Description	Comment as at w/c 06/02/2017
Firmstep e-forms	Develop and implement a range of new eForms (using existing system) to provide automation for businesses pending replacement eForm solution becoming available through Customer Contact programme.	Completed. Prioritised forms completed, on-going urgent requirements being funded as and when required.
Libraries Self Service Machines	To replace the current self-service kiosks in libraries	Tender completed - implementation started
ANPR - Implementation	Following successful trial, Implement automatic number plate recognition system. Now to be combined with CCTV maintenance contract.	Implementation in progress.
Library system Enhancements	A series of enhancements included within the LLC (London Libraries Consortium) development plan.	Completed.
ePayments re-procurement and implementation	Civica icon epayments contract expires 31st March 2016, Re-procure and implement new solution by 31st March 2016.	Completed.
<b>Infrastructure improvements and implementations - AGREED</b>		
Replace all photocopier / printers	Replace all MFD on floors and print room and install integrated system	Completed
Replace corporate Storage Area Network and backup solution	Replace SAN and Backup to near zero downtime	Completed
Replace desktop devices	Replacement desktop devices	Continuous replacement program in place
Replace out of warranty servers	Replace out of warranty servers	Servers are replaced as required on a five year cycle
Replace UPS batteries	replace UPS batteries	Completed

Project Name	Brief Description	Comment as at w/c 06/02/2017
Renew Citrix licences	purchase more VDI licences	Completed
Replace Core switches	Replace core network switches	Scope of works required currently being assessed
Retender Prism asset management system	Retender Asset management, patch management and deploy	Procurement of a new system completed and implementation by end of March 2017.
Purchase of additional tokens	Purchase additional tokens for remote working	Completed
Purchase of additional tapes	Purchase additional tapes for network backups	Completed
Replacement of lobby screens	Purchase replacement screens for lift lobby	Completed
Replace edge Network switches	replace Network edge switches	Scope of works being determined and specified
Re-cable sites network cabling	Re-cable sites with new cabling	Completed
Proxy server replacement		Completed
Infoblox replacement	Replace DHCP / DNS infoblox	Completed
Replace flukes	Replace flukes used for network testing	Completed
Replace Netscaler remote access		Completed
Spam Filters	replace email spam filters	Completed
Upgrade PABX		Currently developing scope of requirements
Replace VOIP phones		Completed
Replace BTS call logging	Replace telephone call logging system	Included within PABX upgrade project
Replace Voicemail System		Completed
Replace internet packet shaper		Included within Proxy Server replacement project
Replace Wifi	Replace corporate/visitor Wifi system	Completed
Replace NOF PC's	Replace Public access terminals	Completed
Consolidate Network management and Server management software		Completed

Project Name	Brief Description	Comment as at w/c 06/02/2017
Retender Source One email archiving	Replace corporate email archiving facility	Included within upgrade to Office 365
Renew Microsoft Enterprise agreement	Renewal of Microsoft software Enterprise Agreement	Upgrading to Office 365 as part of next renewal
Replace MASCOOT system	Replace current MASCOOT system with new product which includes enhanced telephony and data facilities	New replacement system is currently being procured

# Technical Design Authority

## Terms of Reference

January 2017

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### 1. Purpose

The Technical Design Authority (TDA) is the strategic body which ensures that an appropriate level of governance and control is applied to changes or improvements in the council's IT infrastructure or systems. Its role is to facilitate appropriate challenge, assurance and support to ensure all proposals for major upgrades, or new systems, modules, or services, are fit for purpose.

The Technical Design Authority will;

- govern and manage the IT systems architecture and IT infrastructure for the London Borough of Merton;
- maintain and lead on supporting IT policies and standards;
- agree and manage changes to the IT Strategy and Implementation Plan; incorporating changes and development to the systems architecture and IT infrastructure for the council such that it complies with strategic objectives, relevant legislation, appropriate quality standards, and good practice;
- oversee changes to, and development of, the systems architecture and IT infrastructure for the council set out within the IT Strategy and Implementation Plan in order to ensure that these are well managed and meet agreed business objectives;
- implement and maintain a scheme of delegation that allows for effective and timely decisions on changes to the IT Strategy and Implementation Plan at a level proportionate to their significance and impact;
- review its Terms of Reference annually.

### 2. Functions

The overarching objective of the TDA is to ensure that the appropriate level of discipline and control is applied to changes or improvements to the council's IT infrastructure and systems.

The ultimate aim is to enhance IT performance and flexibility and ensure that the council's technology is fit for purpose, the likelihood and predictability of success is increased, and the likelihood and cost of non-conformance is decreased.

This is to be achieved by ensuring that all proposed significant changes are approved by the TDA prior to funding being allocated or implementation agreed.

This extends to technical aspects of wider transformation and improvement projects and programmes commissioned across the council.

The TDA defines significant change as



- any new system, module or service;
- any major upgrade to current infrastructure or;
- any major system upgrades, enhancements or configuration.

The scope of the TDA does not extend to routine maintenance and upgrades, nor any activity already agreed as part of the IT Strategy and Implementation Plan.

The TDA operates closely with the Continuous Improvement Team and Business Partners to ensure that it is engaged at appropriate gateways in the project / programme cycle, and provides advice, guidance, and support to projects / programmes, and services to enable benefits to be secured through well managed and disciplined technical improvements.

In considering proposed amendments and alterations to the systems architecture and infrastructure, the TDA will consider;

- selection and design of technology for systems development / maintenance and production operations;
- alignment of proposals with the council's strategic direction, including the IT Strategy, Information Strategy, and corresponding enterprise architecture principles, architectures and roadmaps;
- guidance and advice on leading practices, industry standards and conventions and frameworks and methods;
- technical risks and mitigation strategies;
- integration with existing systems and infrastructure so that the overall solution meets a combined set of user requirements;
- impacts on existing infrastructure capacity and systems;
- software licensing impacts (where relevant);
- data integrity and quality and, specifically, alignment with agreed master datasets;
- future support requirements and the capacity of the council to respond to these;
- feasibility in relation to costs, resources, impacts and business benefits;
- design to meet technical goals in relation to compatibility, usability, security, reliability, maintainability, reusability, supportability and recoverability in operations;
- implementation plans to increase the likelihood of success, e.g. project / programme management that complies with MAP, scheduled user testing, etc.;
- ability to meet business continuity and disaster recovery arrangements of the council.

The TDA will also regularly review the relevant council policies and standards to ensure they are fit for purpose.

### **3. Membership**

The membership of the TDA will be drawn from Corporate Services to ensure the appropriate level of technical expertise.

The Board will be considered quorate if the Chair (or their delegate) plus four other members, including the Head of IT Systems and Head of IT Delivery (or their delegates), are present.

The table below outlines the TDA membership and expected roles.

<b>Post</b>	<b>Role in the TDA</b>
Director of Corporate Services	Chair
Assistant Director of Infrastructure and Transactions	Ensure proposals align with strategic direction of the organisation in relation to IT Infrastructure
Assistant Director of Business Improvement	Ensure proposals align with strategic direction of the organisation in relation to transformation and change and IT systems
Head of IT Service Delivery	Ensure proposals align with IT strategy in relation to operational management of IT Infrastructure
Head of IT Systems	Ensure proposals align with IT strategy in relation to operational management of IT Systems Architecture
Head of Continuous Improvement	Ensure proposals align with the Merton Improvement Portfolio and Merton Approach to Projects (MAP) methodology
Head of Information Governance	Ensure proposals align with the council's data protection and information governance policies

Business Partners are considered optional attendees unless their Department is bringing a proposal to the TDA, in which case their attendance is mandated. The Business Partners will support the Department in the preparation and delivery of their proposal for the TDA. They will ensure business interests are represented in technical decisions.

Additional temporary members will be invited to join the board for individual meetings where a particular item requires their expert input. These will usually be Heads of Profession for a given area or subject.

The TDA will always seek to reach a decision on any proposal through consensus and collaboration; looking to reach a conclusion that is in the best interests of the organisation as a whole as well as the service seeking to introduce change. In the event that such a decision cannot be reached then the TDA will escalate the decision to the Merton Improvement Board or CMT as appropriate, providing all necessary information to ensure a swift resolution can be achieved.

#### **4. Board support**

The Continuous Improvement Team will organise and service all TDA meetings. This will include scheduling meetings and circulation of documentation, maintaining an online document library, keeping a decision log and summary notes of all meetings, and monitoring actions arising from the meeting, including escalating issues / out of date actions to Merton Improvement Board as required.

Each meeting will adopt the following broad format:

- A representative from the relevant business area, preferably the owner of the proposed initiative / project, will present their proposal, including any options appraisal undertaken, the anticipated business benefits, and the overarching plan.
- Board members will ask questions and clarify the proposal as required.
- The Board will reach a decision on the proposal which may be to;
  - a) approve as currently set out;
  - b) approve subject to certain amendments or additions;
  - c) refer it for further development on the basis of guidance provided by the board, or;
  - d) reject the proposal altogether with a clear rationale for the decision.

## 5. Accountability

The TDA will report all decisions to the Merton Improvement Board (MIB) on a monthly basis. In addition, the TDA may escalate issues and risks to MIB as required.

The TDA will work in conjunction with the other established change control mechanisms within the organisation as follows:

Governance	Role	Relationship to TDA
Departmental Management Teams (DMT)	Business leadership and management; agree, prioritise and resource transformational activity.	Refer requests / proposals for significant system / IT changes to the TDA for advice prior to approval.
Senior Management Teams (SMT)	Manage discrete business functions, propose, prioritise and manage transformational activity.	Consult the TDA on proposals for significant system / IT changes for advice prior to approval.
Merton Improvement Board (MIB)	Oversees cross cutting transformation and secures assurance on quality and progress against delivery.	Refer requests / proposals for significant system / IT changes to the TDA for advice prior to approval.
Capital Programme Board	Oversees, determines and directs activity (projects and programmes) undertaken as part of the council's capital programme.	Refer requests / proposals for significant system / IT changes to the TDA for advice prior to approval.
Carefirst Programme	Oversees and directs	Significant improvements

Governance	Role	Relationship to TDA
Board	significant change to the Carefirst System, ensuring this is driven by and takes full account of business need.	to be referred to the TDA for consultation.
Adults and Children's Departmental Information Groups	Manages and controls change to the Carefirst system at the operational level, ensuring this is driven by and takes full account of business need.	N/A

## 6. Meetings

TDA meetings will be scheduled every two months for routine agenda items and non-urgent requests. Additional reactive meetings will be held as required in order to respond in a timely manner to more urgent change and improvement requests that cannot wait until the next scheduled meeting. In the case of such urgent requests a meeting will be convened and a decision reached (subject to sufficient information being made available to the Board) **within seven working days**.

Requests are to be submitted via email to the Continuous Improvement Team ([continuous.improvement@merton.gov.uk](mailto:continuous.improvement@merton.gov.uk)) and DMTs must approve any proposals / requests arising from their department prior to submission to the TDA.

The Board will meet every eight weeks on the fourth Tuesday of the month.

## 7. Extraordinary Meetings

The Board may arrange occasional meeting to address specific themes or topics.

# **Section C**

# **Risk Management**

## **C. RISK MANAGEMENT STRATEGY**

### **Policy Statement**

Merton's policy is to manage our risks by identifying, assessing and controlling them, with the aim of eliminating or reducing them to acceptable levels whilst being mindful that some risks will always exist and will never be eliminated.

The council recognises its responsibility to risk management by supporting a structured, systematic and focussed approach to risk management through the approval of our risk management strategy.

The effective management of risk is at the core of our approach to delivering cost effective and efficient services as well as sound corporate governance and is a continuous and evolving process, running through our strategies and service delivery arrangements. As risk is very much concerned with our objectives, the management of it will be closely linked to the creation of our strategic, service, project and partnership objectives and plans.

Our risk management process will be continuous and will support internal and external change. The risk management process will be fully integrated with the normal business management processes across the authority.

Merton's aims and objectives in relation to risk management are to:

- Establish and maintain a robust framework and procedures for the identification, analysis, assessment and management of risk, including reporting and recording.
- Minimise the council's exposure to unacceptable levels of risk, minimise injury, damage, loss and inconvenience to staff, residents and service users.
- Integrate risk management into the day to day activities of staff and the culture of the organisation, raising awareness of the importance and need for risk management.
- Assign clear roles and responsibilities for councillors and officers responsible for risk management
- Ensure consistent application of our methodology across all of our activities, including partnerships and projects.
- Effectively manage the total cost of risk.

We will achieve this by:

- Having a clear and concise risk management strategy which underpins our approach and responsibilities to risk
- Incorporating risk management into business planning, project management and service delivery
- Monitoring risk on a regular basis through the Corporate Risk Management Group (CRMG)
- Reporting on risk on a regular basis to the Corporate Management Team (CMT), Cabinet and General Purposes Committee

## **Risk Management Strategy**

The process of identifying and evaluating risks is known as risk assessment. By understanding the risks we face, we are better able to actively recognise where uncertainty surrounding events or outcomes exists, and identify measures which can be taken to protect the council, its staff, residents, customers and assets from these risks.

This strategy provides a structured approach to identifying emerging risks as well as assessing and managing current risks. It also incorporates a process for regularly reviewing and updating identified risks.

This strategy will be reviewed on an annual basis, and updated where required.

### **What is risk?**

Risk is the threat that an event or action may adversely affect an organisation's ability to achieve its objectives and successfully execute its strategies. A risk can be a threat, obstacle, barrier, concern, problem or event that may prevent us fulfilling our objectives.

Our risk management processes also include the assessment of Issues. Issues are current problems, questions, outstanding items, tasks or a request that exists in the immediate present. There is a strong element of fact surrounding it. An issue becomes a risk when the issue cannot be addressed and could continue or get worse.

### **Definition of Risk Management**

Organisations exist to achieve their ambitions, aims and objectives. Risk Management is the process by which organisations methodically address and identify the risks that may prevent them from achieving these ambitions, aims and objectives. The intention is to achieve sustained benefit within each of their activities, and across the portfolio of all their activities.

Ultimately, risk management is about creating a better understanding of the most important problems facing organisations.

Risk is also implicit in the decisions all organisations take; how those decisions are taken will affect how successful they are in achieving their objectives. Decision making is, in turn, an integral part of the day to day existence and is particularly significant in times of change. Risk management therefore is a key component in the management of change and helps to support effective decision making.

We endeavour to identify all risks facing the council and to monitor, manage and mitigate (where possible) all those risks which are deemed to be high (scored Amber or Red). Risks are monitored via Departmental Risk Registers, and key crosscutting risks to the council are also placed on the Key Strategic Risk Register (KSRR).

### **The benefits of risk management**

In addition to the business and service benefits of our approach, we are required to undertake risk management because it forms part of the Annual Governance Statement. We must, therefore, demonstrate that we have a systematic strategy, framework and process for managing risk.

However, the council recognises that the benefits of risk management far outweigh the requirement to undertake the activity and such benefits include:

- Stronger ability to achieve our ambitions, aims and objectives as key risks are managed.
- Better decision making as we are more aware of risk.
- Ability to take advantage of opportunities because we understand the risks attached to them.
- Better governance and the ability to demonstrate it to our stakeholders.
- Reduction in failure, loss, damage and injury caused by risk
- Improvement in our ability to adapt to change
- Improvement in our corporate governance
- Compliance with statutory and regulatory requirements

### **Organisational awareness of risk and risk management**

Ensuring that there is a strong organisational awareness of risk management will be achieved through training sessions, reviews, departmental meetings, briefings and staff bulletins which will take place on a regular basis. Each department has an assigned Risk Champion who will offer guidance to staff where required. The [risk management intranet page](#) will be regularly reviewed and staff will be signposted to the information they need to pro-actively identify and manage risk ie the Risk Management Toolkit and other guidance.

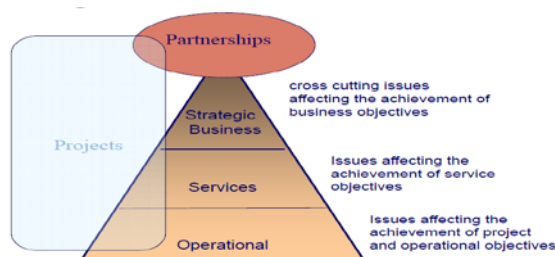
### **Risk Appetite**

The council recognises that its risk appetite to achieve the corporate priorities identified within its business plan could be described in general as an “informed and cautious” approach. Where significant risk arises, we will take effective control action to reduce these risks to an acceptable level.

It is also recognised that a higher level of risk may need to be accepted, for example to support innovation in service delivery. To offset this there are areas where the council will maintain a very cautious approach for example in matters of compliance with the law, and public confidence in the council, supporting the overall “informed and cautious” position on risk.

### **How does risk management integrate with other policies?**

Risk management links closely with Health and Safety, Business Continuity, Emergency Planning and Insurance; by ensuring close links we can enhance our resilience. Generally, a single issue or risk will fall into only one of these categories; however some may fall into two or more. As Business Continuity is a way of mitigating risk, its link with risk management is key to ensuring the continuous delivery of services which are important to the community.





## **Risk management in projects**

Risk management is a key part of the ongoing management of projects and partnerships and is clearly defined in [Merton's Approach to Projects \(MAP\)](#).

## **Risk management in partnerships**

The council is involved in a wide range of partnerships to achieve our ambitions, aims and objectives. It is vital we assess the risks to achievement within our key partnerships, and ensure that they are monitored regularly.

Our methodology for assessing and monitoring risks has been adopted by our key partnerships in order to ensure consistent scoring, and effective integration into our risk management system.

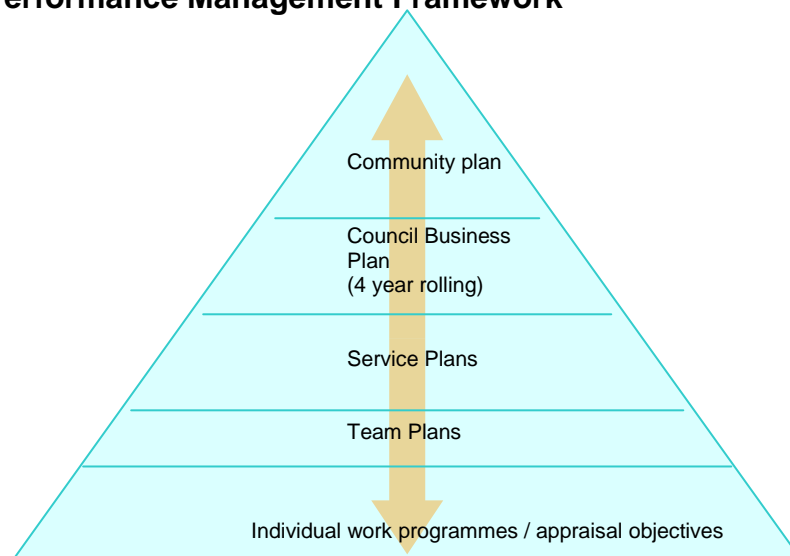
## **Risk management and financial planning**

Risk management is an important part of financial planning. As part of the budget setting process a robust risk assessment is completed, and then reviewed on a regular basis.

## **Corporate approach to risk management**

In order to formalise and structure risk management, it is recognised there is an obvious and clear link with the business planning process and therefore risk management sits within the Business Planning team. The overall council Business Plan, incorporating the individual service plans, sets out what a team, division, department, or the council as a whole, want to achieve within a specific time frame, as shown below.

## **Merton Performance Management Framework**



- CMT is ultimately accountable for delivering the council's Business Plan therefore they are responsible for monitoring and reviewing the KSRR.
- DMTs are responsible for their own services' risk registers.
- Divisions or teams are responsible for their own risk registers, if applicable.

It is important that risks identified and assessed at an operational level can be escalated to a departmental or corporate level. However, because a risk may have a great impact on a team it does not necessarily follow that it may have the same impact on the department, or the organisation as a whole.

Ultimately, it is the respective management team which decides if a risk is an appropriate inclusion on its risk register.

### Scoring Risk

In conjunction with this strategy, more detailed guidance will be issued to assist officers in identifying risks and issues, and the scoring, managing and reporting of those risks identified.

When determining a score for service level risks, definitions of likelihood and impact of risk (Service Level) should be used in conjunction with the matrix below. Therefore, if the likelihood of a risk is 4, significant, (occurs or likely to occur more than 25%, and up to 50% of the time) and the impact is 3, critical, (service provision - service suspended short term) – then the risk rating will be 12 (4x3) which is amber.

### Defining the Likelihood of Risk

Classification	Definition
6 - Very High	Occurs or likely to occur more than 90% of the time
5 - High	Occurs or likely to occur more than 50%, and up to 90% of the time
4 - Significant	Occurs or likely to occur more than 25%, and up to 50% of the time
3 - Possible	Occurs or likely to occur more than 5% and up to 25% of the time
2 - Low	Occurs or likely to occur more than 1% and up to 5% of the time
1 - Almost Impossible	Occurs or likely to occur up to 1% of the time

### Defining the Impact of Risk (Service Level)

Categories	1 Marginal	2 Significant	3 Critical	4 Catastrophic
<b>Financial Impact - FI</b>	Up to 15% gross budget or turnover	Over 15% and up to 50% of gross budget or turnover	Over 50% and up to 75% of gross budget or turnover	Over 75% of gross budget or turnover
<b>Service Provision - SP</b>	Reduced service	Significant reduction	Service suspended short term	Service suspended long term / statutory duties not delivered
<b>Health and Safety - HS</b>	Broken bones / illness	Major illness / threat not life threatening	Loss of life / major illness	Major loss of life / large scale illness (pandemic)
<b>Objectives - O</b>	Objectives of one service area not met	Departmental objectives not met	Corporate objectives not met	Statutory objectives not met
<b>Reputation - R</b>	Adverse local media lead story short term	Adverse local media story long term. Adverse national publicity short term.	Adverse national publicity longer term	Remembered for years

## Risk Matrix

**Likelihood**

6	= Very High
5	= High
4	= Significant
3	= Possible
2	= Low
1	= Almost Impossible

Likelihood	6	6	12	18	24
	5	5	10	15	20
	4	4	8	12	16
	3	3	6	9	12
	2	2	4	6	8
	1	1	2	3	4
	1	2	3	4	

**Impact**

**Impact**

4	= Catastrophic
3	= Critical
2	= Significant
1	= Marginal

### Reporting and escalating risks

All risks on individual service risk registers are reviewed at Departmental Managers Team (DMT) meetings with particular attention given to red or increasing amber risks.

Risks are also checked for any cross cutting implications. If the risk is high scoring and/or could have an impact across the organisation, then it must be rescored using the Defining the Impact of Risk (corporate level) criteria below, prior to inclusion on the Key Strategic Risk Register.

### Defining the Impact of Risk (Corporate Level)

Categories	1 Marginal	2 Significant	3 Critical	4 Catastrophic
<b>Financial Impact - FI</b>	Up to £2.5m per annum or up to £10m one off	£2.5m up to £5m per annum or up to £20m one off	£5m up to £7.5m per annum or up to £30m one off	£7.5m up to £10m per annum or above £30m one off
<b>Service Provision - SP</b>	Reduced service	Significant reduction	Service suspended short term	Service suspended long term / statutory duties not delivered
<b>Health and Safety - HS</b>	Broken bones / illness	Major illness / threat not life threatening	Loss of life / major illness	Major loss of life / large scale illness (pandemic)
<b>Objectives - O</b>	Objectives of one service area not met	Departmental objectives not met	Corporate objectives not met	Statutory objectives not met
<b>Reputation - R</b>	Adverse local media lead story short term	Adverse local media story long term. Adverse national publicity short term.	Adverse national publicity longer term	Remembered for years

## Monitoring and Managing

During the year, new risks will arise that have not previously been considered and there may be changes to existing risks. Therefore the risk registers need to be regularly managed, with risk owners re-assessing their risks, re-scoring them if appropriate, and providing sufficient narrative in respect of the Control Measures they have in place (ie the actions which they are taking to mitigate against the risk). The reviews of risk registers should be managed by exception. The reporting cycle as detailed below, takes place during April, July, October and January.

1 <sup>st</sup> week	2 <sup>nd</sup> week	4 <sup>th</sup> week
DMT – review operational service risks and propose KSRs as per the definitions of likelihood and impact for crosscutting risks	Corporate Risk Management Group (CRMG) – review service risks and proposed KSRs	CMT – identify and review KSRs

All risks are reviewed according to the quarterly cycle shown above, with a particular focus upon red risks, and also upon amber risks which have increased their risk score since the previous quarterly review.

There are no rigid guidelines for dropping risks from the registers because clear parameters are not always possible. Removal of any risks from the registers must be approved by DMTs and then CRMG. A decision is sometimes taken to keep a low-scoring risk in view on the basis that its status might change over a short period, or so that those with an assurance role can be confident that mitigation against a risk can be sustained.

A flowchart showing how service, departmental, corporate and partnership risks are escalated and reported is shown on the final page of this Strategy.

## Roles, Responsibilities and Governance

### Councillors

Elected councillors are responsible for governing the delivery of services to the local community. Councillors have a responsibility to understand the key risks the council faces and will be made aware of how these risks are being managed through the annual business planning process. All Councillors will have a responsibility to consider the risks associated with the decisions they undertake and will be informed of these risks in the plans and reports submitted to them.

### Chief Executive and CMT

The Chief Executive and CMT are ultimately accountable in ensuring that risk management is fully embedded in the council's business planning and monitoring processes as well as having overall accountability and responsibility for leading the delivery of the council's Risk Management Strategy and Framework. CMT will take a leading role in the risk management process, ensuring that risk management is communicated, understood and implemented by Councillors, managers and staff. CMT will also play an important role in establishing a supportive culture.

CMT will submit an annual report on risk to the General Purposes Committee and Cabinet.

### **Directors**

Each Director is accountable for proper monitoring of their departmental risk register, action plans and the embedding of risk management into the business planning process of their directorate. They will need to be actively involved in the risk management process within their department and CMT, including nominating an appropriate Risk Champion for their department. Directors are also accountable and responsible for leading the delivery of the council's Risk Management Framework in their respective Directorate.

### **Section 151 Officer / Internal Audit**

The Section 151 officer and Internal Audit will be responsible for carrying out independent reviews of the risk management strategy and processes. They will provide assurance and give an independent and objective opinion to the council on the adequacy of its risk management strategy, control procedures and governance.

An annual Audit Plan, based on a reasonable evaluation of risk, will be carried out and an annual assurance statement will be provided to the council based upon work undertaken in the previous year. The section 151 officer will chair the CRMG group.

### **Risk Champions**

Risk champions will work with their Director, Heads of Service, Managers and Team Leaders to ensure the RM Strategy and Framework is embedded in the Directorate and departmental planning, performance, project and partnership management, offering support and challenge. They will also represent their directorate at CRMG meetings.

Risk Champions will ensure that risks are identified, assessed and scored correctly by the Risk Owners, offering advice and guidance where appropriate. They will also challenge risk scores where they do not appear to be reasonable, or where they contradict the Control Measures narrative or the corporate Risk Scoring Guidance.

All Risk Champions will receive appropriate training to ensure that they can perform their role effectively. Training needs will be regularly evaluated.

### **Service Managers**

Managers have a responsibility not only for the risks for which they are the risk owner, but are also accountable for those risks, within their service, which are owned / managed by others.

They are required to maintain an awareness of risk and ensure that any risks they identify are captured by the risk management process, understanding and responding to the key risks which could significantly impact on the achievement of their service and/or team objectives. Managers should encourage staff to be open about risk so that appropriate mitigation actions and control measures can be agreed.

### **Risk Owners**

Risk owners are responsible for identifying and implementing appropriate actions which will mitigate against risks they own and reduce these risks to an level acceptable to the organisation. They are required to regularly review the effectiveness of their control measures and provide a formal update to DMTs and CRMG on a quarterly basis as part of the risk review cycle.

### **Individual Employees**

Individual employees need to have an understanding of risks and consider risk management as part of their everyday activities, identifying risks deriving from their everyday work, processes and environment. Risks which could impact on service delivery, the achievement of objectives, or their own or others' wellbeing must be identified and actively managed, with mitigating actions in place where appropriate.

### **Business Planning team**

The business planning team is responsible for ensuring that risk management is embedded throughout the council, as well facilitating and supporting the risk management process and supporting risk owners.

The team will ensure risk management documentation and intranet pages remain up to date and relevant, as well as updating the KSRR with emerging risks, new risks and updating existing risks.

In addition the Business Planning team will ensure risk is part of the annual service planning process, facilitate the CRMG meetings, and submit strategic updates and reports on risk management to CMT, Cabinet, Audit and Assurance Committee etc. as required.

### **Corporate Risk Management Group**

The Corporate Risk Management Group will provide strategic direction and leadership to ensure our risk strategy is maintained and updated and that risks are appropriately identified and managed within the organisation. It will provide a forum for the detailed discussion and monitoring of organisational risks for the benefit of the council, its staff and the wider community.

CRMG will strive to ensure that the risk management framework is embedded within the council's overall strategic and operational policies, practices and processes in a consistent and standardised manner.

In addition it will provide assurance that all risk systems and processes are operating effectively to minimise the Council's overall exposure to risk. The headline departmental risks and planned mitigation activity reported by each department will be discussed by CRMG on a quarterly basis. CRMG will then report its conclusions and recommendations for discussion at CMT.

### **Cabinet**

Cabinet will receive reports on the risk management strategy to determine whether corporate risks are being actively managed. They are responsible for agreeing the strategy on an annual basis, or when significant changes are made, and to report to full Council on the adequacy of the risk management framework.

### **Standards and General Purposes Committee**

To provide an independent oversight of the adequacy of the risk management framework and the associated control environment. The committee will receive an annual review of internal controls and be satisfied it properly reflects the risk environment and any actions required to improve it. Reports will also be provided regarding the KSRR in order that the committee can determine whether strategic risks are being actively managed.

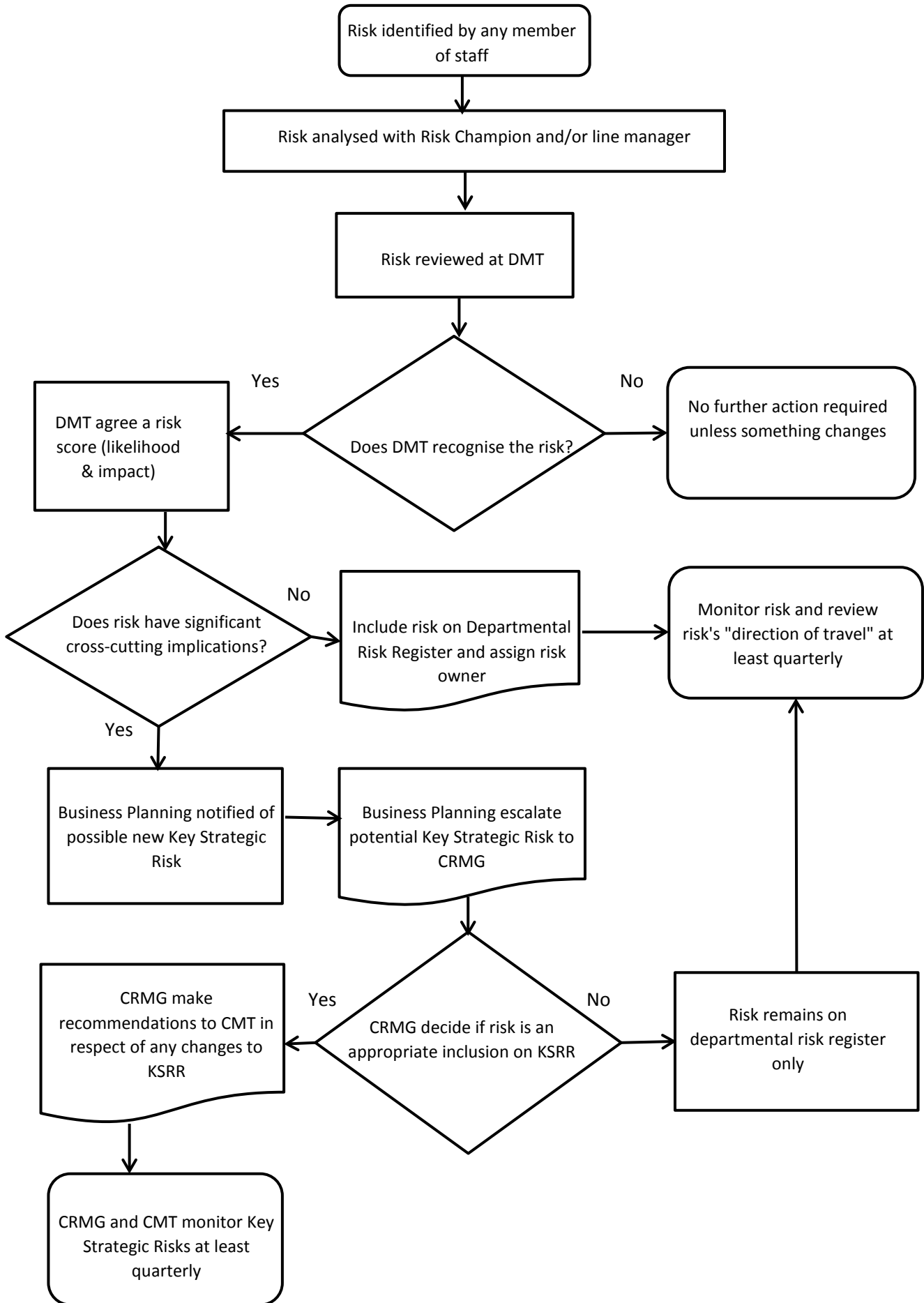
On an annual basis, the committee will review and recommend the adoption of the risk management strategy to cabinet, or if significant changes are identified, to request a revision.

### **Risk management in committee reports**

When a report is submitted to a committee the author is required to complete a section on Risk Management and Health and Safety Implications. The committee should be informed of any significant risks involved in taking a recommended course of action, or if it decides not to follow the recommended course of action. The risk assessment should follow the corporate risk management procedures and be scored using the risk matrix. The report should also give details of any control measures (either proposed or existing) to manage any significant risks identified. Where appropriate, reference should be made to any existing risk(s).

Report authors are advised to consult with the Business Planning team or their departmental Risk Champion, for further advice and to propose any risks to be considered for inclusion in the departmental or KSRR.

# London Borough of Merton Risk Management Process





## Risk Register ~ Key Strategic Risks ~ Quarter 3

Risk Owner	Code & Name	Risk or Issue	Cause	Consequences	Matrix	Current Score & Review History	Impact code	Control Measures in place	Date of comments
Gemma Richardson	ASC21 / KSR77 Deprivation of Liberty Safeguards (DOLS)	Key Strategic Risk	A recent court ruling widens the criteria for people that can be defined as being subject to a DoL,	Government have not made any additional resources available for this new burden, so there is a cost pressure in relation to the cost of health assessments. Current levels of trained staff to conduct assessments and reassessments are not adequate to cope with the additional workload, resulting in the potential of challenge if clients have been detained unlawfully. This affects all authorities with social care responsibilities and Merton is not out of kilter with other authorities' positions.		12 	FI / SP	A report was taken to CMT outlining 3 options for managing increased demand in this area. A further piece of work is being developed to deliver a more robust response to DOLS and Mental Capacity Act assessments more generally. We are confident we have a managed position in-line with other authorities and therefore the likelihood of this risk occurring has been reduced.	31 Jan 2017
						20 			
						20 			
						20 			
Sophie Ellis	B118 / KSR68 Inability to deliver TOM's across the organisation	Key Strategic Risk	Inadequate delivery planning for TOM's across the organisation. Unanticipated changes in delivery context, including additional financial reductions.	Ambition set out in TOM is not achieved.		6 	O	No change. Departmental delivery arrangements yet to be confirmed by MIB.	19 Dec 2016
						6 			
						6 			
						4 			
Kris Witherington	B139 / KSR74 Failure to consult in general (formerly CS17/KSR74)	Key Strategic Risk	Failure to adequately consult over changes to Council services and policies, and/or the design and implementation of projects etc	Inadequate consultation carries the risk of increasingly robust scrutiny and challenge, including Judicial Reviews.		6 	R, FI	The standards expected for consultation are described in the Community Engagement Strategy ("Get Involved") which was agreed by the Merton Partnership in 2010 and refreshed in 2014. All Council consultations should be listed on the Council's online consultation database, having been approved by the Consultation and Community Engagement Team. Support for services is available including training around the need for consultation, design, and legal obligations.	19 Dec 2016
						6 			
						6 			
						6 			

Risk Owner	Code & Name	Risk or Issue	Cause	Consequences	Matrix	Current Score & Review History	Impact code	Control Measures in place	Date of comments
Yvette Stanley	CSF01 / KSR35 Safeguarding children	Key Strategic Risk	Potential for less effective inter-agency working. Changing expectations & updated regulatory framework. Ongoing budget pressures across all agencies could undermine Merton Model.	Child protection & safeguarding issues including possible child death or serious harm. Possible increase for high cost interventions.	 Likelihood Impact	12 21-Dec-2016 12 25-Oct-2016 16 30-Sep-2016 16 04-Jul-2016	R	LSCB Business Plan & refreshed CYP. Reconstituted CYP partnership board. Strengthened MSCB governance. Launched refresh of the Merton Health and Well-Being Model to be implemented by April 2017. Ongoing rigour in conversations with partner agencies and third sector to improve understanding and responsibility of safeguarding has been formalised and a task and finish group was set up and agreed by the MSCB in October 2016. Three sessions were planned and agreed for January/February 2017 (two of which have taken place). The outcome from the task and finish will then inform the content of a wider multi-agency workshop to be held on 1st March at the MCCB conference.	20 Jan 2017
Charles Baker; Cormac Stokes	ER112 / KSR73 KSR - Waste disposal overarching risk (sub risks ER 113 to ER 117)	Key Strategic Risk	1. Increase in waste disposal costs 2. Increase of waste to landfill 3. Construction work at Beddington Lane Sub-risks ER113 to ER117 provide additional detail to this overarching risk	1. Increased costs for waste disposal 2. Operational difficulties affected (more landfill, less recycling and more missed bins) 4. Political fallout	 Likelihood Impact	12 07-Dec-2016 12 26-Sep-2016 12 30-Jun-2016 12 21-Mar-2016	F/R/O	Indexation for 2016/17 has been agreed and communicated. Fuel indices have gone down for a second year. Landfill costs are capped in line with interim arrangements. This will be increased in line with Phase B contractual agreements in 2017. Waste flows continued to be monitored monthly and forecast amended accordingly. Additional budget is being allocated for 2017/18.	19 Jan 2017
Paul McGarry; James McGinlay	ER118 / KSR75 Impact of Crossrail 2	Key Strategic Risk	Impact on councils income, commercial activity in Wimbledon Town centre and Weir Road	1. Financial impact on council and services 2. Economic impact on Wimbledon Town Centre and the borough (potential loss of businesses and jobs) 3. Council reputation	 Likelihood Impact	12 09-Dec-2016 12 26-Sep-2016 12 15-Jun-2016 12 21-Mar-2016	FI	The Government have delayed the process until early next year	09 Dec 2016

Risk Owner	Code & Name	Risk or Issue	Cause	Consequences	Matrix	Current Score & Review History	Impact code	Control Measures in place	Date of comments
Kim Brown	HR09 / KSR42 Single status	Key Strategic Risk	Post single status challenge	Cost of settlement; cost of litigation & resources to contest; impact on staff morale; reputational & political impact		4 19-Dec-2016 	R	Single status issues are nearly all resolved with negotiations having taken place with the TUs. The risk rating has remained the same until the three remaining cases are resolved/completed.	19 Dec 2016
						4 19-Sep-2016 			
						6 16-Jun-2016 			
						6 22-Mar-2016 			
Mark Humphries	IT03 /KSR48 IT Systems	Key Strategic Risk	Major disruption in the civic centre causing 6th floor data centre to become unusable	IT failure leading to unavailability of IT services impacting on organisational service delivery.		12 06-Dec-2016 	SP	Current IT Disaster Recovery network architecture now provides limited functionality, but following recent equipment failure a further review is now being undertaken in order to improve resilience of systems. This will be completed by March 2017.	06 Dec 2016
						12 19-Sep-2016 			
						8 09-Jun-2016 			
						8 09-Mar-2016 			
Caroline Holland	IT24 / KSR21 Failure to adhere to Public Contract Regulations 2015 and Contract Standing Orders (previously RE03)	Key Strategic Risk	Lack of awareness in some areas that procurement is a tightly regulated area of council activity.	Impact on strategy and time for procurement exercises. Adverse budget and service implications if not carried out correctly in accordance with regulations and standing orders such as legal challenges and slower identification, capture and delivery of savings. Reputational risk.		15 06-Dec-2016 	R	New head of Commercial Services is currently reviewing and updating the councils current procurement related governance processes and procedures which includes a review of Contract Standing Orders.	06 Dec 2016
						15 12-Sep-2016 			
						15 20-Jun-2016 			
						15 04-Apr-2016 			
Caroline Holland	MPF11 / KSR72 Failure to procure investment managers in good time and so not improving Fund performance	Key Strategic Risk	Failure to review investment strategy and investment management arrangement within appropriate timescales resulting in failure to improve performance of investments.	Investment mandates incompatible with incumbent fund managers to the detriment of investment performance, fund may fail to meet its investment and funding objectives in the short and medium term.		12 19-Dec-2016 	F, R	Review of Pension Fund investment strategy, mandates and investment management arrangement discussed at the Pension Fund Advisory Panel meeting on 1 December. Special meeting of the Panel is proposed for mid-February 2017 to consider strategy options and get some momentum behind the review process. Funding cashflows have been provided to JLT, the investment advisers. Investment Strategy Statement will be developed and published by no later than 1 April 2017. Monitor developments at the CIV. Engage manager with complementary strategies. Appropriate balance between passive and active	16 Jan 2017
						12 19-Sep-2016 			
						12 04-Jul-2016 			
						12 11-Dec-2015 			

Risk Owner	Code & Name	Risk or Issue	Cause	Consequences	Matrix	Current Score & Review History	Impact code	Control Measures in place	Date of comments												
								investment styles. Review IMAs and ensure fund managers adhere to the mandate. Comprehensive ongoing monitoring of investment guidelines, benchmarks and performance.													
Paul Dale; Caroline Holland	RE02 / KSR49 Developing corporate Business Plan & setting a balanced budget for 17/21 & beyond	Key Strategic Risk	Reduced budgets may impact negatively on service delivery levels	Impact on service provision, reputation, staff morale & internal & external customers satisfaction		<table border="1"> <tr> <td>15</td> <td></td> <td>05-Dec-2016</td> </tr> <tr> <td>15</td> <td></td> <td>22-Sep-2016</td> </tr> <tr> <td>12</td> <td></td> <td>12-Sep-2016</td> </tr> <tr> <td>12</td> <td></td> <td>17-Jun-2016</td> </tr> </table>	15		05-Dec-2016	15		22-Sep-2016	12		12-Sep-2016	12		17-Jun-2016	FI	Risk has been updated to reflect the fact that extending the period to 2021 is likely to increase anticipated shortfalls, especially given receipt of any revenue support grant will cease and the details of retained Business Rates are unclear.	20 Dec 2016
15		05-Dec-2016																			
15		22-Sep-2016																			
12		12-Sep-2016																			
12		17-Jun-2016																			
Caroline Holland	RE16 / KSR61 Failure to deliver the multi-year Savings Programme	Key Strategic Risk	Savings of £30m have been agreed for the period 2016/17 to 2019/20, the period of budget decisions required by this council.	Non achievement of any significant saving would adversely impact on the authorities ability to balance its budget in the medium to long term if larger than the contingency and could require reserves to be reinstated.		<table border="1"> <tr> <td>15</td> <td></td> <td>31-Jan-2017</td> </tr> <tr> <td>18</td> <td></td> <td>05-Dec-2016</td> </tr> <tr> <td>18</td> <td></td> <td>03-Oct-2016</td> </tr> <tr> <td>18</td> <td></td> <td>17-Jun-2016</td> </tr> </table>	15		31-Jan-2017	18		05-Dec-2016	18		03-Oct-2016	18		17-Jun-2016	F	The monthly monitoring report for the financial year 2016/17 will continue to monitor the delivery of 16/17 savings and projections of out-turn spending. Progress on 14/15 and 15/16 savings unachieved will be reported to Cabinet. A series of remedial measures have been put in place with departments to compensate for non-delivery of savings. Central measures will also be taken. The budget gap is currently being reviewed due to growth requirements and the setting of Council Tax.	31 Jan 2017
15		31-Jan-2017																			
18		05-Dec-2016																			
18		03-Oct-2016																			
18		17-Jun-2016																			
Corporate Management Team	RE20 / KSR76 Inability to respond effectively to post-Brexit changes	Key Strategic Risk	Inefficient response to the inevitable changes brought about by Brexit ie inability to demonstrate flexibility, organisational resilience, or ability to capitalise on potential opportunities.	Inadequate budget management and planning in a period of rapid change, negative impact upon service delivery across all areas of the council's work, failure to identify and respond to positive opportunities arising from Brexit.		<table border="1"> <tr> <td>8</td> <td></td> <td>19-Dec-2016</td> </tr> <tr> <td>8</td> <td></td> <td>16-Sep-2016</td> </tr> <tr> <td>8</td> <td></td> <td>14-Jul-2016</td> </tr> </table>	8		19-Dec-2016	8		16-Sep-2016	8		14-Jul-2016	FI, R, P, SD	In late 2016 the Finance & Pensions team took the decision to suspend its weekly discussion meetings pending clarification of the government's negotiating position. Following the PM's speech on 17 Jan 2017 when a number of key details were revealed, the regular Monday meetings have been resumed.	19 Jan 2017			
8		19-Dec-2016																			
8		16-Sep-2016																			
8		14-Jul-2016																			

## Risk Register ~ Key Strategic Issues ~ Quarter 3

Risk Owner	Code & Name	Risk or Issue	Cause	Consequences	Matrix	Current Score & Review History	Impact code	Control Measures in place	Date of comments
Yvette Stanley	CSF04 / KSR55 Changing Borough Demographics	Key Strategic Issue	Increases in both the total population in the borough, including in particular families with young children, & also in the mix of the population with respect to ethnicity, disability & deprivation.	Additional demand for services for children with special educational needs & disabilities, as well as pressure for growth in children's social care & child protection interventions including support for families with no recourse to public funds.		12 	O	CSF Service Plans identify current control measures, these include reviewing and strengthening the eligibility criteria, step up step down process and consistently managing demand. The SENDIS Improvement plan continues to be regularly reviewed and updated with clear actions set out to strengthen the service delivery.	26 Jan 2017
						15 			
						15 			
						15 			
Paul Ballatt; Yvette Stanley	CSF05 / KSR34 School places	Key Strategic Issue	Although primary numbers are now expected to plateau, the increase in birth-rate & numbers of children reaching secondary age puts continued pressure on special school places.	Lack of land availability for secondary expansion prevents LA delivering in the major growth years, resulting in insufficient capacity to meet demand.		9 	R	Secondary school places need now addressed by new Free School in Wimbledon and expansion of at least one existing school. Plans now in place for additional special school places supported by funding in capital programme.	21 Dec 2016
						9 			
						9 			
						9 			
Children, Schools & Families	CSF06 / KSR56 CS&F funding changes, budget savings & resource management	Key Strategic Issue	Continued uncertainty regarding changes to funding regimes & external grants, & concurrent additional statutory duties & demographic pressures. Move to national funding formula for DSG expected from 2017/18 onwards, & the impact of maintained schools becoming academies through to 2022. Insufficient funding for new burdens: C&F Act; NRTPF; Leaving Care. Requirement to make significant savings over the next 3-4 years. Need to balance competing & increasing demands at a time of contracting resources & extensive change.	Impact on ability to provide statutory services, possibility of undermining the Merton Model, causing additional spend pressures in targeted services. Low staff morale, difficulties in managing the impact of the Workforce Management Strategy. Time & effort required to manage change & meet expectations of members & central government may lead to failures in the management of ongoing operational work.		9 	FI	Monitor Government proposals, consultation response & implications fed into budget & MTFs. Budget savings identified & analysed for impact including equality assessments, TOM & Service Planning work. All CSF Divisional Service Plans, School Improvement Strategy, NRTPF Working Group Strategy Plan, and Children and Family Act Implementation Plan. NRTPF demand management plan in place. TOMS and MTFs savings all progressing. Budgeted growth agreed for future years in MTFs.	31 Jan 2017
						20 			
						20 			
						20 			

Risk Owner	Code & Name	Risk or Issue	Cause	Consequences	Matrix	Current Score & Review History	Impact code	Control Measures in place	Date of comments
Paul Ballatt	CSF09 / KSR62 Recommissioning Early Intervention and Prevention (Partnership)	Key Strategic Issue	Likely reduction in contracting with local third sector leads to reputational & political risk.	Destabilisation of the Local Strategic Partnership & Children's Trust Board partnership arrangements.		10	R	Ongoing engagement with sector re: reductions in commissioning budgets. Current procurement exercise for residual commissioned services for 2017-20 advertised widely to local sector.	21 Dec 2016
						10			
						10			
						10			
Kim Brown	HR13 / KSR44 Change to staff terms & conditions	Key Strategic Issue	Impact of review of T&Cs & ongoing staffing reductions	Impact on staff morale, recruitment & sickness - this will also lead to more financial implications.		6	SP	T & C's to be reviewed as part of the new workforce strategy and options to be considered in line with the TOM refresh. Support for staff and services going through change is available as part of the ongoing learning and development offer. The work currently being undertaken to support Merton becoming London's Best Council is vital to staff engagement so will have a positive impact on staff morale.	19 Dec 2016
						6			
						8			
						8			
John Dimmer; Yvette Stanley	RE11 / KSR53 Failure to comply with equalities duties	Key Strategic Issue	Failure to evidence how equalities implications have been considered in developing new policy, designing services & decision making	Reputational impact for council, risk of judicial review & litigation, negative impact on service users and loss of savings.		9	O/R/F/ SP	Equality Analysis has been incorporated into the budget process and the equalities impact assessment of savings proposals are systematically undertaken. A revised draft of the Equalities Strategy is going to LSG w/c 23 Jan 2017, which will then go out to consultation.	16 Jan 2017
						9			
						9			
						9			

# **Section D**

# **Performance Management Framework**

## **D. PERFORMANCE MANAGEMENT FRAMEWORK**

### **Introduction**

Merton launched its Performance Management Framework in 2004. Whilst the main principles of performance management remain the same, the framework undergoes annual review and updating when required, to ensure that it remains up to date and reflects changes within the organisation and outside.

We are committed to delivering customer-focused services. To achieve this, it is essential that we measure our performance, both against our own intentions, and the performance of others, and that we use that information to improve local services.

Performance management enables us to ensure that we are constantly meeting our goals, whilst simultaneously allowing us to identify best practice and address areas of concern. It provides the framework for consistently planning and managing improvements to our services to ensure continuous improvement in line with Lean principles. Sustainable improvements in services are unlikely to happen without this framework.

Everyone in the organisation has a part to play in monitoring our services and achieving our ambition.

### **Why measure performance?**

- It highlights areas where we are doing well, and areas which need improving;
- It enables our managers to monitor performance, manage effectively, and plan for the future of the service;
- Performance data assists the decisions makers within the council and helps to inform their decisions;
- Timely and accurate performance data allows for early identification of problems and enables us to put actions in place to address / rectify the situation;
- It assists improvement by telling us where we are now and ensuring that we are doing the right things for the right reasons;
- Performance Management provides the evidence required for change and improvement, and lastly;
- What gets measured is more likely to be actioned

### **Why do we need a Performance Management Framework?**

Central Government introduced the Single Data List in April 2011. This reduced the burden of performance monitoring and audit and inspection by central government, placing greater responsibility for this on local government. As a result, it becomes even more important that we manage and monitor our performance. We must ensure that our Performance Measures are robust, challenging and realistic, enabling us to achieve and deliver our priorities.

### **What is our Performance Management Framework?**

Our Performance Management Framework has been created to clarify the overall approach the council takes to managing performance. The Framework should also be considered alongside the council's Risk Management and Data Quality Strategies.

Our framework will help us all to understand:

- what we are trying to achieve as an organisation
- how we are going to achieve this
- how we will monitor and report progress
- how the contribution of staff, managers, teams and departments relate to each other to help deliver the targets set for the whole organisation

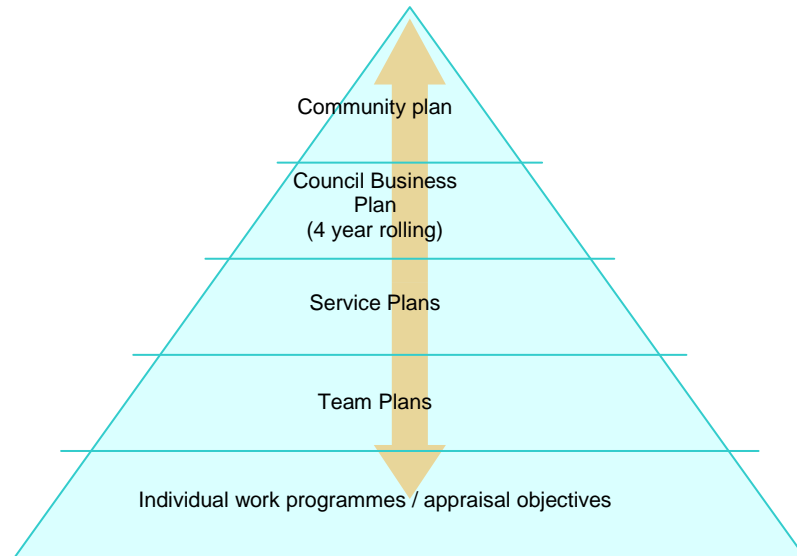


The framework has three parts

1. The planning framework
2. The planning, monitoring and review cycle
3. Taking responsibility for results

***The planning framework - how the plans fit together, the 'Golden Thread'***

The performance management framework is represented by the performance triangle

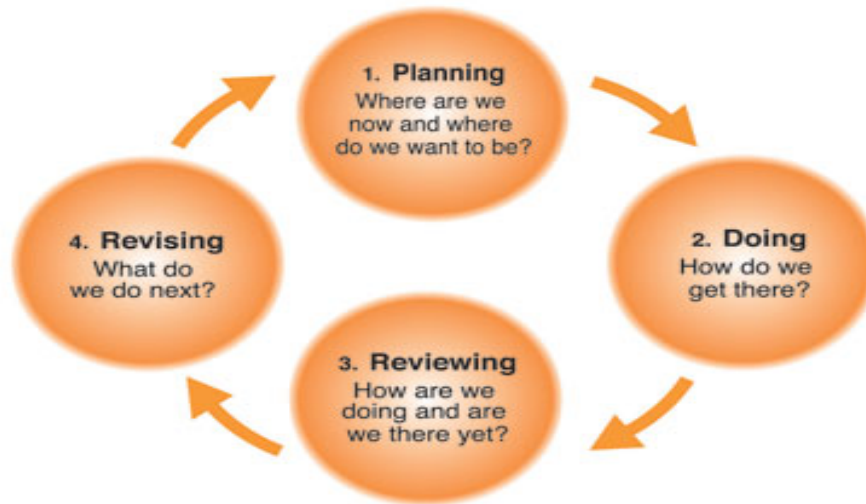


The key aspects of the Golden Thread are:

- [The Community Plan](#) has been developed by the Merton Partnership and sets the overall direction and vision for the borough until 2019.
- [Business Plan](#) sets out the council's priorities for improvement over the next four years. The plan is reviewed every year to ensure that it always reflects the most important improvement priorities.
- [Service Plans](#) are reviewed every year to ensure they outline the key issues and priorities for the department.
- [Medium Term Financial Strategy](#) (MTFS) outlines how much money we expect to receive over the next four years and in broad terms what we expect to be spending this on.
- [Workforce Development Plan](#) is focused on making the best use of the skills of staff to deliver the services residents demand and deserve
- [Individual Appraisals](#) take place twice a year and are used to agree individual work programmes and targets.

***The planning, monitoring and review cycle - what happens, when and how?***

The planning, monitoring and review cycle shows how we continuously review and revise our performance in order to improve our services.



The cycle has four phases and takes place on an annual basis as part of the development of the next four year rolling Business Plan and agreement of the next year's budget.

**Planning** - Where are we now and where do we want to be?

Where we are now is provided by our results against our performance indicators detailed in our service plans, the results of satisfaction surveys such as the Annual Residents Survey (ARS), and other inspection results. Our corporate ambitions and objectives describing where we want to be are laid out in the Community Plan and the Business Plan, and are reflected at a more local level in service plans, and targets in annual appraisals.

**Doing** - How do we get there?

To get to where we want to be, we need to maximise our capacity to deliver the actions laid out in the various plans, and use our performance management and appraisals systems to ensure that we remain on course.

**Reviewing** - How are we doing and are we there yet?

By monitoring and managing performance, consulting with our partners and service users, and benchmarking against other providers, we can assess our progress towards achieving our ambitions and learn from the good practice of others.

**Revising** - What do we do next?

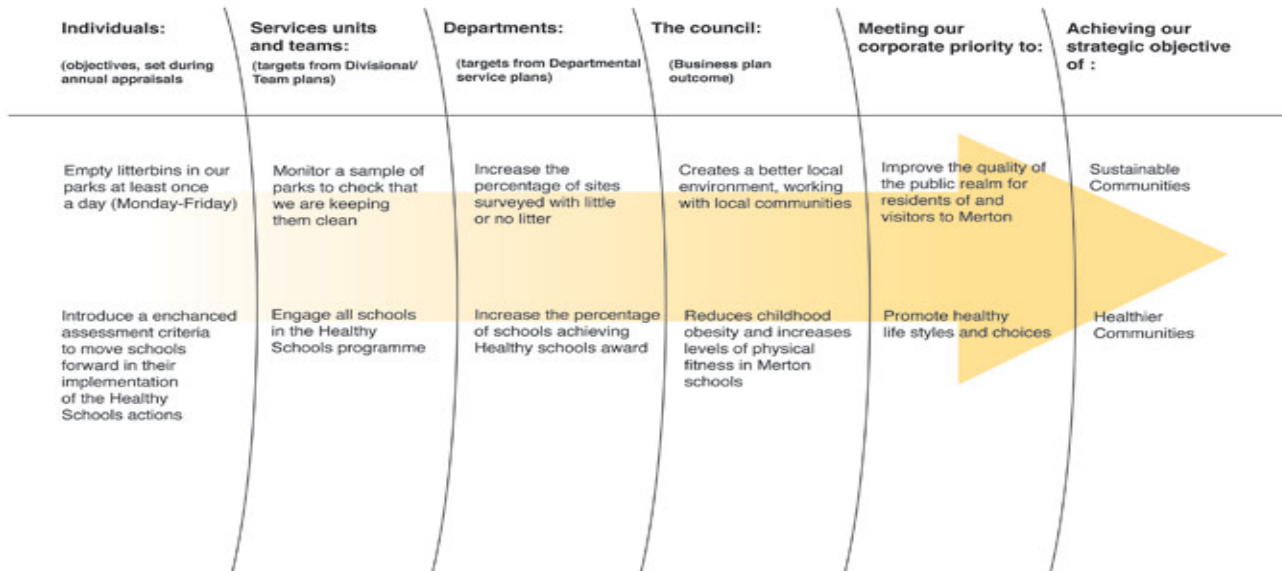
It is important that our services evolve to meet the needs of our residents. Having reviewed our performance we may find that we need to change what we are doing, or that we need to revise our ambitions and objectives so that we can continuously improve as an organisation.

To maximise the cycle's effectiveness we have an agreed timetable for the process which takes into account both performance and financial considerations. This timetable enables Councillors to agree priorities and allocate resources based on community views and needs, and accurate performance information. These priorities are translated into planned outcomes and performance targets to make sure that the right things get done.

**Taking responsibility for results – how we go about doing it**

Everyone has a responsibility to contribute towards improving Merton, working within and using the performance management framework. This ensures that measurable activities at individual, team and service levels translate into outcomes.

It is the responsibility of the owner of each performance measure to ensure that details of the measure are clearly defined. They must also ensure that adequate collection, recording and validation processes are in place to enable effective monitoring and reporting in line with the council’s Data Quality Strategy.



**Performance Management Systems and Collection Arrangements**

Since June 2013, performance against service plan measures has been captured and reported via our Performance Management System (Covalent).

On the first day of each month departmental performance leads are notified that performance data must be uploaded onto the system by a specified deadline.

Performance Monitoring reports are presented to CMT on the fourth Tuesday of every month, Cabinet receives quarterly reports and Full Council an annual report. In addition, a monthly performance dashboard is published on both the internet and intranet giving staff, Members, residents and the public access to up to date performance data detailing how the council is performing against its targets.

**Roles and responsibilities**

The roles and responsibilities are outlined below:

<b>Individuals</b>	All staff have a responsibility to deliver the tasks / actions which have been agreed in their appraisal, and to understand how their work contributes to team, departmental and council goals.
<b>Managers</b>	All managers have responsibility for supporting their staff through the appraisal process and regular reviews. They must also show commitment

	and accountability by leading through example. Managers should ensure that their team have regular meetings to share information, review progress of their divisional and team plans, develop ideas, identify areas for the next plan and agree the way forward on a variety of team and work issues. Managers should use these meetings to raise issues around corporate priorities, tell staff about developments within the department and the council, and to cascade information about performance to staff.
<b>Heads of service</b>	Heads of service report to Directors and are responsible for overseeing the performance of service units within their remit. They take a key role in the development and monitoring of their service plan at their DMT. They may also take on or contribute to wider corporate projects.
<b>Departmental Management Teams (DMT's)</b>	DMT's monitor their department's performance information and are responsible for taking action to deal with under-performance. DMT's make sure that every manager in the department knows and understands the planning cycle and performance management framework
<b>Directors</b>	Each Director is responsible for the performance of their department. They must make sure that appropriate reporting arrangements are in place with their DMT's to enable them to monitor performance. Directors demonstrate commitment to the performance management framework by leading its implementation within their department. They make sure their service plans are monitored at least every two months and regularly provide progress reports to the Chief Executive and appropriate Cabinet portfolio holder(s). Directors also have collective responsibility for corporate improvement as members of Corporate Management Team (CMT)
<b>Corporate Management Team (CMT)</b>	CMT is made up of the Chief Executive and Directors of the four departments. Its role is to focus on the 'big issues' facing the council and develop the organisation's strategic approach and service delivery. CMT reviews performance monthly and it can ask DMT's to review areas of concern and agree management action to address under-performance.
<b>Cabinet and Elected Members</b>	Ultimately, councillors are responsible for setting the direction of the Council and developing priorities. They do this by developing policy, setting strategic targets, monitoring progress, and agreeing the framework for continuous improvement.
<b>Full Council</b>	Members receive regular reports on progress against the strategic themes, including any relevant performance information and can use these meetings as an opportunity to ask Cabinet members questions about performance issues.
<b>Overview and Scrutiny</b>	Overview and Scrutiny panels have regular performance monitoring task groups to examine performance data, detect trends and identify key areas of concern. They are responsible for challenging Cabinet to ensure that they are fulfilling their responsibilities. If they have areas of concern then they can ask Cabinet members and officers to attend meetings to answer questions. If they have wider concerns about the performance of a service area then they could carry out a scrutiny review into a particular area.

## Help and advice

If you require any guidance or advice with regards to Performance Management or have any queries please contact a member of the [Business Planning team](#).

## Corporate Indicator Set

The Corporate Indicator set is a set of key measures from each of the four departments, which are monitored on a monthly basis by the Corporate Management Team (CMT). The corporate set for 2017/18 is shown in the table below. Included in the table are the 2016/17 and 2017/18 performance targets.

Indicators shaded grey represent new additions to the corporate set.

### Corporate Indicator Set for 2017/18 – Monthly

Dept	Monthly PI Codes & Description	Polarity	2016/17 Target	2017/18 Target
Corporate Services	CRP 013 / SP 431 % of positive and neutral coverage tone	High	92%	92%
Corporate Services	CRP 014 / SP 426 % Ombudsman complaints answered in time	High	90%	90%
Corporate Services	CRP 018 / SP 154 % Council Tax collected	High	97.25%	97.25%
Corporate Services	CRP 036 / SP 155 % Business Rates collected	High	97.5%	97.5%
Corporate Services	CRP 041 / SP 192 % FOI requests dealt with in time	High	90%	85%
Environment & Regeneration	CRP 044 Parking services estimated revenue	High	17,250,762	£16,184,190
Environment & Regeneration	CRP 045 / SP 118 Income (Development and Building Control)	High	2,110,000	2,110,000
Environment & Regeneration	CRP 047 / SP 068 No. of refuse collections including recycling and kitchen waste missed per 100,000	Low	50.00	50.00
Environment & Regeneration	CRP 048 % of sites surveyed on local street inspections for litter that are below standard	Low	8%	8%
Environment & Regeneration	CRP 049 / SP 059 No. of fly tips reported in streets and parks	Low	3,600	3,600
Environment & Regeneration	CRP 051 / SP 114 % Major applications processed within 13 weeks	High	55%	67%
Environment & Regeneration	CRP 052 / SP 115 % of minor planning applications determined within 8 weeks	High	60%	66%
Environment & Regeneration	CRP 053 / SP 116 % of 'other' planning applications determined within 8 weeks	High	82%	82%
Community & Housing	CRP 054 / SP039 % People with 'long term' services receiving Self-Directed Support (SDS)	High	95%	95%

Dept	Monthly PI Codes & Description	Polarity	2016/17 Target	2017/18 Target
Community & Housing	CRP 055 / SP275 The rate of delayed transfers of care from hospital (both Merton & NHS responsible)	Low	5	5
Community & Housing	CRP 056 / SP 054 No. of Carers receiving services and / or information and advice	High	996	1,000
Community & Housing	CRP 057 / SP274 % people receiving 'long term' community services	High	72%	78.8%
Community & Housing	CRP 059 / SP 008 No. of people accessing the library by borrowing an item or using a peoples network terminal at least once in the previous 12 months	High	56,000	56,000
Community & Housing	CRP 060 / SP 009 No. of visitors accessing the library service on line	High	200,000	210,000
Community & Housing	CRP 061 / SP 036 No. of households in temporary accommodation	Low	225	225
Community & Housing	CRP 062 / SP 035 No. of homelessness preventions	High	338	450
Children, Schools & Families	CRP 64SP075MP030 % of children who become subject of a Child Protection Plan for a second or subsequent time	Low	16%	16%
Children, Schools & Families	CRP 69SP078MP052 % outcome of Ofsted Inspection schools rated Good or Outstanding	High	91%	91%
Children, Schools & Families	CRP 72SP319MP034 % 16-19 year olds Not in Education, Employment or Training (NEET)	Low	4.7%	3.5%
Corporate Services	CRP 080 / SP 413 No. of working days per FTE lost to sickness absence excluding schools	Low	8	7
Children, Schools & Families	CRP 081 / SP 415 % of Looked After Children (2.5 years or more) in same placement for 2 years	High	66%	66%
Corporate Services	CRP 085 / SP 410 % of on-line transactions (HB Claims)	High	60%	60%
Corporate Services	CRP 086 / SP 411 Time taken to process new Housing Benefit claims	Low	21 days	16 days
Corporate Services	CRP 087 / SP 412 Time taken to process Housing Benefit change of circumstances	Low	11 days	9 days



## Corporate Indicator Set for 2017/18 – Quarterly

Dept	Quarterly PI Codes & Description	Polarity	2016/17 Target	2017/18 Target
Corporate Services	CRP 037 / SP 352 % complaints progressed to stage 2	Low	9%	9%
Children, Schools & Families	CRP 066 / SP 290 % Looked After Children in external foster care placements	Low	42%	42%
Children, Schools & Families	CRP 068 / SP 084 % of Good or outstanding Ofsted inspections in children's centres	High	100%	100%
Corporate Services	CRP 074 / SP 221 No. of staff working from Civic Centre	High	1,400	1,400
Children, Schools & Families	CRP 077 / SP 374 No. of in-house foster carers recruited	High	15	15
Corporate Services	CRP 082 / SP 427 % FOI refusal notices which are not upheld at review stage	Low	4%	4%
Corporate Services	CRP 083 / SP 428 % Ombudsman complaints partially or fully upheld	Low	40%	40%
Children, Schools & Families	CRP 88SP404MP053 % New EHCP requests completed within 20 weeks	High	85%	55%

## Corporate Indicator Set for 2017/18 – Annual

Dept	Annual PI Codes & Description	Polarity	2016/17 Target	2017/18 Target
Corporate Services	CRP 016 / SP 401 The level of CO2 emissions from the council's buildings (tonnes)	Low	8,045.36	7,739.84
Children, Schools & Families	CRP 073 / SP 109 % vacancies in reception year of primary school	Low	5.5	6
Children, Schools & Families	CRP 089 / SP 288 Secondary School Year 7 surplus places inc Academies	Low	5	5
Children, Schools & Families	(CRP Code TBC) Merton pupil average Attainment 8 score	High	52	53
Children, Schools & Families	(CRP Code TBC) Merton pupil average Progress 8 score	High	0.28	0.28

# **Section E**

## **Service Planning**



## **E. SERVICE PLANNING**

Our proposed 21 Final Service Plans, and three Final Commissioning Plans for our commissioned services, are set out in the following pages.

The three Commissioning Plans are:

- Merton Adult Education
- Waste Management and Cleansing
- Parks and Green Spaces

Service Plans were developed by service departments during the 2017/21 Business Planning process. Second Draft Service Plans were considered by Cabinet on 12 December 2016 and incorporated into the Consultation Pack for scrutiny by the Overview and Scrutiny Commission and Panels during the January 2017 cycle of meetings.

The proposed Final Service Plans being presented here will be considered for approval by Council on 1 March 2017.

The service plan is designed to be a two page document. The first page summarises key resources, drivers, performance and budgets and the second page focusses on the outcomes and benefits of major projects.

Departmental managers were issued with guidance to clarify their understanding of the process and to ensure quality and consistency of submitted plans, and each department reviewed the appropriateness of their service plans during the process. An overview of this guidance is provided below:

### **Front Page**

- Service description: Concise description of the service's key activities and how they might change over the next four years
- Anticipated demand: Details of the demands on the service
- Anticipated non-financial resources: Details of the key resources used to deliver the service
- Corporate strategies: The key strategies to which the service contributes
- Performance indicators: The key monthly, quarterly, or annual performance indicators for the service including their targets
- Budget information: Full details of previous, current and future years' budget, including future anticipated budgetary changes

### **Back page**

Details of major projects and/or procurement being undertaken during 2017/18, including

- Project timeframe
- Project description
- Major expected benefits of the project (consistent with the benefit categories used by the Merton Improvement Board)
- Risk assessment relating to the project's completion

Below are our Service Plans for 2017/21 in departmental order:

**Index of Departmental Service and Commissioning Plans**

<b>Children, Schools and Families</b>	<b>Community and Housing</b>	<b>Corporate Services</b>	<b>Environment and Regeneration</b>
Children's Social Care	Adult Social Care	Business Improvement	Development & Building Control
Education	Housing Needs & Enabling	Corporate Governance	Future Merton & Traffic and Highways
	Libraries	Customer Services	Leisure & Cultural Development
	Merton Adult Education*	Human Resources	Parking and CCTV Services
	Public Health	Infrastructure & Transactions	Parks & Green Spaces* <i>(Phase C - Lot 2)</i>
		Resources	Property
		Shared Legal Services	Regulatory Service Partnership
			Safer Merton
			Transport
			Waste Management and Cleansing* <i>(Phase C - Lot 1)</i>

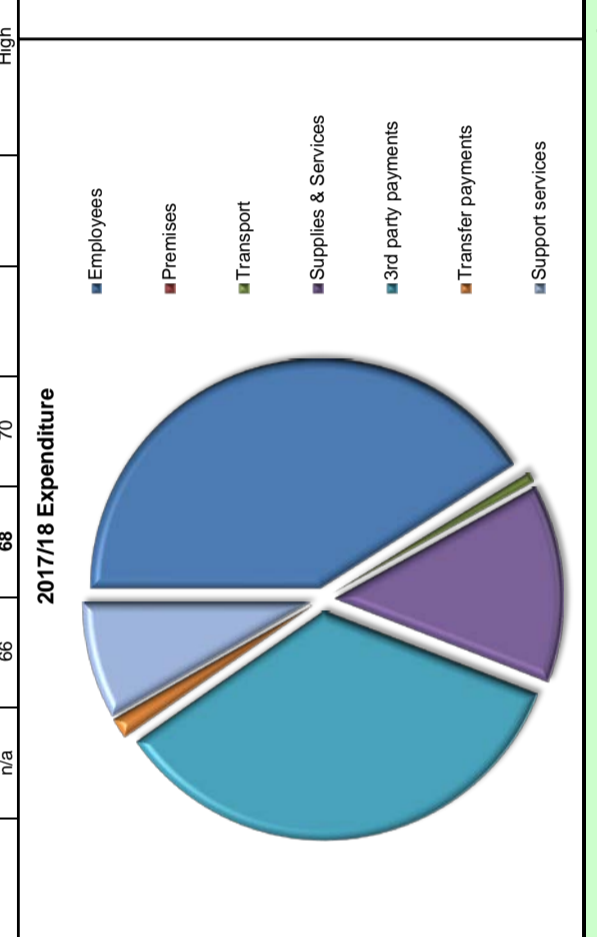
*\*Commissioning Plan*

# **Children Schools & Families**

Children's Social Care & Youth Inclusion	Anticipated demand					
Clr Katy Neep: Cabinet Member for Children's Services	2015/16		2016/17		2017/18	
Enter a brief description of your main activities and objectives below	Budget 2015/16		Budget 2016/17		Budget 2017/18	
Children's Social Care (CSC) delivers a range of government prescribed & legislated functions to children at risk of harm, children in care, care leavers & young offenders, as well as wider services for families.						
CSC works within an integrated context co-ordinating multi agency support to those families at all levels of Merton's Child & Young Person (CYP) Well-being Model. The service works with approximately 1,300 children at any one time who have the greatest needs in the borough across a range of outcomes: safety, well-being, health, education & life chances.						
Merton's CYP Well-being Model sets out Merton's approach to supporting families which seeks to provide services at the time they are needed to prevent further need arising & escalation up the model. This is the most efficient use of resources & CSC undertakes a range of family support activity to prevent children entering either child protection or care systems at every stage of childhood. This necessitates a strong commitment to robust assessment & thresholds, which require a quality assurance function to ensure on-going success of the model.						
Merton has lower numbers of children subject to child protection plans in the care system than the majority of London Boroughs, as well as lower numbers of first time entrants, and seeks to continue this approach, therefore ensuring that we minimise the use of costly high end interventions with our families & promote family strengths to enable them to care for their own children.						
Youth Inclusion provides a targeted service to support vulnerable young people & their parents to prevent offending & re-offending. It also supports the transforming families programme, helping targeted families to get back into work, & improve the outcomes for their children by preventing reoffending or going into care. It also leads on participation for CSF.						
Access to resources for looked after children/external placement provision						
Recruitment of in house foster carers.						

DEPARTMENTAL BUDGET AND RESOURCES								
Revenue £'000s	Final Budget 2015/16	Actual 2015/16	Budget 2016/17	Forecast Variance 2016/17 P8	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21
Expenditure	24,735	26,428	23,800	2,466	25,546	25,563	25,890	26,595
Employees	10,775	10,921	9,878	520	10,469	10,371	10,083	10,175
Premises	47	48	43	37	59	60	60	60
Transport	163	204	164	(2)	184	186	188	190
Supplies & Services	3,830	4,033	3,509	245	3,577	3,624	3,920	3,966
3rd party payments	7,839	8,769	7,751	1,663	8,781	8,842	9,152	9,713
Transfer payments	359	437	369	4	374	380	385	391
Support services	1,723	2,016	2,085	0	2,101	2,101	2,101	2,101
Depreciation	0	0	0	0	0	0	0	0
<b>Revenue £'000s</b>	<b>Final Budget 2015/16</b>	<b>Actual 2015/16</b>	<b>Budget 2016/17</b>	<b>Variance 2016/17 P8</b>	<b>Budget 2017/18</b>	<b>Budget 2018/19</b>	<b>Budget 2019/20</b>	<b>Budget 2020/21</b>
Income	1,763	2,305	1,163	(132)	1,061	1,061	1,061	1,061
Government Grants	1,134	1,114	806	(49)	826	826	826	826
Reimbursements	508	646	236	(151)	114	114	114	114
Customer & Client receipts	121	544	121	68	121	121	121	121
Reserves								
Capital Funded								
<b>Council Funded Net Budget</b>	<b>22,972</b>	<b>24,123</b>	<b>22,637</b>	<b>2,334</b>	<b>24,485</b>	<b>24,502</b>	<b>24,829</b>	<b>25,535</b>
<b>Capital Budget £'000s</b>	<b>Final Budget 2015/16</b>	<b>Actual 2015/16</b>	<b>Budget 2016/17</b>	<b>Variance 2016/17 P8</b>	<b>Budget 2017/18</b>	<b>Budget 2018/19</b>	<b>Budget 2019/20</b>	<b>Budget 2020/21</b>

2017/18 Expenditure										
2017/18 Income										
Government grants	1,134	1,114	806	(49)	826	826	826	826	826	826
Reimbursements	508	646	236	(151)	114	114	114	114	114	114
Customer & Client receipts	121	544	121	68	121	121	121	121	121	121
Reserves										
Capital Funded										



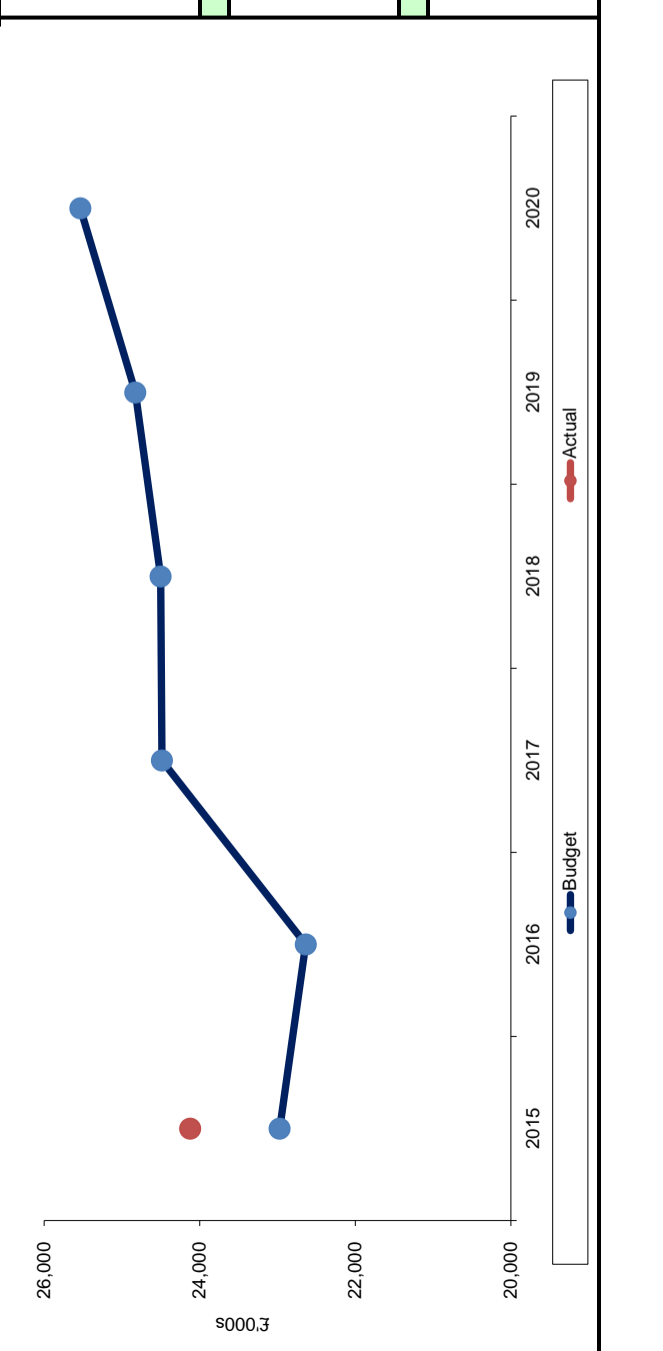
Actual Performance (A) Performance Target (T) Proposed Target (P)			
2015/16(A)	2016/17(T)	2017/18(P)	2018/19(P)
92%	85	90	91
30	35	27	26
24%	16	16	16
3.60%	4.7	3.5	3.0
61	70	50	50
n/a	66	66	69
n/a	12	12	11
37.2%	42	42	40
13	15	15	15
n/a	66	68	70

Planning Assumptions					The Corporate strategies your service contributes to				
2016/17		2017/18		2018/19		2019/20		2020/21	
Population growth - looked after children & Care leavers		15-30		204		198		198	
Population growth - Child Protection Plans		30-60							
Increase in 0-19 population		3,210							
UAASC - increased numbers and impact on resources		30-32							
Anticipated non financial resources		209							
Staff (FTE)		210							
(FTE subject to change as a result of restructures)									
Performance indicator		2018/19(P)		2019/20(P)		2020/21(P)		Indicator type	
% single assessments completed within agreed timescales	92%	85	90	91	91	91	91	Business critical	Safeguarding issues
Care application average duration (national target 26 weeks)	30	35	27	26	26	26	26	Quality	Safeguarding issues
% CYP on Child Protection Plan for 2nd or subsequent time	24%	16	16	16	16	16	16	Quality	Safeguarding issues
% NEET aged 16-17	3.60%	4.7	3.5	3.0	3.0	3.0	3.0	Outcome	Social exclusion
Number YJS first time entrants	61	70	50	50	50	50	50	Outcome	Social exclusion
% LAC (2.5 years or more) in same placement for 2 years	n/a	66	66	69	69	69	69	Outcome	Safeguarding issues
% LAC experiencing 3 or more placements moves	n/a	12	12	11	11	11	11	Outcome	Social exclusion
% fostered LAC in external agency FC placements	37.2%	42	42	40	40	40	40	Business critical	Increased costs
Number of in house foster carers recruited	13	15	15	15	15	15	15	Quality	Increased costs
Care Leavers who are ETE	n/a	66	68	70	70	70	70	Outcome	Social Exclusion

(Deletion of 1 AD, 1 Head of Service and half an admin post: £224,000 to be split across CSC/YI and Education).

(Review of CSF staffing structure beneath management level: £189,000 to be split across CSC/YI and Education).  
(Data review & centralisation: £40,000 to be split across CSC/YI and Education).

(Review of CSF staffing structure beneath management level: £201,000 to be split across CSC/YI and Education).  
(Review of CSF management staffing structure: £150,000 to be split across CSC/YI and Education).  
(Reduced cost/offer through the national centralised adoption initiative: £75,000).



PROJECT DESCRIPTION		MAJOR PROJECT BENEFITS		Risk Impact		Score
Project	Project Title:	Start date	End date	Likelihood	Impact	
<b>Project 1</b>	<b>MOSAIC (CYPWB &amp; TOM) Phase 1 and 2.</b>	<b>2013-14</b>	<b>2016-19</b>	<b>3</b>	<b>3</b>	<b>9</b>
Start date	Project Title:	2013-14	2016-19	3	3	9
End date	Project Details:	Cross-cutting project to provide system for both CSF & C&H including financial aspects; the new system has full casework management capability to deal with statutory requirements including C&F Act in relation to CYP with SEND, management information & reporting for both case management and inspection purposes. Implementation phase will include extensive work to improve associated processes. Also interim project is delivering improvements re data quality & reporting in CF. Involves parts of Education Division dealing with casework. System also used by R&I & ART within CSP.				
<b>Project 2</b>	<b>Regionalisation of Adoption</b>	<b>2016-17</b>	<b>2018-19</b>	<b>3</b>	<b>2</b>	<b>6</b>
Start date	Project Title:	2016-17	2018-19	3	2	6
End date	Project Details:	Regionalisation of Adoption. The government requires Local Authorities will establish regional arrangements for some elements of adoption services. Merton is part of the developing Pan London Approach approved by Cabinet (Sept 2016).				
<b>Project 3</b>	<b>Continuous Improvement and Inspection Readiness</b>	<b>2013-14</b>	<b>2017-18</b>	<b>4</b>	<b>3</b>	<b>12</b>
Start date	Project Title:	2013-14	2017-18	4	3	12
End date	Project Details:	To improve data quality, case records & management, filing & retention, & reporting to provide improved and easily accessible information for inspection purposes. To continually improve the day to day management across our services, delivery of improvement plans and embedding our revised QA framework. Continue to utilise all data sources to inform best practice sources include; JTAI's, YJ.EY's, SEND, QA framework and our SIF.				
<b>Project 4</b>	<b>Youth Justice</b>	<b>2014-15</b>	<b>2017-18</b>	<b>3</b>	<b>2</b>	<b>6</b>
Start date	Project Title:	2014-15	2017-18	3	2	6
End date	Project Details:	Responding to Charlie Taylor review and potential reconfiguring of Youth Justice. Development of policy framework in response to regulation and likely funding changes.				
<b>Project 5</b>	<b>Well Being Model - CSC &amp; CYPWB/TOM</b>	<b>2013-14</b>	<b>2019-20</b>	<b>4</b>	<b>3</b>	<b>12</b>
Start date	Project Title:	2013-14	2019-20	4	3	12
End date	Project Details:	A review of the well being model is underway, engagement with partners and a task and finish group is established, the review will include: looking at structures in CSC, our Early Help model and points of access. we will deliver the CSC and EH Tom programme through a range of projects and programmes including: recruitment and retention strategy; restructuring of central teams; Flexible working; Care proceedings as outlined in the relevant TOM; rationalising access points; raising thresholds; increased targeting and practice.				
<b>Project 6</b>	<b>Workforce development</b>	<b>2015-16</b>	<b>2019-20</b>	<b>4</b>	<b>3</b>	<b>12</b>
Start date	Project Title:	2015-16	2019-20	4	3	12
End date	Project Details:	We will continue to work towards our ambition to be London's Best Council, as part of this aspiration all our managers are engaged in a differentiated leadership programme. Strong focus remains on our recruitment and retention strategy and to support this we have developed a 'Practice Model' which is now established. We have continued the development and delivery of 'Signs of Safety/Signs of Well Being' and this is being rolled out across the department. We are supporting/complementing this with a programme to deliver both Systemic Practice and Motivational Interviewing across the department. We have a clear time line for this programme with appropriate milestones to ensure we have a strong, highly skilled workforce. Our workforce strategy alongside our overarching practice model has been developed to support our transformation plan.				



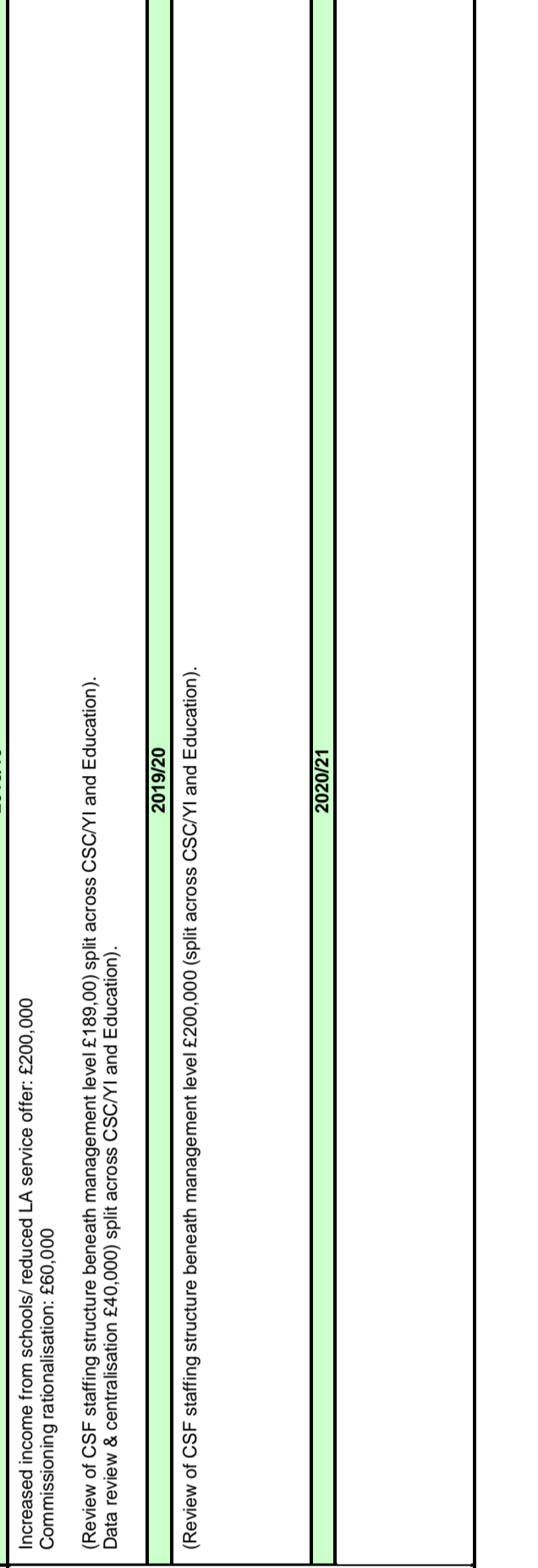
Education		Planning Assumptions					The Corporate strategies your service contributes to	
Cllr Katy Neep: Cabinet Member for Children's Services		2015/16	2017/18	2018/19	2019/20	2020/21		
Cllr Caroline Cooper-Marblah: Cabinet Member for Education		Forecast increase in population 0-4		780			Children and Young People's Plan	
Enter a brief description of your main activities and objectives below		Forecast increase in population 5-19		2400			SEN and Disabilities Strategy	
Merton School Improvement (MSI) will improve outcomes for all pupils in Merton Schools by:		Raise in Participation age 16-18		160			School Expansion Strategy	
<ul style="list-style-type: none"> <li>monitoring, analysing &amp; evaluating pupil &amp; school performance</li> <li>developing skills in planning, teaching, assessment, leadership &amp; management</li> <li>working with schools to reduce inequality &amp; improve achievement for vulnerable groups</li> <li>strengthening partnership working and school to school support</li> </ul>		Forecast increase in Children & YIP with EHCP		200-400				
Special Education Needs & Disabilities Integrated Service (SENDIS) will improve outcomes for CYP with SEND by:		Increased demand for primary school (total across all schools)		100 more SEN places by 18-19				
<ul style="list-style-type: none"> <li>building early help capacity in schools &amp; settings, families &amp; the community</li> <li>focus on safeguarding, early intervention &amp; prevention as well as direct support for families</li> <li>implementing the requirements of the Children and Families Act ensuring that families are central and receive a joined up service</li> </ul>		Increased demand for secondary school (total across all schools)		4-6 fte (cumulative)				
<ul style="list-style-type: none"> <li>Specialist placement provision for pupils with SEN</li> <li>Early Years Services will improve outcomes for all children aged 0-5 by: <ul style="list-style-type: none"> <li>managing the childcare market to ensure the supply of good quality funded early education provision for children aged 2, 3 and 4 in accordance with statutory duties</li> <li>delivering Children's Centre services through a locality model with a focus on early help &amp; targeted services for vulnerable families</li> <li>using the CASA to inform robust planning and case work for identified families</li> <li>working with the early years sector to improve quality, reduce inequality and improve outcomes for vulnerable children and their families</li> <li>Developing the work force to deliver holistically to vulnerable families and young children</li> </ul> </li> <li>Education Inclusion will improve outcomes for Young People by: <ul style="list-style-type: none"> <li>providing universal &amp; targeted in house &amp; commissioned services for YP &amp; schools</li> <li>&amp; to encourage emotional &amp; social development</li> <li>providing support to prevent bullying, substance misuse &amp; teenage pregnancy, to improve attendance</li> <li>developing alternative education offerings to enable YP to stay in education, training &amp; employment</li> <li>leading on the council's partnership with the police &amp; CAMHS for education</li> <li>improving attendance and reduce PA in Merton schools</li> </ul> </li> </ul>		Increased demand for special school places (total across all schools)		1-3 fte				
<ul style="list-style-type: none"> <li>My Futures Service</li> </ul>		Anticipated non financial resources		297				
School Org		Staff (FTE) subject to change as a result of restructures)		288				
<ul style="list-style-type: none"> <li>Pupil place planning, &amp; schools admissions</li> <li>School expansion &amp; capital programme management.</li> </ul>		Actual performance (A) Performance Target (T) Proposed Target (P)		282				
		2015/16(A)   2016/17(T)   2017/18(P)   2018/19(P)   2019/20(P)   2020/21(P)		282				
		n/a   52   53   54		Annual			Outcome	
		n/a   0.28   0.28   0.28		Annual			Reputational risk	
		89   89   91		Monthly			Reputational risk	
		82   57   58		Annual			Inspection outcomes	
		95.2   95.1   95.2		Annual			Reputational risk	
		96   96.1   96.2		Annual			Increased costs	
		67   85   55		Quarterly			Breach statutory duty	
		100   100   100		Quarterly			Safeguarding issues	
		6.2   5.5   6		Annual			Inspection outcomes	
		5.5   5   5		Annual			Parental choice	
		89.28%   90   90		Quarterly			Parental choice	
		n/a   80   80		Annual			Increased costs	

2017/18 Expenditure		2017/18 Income	
<ul style="list-style-type: none"> <li>Employees</li> <li>Premises</li> <li>Transport</li> <li>Supplies &amp; Services</li> <li>3rd party payments</li> <li>Transfer payments</li> <li>Support services</li> <li>Depreciation</li> </ul>	<ul style="list-style-type: none"> <li>Government grants</li> <li>Reimbursements</li> <li>Customer &amp; client receipts</li> </ul>		

DEPARTMENTAL BUDGET AND RESOURCES											
Revenue £'000s	Final Budget 2015/16	Actual 2015/16	Budget 2016/17	Forecast Variance 2016/17 P8	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2015/16	Budget 2016/17	Budget 2017/18
<b>Expenditure</b>	47,569	47,004	44,977	484	49,496	49,504	49,650	49,845			
Employees	12,473	12,023	12,465	(299)	12,715	12,656	12,710	12,814			
Premises	1,436	1,281	1,121	(191)	1,124	1,124	1,127	1,129			
Transport	4,144	4,415	4,132	413	4,168	4,229	4,289	4,349			
Supplies & Services	16,731	16,257	14,402	(374)	17,840	17,854	17,868	17,882			
3rd party payments	9,926	9,924	9,835	1,155	10,798	10,787	10,801	10,816			
Transfer payments	19	34	19	0	20	20	20	20			
Support services	2,664	2,895	2,498	0	2,668	2,668	2,668	2,668			
Depreciation	175	175	176	0	167	167	167	167			
<b>Revenue £'000s</b>	<b>6,224</b>	<b>6,644</b>	<b>5,220</b>	<b>(394)</b>	<b>5,154</b>	<b>5,304</b>	<b>5,304</b>	<b>5,304</b>			
Income	365	221	150	232	232	232	232	232			
Government grants	2,343	2,741	2,397	(462)	1,897	1,897	1,897	1,897			
Reimbursements	3,516	3,682	2,673	77	3,025	3,175	3,175	3,175			
Customer & client receipts											
Interest											
Reserves											
Capital Funded											
<b>Council Funded Net Budget</b>	<b>41,345</b>	<b>40,359</b>	<b>39,758</b>	<b>90</b>	<b>44,342</b>	<b>44,200</b>	<b>44,346</b>	<b>44,542</b>			
<b>Capital Budget £'000s</b>	<b>0</b>	<b>14,348</b>	<b>13,396</b>	<b>(104)</b>	<b>12,919</b>	<b>12,116</b>	<b>6,236</b>	<b>650</b>			

Substantial reduction in EY budgets whilst retaining existing Children's Centres targeted work in areas of higher deprivation: £546,000  
Reduced service offer from school improvement: £75,000  
Increased income from schools/ reduced LA service offer: £200,000  
Property and contracts: £65,000  
(Deletion of 1AD, 1 HOS and half and admin post £224,000) split across CSC/Y1 and Education).

2018/19		2018/19	
Increased income from schools/ reduced LA service offer: £200,000	Commissioning rationalisation: £60,000		
(Review of CSF staffing structure beneath management level £189,00) split across CSC/Y1 and Education).	Data review & centralisation £40,000) split across CSC/Y1 and Education).		
(Review of CSF staffing structure beneath management level £200,000 (split across CSC/Y1 and Education).			



2017/18		2017/18	
Increased income from schools/ reduced LA service offer: £200,000	Commissioning rationalisation: £60,000		
(Review of CSF staffing structure beneath management level £189,00) split across CSC/Y1 and Education).	Data review & centralisation £40,000) split across CSC/Y1 and Education).		
(Review of CSF staffing structure beneath management level £200,000 (split across CSC/Y1 and Education).			

Education

PROJECT DESCRIPTION			MAJOR PROJECTS BENEFITS		Risk	
			Likelihood	Impact	Score	
<b>Project 1</b>	<b>2013-14</b>	<p><b>Improving pupil outcomes at KS2 &amp; KS4 (Edn TOM) &amp; School Improvement through partnership (Edn TOM)</b></p> <p>Rigorous support and challenge for schools in RI or vulnerable to RI including implementation of Support and Challenge Groups. Training and briefings on Ofsted, assessment, curriculum and improving teaching. Maintenance of outstanding teacher courses for primary and secondary teachers. Ongoing support for all schools on the basis of the new School Improvement Strategy from Merton Education Partners. The development of strengthened school to school support through the School Improvement Steering Group, ongoing support for the Merton Education Partnership and brokerage of school to school support through Merton Leaders of Education, primary expert teachers and liaison with Teaching Schools. Partnership with schools on redefining LA functions as part of Education TOM.</p>	Improved effectiveness	2	3	6
Start date	End date					
<b>Project 2</b>	<b>2013-14</b>	<p><b>Transforming Early Years (EY's TOM)</b></p> <p>Securing supply of good quality sufficient number of funded education places for 2, 3 and 4 year olds.; On-going development of the Locality Model to reorganise Children's Centre provision to maximise outcomes within available funding. Service realignment and standardisation across back office functions. Develop further alternative / shared / mixed use for the centres to include an accommodation review and ICT infrastructure review. To increase income and develop a charging framework across the service, includes customer contact and self serve options for fee paying customers.</p>	Improved efficiency (savings)	3	2	6
Start date	End date					
<b>Project 3</b>	<b>2013-14</b>	<p><b>Implementation of requirements of Children &amp; Families Act (Edn TOM &amp; CYPWB) &amp; Education TOM/CYPWB Model &amp; Personal Budgets (Education TOM/C+F Act)</b></p> <p>Implementation of legislative requirements including assessment framework, Ed, Health &amp; Care Plan, development of the local offer, preparation for adulthood pathways, secure web portal, personal budgets for those families that want them. Related to SCIS Programme. Addressing new statutory duty for age 19-25. Develop plan and manage process within available funding streams. Develop and deliver the Education TOM &amp; CYPWB Model across CSF Services, including implementation of MOSAIC phases 1 &amp; 2. Progress further rollout of Personal Budgets for families of children subject to education, health and care plans (ex SEN Statements). Work with SENDIS service to maintain focus of encouraging Personal Budgets for SEN travel assistance and support implementation of next phase of PBs for Short Breaks services.</p>	Improved customer experience	4	3	12
Start date	End date					
<b>Project 4</b>	<b>2013-14</b>	<p><b>Development of Adolescent offer including My Futures (NEET's) &amp; linked provision</b></p> <p>Development of Melbury College and commissioning of AltEd provision. Including addressing new statutory duty for age 19-25. Develop plan and manage process within available funding streams.</p>	Improved customer experience	3	2	6
Start date	End date					
<b>Project 5</b>	<b>2013-14</b>	<p><b>Youth transformation phases 3 &amp; 4 (Edn TOM)</b></p> <p>Implementation of new funding models for Phipps Bridge &amp; Pollards Hill. Expanding community partnerships to achieve a more self funding community model in each locality. The plan for each area will evolve from these partnerships.</p>	Improved efficiency (savings)	4	3	12
Start date	End date					
<b>Project 6</b>	<b>2015-16</b>	<p><b>Implementation of Secondary &amp; Special School (SEN) Places Strategy (Education TOM)</b></p> <p>Continue liaison with Education Funding Agency and Harris Federation to deliver a new secondary (Free) school in the Wimbledon area. Implement expansion of 2/3 secondary schools in east of the borough to achieve overall additional places needed. Undertake statutory processes and procure/plan/deliver construction contracts. Develop overall strategy for provision of sufficient and suitable SEN places in Merton; undertake capital bidding and procure/plan/deliver construction contracts.</p>	Infrastructure renewal	4	2	8
Start date	End date					

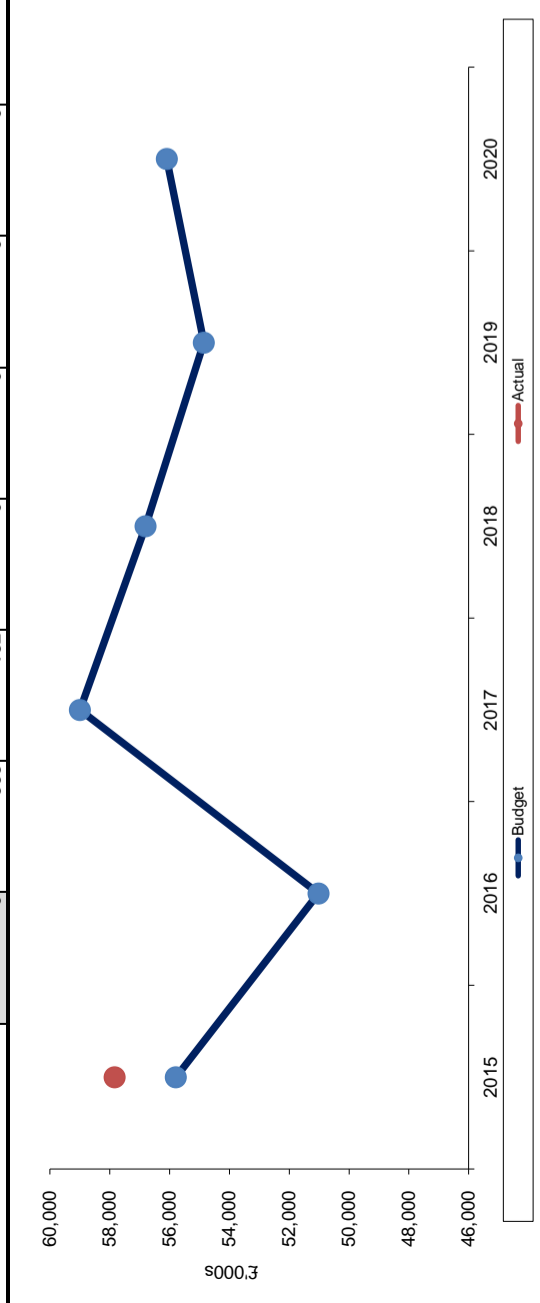
# **Community & Housing**



Adult Social Care		Planning Assumptions					The Corporate strategies your service contributes to	
Cllr Tobin Byers: Cabinet Member for Adult Social Care		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Health & Wellbeing Strategy
Enter a brief description of your main activities and objectives below		3331	3307	3278	3252	3191	3170	
Adult Social Care is a statutory service, underpinned by several pieces of legislation, whereby the council has a duty to provide or commission support, based on an assessment of need for people over the age of 18. People who are in need /at risk due to disability or illness. Once a need has been defined, there is a duty to meet it.		407	375	358	335	315	293	
There are eligibility criteria to define need and to keep this in line with resources as far as possible.		221	195	190	185	180	175	
Our approach to redesign the service and find savings is based on a model for using resources. This means maintaining some focussed investment in prevention and recovery in order to limit spend on long term support. Where long term support is needed, we do this in a person centred way which encourages maximum independence, minimises processes if they don't add value for customers or taxpayers, to work in partnership to achieve these goals, and to enable and encourage everyone to contribute to their own or others' support alongside what is funded by the taxpayer.		385	395	407	419	431	448	
Looking ahead there is a key national policy challenge to incorporate in our redesign, namely the integration with health services.		383.53	335.26	324.50	313.50	313.50	313.50	
Performance indicator		2015/16(A)	2016/17(T)	2017/18(P)	2018/19(P)	2019/20(P)	2020/21(P)	Main impact if indicator not met
No of carers receiving a service	967	996	1000	1010	1020	1040	1040	Breach statutory duty
% Older people still at home following Reablement	81.5%	73.2	78.8	78.8	78.8	78.8	78.8	Increased costs
% People receiving 'long term' Community Services	80%	72	72	72	72	72	72	Increased costs
% People with 'long term' services receiving Self-Directed Support	98%	95	95	95	95	95	95	Government intervention
The rate of Delayed Transfers of care from hospital (both NHS and Merton)	8.4	5	7	7	7	7	7	Increased costs

DEPARTMENTAL BUDGET AND RESOURCES														
Revenue £'000s	Final Budget 2015/16	Actual 2015/16	Budget 2016/17	Forecast Variance 2016/17 P8	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	2017/18 Expenditure			2017/18 Income		
Expenditure	78,569	81,959	73,925	8,409	80,475	78,278	76,328	77,569	Employees	Government grants	Government grants	Government grants	Government grants	
Employees	14,600	14,742	12,948	1,022	13,320	12,082	12,194	12,305	Premises	Reimbursements	Reimbursements	Reimbursements	Reimbursements	
Premises	370	297	363	40	361	366	371	376	Transport	Customer & client receipts	Customer & client receipts	Customer & client receipts	Customer & client receipts	
Transport	1,303	1,397	1,406	5	1,442	1,463	1,484	1,505	Supplies & Services	Recharges	Recharges	Recharges	Recharges	
Supplies & Services	4,206	2,590	3,976	(963)	3,491	2,196	2,255	2,314	3rd party payments	Transfer Payments	Transfer Payments	Transfer Payments	Transfer Payments	
3rd party payments	41,655	45,456	38,927	8,303	46,297	46,157	43,560	44,155	Support services	Depreciation	Depreciation	Depreciation	Depreciation	
Transfer Payments	9,551	9,490	9,763	2	9,514	9,964	10,414	10,864						
Support services	6,808	7,912	6,466	1,266	5,972	5,972	5,972	5,972						
Depreciation	76	76	76	-	78	78	78	78						
Revenue £'000s	Final Budget 2015/16	Actual 2015/16	Budget 2016/17	Variance 2016/17 P8	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21						
Income	22,782	24,124	22,908	(148)	21,477	21,477	21,477	21,477						
Government grants	1,059	1,317	882	(315)	17	17	17	17						
Reimbursements	8,275	10,144	8,613	(1,100)	9,191	9,191	9,191	9,191						
Customer & client receipts	10,327	9,058	10,453	1,266	9,563	9,563	9,563	9,563						
Recharges	3,121	3,606	2,960	-	2,706	2,706	2,706	2,706						
Reserves														
Capital Funded														
Council Funded Net Budget	55,787	57,835	51,017	8,262	58,998	56,801	54,851	56,092						

Summary of major budget etc. changes ~ 2017/18				
2017/18	2018/19	2019/20	2020/21	
Growth in Placement budget - £ 9.3m				
Total Savings - £2.248m (CH1, CH2, CH3, CH35, CH36, CH37, CH38, CH52&CH53 & CH57)				
Growth for Concessionary fares increase - £0.450m				
Growth in Placement budget - £0.252m.				
Total Savings - £2.988m (CH20, CH36, CH39, CH54&CH55 & CH57 - a further £918k to be identified)				
Growth for Concessionary fares increase - £0.450m				
Reduction of growth in placement budget - £2.8m due to increased improved Better Care Fund				
Growth for Concessionary fares increase - £0.450m				



DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD										
Adult Social Care										
PROJECT DESCRIPTION										
Home Care re-commissioning										
Project 1	Project Title:	MAJOR PROJECTS BENEFITS						Risk		Score
Start date	01/04/2017	Improved effectiveness	3	3	3	3	3	3	9	
End date	31/03/2018									
Project 2	Project Title:	Improved efficiency (savings)	4	2	8	8	8	8	8	
Start date	01/04/2017									
End date	01/11/2017									
Project 3	Project Title:	Improved effectiveness	3	3	9	9	9	9	9	
Start date	01/04/2017									
End date	31/12/2017									
Project 4	Project Title:	Improved effectiveness	3	2	6	6	6	6	6	
Start date	01/04/2017									
End date	31/03/2018									
Project 5	Project Title:	Improved customer experience	3	2	6	6	6	6	6	
Start date	01/04/2017									
End date	30/09/2017									
Project 6	Project Title:	Improved customer experience	2	2	4	4	4	4	4	
Start date	01/04/2017									
End date	30/09/2017									
Project 7	Project Title:	Improved effectiveness	2	2	4	4	4	4	4	
Start date	01/04/2017									
End date	31/03/2018									
Project 8	Project Title:	Improved efficiency (savings)	3	2	6	6	6	6	6	
Start date	01/04/2017									
End date	31/03/2018									
Project 9	Project Title:	Improved effectiveness	3	2	6	6	6	6	6	
Start date	01/04/2017									
End date	30/06/2017									
Project 10	Project Title:	Improved effectiveness	4	3	12	12	12	12	12	
Start date	01/04/2017									
End date	31/03/2018									
Project Details:		Implementation of new Home Care model post tender. The contract will have two tiers. Tier 1 will be for 3 prime providers who will be our core partners. Tier 2 will be small local and specialist providers who will provide back-up supply or meet niche requirements.						Likelihood		3
Project Details:		Supporting People re-commissioning						Impact		3
Project Details:		Re-commissioning of SP contracts due to expire in November 2017 with the aim of supporting the council's homelessness prevention duties and financial plans.						Likelihood		4
Project Details:		Assessment & Care Management Processes						Impact		2
Project Details:		Continue the review, redesign and delivery of a plan to ensure that all assessment and care management processes including those related to safeguarding, the Mental Capacity Act and DOLS are efficient, effective, consistently promote independence and adequately resourced.						Likelihood		3
Project Details:		SCIS						Impact		3
Project Details:		Ensure that the new Core Logic Mosaic social care information system (SCIS) is fit for purpose for the foreseeable future. Achieve this by ensuring that processes, data quality and outcomes are kept under constant review.						Likelihood		3
Project Details:		Transitions						Impact		2
Project Details:		Undertake and implement a review of the transitions pathway to ensure that the transition to adulthood is planned in a timely manner with the service user and their family, that upcoming transitions are reflected in the commissioning and financial plans.						Likelihood		3
Project Details:		Early intervention						Impact		2
Project Details:		Develop a refreshed early intervention strategy that builds on the existing hub service models						Likelihood		2
Project Details:		Business Development						Impact		2
Project Details:		Develop and implement business plans to expand the provision of alternatives to traditional care, such as telecare, shared lives, supported living and short term interventions.						Likelihood		2
Project Details:		Information, access & advice						Impact		2
Project Details:		Develop the offer through Merton Link and the voluntary sector to provide earlier advice, self service and referral to non-statutory interventions.						Likelihood		3
Project Details:		Integration						Impact		2
Project Details:		Priorities for 2017/18 will be - co-location with CLCH and MCCG - embedding joint working with CLCH developing joint commissioning approach with MCCG						Likelihood		3
Project Details:		Bed based care						Impact		2
Project Details:		Develop a commissioning strategy for bed based care, working with the sector, health and neighbouring authorities to develop a sustainable offer and range of solutions.						Likelihood		4

**Housing Needs and Enabling Services**  
**Cllr Martin Whelton: Cabinet Member for Regeneration, Environment & Housing**  
**Enter a brief description of your main activities and objectives below**

To fulfil statutory housing functions to prevent homelessness and avoid the use of temporary accommodation.

To plan services in response to changes in national policies and in the housing market, and to develop innovative projects or models of delivery that maximise the use of resources and deliver services that minimise costs to the council.

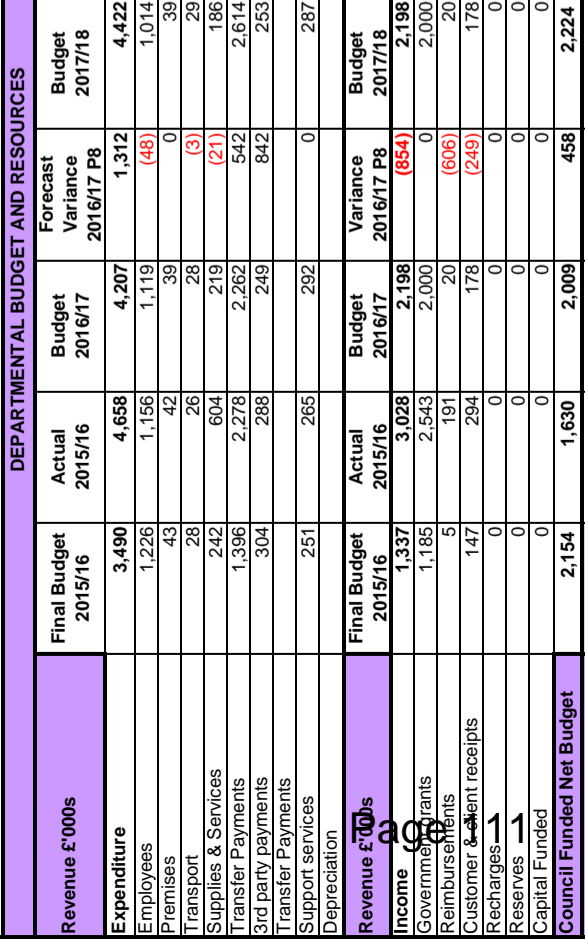
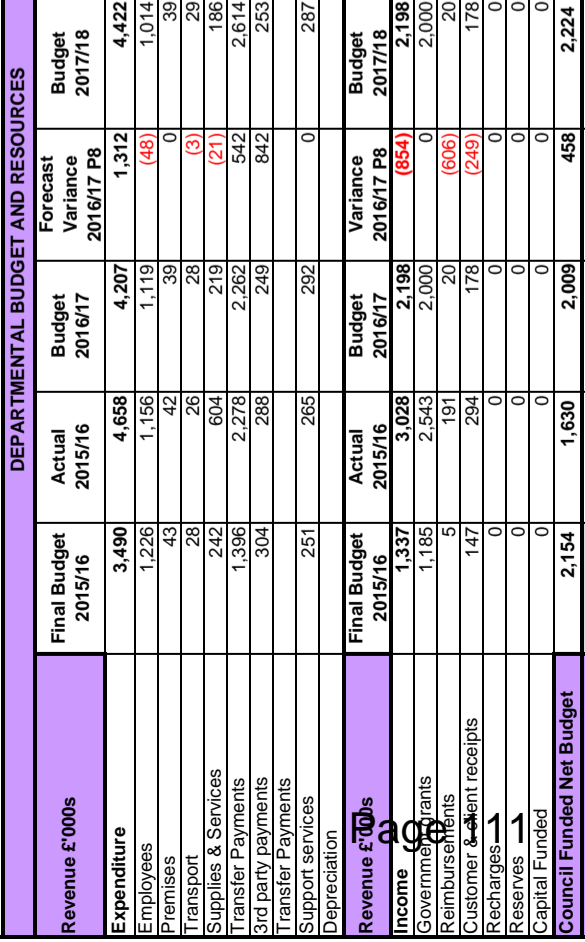
**The purpose of this service is to**

- Prevent homelessness in accordance with statutory housing law
- Provide homes to people in housing need
- Plan for the future delivery of housing via general conformity with the London Housing Strategy
- Formulate and deliver statutory housing strategies for the borough
- Maintain the housing register and choice based lettings process and nominate households to vacant housing association homes
- Maximise supply of affordable homes with registered providers and private landlords
- Provide care and housing support to vulnerable adults
- Relationship management between the council and stock transfer housing associations
- Carry out a statutory duty to enforce Environmental Health (Housing) legislation
- Provide grant assistance for improvements and adaptations

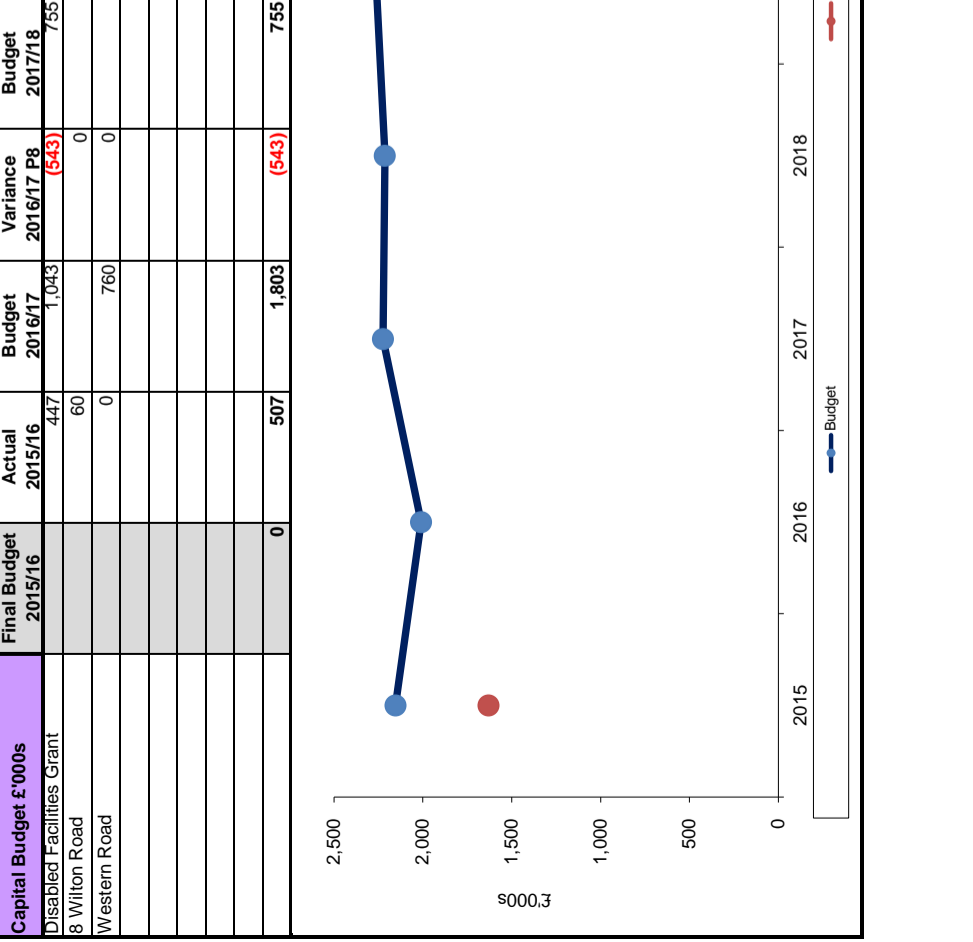
Anticipated demand		Planning Assumptions				The Corporate strategies your service contributes to	
		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Housing advice, options, private tenants & landlords advice		11000	11000	11000	11000	11000	11000
Housing register applicants		8150	8100	9600	10250	10900	11550
Housing options casework		1000	1000	1000	1000	1000	1000
Demand for temporary accommodation		380	420	435	445	455	470
<b>Anticipated non financial resources</b>		<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
Housing Needs Staff (FTE)		24.5	21.79	20.30	19.30	19.30	19.30
Environmental Health (Housing)		6.03	5.03	5.03	4.03	4.03	4.03
TOTALS		30.53	26.82	25.33	23.33	23.33	23.33

Performance indicator	Actual Performance (A)				Performance Target (T)				Proposed Target (P)	2020/21(P)	Indicator type	Reporting cycle	Polarity	Main impact if indicator not met
	2015/16(A)	2016/17(T)	2017/18(P)	2018/19(P)	2019/20(P)	2020/21(P)								
No. of homelessness preventions	561	450	450	450	450	450	450	450	450	High	Monthly	Business critical	Increased costs	
No. of households in temporary accommodation	158	225	230	235	250	250	250	250	250	Low	Monthly	Business critical	Increased costs	
Highest no. of families in B&B	4	10	10	10	10	10	10	10	10	Low	Monthly	Business critical	Increased costs	
Highest no. of adults in B&B	4.75	10	10	10	10	10	10	10	10	Low	Monthly	Business critical	Increased costs	
Affordable homes delivered	81	30	70	60	40	50	40	50	50	High	Annual	Outcome	Reputational risk	
Social housing lets	353	375	360	350	340	345	340	345	345	High	Quarterly	Outcome	Increased waiting times	
Rent deposit - new tenancies	49	50	40	40	40	40	40	40	40	High	Annual	Outcome	Increased waiting times	
No. of enforcement/improvement notices	107	55	70	70	60	60	60	60	60	High	Quarterly	Outcome	Reduced enforcement	
Number of Disabled Facilities Grants approved	34	60	60	60	60	60	60	60	60	High	Quarterly	Outcome	Customer hardship	

DEPARTMENTAL BUDGET AND RESOURCES									
Revenue £'000s	Final Budget 2015/16	Actual 2015/16	Budget 2016/17	Forecast Variance 2016/17 P8	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	
<b>Expenditure</b>	<b>3,490</b>	<b>4,658</b>	<b>4,207</b>	<b>1,312</b>	<b>4,422</b>	<b>4,412</b>	<b>4,463</b>	<b>4,514</b>	
Employees	1,226	1,156	1,119	(48)	1,014	976	1,000	1,024	
Premises	43	42	39	(3)	39	40	40	41	
Transport	28	26	28	(2)	29	31	31	31	
Supplies & Services	242	604	219	(21)	186	190	194	198	
Transfer Payments	1,396	2,278	2,262	542	2,614	2,598	2,616	2,634	
3rd party payments	304	288	249	842	253	291	295	299	
Transfer Payments									
Support services	251	265	292	0	287	287	287	287	
Depreciation									
<b>Revenue £'000s</b>	<b>Final Budget 2015/16</b>	<b>Actual 2015/16</b>	<b>Budget 2016/17</b>	<b>Variance 2016/17 P8</b>	<b>Budget 2017/18</b>	<b>Budget 2018/19</b>	<b>Budget 2019/20</b>	<b>Budget 2020/21</b>	
<b>Income</b>	<b>1,337</b>	<b>3,028</b>	<b>2,198</b>	<b>(854)</b>	<b>2,198</b>	<b>2,198</b>	<b>2,198</b>	<b>2,198</b>	
Government Grants	1,185	2,543	2,000	0	2,000	2,000	2,000	2,000	
Reimbursements	5	191	20	(606)	20	20	20	20	
Customer & client receipts	147	294	178	(249)	178	178	178	178	
Recharges	0	0	0	0	0	0	0	0	
Reserves	0	0	0	0	0	0	0	0	
Capital Funded	0	0	0	0	0	0	0	0	
<b>Council Funded Net Budget</b>	<b>2,154</b>	<b>1,630</b>	<b>2,009</b>	<b>458</b>	<b>2,224</b>	<b>2,214</b>	<b>2,265</b>	<b>2,316</b>	
<b>Capital Budget £'000s</b>	<b>Final Budget 2015/16</b>	<b>Actual 2015/16</b>	<b>Budget 2016/17</b>	<b>Variance 2016/17 P8</b>	<b>Budget 2017/18</b>	<b>Budget 2018/19</b>	<b>Budget 2019/20</b>	<b>Budget 2020/21</b>	
Disabled Facilities Grant	447	447	1,043	(543)	755	629	280	280	
8 Wilton Road	60	60	0	0	0	0	0	0	
Western Road	0	0	760	0	0	0	0	0	
TOTALS	0	507	1,803	(543)	755	629	280	280	



2017/18 Income		2017/18		2018/19		2019/20		2020/21	
Savings £30k Rationalisation of admin budget (CH9)									
Savings -£36k - Deletion of one staffing post ((CH10)									
Savings -£100k Further Staff reductions (Any areas of HNES & EHH) (CH43)									
Savings £50k - Staff reduction in Housing Services ( CH57) -- Savings to be transferred to Adult Social Care									
Savings -£62k Further Staff reductions (Any areas of HNES & EHH) (CH43)									
Savings- £118k Staff reduction - savings to be transferred to Adult Social Care									



DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD  
Housing Needs and Enabling Services

PROJECT DESCRIPTION			MAJOR PROJECTS BENEFITS			Risk			
Project	Start date	End date	Project Title:	Project Details:	Project Title:	Project Details:	Likelihood	Impact	Score
Project 1	2016-17	2017-18	Deliver on-line self-assessment tools	Implement on-line Housing Register pre-application assessment tool.	Improved effectiveness		3	1	3
	Start date	End date							
Project 2	2016-17	2017-18	Homeless Placement Policy	Implement and monitor the Homeless Placement policy	Risk reduction and compliance		2	2	4
	Start date	End date							
Project 3	2014-15	2018-19	CHMP Regeneration (CLARION)	Input to CHMP regeneration with Future Merton.	Improved reputation		1	2	2
	Start date	End date							
Project 4	2016-17	2018-19	Service re-structure	Develop plans in 2016/17 to re-structure the service in 2017/18 and 2018/19 in light of the need to continue to provide a service with a reduced workforce.	Improved efficiency (savings)		2	3	6
	Start date	End date							
Project 5	2015-16	2017-18	Shared Lives Development	Explore ways to potentially develop the Shared Lives range of services, considering the business case for any service developments and liaise with the appropriate referring agencies to provide any additional funding where necessary	Improved effectiveness		3	1	3
	Start date	End date							
Project 6	2016-17	2017-18	Technology Review	Work with IT / E&R on re-procurement / replacement of M3PP.	Improved effectiveness		2	1	2
	Start date	End date							
Project 7	2017-18	2018-19	Selective Licencing	Produce a business case to consider selective licencing and/or additional licencing in parts of the borough and progress any actions arising where necessary.(Government is currently consulting on whether or not mandatory licencing of HMOs should be extended to 2 story dwellings. Accordingly it is sensible to await the outcome of governments consultation before embarking upon this project.)	Improved effectiveness		2	1	2
	Start date	End date							
Project 8	2016-17	2017-18	EDRMS Workflow	Work with Corporate to implement EDRMS in Housing and then update workflow processes accordingly	Improved effectiveness		2	2	4
	Start date	End date							



Libraries	Planning Assumptions							The Corporate strategies your service contributes to		
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2015/16	2016/17	2017/18	
Cllr Nick Draper: Cabinet Member for Community & Culture							56,000	56,000	56,000	Customer Contact Strategy
Enter a brief description of your main activities and objectives below							950,000	950,000	950,000	Customer Contact Strategy
The purpose of the service is to provide a 'comprehensive and efficient' library service, addressing the needs of adults and children' according to the Public Libraries and Museums Act 1964.	55,000	56,000	56,000	56,000	56,000	56,000	900,000	900,000	900,000	Customer Contact Strategy
Local authorities have a statutory duty to make provision for a library service but may decide on how this is delivered.	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,350,000	1,350,000	1,350,000	Customer Contact Strategy
Certain aspects of the service must be provided for free:	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,210,000	1,210,000	1,210,000	Customer Contact Strategy
Free lending of books	45.71	43.71	43.71	43.71	43.71	43.71	33.30	33.30	33.30	Customer Contact Strategy
Free access to information	7	7	7	7	7	7	7	7	7	Customer Contact Strategy
Free library membership	144	144	144	144	144	144	144	144	144	Customer Contact Strategy
The Library Service aims to provide a modern, high quality and cost effective service that is responsive to the needs of customers. Our vision is to remain the most efficient library service in London whilst continuing to achieve some of the highest customer satisfaction levels.										

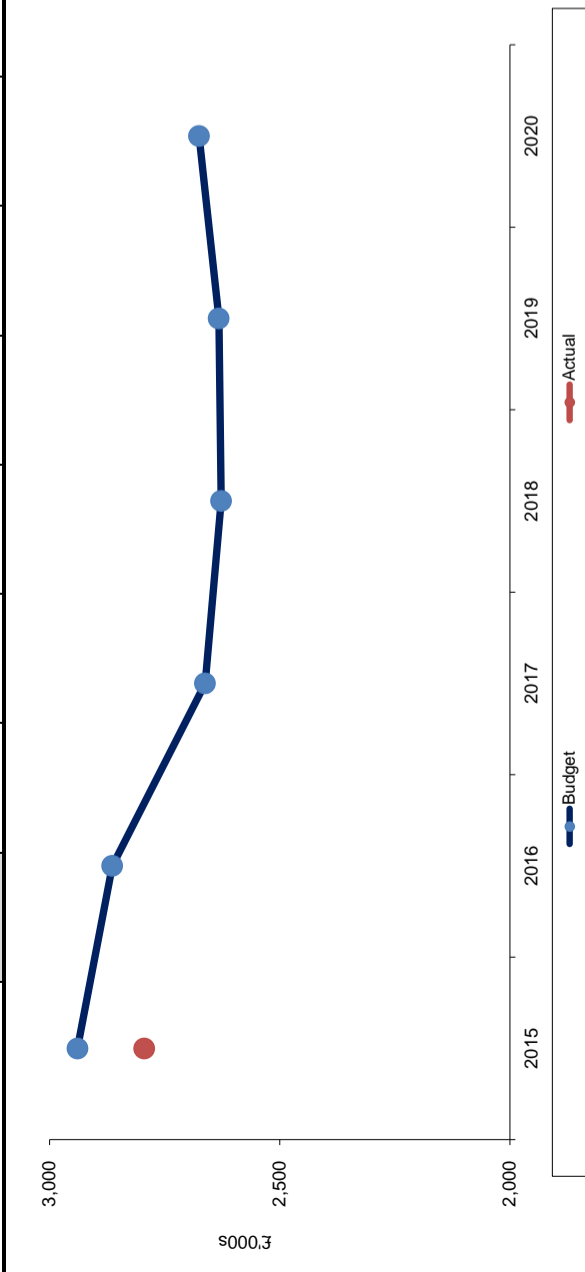
Performance indicator	Actual Performance (A) performance target (T) Proposed Target (P)						Polarity	Reporting cycle	Indicator type	Main impact if indicator not met
	2015/16(T)	2016/17(T)	2017/18(P)	2018/19(P)	2019/20(P)	2020/21(P)				
Number of visitors accessing the library service online	232472	200,000	210,000	220,000	230,000	230,000	High	Monthly	Quality	Reduced uptake of service
Active users - peoples network terminal	65269	56,000	56,000	56,000	56,000	56,000	High	Monthly	Outcome	Reduced uptake of service
% self service usage for stock transactions	96	96	97	97	97	98	High	Monthly	Business critical	Increased costs
Active volunteers in libraries	337	210	220	230	230	230	High	Monthly	Business critical	Reduced service delivery
Maintain Income	361,000	£316,000	£346,000	£346,000	£346,000	£346,000	High	Monthly	Unit cost	Increased costs
Partnership numbers	62	30	30	30	30	30	High	Monthly	Quality	Reduced service delivery
% customer satisfaction (ARS)	n/a	78	78	78	78	78	High	Annual	Perception	Reduced customer service

2017/18 Expenditure		2017/18 Income	
Employees		Customer & client receipts	
Premises			
Transport			
Supplies & Services			
3rd party payments			
Transfer payments			
Support services			
Depreciation			

Summary of major budget etc. changes 2017/18	
Savings - Introduce self-serve libraries at off peak times - £90k	
Savings - Staffing - £38k	
Savings - Additional staff savings - £62k	
Savings - Reduction in ICT contracts - £40k	

2018/19		2019/20		2020/21	
Savings - Letting of space for coffee shop franchise in libraries - £30k					

Revenue £'000s	DEPARTMENTAL BUDGET AND RESOURCES							
	Final Budget 2015/16	Actual 2015/16	Budget 2016/17	Forecast Variance 2016/17 P8	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21
Expenditure	3,296	3,190	3,221	(141)	2,971	2,966	3,009	3,052
Employees	1,350	1,265	1,348	(64)	1,076	1,057	1,086	1,115
Premises	399	406	403	(36)	485	493	501	509
Transport	4	5	4	(1)	4	4	4	4
Supplies & Services	508	454	449	(40)	399	404	409	414
3rd party payments	37	30	27	0	18	19	20	21
Transfer payments								
Support services	696	727	688	0	688	688	688	688
Depreciation	303	303	303	0	301	301	301	301
Revenue £'000s	Final Budget 2015/16	Actual 2015/16	Budget 2016/17	Variance 2016/17 P8	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21
Income G	357	396	357	(8)	309	339	377	377
Government Grants	0	0	0	0	0	0	0	0
Reimbursements	41	34	41	0	0	0	0	0
Customer & client receipts	316	361	316	(8)	309	339	377	377
Recharges	0	0	0	0	0	0	0	0
Reserves	0	0	0	0	0	0	0	0
Capital Funded	0	0	0	0	0	0	0	0
Council Funded Net Budget	2,939	2,794	2,864	(148)	2,662	2,627	2,632	2,675
Capital Budget £'000s	Final Budget 2015/16	Actual 2015/16	Budget 2016/17	Variance 2016/17 P8	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21
Colliers Wood Library Re-Fit					200			
Library Self Service		255	95	0				350
West Barnes Library Re-fit					200			
Library Management System					100			



Libraries

PROJECT DESCRIPTION			MAJOR PROJECTS BENEFITS		Risk	
Project	Project Title:	Project Details	Likelihood	Impact	Score	
<b>Project 1</b>	<b>Partnership development</b>					
Start date		Continue to develop partnership approach to delivering services in libraries. Increase health partnerships along with developing projects such as Merton Arts Space and the integration of adult education services.				
End date			2	1	2	
<b>Project 2</b>	<b>Heritage Strategy</b>					
Start date		Promote the Heritage Strategy and increase community participation in heritage activities. Continue to draw in external funding and improve income streams.				
End date			3	1	3	
<b>Project 3</b>	<b>Stock efficiency program</b>					
Start date		Continue to deliver efficiencies in the way that stock is managed. Deliver media fund savings and consolidate team structure. Maximise usage of e-resources.				
End date			3	1	3	
<b>Project 4</b>	<b>Children &amp; Young People's projects</b>					
Start date		Continue to deliver the Schools and Libraries Membership scheme for primary school children and promote reading through a variety of projects. Rollout the Schools and Libraries Membership scheme to high schools.				
End date			3	1	3	
<b>Project 5</b>	<b>Customer consultation, marketing and promotion</b>					
Start date		Undertake a new customer survey to gain user views and consult on any significant changes to service delivery. Continue to develop e-marketing services and undertake promotional activities such as Library Connect.				
End date			2	1	2	
<b>Project 6</b>	<b>Frontline Transformation</b>					
Start date		Implement agreed savings through the consolidation of staffing and the implementation of self-service libraries at off peak times in branch libraries.				
End date			3	2	6	
<b>Project 7</b>	<b>Assisted digital support</b>					
Start date		Increase volunteer numbers and skills in supporting customers with more complex IT needs. Support national initiatives to improve literacy and support the Customer Contact project.				
End date			2	1	2	
<b>Project 8</b>	<b>Security services contract</b>					
Start date		On-going monitoring of performance. Develop security guard services to play a more active role in service transformation and to support with new lone working arrangements.				
End date			3	2	6	
<b>Project 9</b>	<b>Library redevelopments</b>					
Start date		Open the new Colliers Wood Library and maximise the use of space in existing libraries.				
End date			3	2	6	
<b>Project 10</b>	<b>London Libraries Consortium</b>					
Start date		Implement actions in the LLC Strategy and procure a new library management system.				
Projects			3	2	6	

**Commissioned Service**  
**Merton Adult Education**  
**Cllr Nick Draper Cabinet Member for Community & Culture**  
**Service Providers:**  
**South Thames College**  
**Groundwork London**

**Description of main activities and objectives**  
The London Borough of Merton is committed to providing high quality and sustainable adult learning in order to improve the social, economic, health and wellbeing of our residents. The service is delivered through a commissioning model, contracting services to the best providers in the field and by developing sophisticated evidence based approaches to what we deliver.  
The service will continue to provide popular courses whilst expanding provision for families and enhancing our range of maths, English and employability courses.

Planning Assumptions							The Corporate strategies the service contributes to		
Anticipated demand	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21			
Total number of learners	3129	3285	3285	3285	3285	3285	Culture and Sport Framework		
Number of accredited learners	1397	1467	1467	1467	1467	1467	Employment and Skills Action Plan		
Total number of enrolments	4256	3964	3964	3964	3964	3964	Medium term Financial Strategy		
<b>Anticipated non financial resources</b>									
Staff (Commissioning Team)	0	3.66	3.66	3.66	3.66	3.66	Special Educational Needs and Disabilities Strategy		
Staff (LDD Curriculum manager)	0	1	1	1	1	1			
South Thames College	Sufficient resources to provide service								
Groundwork London	Sufficient resources to provide service								

Performance indicator	Performance Targets (T) & Provisional Performance Targets (P)				Polarity	Reporting cycle	Indicator type	Main impact if indicator not met
	2015/16(T)	2016/17(T)	2017/18(P)	2018/19(P)				
Number of enrolments per annum			3964	3964	High	Quarterly	Outcome	Reduced uptake of service
Number of new learners per annum (not registered as learners in previous year)			50%	45%	High	Quarterly	Outcome	Reduced uptake of service
Number of completers (% retention rate per annum)			93%	94%	High	Annual	Outcome	Reduced service delivery
% overall success rate of accredited courses per annum			85%	86%	High	Annual	Outcome	Reduced uptake of service
% of end of course evaluations where teaching and learning is rated as good or above			95%	95%	High	Annual	Perception	Reduced service delivery
% of enrolments from deprived wards			27%	30%	High	Quarterly	Quality	Reduced uptake of service
Average cost per learner			£247	£247	Low	Annual	Unit cost	Reduced uptake of service

Financial Information				Additional Expenditure Information			
Revenue	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21			
<b>Expenditure</b>	1,410	1,413	1,419	1,425			
Contractor's Fee	891	891	891	891			
Employees (Commissioning Team)	184	186	191	196			
Employees (LDD Curriculum Manager)	46	47	48	49			
Other Costs	289	289	289	289			
<b>Revenue</b>	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21			
<b>Income</b>	1,381	1,381	1,381	1,381			
Adult Education Block Grant	1,347	1,347	1,347	1,347			
Adult Apprenticeships Grant	27	27	27	27			
Other Income	7	7	7	7			
<b>Capital Expenditure</b>	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21			

DETAILS OF MAJOR PROJECTS  
Merton Adult Education

PROJECT DESCRIPTION			MAJOR PROJECTS BENEFITS			Risk	
			Likelihood	Impact	Score		
<b>Project 1</b>	<b>Improve Ofsted status</b>						
Start date	2016/17	Implement agreed actions in Post Ofsted Improvement Action Plan (PIAP) ready for re-inspection with the view to achieving a 'Good' status					
End date	2018/19				3	2	6
<b>Project 2</b>	<b>Embed employability, maths and English strands in courses where applicable</b>						
Start date	2016/17	Embed key threads around employability, maths and English into courses delivered by new providers.					
End date	2018/19				2	1	2
<b>Project 3</b>	<b>Launch new apprenticeship scheme</b>						
Start date	2016/17	Procure an organisation to increase apprenticeship numbers in the borough.					
End date	2017/18				2	1	2
<b>Project 4</b>	<b>Expand provision in deprived areas of the borough and / or amongst deprived communities</b>						
Start date	2016/17	Deliver a range of community and family learning initiatives in the borough to increase take up and proactively market services to residents with the greatest needs.					
End date	2018/19				3	1	3
<b>Project 5</b>	<b>Embed new evidence base and overhaul course provision</b>						
Start date	2017/18	Make more effective usage of learner and community data to inform the future commissioning of adult learning courses whilst retaining a healthy breadth of provision.					
End date	2018/19				2	1	2
<b>Project 6</b>	<b>Embed new commissioning arrangements across all services</b>						
Start date	2016/17	Undertake regular contract reviews and identify improvement plans to embed and improve the quality of the new adult learning services					
End date	2019/20				3	2	6



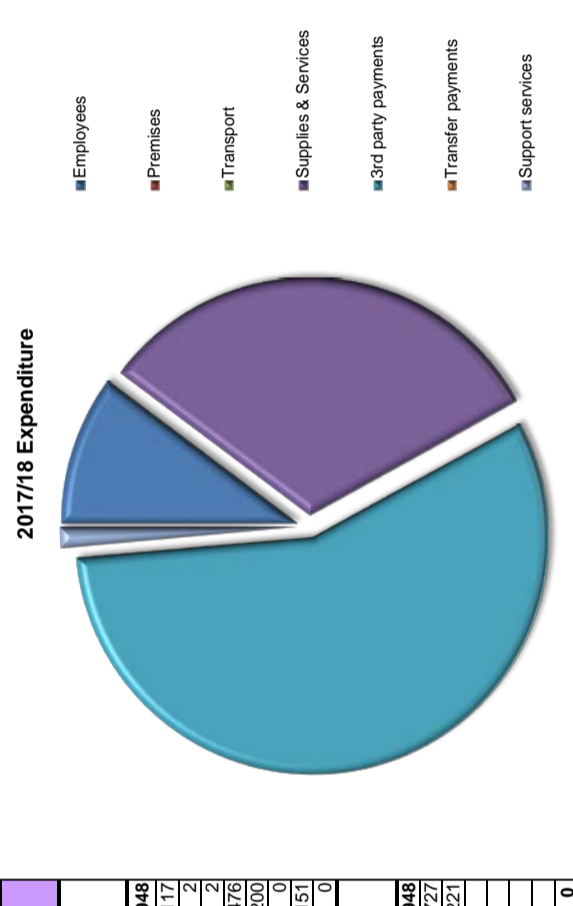
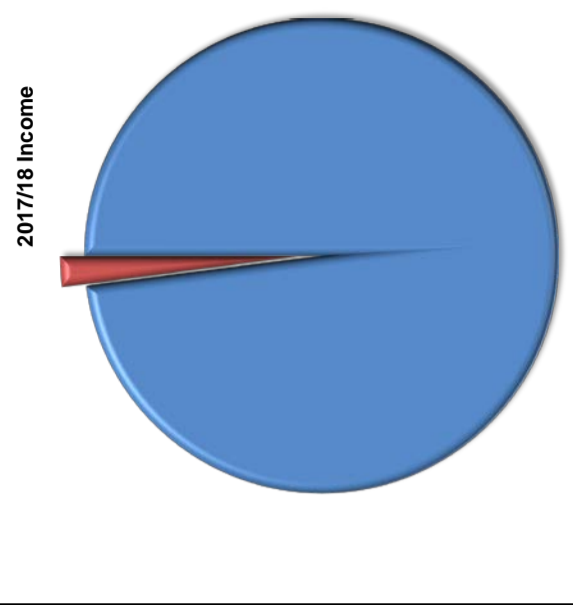
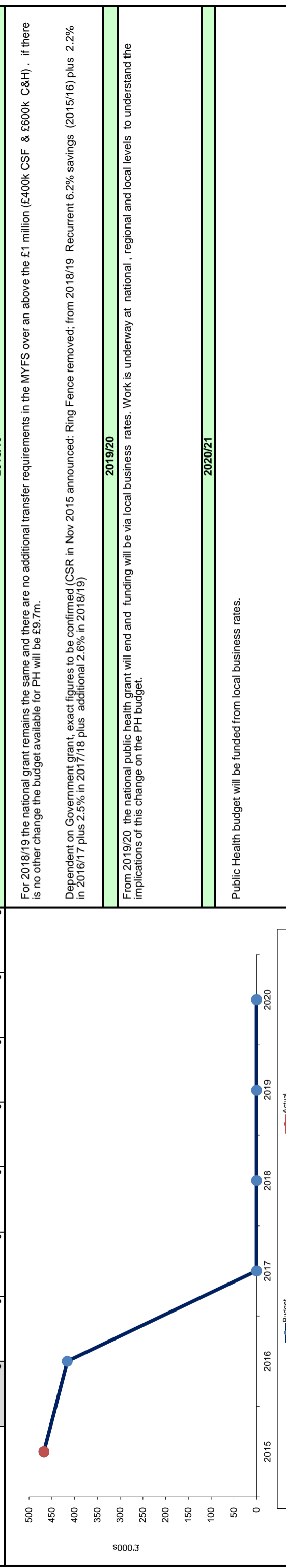
Public Health		Planning Assumptions				The Corporate strategies your service contributes to		
Cllr Tobin Byers: Cabinet Member for Adult Social Care	Anticipated demand	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	
<p>Public Health services currently comprise:</p> <ul style="list-style-type: none"> <li>Services to improve health and wellbeing that are the commissioning responsibility of PH in LA (including the following mandatory services: sexual health, NHS health checks, Healthy Child 0-5 services, National Child Measurement Programme)</li> <li>Commissioning support function to the CCG (mandatory) and council;</li> <li>Health protection oversight function (mandatory)</li> <li>Health intelligence including JSNA (mandatory)</li> </ul> <p>Our vision for public health in Merton over the next five years is to:</p> <ul style="list-style-type: none"> <li>Protect and improve physical and mental health outcomes for the whole population in Merton throughout the life course, and reduce health inequalities, especially between the West and East of the borough, within the shrinking financial envelope available.</li> <li>Fulfill our statutory PH duties.</li> <li>Contribute to Merton becoming London's best council in 2020</li> </ul> <p>Our strategic objectives are:</p> <p><b>Objective 1:</b> Service transformation - Deliver East Merton Model of Health and Wellbeing and Wilson health and community campus as blueprint for borough-wide health and care transformation</p> <p><b>Objective 2:</b> Embedding health &amp; wellbeing into council business - Embed health and wellbeing as relevant outcome across the whole council business (and partners) including establishing health as a marker for good government and as investment rather than expenditure, integral to 2020 vision of best London council</p> <p><b>Objective 3:</b> Strengthening commissioning and commissioning support - Develop public health strategic commissioning (end-to-end) &amp; public health support to commissioning for health and wellbeing outcomes using a range of specific purposefully chosen collaborative commissioning approaches for development and delivery of integrated service models</p>	Sexual health	20,554	20,913	21,845	22,403	23,187	TBC	
	Drugs & alcohol	452 Drugs/253 Alcohol	40%	40%	40%	40%	40%	TBC
	Support to CCG (% of PH staff capacity)	6211	6300	2,600	2,600	2,600	2,600	TBC
	NHS Health Checks	Reception Cohort : 2,610 Year 6 Cohort: 2,012	Reception Cohort : 2,655 Year 6 Cohort: 2,088	Reception Cohort : 2,700 Year 6 Cohort: 2,125	Reception Cohort : 2,745 Year 6 Cohort: 2,182	Reception Cohort : 2,745 Year 6 Cohort: 2,182	Reception Cohort : 2,745 Year 6 Cohort: 2,182	TBC
National Child Measurement Programme	1168	1000	TBC	TBC	TBC	TBC	TBC	
NHS Smoking Cessation	3237	3170	3104	3037	2971	2971	TBC	
Health Visiting New Birth Visits: estimated new births								
Anticipated non financial resources	Staff (FTE)	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	
	Staff (Trainees)	14.77	15.93	16.56	16.56	16.56	16.56	
		1	2	2	TBC	TBC	TBC	
Performance indicator								
	New STI diagnosis per 100,000 pop. (excl. Chlamydia, under 25s)	TBC	1103.1	1141.7	1181.6	1222.9	1285.7	
	% of people offered HIV test at first attendance	N/a	75%	80%	86%	92%	97%	
	% of people who accept offer of HIV test at first attendance	N/a	69%	73%	79%	84%	90%	
	Successful completion of drug treatment (opioids)	9.4%	9.0%	9.0%	9.0%	9.0%	9.0%	
	Successful completion of alcohol treatment	60.2%	60%	60%	60%	60%	60%	
	% excess weight in children age 10 - 11 years	34.7%	35.6%	34.2%	33.7%	TBC	TBC	
	Reduce % gap in age 10-11 obesity between East & West Merton	N/a	9.2%	8.0%	8.0%	TBC	TBC	
	Health Visiting - % of New Birth Reviews within 14 days of birth	85.4%	90%	90%	90%	90%	90%	
	% participation in National Child Measurement Programme of Year 6 children	95.7%	95%	95%	95%	95%	95%	

DEPARTMENTAL BUDGET AND RESOURCES											
Revenue £'000s	Final Budget 2015/16	Actual 2015/16	Budget 2016/17	Forecast Variance 2016/17 P8	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Actual performance (A)	Performance Target (T)	Proposed Target (P)
<b>Expenditure</b>	<b>11,536</b>	<b>10,926</b>	<b>11,897</b>	<b>21</b>	<b>10,948</b>	<b>10,948</b>	<b>10,948</b>	<b>10,948</b>	TBC	1103.1	1141.7
Employees	1,133	1,044	1,090	(12)	1,117	1,117	1,117	1,117	N/a	75%	80%
Premises	2	1	2	(1)	2	2	2	2	N/a	69%	73%
Transport	2	2	2	0	2	2	2	2	9.4%	9.0%	9.0%
Supplies & Services	5,019	4,544	3,750	89	3,476	3,476	3,476	3,476	60.2%	60%	60%
3rd party payments	5,208	5,156	6,886	(56)	6,200	6,200	6,200	6,200	34.7%	34.2%	33.7%
Transfer payments	0	0	0	0	0	0	0	0	9.2%	8.0%	8.0%
Support services	172	178	167	0	151	151	151	151	85.4%	90%	90%
Depreciation	0	0	0	0	0	0	0	0	95.7%	95%	95%
<b>Revenue £'000s</b>	<b>Final Budget 2015/16</b>	<b>Actual 2015/16</b>	<b>Budget 2016/17</b>	<b>Variance 2016/17 P8</b>	<b>Budget 2017/18</b>	<b>Budget 2018/19</b>	<b>Budget 2019/20</b>	<b>Budget 2020/21</b>			
<b>Income</b>	<b>11,069</b>	<b>10,458</b>	<b>11,481</b>	<b>(120)</b>	<b>10,948</b>	<b>10,948</b>	<b>10,948</b>	<b>10,948</b>			
Government grants	10,712	10,071	11,181	(15)	10,727	10,727	10,727	10,727			
Reimbursements	356	388	300	(105)	221	221	221	221			
Customer & client receipts											
Recharges											
Reserves											
Capital Funded											
<b>Capital Funded Net Budget</b>	<b>467</b>	<b>467</b>	<b>416</b>	<b>(99)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>			
<b>Capital Budget £'000s</b>	<b>Final Budget 2015/16</b>	<b>Actual 2015/16</b>	<b>Budget 2016/17</b>	<b>Variance 2016/17 P8</b>	<b>Budget 2017/18</b>	<b>Budget 2018/19</b>	<b>Budget 2019/20</b>	<b>Budget 2020/21</b>			

**Summary of major budget etc. changes 2017/18**

Funding for PH will continue to be allocated through the ring-fenced grant. Following a national decision to reduce the total PH grant a 2.5% cut is required in 2017/18. That means the national PH Grant is £10.7m in 2017/18. In addition the Council's medium term financial strategy has committed PH to transfer recurrently £400k to CSF and £600k to C&H. This reduces the budget available for PH to £9.7m.

For 2017/18 there is a total of £870k required savings. The approach to savings will be to minimise the negative impact from shrinking resources on population health, protection of vulnerable residents and reduction of inequalities, and to avoid savings in one budget having inadvertently shifting cost pressures to another part of the Council.



**2018/19**

For 2018/19 the national grant remains the same and there are no additional transfer requirements in the MYFS over an above the £1 million (£400k CSF & £600k C&H) if there is no other change the budget available for PH will be £9.7m.

Dependent on Government grant, exact figures to be confirmed (CSR in Nov 2015 announced: Ring Fence removed; from 2018/19 Recurrent 6.2% savings (2015/16) plus 2.2% in 2016/17 plus 2.5% in 2017/18 plus additional 2.6% in 2018/19)

From 2019/20 the national public health grant will end and funding will be via local business rates. Work is underway at national, regional and local levels to understand the implications of this change on the PH budget.

Public Health budget will be funded from local business rates.

**2019/20**

From 2019/20 the national public health grant will end and funding will be via local business rates. Work is underway at national, regional and local levels to understand the implications of this change on the PH budget.

Public Health budget will be funded from local business rates.

**2020/21**

Public Health budget will be funded from local business rates.

Public Health

PROJECT DESCRIPTION			MAJOR PROJECTS BENEFITS		Risk		
Project	Start date	End date	Project Title:	Improved effectiveness	Likelihood	Impact	Score
Project 1	2016/17	2020-21	<p>Public Health, Merton CCG and the East Merton GP Locality are working in partnership to develop and deliver the East Merton Model of Health and Wellbeing and Wilson health and community campus as blueprint for borough-wide health and care transformation. This is a major programme aimed at co-creating a model for East Merton, incorporating design of health and community campus, community engagement, better use of wider public sector estates and development of social investment funding models . PH Lead: Anjan Ghosh</p>	Improved effectiveness	3	3	9
	2020-21						
Project 2	2016-17	2020-21	<p><b>Embed Health and Wellbeing in all policies (TOM URN: PH2)</b></p> <p>Embed health and wellbeing in all policies programme as a relevant outcome across the whole council business (and partners) incl establish health as marker for good government and as investment rather than expenditure work in partnership with HR to deliver Healthy Workplace Programme; engage in growth and regeneration agenda, including optimising health improvement through the planning process. PH lead: Clarissa Larsen</p>	Improved effectiveness	2	2	4
	2020-21						
Project 3	2016-17	2018-19	<p><b>Integrated sexual health services (TOM URN: PH6)</b></p> <p>Commission on a sub-regional level fully integrated sexual health services, joining up community pharmacy and GP practice level services with Level 2 CaSH services and Level 3 GUM services in a seamless provision. PH Lead: Anjan Ghosh</p>	Improved effectiveness	3	3	9
	2018-19						
Project 4	2015-2016	2017-18	<p><b>Redesign of Adult substance misuse treatment services (drugs and alcohol) (TOM URN: PH6)</b></p> <p>Commission a redesigned adult substance misuse service based on a preventative and recovery orientated model, that is aligned with mental health services for Merton working in conjunction with CCG. Develop a comprehensive substance misuse prevention framework that encompasses community safety, licensing and regulation. PH Lead: Amanda Killoran</p>	Improved effectiveness	3	3	9
	2017-18						
Project 5	2014-15	2017-18	<p><b>Redesign of Prevention and Health improvement Services (TOM URN: PH6)</b></p> <p>Commission a redesigned integrated lifestyle and NHS Health checks programme as part of taking forward the Merton Prevention Framework. The healthy lifestyle will comprise four related components: outreach and community resilience, a universal digital gateway and offer, stop smoking, and front line training. This is combined with a redesigned NHS Health Checks programme comprising primary and community based elements, underpinned by risk stratification. PH Lead: Amanda Killoran</p>	Improved effectiveness	2	2	4
	2017-18						
Project 6	2016-17	2018-19	<p><b>Development of integrated Children's Services (TOM URN: PH7)</b></p> <p>Lead transformation of the Community health services towards a Healthy Child 0-19 years service, embedding health visiting and school nursing locality teams; develop a shared vision and development programme for closer integration Early Years services including 0-19 Healthy Child and Children's Centres, to provide seamless care pathways for children and young people. Develop a CYP joint commissioning function between PH, CSF and MCCG. PH Lead: Julia Groom</p>	Improved effectiveness	2	3	6
	2018-19						
Project 7	2016-17	2018-19	<p><b>Childhood Obesity Action Plan (TOM URN: PH4)</b></p> <p>Deliver a whole systems childhood obesity action plan to reduce childhood obesity and health inequalities. This will address the wider social and environmental influences, and include leadership, the food environment, physical environment, early years and schools as well as community and staff engagement. PH Lead: Julia Groom</p>	Improved effectiveness	2	2	4
	2018-19						
Project 8	2016/17	2020/21	<p><b>Development of social prescribing (TOM URN: PH5)</b></p> <p>Develop and evaluate a service model for social prescribing in Merton that improves health and wellbeing of patients through providing access to non-medical support that increase self help, self management and social engagement and healthy behaviours, and prevent ill health. Social prescribing is part of the EMMHWP and a major component in the CCG's Primary Care Strategy and the development of the model of multi-speciality community provider, strengthening relationships between primary care and the voluntary and community sector and services. PH Lead: Amanda Killoran</p>	Improved effectiveness	2	2	4
	2020/21						
Project 9	2016-17	2020-21	<p><b>Joint Strategic Needs Assessment Plus/Intelligence Hub (TOM URN: PH11)</b></p> <p>Develop a programmatic approach to public health intelligence covering: the JSNA analysis and support to strategy and commissioning decisions through a range of accessible outputs /products; Performance measurement and monitoring in support of continuous improvement of strategies and services in achieving outcomes; and Information management including sharing /linkages of data across the council/CCG. PH Lead: Amanda Killoran</p>	Improved efficiency (savings)	2	2	4
	2020-21						
Project 10	2016-17	2020-21	<p><b>Dementia Friendly Merton (TOM URN: PH3)</b></p> <p>Relaunch the Dementia Action Alliance (DAA) in Merton, as the principal vehicle for the development of Dementia Friendly Merton. This partnership will have strategic steer from the Dementia Strategy Steering Group. Governance structures and terms of reference will be developed and formalised and an action plan will be developed to roll out the DAA and ensure the sustainability of the programme, exploring the feasibility of having a designated coordinator or an alternative mechanism. PH Lead: Anjan Ghosh</p>	Improved effectiveness	2	2	4
	2020-21						

# **Corporate Services**

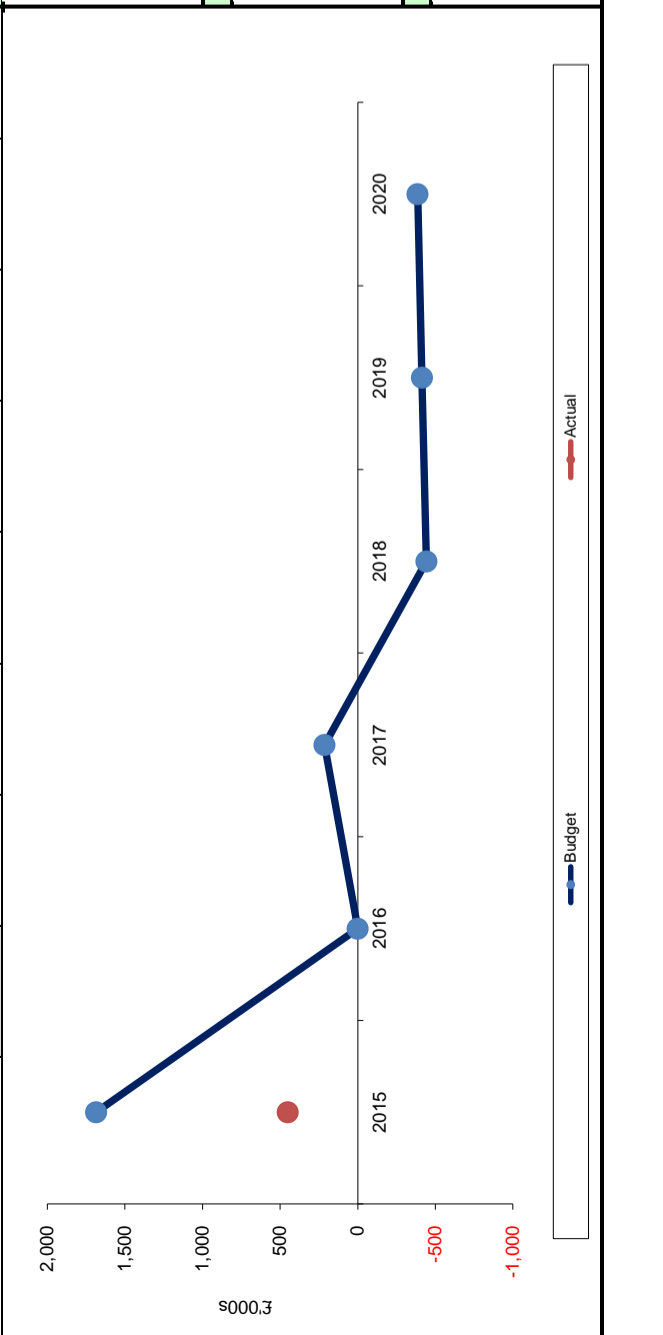


Business Improvement		Planning Assumptions					The Corporate strategies your service contributes to	
Cllr Mark Allison: Deputy Leader & Cabinet Member for Finance		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	
Enter a brief description of your main activities and objectives below		4023	3555	3355	3355	3355	1355	Customer Contact Strategy
Core service request (days)		1620	1450	1450	1350	1350	1350	IT Strategy and Implementation Plan
Non Core service requests (days)		880	880	880	880	880	880	Information Management Strategy
Support for continuous/business improvement (days)		21 FTE	19 FTE	11 FTE	0 FTE	0 FTE	0 FTE	
Project/Programmes								
<b>Anticipated non financial resources</b>		<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	
Staff - Management & Programme Office (FTE)		6.46	6	4.5	3	3	3	
Staff - Business Systems Team (FTE)		25	23	21	21	21	21	
Staff - Programmes and projects (fixed term)		21	20	11	6	6	6	
<b>Performance indicator</b>		<b>Actual Performance (A)</b>		<b>Performance Target (P)</b>		<b>Proposed Target (T)</b>		<b>Indicator type</b>
Systems availability		2015/16(A)	2016/17(T)	2017/18(P)	2018/19(P)	2020/21(P)	2019/20(P)	Business critical
% positive and neutral coverage tone		99.3%	98%	99%	99%	99%	99%	Perception
		94.75%	92%	92%	92%	92%	92%	

DEPARTMENTAL BUDGET AND RESOURCES									
Revenue £'000s	Final Budget 2015/16	Actual 2015/16	Budget 2016/17	Forecast Variance 2016/17 P8	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	
<b>Expenditure</b>	<b>4,689</b>	<b>5,021</b>	<b>3,712</b>	<b>165</b>	<b>3,244</b>	<b>2,587</b>	<b>2,616</b>	<b>2,644</b>	
Employees	2,933	3,069	2,363	539	1,244	1,242	1,255	1,269	
Premises	3	1	0	6	0	0	0	0	
Transport	3	1	3	(3)	3	3	3	3	
Supplies & Services	1,345	1,440	1,011	(377)	1,693	1,039	1,054	1,069	
3rd party payments	408	508	335	0	303	303	303	303	
Support services									
Depreciation									
<b>Revenue £'000s</b>	<b>Final Budget 2015/16</b>	<b>Actual 2015/16</b>	<b>Budget 2016/17</b>	<b>Variance 2016/17 P8</b>	<b>Budget 2017/18</b>	<b>Budget 2018/19</b>	<b>Budget 2019/20</b>	<b>Budget 2020/21</b>	
<b>Income</b>	<b>3,004</b>	<b>4,571</b>	<b>3,713</b>	<b>(356)</b>	<b>3,030</b>	<b>3,030</b>	<b>3,030</b>	<b>3,030</b>	
Government Grants									
Reimbursements									
Customer & Client receipts	164	424	114	(356)	114	114	114	114	
Recharges	2,840	4,146	3,599	0	2,916	2,916	2,916	2,916	
Reserves									
Capital Funded									
<b>Council Funded Net Budget</b>	<b>1,685</b>	<b>450</b>	<b>(0)</b>	<b>(191)</b>	<b>214</b>	<b>(443)</b>	<b>(414)</b>	<b>(386)</b>	
<b>Capital Budget £'000s</b>	<b>Final Budget 2015/16</b>	<b>Actual 2015/16</b>	<b>Budget 2016/17</b>	<b>Variance 2016/17 P8</b>	<b>Budget 2017/18</b>	<b>Budget 2018/19</b>	<b>Budget 2019/20</b>	<b>Budget 2020/21</b>	
Document management system			740						
Plan Web/Capita Housing					100	42			
Customer contact programme		99	686						
Protective Marking		0	81						
Replace Social Care System		191	563		426	350			
Electronic Asset Management			21		250	75			
Public Protection & Map Info Systems					40	510			
Revenues & Benefits	<b>0</b>	<b>290</b>	<b>2,090</b>	<b>0</b>	<b>816</b>	<b>1,377</b>	<b>0</b>	<b>0</b>	

2017/18 Expenditure		2017/18 Income	
		<b>Summary of major budget etc. changes 2017/18</b>	

Reorganisation of systems development and support arrangements CS63 £74k.	
CS2015-01 Rationalisation of IT systems, removal of support for some systems 3k	
CS2015-02 Expiration of salary protection 16k	
CS2015-04 Restructure functions, delete 1 AD and other elements of management 170k	
CS2015-08 Staffing support savings 13k	



DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD

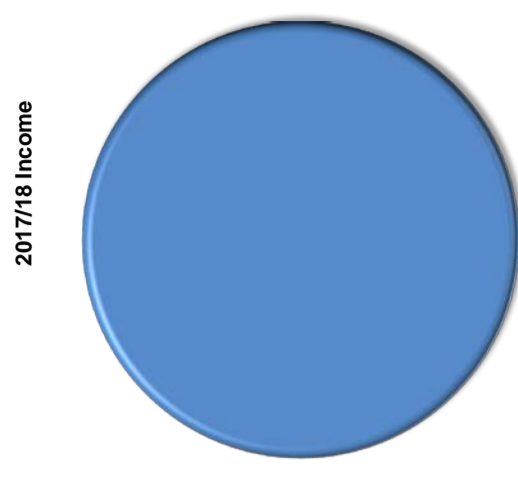
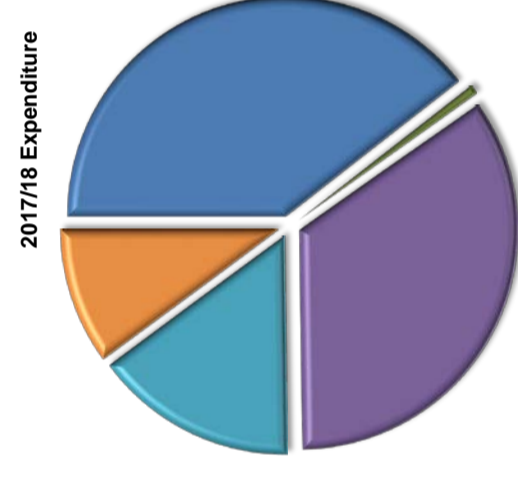
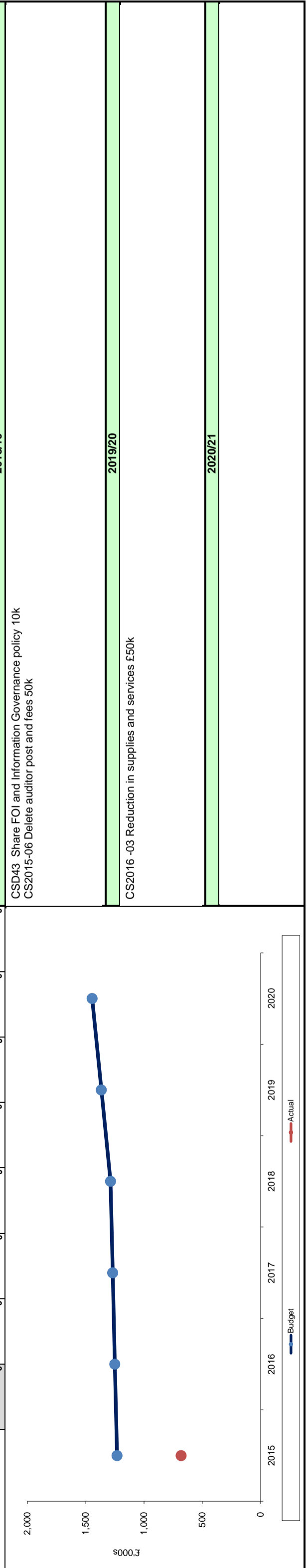
Business Improvement

PROJECT DESCRIPTION			MAJOR PROJECT BENEFIT		Risk	
Project	Project Title:	Project Details:	Likelihood	Impact	Score	
<b>Project 1</b>	<b>Customer Contact programme</b>	Lead and deliver CC programme; to deliver improvements (technology and service redesign) set out in CC Strategy.	2	2	4	
Start date	2013-14					
End date	2017-18					
<b>Project 2</b>	<b>Electronic document and records management system</b>	Procure and implement a replacement EDRMS to support and enable flexible/remote working and Customer Contact.	3	2	6	
Start date	2013-14					
End date	2017-18					
<b>Project 3</b>	<b>Social Care Information System</b>	Procure and implement a Social Care Information system to support adults social and children and families integrated care.	1	3	3	
Start date	2014-15					
End date	2017-18					
<b>Project 4</b>	<b>SCIS Phase 2</b>	Expand the new SCIS solution into other business areas and develop integration with EDRMS and Customer Contact solutions.	2	3	6	
Start date	2017-18					
End date	2018-19					
<b>Project 5</b>	<b>EAMS</b>	Reprocure and implement the council's Asset Management solution and ensure end-to-end channel shift is achieved.	1	2	2	
Start date	2017-18					
End date	2017-18					
<b>Project 6</b>	<b>MADI</b>	Cleansing and geocoding the council's geospatial data and establishing arrangements for the ongoing maintenance of data.	1	2	2	
Start date	2015-16					
End date	2017-18					

Corporate Governance		Planning Assumptions				The Corporate strategies your service contributes to	
Cllr Mark Allison: Deputy Leader & Cabinet Member for Finance	Anticipated demand	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Corporate Governance is made up of 5 core services:	Residents	204,405	205,722	207,410	208,607	209,771	210,902
	Officers	60	60	60	60	60	60
	Councillors	60	60	60	60	60	60
Information Governance - manages complaints, MP & Member enquiries, Freedom of Information requests, ensuring organisational compliance with Data Protection Act and the Transparency agenda, including maintaining the Publication Scheme. Also provides the Local Land Charges function.	Elections	39,05	30,7 (excl. Invest&audit)	28,9	28,9	28,9	28,9
	Anticipated non financial resources	800	800	800	800	800	800
	Staff (FTE)	150	150	150	150	150	150
Democracy Services - maintains independent scrutiny function, support to Councillors and Mayor & ensures council has robust decision making arrangements.	Staff - Election	800	800	800	800	800	800
	Staff - Canvass	150	150	150	150	150	150
	Electoral Services	150	150	150	150	150	150
Electoral Services - maintains registers of electors whilst managing the move to individual electoral registration, administers elections & referendums and undertakes boundary & electoral reviews.	Information Governance	204,405	205,722	207,410	208,607	209,771	210,902
	Information Governance Policy	204,405	205,722	207,410	208,607	209,771	210,902
	Information Governance Strategy	204,405	205,722	207,410	208,607	209,771	210,902
Internal Audit and Investigations - Merton has joined the audit and fraud partnership with its neighbouring authorities. Internal Audit covered by SWLAP (South West London Audit Partnership) and Investigations covered by SWLIFP (South West London Fraud Partnership) covering Merton, Kingston, Richmond, Sutton and Wandsworth. The service provide independent, objective appraisal or risk management, governance & internal control processes and fraud risks including planned & unplanned audits, investigates allegations of poor control and conflicts of interest. Co-ordinates the Annual Governance Statement. Reviews and updates anti fraud policies. Reports poor practices/weak controls to members. Investigation external and internal fraud.	Information Governance	204,405	205,722	207,410	208,607	209,771	210,902
	Information Governance Policy	204,405	205,722	207,410	208,607	209,771	210,902
	Information Governance Strategy	204,405	205,722	207,410	208,607	209,771	210,902
There is also the shared Legal service with the London Borough of Richmond, Wandsworth, Sutton and Kingston; this service has its own Service Plan.	Information Governance	204,405	205,722	207,410	208,607	209,771	210,902
	Information Governance Policy	204,405	205,722	207,410	208,607	209,771	210,902
	Information Governance Strategy	204,405	205,722	207,410	208,607	209,771	210,902

DEPARTMENTAL BUDGET AND RESOURCES									
Revenue £'000s	Final Budget 2015/16	Actual 2015/16	Budget 2016/17	Forecast Variance 2016/17 P8	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Performance indicator
Expenditure	3,828	3,569	3,224	180	3,044	3,063	3,142	3,220	Audit actions implemented by agreed date
Employees	1,912	1,782	1,320	159	1,202	1,156	1,170	1,184	Audits completed against plan
Premises	7	15	1	11	1	1	1	1	Complaints - dealt with in time
Transport	21	14	19	12	21	21	22	22	Complaints progressed to stage 2
Supplies & Services	1,325	1,184	1,084	16	1,052	1,109	1,166	1,223	FOI requests - dealt with in time
3rd party payments	239	239	493	-18	460	468	475	483	Number of supplementary agendas issued
Support services	324	335	307	308	308	308	308	308	Ombudsman complaints answered in time
Depreciation									Ombudsman complaints partially or fully upheld
Revenue £'000s	Final Budget 2015/16	Actual 2015/16	Budget 2016/17	Variance 2016/17 P8	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	% of FOI refusal notices not upheld at review
Income	2,597	2,887	1,973	(445)	1,776	1,776	1,776	1,776	N/A
Government Grants	260	286	0	34.53	0	0	0	0	4%
Reimbursements	163	284	0	141	0	0	0	0	4%
Customer & client receipts	288	401	0	(621)	(8)	(8)	(8)	(8)	4%
Recharges	1,886	1,917	1,973	1,784	1,784	1,784	1,784	1,784	4%
Reserves									4%
Capital Funded									4%
Council Funded Net Budget	1,231	682	1,251	(265)	1,269	1,287	1,366	1,445	4%

Summary of major budget etc. changes									
Capital Budget £'000s	Final Budget 2015/16	Actual 2015/16	Budget 2016/17	Variance 2016/17 P8	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	2017/18
									2017/18
									2018/19
									2019/20
									2020/21



CSD43 Share FOI and information governance policy £40k  
 CSD45 Share audit and investigation service 20k  
 CS2015-13 Shared Investigation Service 40k  
 CS2015-14 Shared audit service 33k

CSD43 Share FOI and Information Governance policy 10k  
 CS2015-06 Delete auditor post and fees 50k

CS2016 -03 Reduction in supplies and services £50k

Corporate Governance

PROJECT DESCRIPTION			MAJOR PROJECTS BENEFITS			Risk	
Project 1	Project 2	Project 3	Project 4	Project 5	Likelihood	Impact	Score
Start date 2013-14 End date 2017-18	Project Title: 2013/17 Implement individual electoral registration  Project Details: Introduce new system of Individual Electoral Registration by implementing new processes to register residents, whilst undertaking data matching and public awareness strategies to seek to maximise the accuracy and completeness of the register of electors.	Project Title: 2013/17 Administer statutory elections, referendums and ballots.  Project Details: Administer GLA elections in 2016, and European Referendum before the end of 2017, plus Wimbledon BID ballot in 2016, together with any other referendums and ballots that may be required.	Project Title: Committee report workflow  Project Details: To improve workflow through implementation of features within new software system. Will enable report authors to submit electronically, receive deadline reminders and get legal and finance comments as well as sign off by Directors and Cabinet Members. 2015/16 rolled out to Cabinet and Council. 2016/17 rollout to other committees.	Project Title: Scrutiny Improvement Programme  Project Details: To continue to improve effectiveness and impact of the scrutiny function and to engage new councillors in scrutiny activities. Programme comprises objectives and actions agreed by the Overview and Scrutiny Commission each year when it receives the Annual Member Survey.	3	3	9
Start date 2013-14 End date 2017-18	Project Title: 2013/17 Administer statutory elections, referendums and ballots.  Project Details: Administer GLA elections in 2016, and European Referendum before the end of 2017, plus Wimbledon BID ballot in 2016, together with any other referendums and ballots that may be required.	Project Title: Committee report workflow  Project Details: To improve workflow through implementation of features within new software system. Will enable report authors to submit electronically, receive deadline reminders and get legal and finance comments as well as sign off by Directors and Cabinet Members. 2015/16 rolled out to Cabinet and Council. 2016/17 rollout to other committees.	Project Title: Scrutiny Improvement Programme  Project Details: To continue to improve effectiveness and impact of the scrutiny function and to engage new councillors in scrutiny activities. Programme comprises objectives and actions agreed by the Overview and Scrutiny Commission each year when it receives the Annual Member Survey.	Project Title: Creation of centralised Local Land Charges Register  Project Details: Review of LLC service delivery; dependent on national directive	3	3	9
Start date 2014-15 End date 2017-18	Project Title: Committee report workflow  Project Details: To improve workflow through implementation of features within new software system. Will enable report authors to submit electronically, receive deadline reminders and get legal and finance comments as well as sign off by Directors and Cabinet Members. 2015/16 rolled out to Cabinet and Council. 2016/17 rollout to other committees.	Project Title: Committee report workflow  Project Details: To improve workflow through implementation of features within new software system. Will enable report authors to submit electronically, receive deadline reminders and get legal and finance comments as well as sign off by Directors and Cabinet Members. 2015/16 rolled out to Cabinet and Council. 2016/17 rollout to other committees.	Project Title: Scrutiny Improvement Programme  Project Details: To continue to improve effectiveness and impact of the scrutiny function and to engage new councillors in scrutiny activities. Programme comprises objectives and actions agreed by the Overview and Scrutiny Commission each year when it receives the Annual Member Survey.	Project Title: Scrutiny Improvement Programme  Project Details: To continue to improve effectiveness and impact of the scrutiny function and to engage new councillors in scrutiny activities. Programme comprises objectives and actions agreed by the Overview and Scrutiny Commission each year when it receives the Annual Member Survey.	2	1	2
Start date 2014-15 End date 2017-18	Project Title: Scrutiny Improvement Programme  Project Details: To continue to improve effectiveness and impact of the scrutiny function and to engage new councillors in scrutiny activities. Programme comprises objectives and actions agreed by the Overview and Scrutiny Commission each year when it receives the Annual Member Survey.	Project Title: Scrutiny Improvement Programme  Project Details: To continue to improve effectiveness and impact of the scrutiny function and to engage new councillors in scrutiny activities. Programme comprises objectives and actions agreed by the Overview and Scrutiny Commission each year when it receives the Annual Member Survey.	Project Title: Scrutiny Improvement Programme  Project Details: To continue to improve effectiveness and impact of the scrutiny function and to engage new councillors in scrutiny activities. Programme comprises objectives and actions agreed by the Overview and Scrutiny Commission each year when it receives the Annual Member Survey.	Project Title: Scrutiny Improvement Programme  Project Details: To continue to improve effectiveness and impact of the scrutiny function and to engage new councillors in scrutiny activities. Programme comprises objectives and actions agreed by the Overview and Scrutiny Commission each year when it receives the Annual Member Survey.	2	1	2
Start date 2014-15 End date 2017-18	Project Title: Creation of centralised Local Land Charges Register  Project Details: Review of LLC service delivery; dependent on national directive	Project Title: Creation of centralised Local Land Charges Register  Project Details: Review of LLC service delivery; dependent on national directive	Project Title: Creation of centralised Local Land Charges Register  Project Details: Review of LLC service delivery; dependent on national directive	Project Title: Creation of centralised Local Land Charges Register  Project Details: Review of LLC service delivery; dependent on national directive	3	1	3



**Customer Services**

**Cllr Mark Allison: Deputy Leader & Cabinet Member for Finance**  
 Enter a brief description of your main activities and objectives below

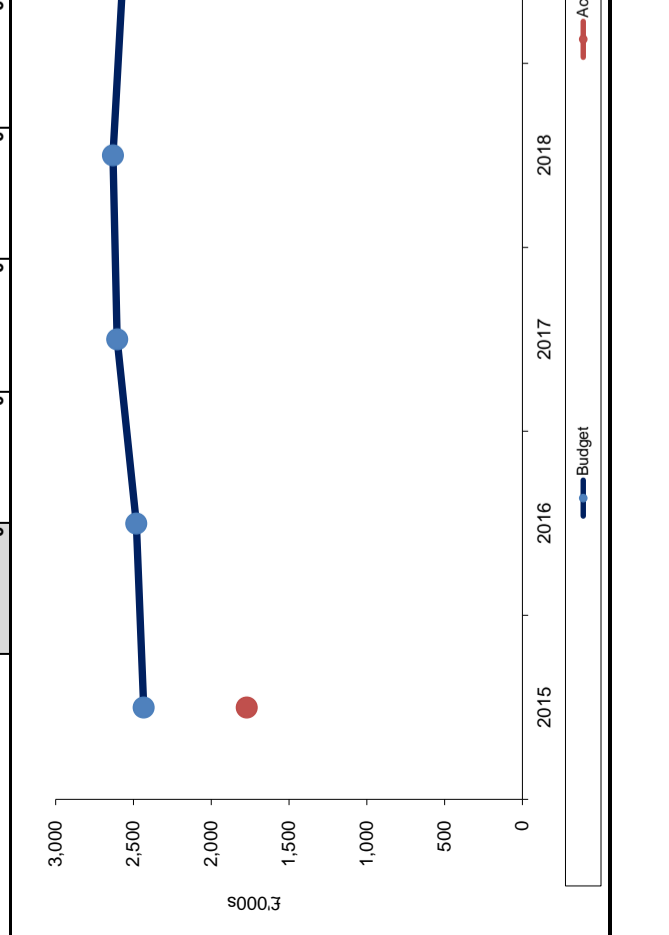
There are 5 core services:

**Local Taxation** - responsible for Council Tax & Business Rates collection and Debt Recovery.  
**Housing Benefit** - responsible for administering housing and council tax benefit schemes & identification and prevention of fraud;  
**Merton Link** - first point of contact for most council customers & visitors, through either face to face or via telephone - also provide Translation Services & Concessionary Travel Schemes;  
**Registrars** - responsible for registration of births & deaths, marriages & civil partnerships, citizenship ceremonies & nationality services;  
**Bailiffs** - collection of outstanding warrants in a shared service between Sutton & Merton for all areas especially council tax and parking fines.

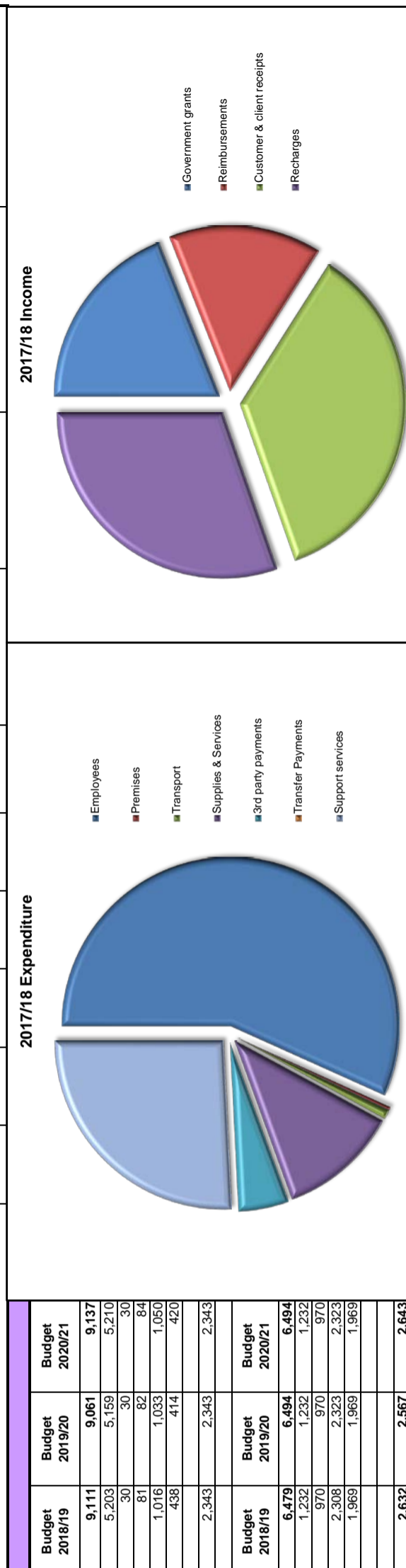
**Front line service for Universal Credit** - local authorities will be responsible for delivering front line services for universal credit for those claimants that cannot claim and access on-line. It is anticipated that this new service will be delivered towards the end of this service plan period but details are vague due to the uncertainty of the roll-out of the scheme and the continual deferral from central government. It is also unclear how the roll out of Universal Credit will impact on the Housing Benefit caseload and workload

DEPARTMENTAL BUDGET AND RESOURCES									
Revenue £'000s	Final Budget 2015/16	Actual 2015/16	Budget 2016/17	Forecast Variance 2016/17 P8	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	
<b>Expenditure</b>	9,111	8,462	9,196	84	9,084	9,111	9,061	9,137	
Employees	5,140	5,158	5,173	(33)	5,152	5,203	5,159	5,210	
Premises	30	21	29	0	29	30	30	30	
Transport	69	70	70	(4)	80	81	82	84	
Supplies & Services	1,571	1,315	1,089	217	1,048	1,016	1,033	1,050	
3rd party payments	434	312	425	(97)	431	438	414	420	
Transfer Payments	81	35							
Support services	1,785	1,551	2,410		2,343	2,343	2,343	2,343	
Depreciation		0	0		0				
<b>Revenue £'000s</b>	<b>Final Budget 2015/16</b>	<b>Actual 2015/16</b>	<b>Budget 2016/17</b>	<b>Variance 2016/17 P8</b>	<b>Budget 2017/18</b>	<b>Budget 2018/19</b>	<b>Budget 2019/20</b>	<b>Budget 2020/21</b>	
<b>Income</b>	6,676	6,690	6,714	(101)	6,479	6,479	6,494	6,494	
Government grants	1,449	1,398	1,232	16	1,232	1,232	1,232	1,232	
Reimbursements	930	1,227	970	(145)	970	970	970	970	
Customer & client receipts	2,333	2,152	2,228	28	2,308	2,308	2,323	2,323	
Recharges	1,964	1,913	2,283		1,969	1,969	1,969	1,969	
Capital Finance									
<b>Council Funded Net Budget</b>	<b>2,435</b>	<b>1,772</b>	<b>2,482</b>	<b>(17)</b>	<b>2,604</b>	<b>2,632</b>	<b>2,567</b>	<b>2,643</b>	

Capital Budget £'000s	Final Budget 2015/16	Actual 2015/16	Budget 2016/17	Variance 2016/17 P8	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21
	0	0	0	0	0	0	0	0



The Corporate strategies your service contributes to	Planning Assumptions				Polarity	Reporting cycle	Indicator type	Main impact if indicator not met
	2015/16	2016/17	2017/18	2018/19				
Benefit/Council Tax support claimants	16,000	15,400	14,500	14,000	High	Monthly	Outcome	Loss of income
Telephone callers	600,000	500,000	450,000	400,000	High	Monthly	Business critical	Loss of income
Face to face customers	90,000	85,000	80,000	70,000	High	Monthly	Business critical	Loss of income
Council tax properties	83,000	83,500	84,000	85,000	High	Monthly	Perception	Reduced customer service
<b>Anticipated non financial resources</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>		
Staff (FTE)	148.3	143	142	141	139	139	Business critical	Loss of income



**Summary of major budget etc. changes 2017/18**

CS60 Deletion of Assistant Director post £109k  
 CSD17 Reduce marketing budget, increase self service and reduce designer costs 73k  
 CS2015-04 Increase in registrars' income 25k

CS2019 My Merton savings 49k

CS2016-02 Restructure of Housing Benefits section due to roll out of Universal Credit £66k  
 CS2016-04 Increase income through Registrars service £15K  
 CS2016 -05 Increase income through translations £15k  
 CS2016 -06 Merton Link - efficiency savings £30k  
 CS2016 -07 Cash Collection Reduction £30k



Customer Services

PROJECT DESCRIPTION			MAJOR PROJECT BENEFIT		Risk	
Project	Start date	End date	Project Title:	Likelihood	Impact	Score
Project 1	2015-16	2019-20	Universal Credit Implementation  Implement the role out of UC in Merton and provide a support framework to assist claimants claim UC and receive budgeting advice. Process has been delayed by Central Government	2	1	2
	2015-16					
Project 2	2013-14	2017-18	Implement an Outside Wedding Venue  Planning permission approved for outside wedding venue at Morden Park House. Funding to be agreed.	2	2	4
	2013-14					
Project 3	2017-18	2017-18	Council Tax support scheme  During 17/18 options for a revised scheme will be reviewed for Council decision and possible implementation for 18/19. Moving forward we will review our discretionary relief and exemptions for implementation in 2018/19.	2	1	2
	2017-18					
Project 4	2015-16	2017-18	Review Debt Collection Processes  With the implementation of the new Financial management computer systems a review of the existing debt collection processes will be undertaken as part of the system implementation.	2	1	2
	2015-16					
Project 5	2015-16	2017-18	Redesign of Merton Link  Implement the re-design of Merton Link area to improve the customer experience and increase self service	2	1	2
	2015-16					

Human Resources		Planning Assumptions					The Corporate strategies your service contributes to		
Cllr Mark Allison: Deputy Leader & Cabinet Member for Finance	Anticipated demand	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21		
Enter a brief description of your main activities and objectives below  1) Support effective people management across the organisation through development of a workforce strategy/TOM people layer 2) Implement and maintain efficient HR transactions for recruitment, induction, employee data, payroll, performance management, appraisal, learning and development 3) Provide HR business partner support across the Council 4) Produce HR metrics, analyse people-related problems and take appropriate actions 5) Produce HR strategies, policy frameworks and systems to support effective people management 6) Support and develop capacity building in Members	Employees in Merton for HR, payroll, advice, L&D, EAP etc.	4,400	4,400	4,200	4,000			Workforce Strategy	
	New recruits to be appointed	160	160	150	140			Economic Development Strategy	
	New Apprentices to be appointed		33	33	33				
	Anticipated non financial resources	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21		
	Staff (FTE)	35	35	35	27	27	27		
	Performance indicator								
	Time to hire (days)	94	90	90	90			Outcome	Increased costs
	No. of working days lost to sickness, excluding schools	9.37	8	7.5	7.5	7		Outcome	Increased costs
	% Appraisals completed	98%	98%	98%	98%			Outcome	Poor decision making
	% Members L&D satisfaction	93%	83%	83%	83%			Outcome	Poor decision making
No. of Apprentices (Govt Apprenticeship Levy Scheme)	n/a	n/a	35	46			Outcome	Increased costs	
% Staff Satisfaction (Staff Survey)	74% (14/15)	76%	n/a	76%			Outcome	Reputational risk	

DEPARTMENTAL BUDGET AND RESOURCES										
Revenue £'000s	Final Budget 2015/16	Actual 2015/16	Budget 2016/17	Forecast Variance 2016/17 P8	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21		
<b>Expenditure</b>	<b>3,199</b>	<b>3,252</b>	<b>3,285</b>	<b>(138)</b>	<b>2,984</b>	<b>2,509</b>	<b>2,540</b>	<b>2,571</b>		
Employees	2,380	2,315	2,372	(170)	2,027	1,594	1,616	1,639		
Premises	15	42	15	(1)	47	48	48	49		
Transport	5	4	0	(2)	(3)	(3)	(3)	(3)		
Supplies & Services	234	206	207	(20)	226	179	182	185		
3rd party payments	263	324	224	54	290	294	298	303		
Support services	303	361	467		398	398	398	398		
Depreciation										
<b>Revenue £'000s</b>	<b>Final Budget 2015/16</b>	<b>Actual 2015/16</b>	<b>Budget 2016/17</b>	<b>Variance 2016/17 P8</b>	<b>Budget 2017/18</b>	<b>Budget 2018/19</b>	<b>Budget 2019/20</b>	<b>Budget 2020/21</b>		
<b>Income</b>	<b>3,164</b>	<b>3,570</b>	<b>3,284</b>	<b>(4)</b>	<b>2,953</b>	<b>3,105</b>	<b>3,105</b>	<b>3,105</b>		
Government Grants	13	13								
Reimbursements	20	83	20	14	79	79	79	79		
Customer & Client receipts	569	555	569	(16)	560	712	712	712		
Recharges	2,562	2,919	2,685		2,315	2,315	2,315	2,315		
Reserves										
Capital Funds										
<b>Council Funded Net Budget</b>	<b>35</b>	<b>(318)</b>	<b>1</b>	<b>(143)</b>	<b>31</b>	<b>(596)</b>	<b>(565)</b>	<b>(534)</b>		

2017/18 Expenditure	
Employees	1,639
Premises	49
Transport	3
Supplies & Services	185
3rd party payments	303
Support services	398

2017/18 Income	
Reimbursements	83
Customer & client receipts	555
Recharges	2,919

Summary of major budget etc. changes 2017/18	
CSD34 L&D Admin Support	18k
CSD35 L&D Budget	134k

2018/19	
CS75 Review of COT staffing	58k
CSD30 Schools COT support (delivery of schools buy-back service)	£152k
CS48 Further rationalisation of HR services	130k
CS51 HR Transactions including COT 90k	
CS49 HR Business Partners - Further consolidation of HR advisory work	140k
CSD17 COT Review	38k

2019/20	

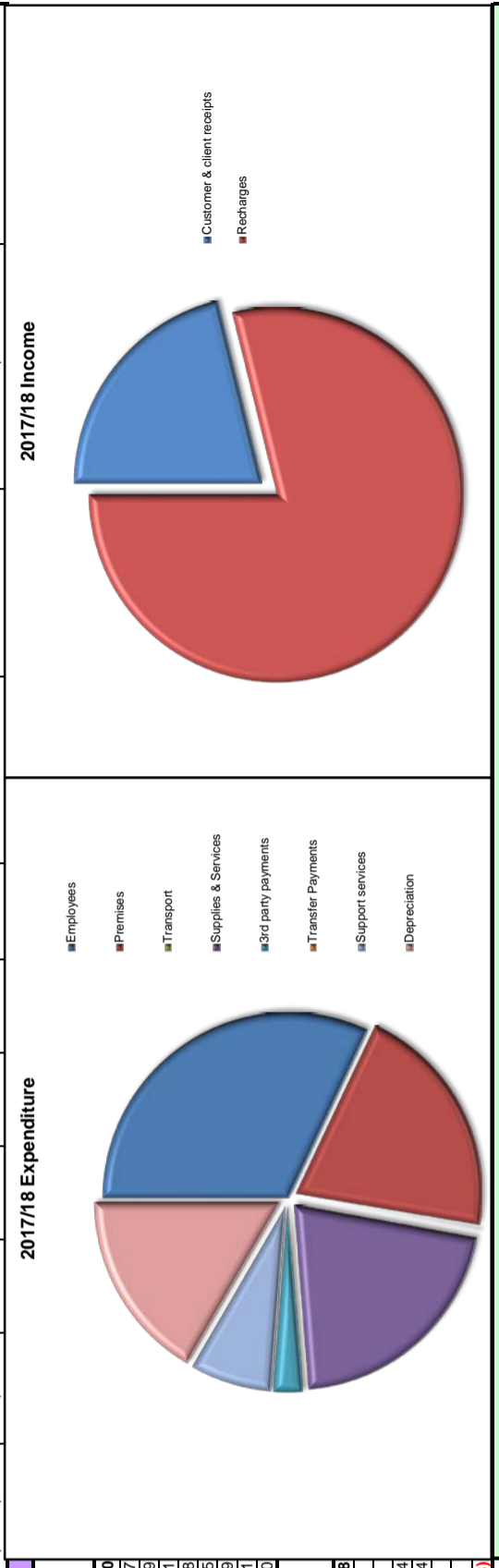
  

2020/21	

Human Resources

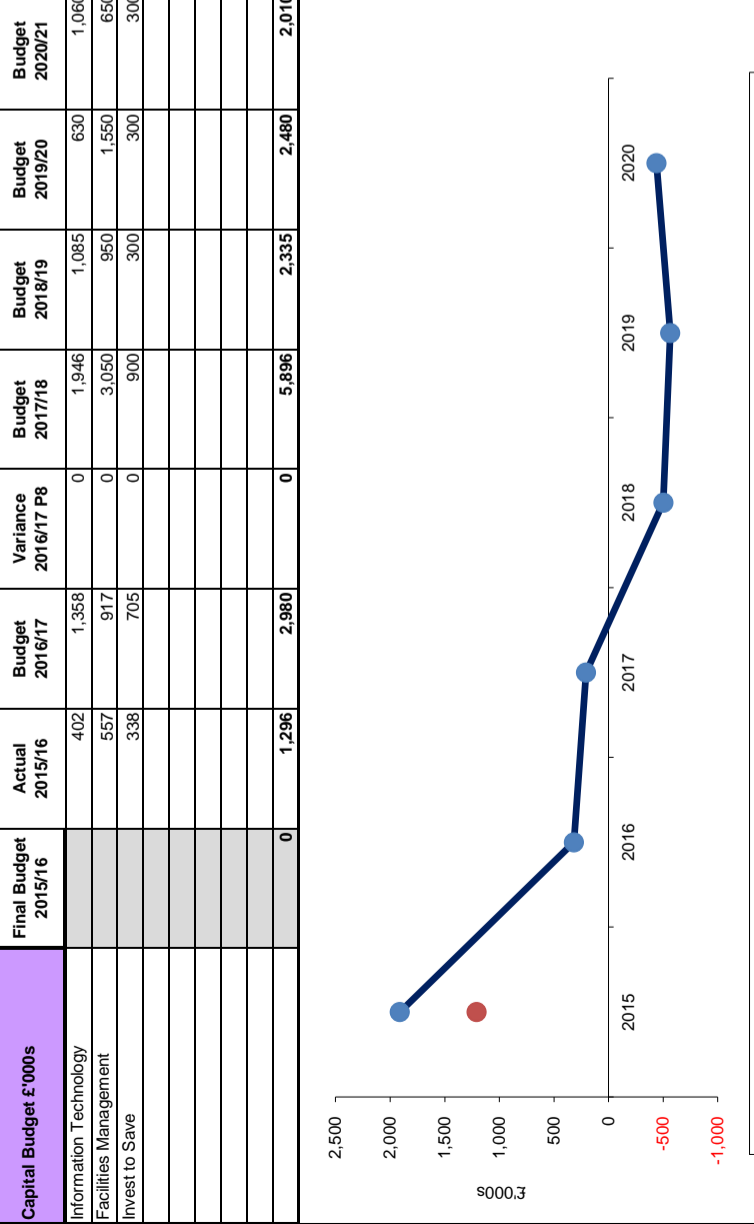
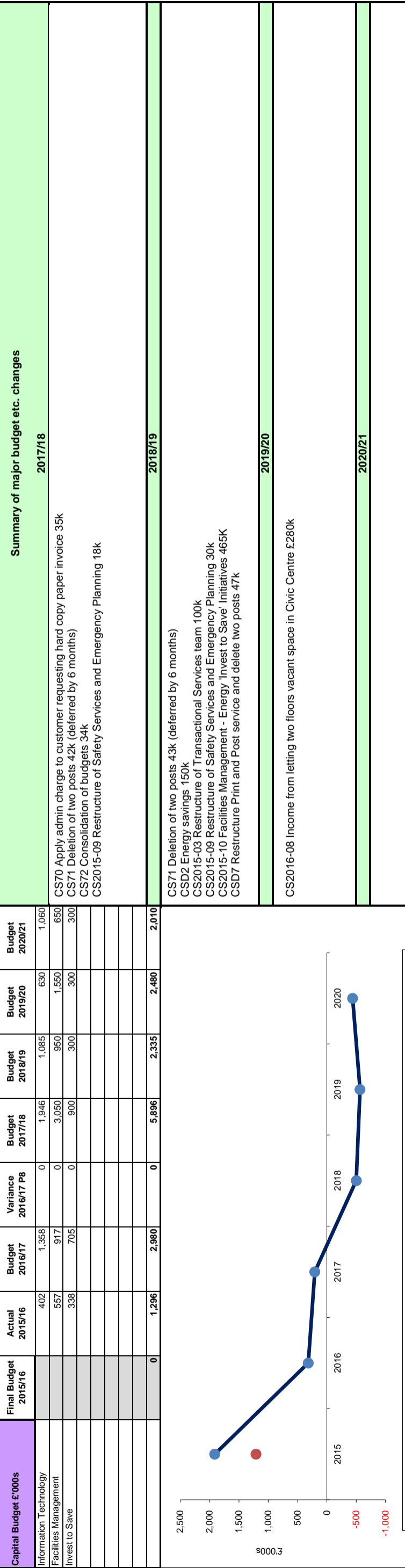
PROJECT DESCRIPTION			MAJOR PROJECT BENEFIT		Risk	
			Likelihood	Impact	Score	
<b>Project 1</b>	<b>2014-15</b>	Project Title: Workforce Strategy Deliver the 5 key strands of the Council's workforce strategy to support the wider TOM programme for organisational change	3	3	9	
Start date	<b>2017-18</b>					
<b>Project 2</b>	<b>2015-16</b>	Project Title: Establishment and workforce Embed systems to maintain, monitor and control an accurate establishment and vacancy position across the Council for both permanent and interim staff	3	4	12	
Start date	<b>2017-18</b>					
<b>Project 3</b>	<b>2015-16</b>	Project Title: Review HR policies Embed a new suite of simplified and business-focussed HR policies, supported by appropriate management development	3	3	9	
Start date	<b>2017-18</b>					
<b>Project 4</b>	<b>2016-17</b>	Project Title: Review and retender key HR contracts Commission Occupational Health, Agency contract, Eteach and Kingston/Sutton SLA and Schools SLA	3	3	9	
Start date	<b>2017-18</b>					

Infrastructure and Transactions		Planning Assumptions						The Corporate strategies your service contributes to			
Clr Mark Allison: Deputy Leader & Cabinet Member for Finance	Anticipated demand	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21				
<b>Infrastructure &amp; Transactions Division (I&amp;T) is a support service made up of six functions which are:-</b>	Repairs & Maintenance of Corporate Buildings (Revenue)	780,000	740,000	740,000	700,000	700,000	700,000	Civic Centre Accommodation Strategy			
<b>IT Service Delivery</b> - IT(SD) supports the councils operations by providing IT infrastructure, desktop equipment and associated software. Fixed and mobile telecommunications, Service Desk facilities, IT Disaster Recovery and Business Continuity arrangements together with IT governance and data security.	Health & Safety Statutory Inspections	27,800	100	28,500	100	25,500	100	IT Strategy and Implementation Plan			
<b>Facilities Management</b> - FM provides the infrastructure to deliver services through accommodation, building repairs and maintenance for the portfolio of corporate buildings, energy management and conservation, cleaning, catering, print and post room services, security and other associated hard and soft FM services.	Transactions requested by departments	120,000	115,000	85,000	75,000	75,000	75,000	Risk Management Strategy			
<b>Transactional Services</b> - Incorporates Accounts Payable, Accounts Receivable, Carefirst Administration and Vendor Maintenance. Ensuring prompt and accurate payment for all goods and services provided to LBM. Raise and issue invoices promptly and accurately to maximise revenue received. Ensuring that Vendor Maintenance database is controlled, accurate and cleansed. Providing training and support for all users of the systems required for payments or invoicing	Number of Client Affairs cases being managed	220	250	250	250	250	250	Medium term Financial Strategy			
<b>Safety Services</b> - Provides Health and Safety, Emergency Planning and Business Continuity services across the Council as required by duties imposed under the Health and Safety At Work Etc. Act 1974. The Management of Health and Safety At Work Regulations 1999, The Civil Contingencies Act 2004 and all sister regulations.	Procurement Support (Number of projects)	0	45	50	42	42	42	Local Plan			
<b>Client Financial Affairs</b> - Act as court appointed deputy's for vulnerable clients who do not have the capacity to make their own decisions or manage their own personal financial affairs. These decisions are for issues involving the person's property, financial affairs and health and welfare working in accordance with the statutory principles set out in the Mental Capacity Act Code of Practice to ensure that they act in the best interests of the person who lacks capacity.	<b>Anticipated non financial resources</b>	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Procurement Strategy			
<b>Commercial Services &amp; Procurement</b> - Are the strategic centre of excellence for procurement and contract management, guidance, training and advice including ownership of the Council's Procurement Strategy, involvement in key tender processes, identification of savings opportunities and commercial benefits, compliance with EU and UK procurement legislation, benchmarking and best practice and ownership of the contracts register.	FM (FTE)	31.9	32.9	32.9	30.9	30.9	30.9	Workforce Strategy			
	Transactional Services (FTE)	13.3	13.3	13.3	10.3	10.3	10.3				
	IT Service Delivery (FTE)	32	30	29	29	29	29				
	Safety Services (FTE)	5.5	5.5	5	4	4	4				
	Client Financial Affairs (FTE)	6	7	7	7	7	7				
	Commercial Services & Procurement (FTE)	5	5	5	5	5	5				
	Management	2	2	2	2	2	2				
<b>Performance Indicator</b>	<b>Actual Performance Target (A) Performance Target (T) Proposed Target (P)</b>	2015/16(A)	2016/17(T)	2017/18(P)	2018/19(P)	2019/20(P)	2020/21(P)	<b>Polarity</b>	<b>Indicator type</b>	<b>Reporting cycle</b>	<b>Main impact if indicator not met</b>
	Customer Satisfaction - IT incident resolution	96%	90%	90%	90%	90%	90%	High	Outcome	Monthly	Reduced customer service
	First time fix rate for IT Service Desk	71%	70%	72%	75%	75%	75%	High	Outcome	Monthly	Reduced service delivery
	Health and Safety workplace inspections completed on time	43	60	60	50	50	50	High	Outcome	Quarterly	Breach statutory duty
	Invoices - External Fees	286,348	320,000	320,000	320,000	320,000	320,000	High	Output	Quarterly	Loss of income
	Invoices paid within 30 days from invoice date	92%	95%	95%	95%	95%	95%	High	Business critical	Monthly	Reduced service delivery
	Invoices paid within 30 days of receipt by LBM	95%	95%	95%	95%	95%	95%	High	Business critical	Monthly	Reduced service delivery
	Number of staff working from Civic Centre	1,100	1,400	1,400	1,400	1,400	1,400	High	Outcome	Quarterly	Underused resource
	Repairs & Maintenance ratio of Reactive to Planned	33/67	30/70	30/70	30/70	30/70	30/70	High	Outcome	Annual	Increased costs
	New referrals processed within 21 days	100%	92%	93%	94%	95%	95%	High	Outcome	Monthly	Reduced customer service
	Client Post Office voucher acct balance falls below £2.5K	0	0	0	0	0	0	Low	Outcome	Monthly	Customer hardship
	% of influential spend published on contracts register	n/a	n/a	70%	85%	95%	100%	High	Outcome	Quarterly	Reputational risk
	% of suppliers accounting for the 20% of influential spend	n/a	n/a	70%	60%	50%	40%	Low	Output	Biennial	Increased costs
	CO2 emissions from corporate buildings (tonnes)	5,158	8045.36	7739.84	7434.32	7128.8	6914.94	Low	Output	Annual	Environmental issues



### DEPARTMENTAL BUDGET AND RESOURCES

Revenue £'000s	Final Budget 2015/16	Actual 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Forecast Variance 2016/17 P8
<b>Expenditure</b>	14,052	14,264	12,511	12,845	12,136	12,263	12,390	(61)
Employees	3,921	4,016	3,738	4,114	3,935	3,976	4,017	72
Premises	3,072	3,121	2,673	2,651	2,077	2,118	2,159	(121)
Transport	29	29	29	30	31	31	31	(4)
Supplies & Services	3,040	3,155	2,547	2,678	2,718	2,758	2,798	127
3rd party payments	364	168	317	312	316	321	325	(142)
Transfer Payments	9	18	9	9	9	9	9	7
Support services	1,419	1,569	875	911	911	911	911	911
Depreciation	2,198	2,198	2,322	2,140	2,140	2,140	2,140	2,140
<b>Income</b>	12,140	13,056	12,193	12,638	12,638	12,828	12,828	(35)
Government grants								
Reimbursements		6						(21)
Customer & client receipts	2,626	2,931	2,469	2,674	2,674	2,864	2,864	(14)
Recharges	9,513	10,119	9,724	9,964	9,964	9,964	9,964	9,964
Reserves								
Capital Funded								
<b>Council Funded Net Budget</b>	<b>1,913</b>	<b>1,208</b>	<b>317</b>	<b>207</b>	<b>(502)</b>	<b>(565)</b>	<b>(438)</b>	
<b>Capital Budget £'000s</b>	<b>Final Budget 2015/16</b>	<b>Actual 2015/16</b>	<b>Budget 2016/17</b>	<b>Budget 2017/18</b>	<b>Budget 2018/19</b>	<b>Budget 2019/20</b>	<b>Budget 2020/21</b>	<b>Variance 2016/17 P8</b>
Information Technology		402	1,358	0	1,946	630	1,060	0
Facilities Management		557	917	0	3,050	950	1,550	650
Invest to Save		338	705	0	900	300	300	300
<b>Summary of major budget etc. changes</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	CS70 Apply admin charge to customer requesting hard copy paper invoice 35k CS71 Deletion of two posts 42k (deferred by 6 months) CS72 Consolidation of budgets 34k CS2015-09 Restructure of Safety Services and Emergency Planning 18k			



CS70 Apply admin charge to customer requesting hard copy paper invoice 35k  
 CS71 Deletion of two posts 42k (deferred by 6 months)  
 CS72 Consolidation of budgets 34k  
 CS2015-09 Restructure of Safety Services and Emergency Planning 18k  
 CS71 Deletion of two posts 43k (deferred by 6 months)  
 CS72 Energy savings 150k  
 CS2015-03 Restructure of Transactional Services team 100k  
 CS2015-09 Restructure of Safety Services and Emergency Planning 30k  
 CS2015-10 Facilities Management - Energy 'Invest to Save' Initiatives 465k  
 CS70 Restructure Print and Post service and delete two posts 47k  
 CS2016-08 Income from letting two floors vacant space in Civic Centre £280k



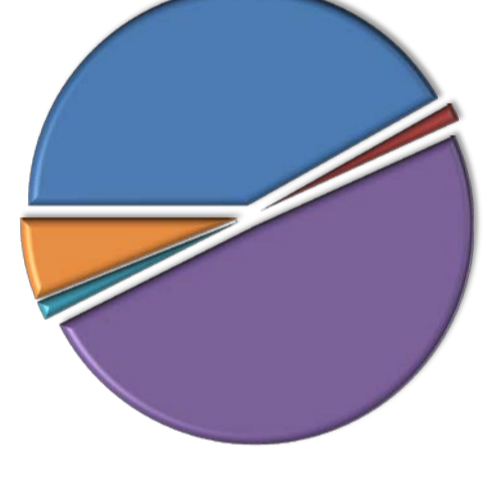
DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD

PROJECT DESCRIPTION		MAJOR PROJECT BENEFIT		Risk	
		Likelihood	Impact	Score	
<b>Project 1</b>	<p><b>Implementation of IT Strategy &amp; Plan</b></p> <p>Implementation of corporate IT Strategy &amp; Plan which has been developed on the basis of information derived from departmental Target Operating Models.</p>	3	2	6	
Start date					
End date	2018-19				
<b>Project 2</b>	<p><b>Digital Archiving of existing paper records</b></p> <p>Scanning of paper records into a digital format which will be prioritised in order to support the roll out of the Flexible Working Programme. This project also links directly to the Customer Contact programme which includes the implementation of a new Electronic Documents and Records Management System (EDRMS).</p>	1	2	2	
Start date					
End date	2017-18				
<b>Project 3</b>	<p><b>Upgrading of IT Disaster Recovery Arrangements</b></p> <p>Complete works to improve disaster recovery arrangements for the Councils main IT systems and minimise any potential loss of service in the event of a major incident or IT equipment failure.</p>	4	3	12	
Start date					
End date	2017-18				
<b>Project 4</b>	<p><b>Implementation of CASPAR system</b></p> <p>The new client money and case management program for Client Financial Affairs will capture all information relating to both appointment and deputyship clients and will link to CFA's new online banking system.</p>	2	2	4	
Start date					
End date	2017-18				
<b>Project 5</b>	<p><b>Review Options for Procurement Service Delivery Model</b></p> <p>Undertake a review of the various delivery model options for the provision of procurement across the Council and make a recommendation to CMT on the suggested way forward.</p>	3	2	6	
Start date					
End date	2017-18				
<b>Project 6</b>	<p><b>Energy "Invest to Save" Initiatives</b></p> <p>Completion of a range of projects across the councils entire portfolio of properties which will reduce energy consumption and associated CO2 emissions and that are designed to have a maximum financial pay back of between 7 and 10 years.</p>	3	2	6	
Start date					
End date	2018-19				
<b>Project 7</b>	<p><b>Undertake 'Make/Buy/Share' reviews of key service provision</b></p> <p>Review of current operational service delivery models to ensure that the Council is utilising the most cost effective and efficient means of providing services to both internal and external customers.</p>	3	2	6	
Start date					
End date	2018-19				
<b>Project 8</b>	<p><b>Review Departmental Business Continuity/Disaster Recovery plans</b></p> <p>Undertake a review and refresh of the Councils Business Continuity and Disaster Recovery plans and arrangements in order to ensure that they are robust and fit for purpose.</p>	2	2	4	
Start date					
End date	2017-18				
<b>Project 9</b>	<p><b>Online Safety Inspection system</b></p> <p>Development of an 'Online' data capture system for recording and uploading information from safety inspections directly into a back office system to reduce the double handling of data.</p>	2	2	4	
Start date					
End date	2017-18				

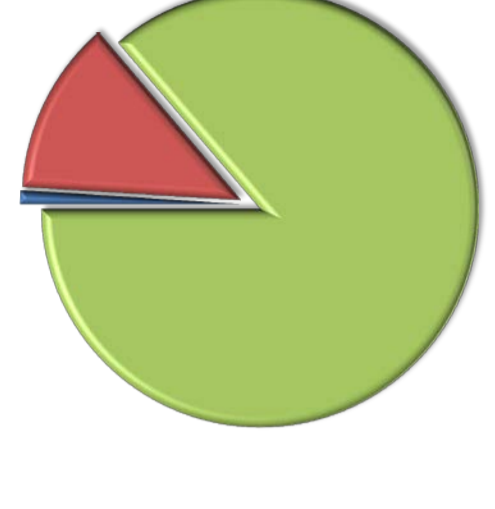
Resources		Anticipated demand		Planning Assumptions					The Corporate strategies your service contributes to		
Cllr Mark Allison: Deputy Leader & Cabinet Member for Finance		Revenue/Capital Budget Managers		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Medium term Financial Strategy	
Enter a brief description of your main activities and objectives below		Voluntary Sector Organisations Supported		147/23	147/23	147/23	147/23	147/23	147/23	Capital Strategy	
Resources is made up of four major areas of activity:		Budget, Service, Performance & Risk Setting Reports		150+	150+	150+	150+	150+	150+	Central Government	
<b>Accountancy</b> - manage financial health of the council through advice & support to officers and Members, production of council's financial accounts, revenue & budget setting, profiling and reporting & monitoring. Over the next four years we will transform by improving use of technology/reviewing processes/how information is stored in our financial systems.		Budget, Service, Performance & Risk Monitoring Reports		8	8	8	8	8	8	Equality Strategy	
<b>Business planning</b> - manage Financial Strategy & Capital Strategy/Monitoring, Financial Systems Liaison & Development, Business & Service Planning, Performance Management (PM) & Risk Management. The team facilitate multi-year planning, target resources, manage risk & integrate financial, business & performance information. Over the next four years we will improve robustness of our systems & projections, challenge services to improve their performance management to facilitate transformation, data quality and risk management		Budget, Service, Performance & Risk Closing Reports		2	2	2	2	2	2	Procurement Strategy	
<b>Policy and strategy</b> - coordinate corporate strategy & policy; ensure effective & high-quality policy development across the council; promote a positive relationship with the voluntary and community sector; ensure the council meets its responsibilities under equalities & community cohesion policy; lead on effective partnership working by managing the local strategic partnership, including leading on the Stronger Communities agenda and delivery of the Sustainable Community Strategy; and provide a secretariat function for CMT and LSG.		<b>Anticipated non financial resources</b>		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Risk Management Strategy	
<b>Treasury and pensions</b> - to manage the Council's treasury (including the day to day cashflow, banking and cash), pension and insurance funds and oversee the contract for pensions administration.		Staff (FTE)		63.3	54.6	51.6	44.6	44.6	44.6	Treasury Management Strategy	
		Staff (Trainees)		4	4	2	2	2	2	Voluntary Sector Strategy	
		Staff (Apprentices)		2	0	0	0	0	0	Corporate Asset Management Plan	
		<b>Performance indicator</b>		Actual Performance (A) Performance Target (T) Proposed Target (P)		2017/18(P)		2019/20(P)		2021/21(P)	
		Accuracy of PB Revenue Forecast (compared to outturn)		98.9%	90%	90%	90%	90%	90%	90%	
		Accuracy of P8 Capital Forecast		79.6%	90%	90%	90%	90%	90%	90%	
		Number of Adjustments to Draft Accounts		0	0	0	0	0	0	0	
		Action plans in place for 'red' risks		93.75%	90%	90%	90%	90%	90%	90%	
		% of Loans Paid on Time		89.39%	92%	92%	93%	94%	94%	94%	
		% of Claims Settled within 6 Months		64.92%	65%	65%	65%	65%	65%	65%	
		% of Claims Responded to within 5 Working Days		92%	93%	94%	95%	96%	96%	96%	

DEPARTMENTAL BUDGET AND RESOURCES											
Revenue £'000s	Final Budget 2015/16	Actual 2015/16	Budget 2016/17	Forecast Variance 2016/17 P8	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	2015/16(A)	2016/17(T)	2017/18(P)
<b>Expenditure</b>	8,449	8,653	8,361	188	7,715	7,476	7,572	7,668	98.9%	90%	90%
Employees	3,838	3,949	3,645	61	3,229	2,946	2,980	3,013	79.6%	90%	90%
Premises	101	102	100	8	103	105	106	108	0	0	0
Transport	4	7	2	2	2	2	2	2	0	0	0
Supplies & Services	4,003	4,078	3,906	115	3,807	3,847	3,905	3,964	93.75%	90%	90%
3rd party payments	171	157	171	2	108	110	113	115	89.39%	92%	92%
Support services	333	360	537		466	466	466	466	64.92%	65%	65%
									92%	93%	94%
<b>Revenue £'000s</b>	<b>Final Budget 2015/16</b>	<b>Actual 2015/16</b>	<b>Budget 2016/17</b>	<b>Variance 2016/17 P8</b>	<b>Budget 2017/18</b>	<b>Budget 2018/19</b>	<b>Budget 2019/20</b>	<b>Budget 2020/21</b>			
<b>Income</b>	6,864	7,285	6,030	(141)	5,674	5,690	5,690	5,690			
Government grants	10	10									
Reimbursements	54	115	54	(47)	54	54	54	54			
Customer/client receipts	765	1,077	726	(94)	726	742	742	742			
Recharges	6,036	6,092	5,250	894	4,894	4,894	4,894	4,894			
<b>Council Funded Net Budget</b>	<b>1,585</b>	<b>1,368</b>	<b>2,331</b>	<b>47</b>	<b>2,041</b>	<b>1,786</b>	<b>1,882</b>	<b>1,978</b>			
<b>Capital Budget £'000s</b>	<b>Final Budget 2015/16</b>	<b>Actual 2015/16</b>	<b>Budget 2016/17</b>	<b>Variance 2016/17 P8</b>	<b>Budget 2017/18</b>	<b>Budget 2018/19</b>	<b>Budget 2019/20</b>	<b>Budget 2020/21</b>			
Financial System re-engineering		397	506								
Civica Icon		18	107					125			
Acquisitions Budget		464	1,533	(1,372)							
Capital Bidding Fund		1,839	1,839	(1,839)							
Full EDRMS solution SCIS/FFS			41								
	<b>0</b>	<b>880</b>	<b>4,026</b>	<b>(3,211)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>125</b>			

2017/18 Expenditure



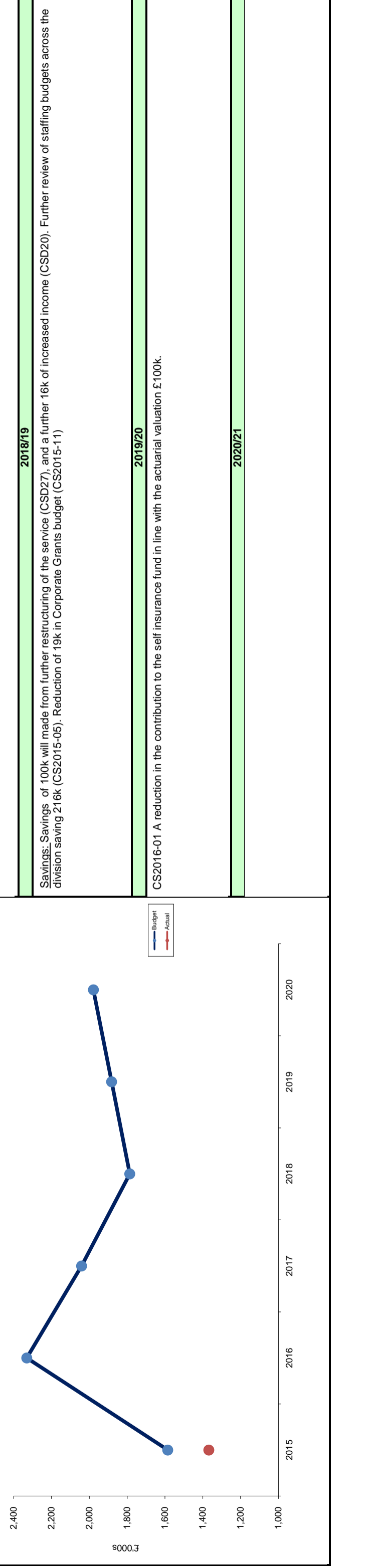
2017/18 Income



**Summary of major budget etc changes 2017/18**

Savings: Savings of £78k previously deferred will be delivered from the deletion of two posts (CS46). A review of recharges to the Pension fund will make savings of 47k (CS6). Increased income of 16k (CSD20) and a reduction in running costs 3k (CSD23). One Business Partner to be deleted 78k (CSD26). Reduction of LGCS budget to match contribution 81k (CSD46) CS2015-07 Reduction in running costs budgets £28k.

Capital Budget £'000s	Final Budget 2015/16	Actual 2015/16	Budget 2016/17	Variance 2016/17 P8	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21
Financial System re-engineering		397	506					
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Full EDRMS solution SCIS/FFS			41					
	<b>0</b>	<b>880</b>	<b>4,026</b>	<b>(3,211)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>125</b>



**2018/19**

Savings: Savings of 100k will be made from further restructuring of the service (CSD27), and a further 16k of increased income (CSD20). Further review of staffing budgets across the division saving 216k (CS2015-05). Reduction of 19k in Corporate Grants budget (CS2015-11)

**2019/20**

CS2016-01 A reduction in the contribution to the self insurance fund in line with the actuarial valuation £100k.

**2020/21**

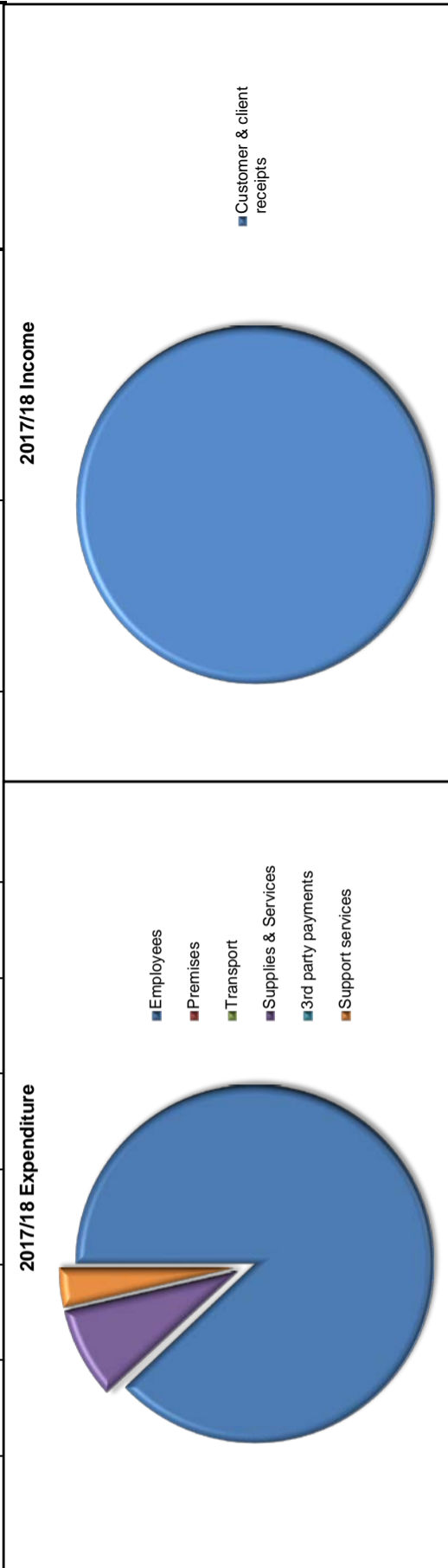
DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD

Resources

PROJECT DESCRIPTION		MAJOR PROJECT BENEFIT		Risk	
Project	Project Title:	MAJOR PROJECT BENEFIT	Likelihood	Impact	Score
<b>Project 1</b>	<b>Evaluation of future funding levels</b>	Risk reduction and compliance	2	2	4
Start date	Analysis of all relevant information relating to local government finance. This will include details provided in annual Local Government Finance Settlements, Annual Budgets, Spending Reviews and other financial information published by the Government. This information is incorporated into the Council's MTFS and updated as part of annual Budget Setting Procedures. Modelling of the retained NNDR system will be undertaken along with sensitivity analysis.	Requires considerable horizon spotting activity a performance indicator would be developed comparing the estimated grant levels compared to those actually received.			
End date					
<b>Project 2</b>	<b>Financial systems re-engineering programme</b>	Improved effectiveness	2	3	6
Start date	Procurement of a single integrated financial system to replace the suite of products that are currently used to provide GL, AP, P2P & AR functions. This will involve a new chart of accounts and new ways of working, driving efficiencies throughout the organisation. The potential for joint working with neighbour boroughs is currently being investigated. The system went live on 06/02/17 - project length allows for post implementation review	Improved effectiveness			
End date		Two performance indicators are likely to be developed around the time taken to produce reporting information compared to now and the system downtime compared to now			
<b>Project 3</b>	<b>Develop and implement whole life costing for capital projects</b>	Improved effectiveness	3	2	6
Start date	This project will be undertaken in four stages 1) Develop a template to capture appropriate information 2) Pilot the template on two selected schemes 3) Amend the template 4) Apply the template to selected schemes	Improved effectiveness			
End date					
<b>Project 4</b>	<b>Improve joint finance and business planning</b>	Improved effectiveness	2	2	4
Start date	The project requires the quarterly update of service plans scheduled to start with September 2017 information.	Improved effectiveness			
End date					
<b>Project 5</b>	<b>Evaluation of different models of funding the capital programme</b>	Improved effectiveness	2	2	4
Start date	In recent years there has been no need to borrow externally to fund capital expenditure, it is anticipated that some external funding will be needed towards the end of the current planning period and therefore a detailed consideration of all reasonable options needs to be done, including leasing, renting and borrowing or any other suitable methods of funding capital expenditure.	Improved effectiveness			
End date		A model has been developed but it needs refining to facilitate option appraisal, produce clear outcomes that can easily be understood and increase the funding streams. The performance of this work will be judged directly by the AD Resources and Director of Corporate Services.			
<b>Project 7</b>	<b>Capital - Benefits Realisation</b>	Improved effectiveness	2	2	4
Start date	In 2012 there was a comprehensive review of the management of the capital programme. This led to the production of an action plan. It would be appropriate to undertake a follow-up review now. Outstanding work on Benefits Realisation to be completed	Improved effectiveness			
End date					
<b>Project 8</b>	<b>Recharge Review</b>	Improved efficiency (savings)	3	2	6
Start date	Annual reviews of recharges have been undertaken. These have tended to be tactical. In 2016/18 a full scale strategic review will be undertaken. The project will need to dovetail with work undertaken to develop and implement the new financial system.	Improved efficiency (savings)			
End date					
<b>Project 9</b>	<b>Infrastructure Assets Accounting</b>	Improved effectiveness	1	2	2
Start date	Legislative requirement for asset accounting of highways and associated assets which will have a huge impact on our balance sheet. Financial officers will need to work closely with technical staff within Environment and Regeneration to gather the required information for account closure and presentation.	Improved effectiveness			
End date		The computer systems used to record information will be reviewed by Internal Audit and assessed for the adequacy asap.			
<b>Project 10</b>	<b>Pilot Early closure of Accounts</b>	Improved effectiveness	1	3	3
Start date	For the financial year 2017/18 the Authority will have to close its accounts approximately six weeks earlier. This will require very careful planning and will require a different approach to be adopted. The authority is piloting earlier account closure over the next two financial years in preparation for 2017/18	Improved effectiveness			
End date		Current performance indicators will be adjusted for this.			



Shared Legal Services		Planning Assumptions					Anticipated demand			The Corporate strategies your service contributes to									
Cllr Mark Allison: Deputy Leader & Cabinet Member for Finance		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21						
Enter a brief description of your main activities and objectives below		19500	13895	19,125	13,828	19,125	13,828	19500	13895	19,125	13,828	19,125	13,828						
From 1 April 2017 this will be a shared legal service with the London Boroughs of Richmond, Wandsworth, Sutton and the Royal Borough of Kingston upon Thames.		13895	19819	22,835	22,835	22,835	22,835	13895	19819	22,835	22,835	22,835	22,835						
The service will deliver legal advice, support and representation to all services across all five councils, including to arms length delivery vehicles (Achieving for Children and currently Sutton Housing Partnership) and council owned companies. The service also provides advice in relation to the constitution and decision making in all councils and advice to members in relation to their roles.		11382	11382	11,329	11,329	11,329	11,329	11382	11382	11,329	11,329	11,329	11,329						
		11583	11583	22,487	22,487	22,487	22,487	11583	11583	22,487	22,487	22,487	22,487						
		2528	2528	11,222	11,222	11,222	11,222	2528	2528	11,222	11,222	11,222	11,222						
		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21						
Anticipated non financial resources		87.5	92.3	108.3	108.3	108.3	108.3	87.5	92.3	108.3	108.3	108.3	108.3						
Staff (FTE)		1	0	2	2	2	2	1	0	2	2	2	2						
Apprentices																			
<b>Performance indicator</b>		Actual performance (A)		Performance Target (T)		Proposed Target (P)		2015/16(A)		2016/17(T)		2017/18(P)		2018/19(P)		2019/20(P)		2020/21(P)	
Chargeable hours		79,965	81,125	103,722	103,722	103,722	103,722	79,965	81,125	103,722	103,722	103,722	103,722	103,722	103,722	103,722	103,722	103,722	103,722
Income for SLLP		n/a	n/a	£100,000	£100,000	£100,000	£100,000	n/a	n/a	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000	£100,000
1st draft S106 agreement sent to client dept within 10 days		n/a	n/a	90%	90%	90%	90%	n/a	n/a	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%
Prosecutions - number of successful outcomes		n/a	n/a	80%	80%	80%	80%	n/a	n/a	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
Provide FOI/EIR reviews within 20 working days		n/a	n/a	80%	80%	80%	80%	n/a	n/a	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%



### DEPARTMENTAL BUDGET AND RESOURCES

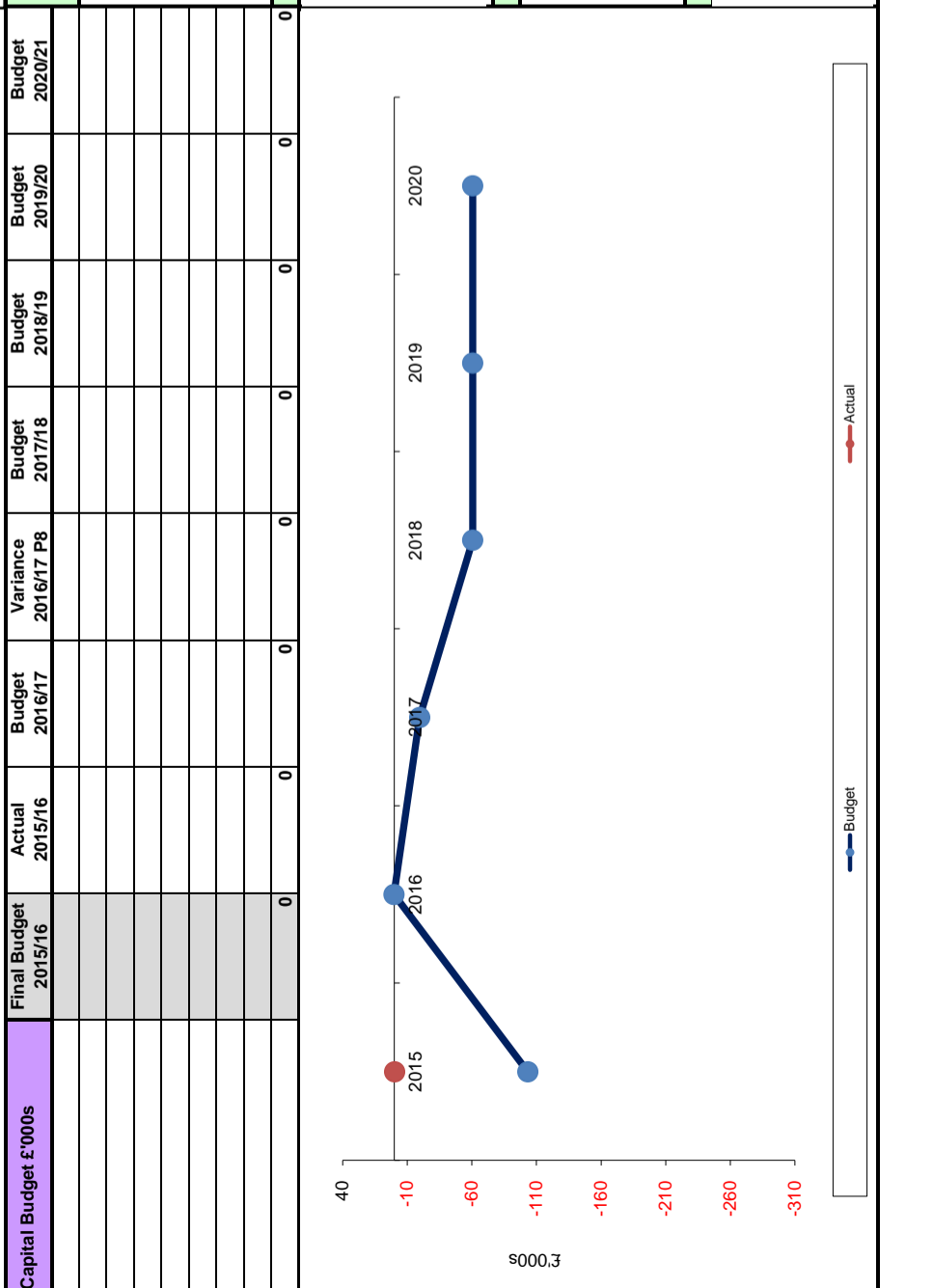
Revenue £'000s	Final Budget 2015/16	Actual 2015/16	Budget 2016/17	Forecast Variance 2016/17 P8	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21
Expenditure	4,794	6,694	5,084	134	6,740	6,699	6,699	6,699
Employees	4,168	4,463	4,461	112	5,924	5,924	5,924	5,924
Premises	5	2	5	0	5	5	5	5
Transport	13	21	14	10	14	14	14	14
Supplies & Services	422	2,022	418	11	556	515	515	515
3rd party payments		1		0				
Support services	185	185	185	0	240	240	240	240
Depreciation								
Revenue £'000s	Final Budget 2015/16	Actual 2015/16	Budget 2016/17	Variance 2016/17 P8	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21
Income	4,897	6,695	5,084	(135)	6,759	6,759	6,759	6,759
Government grants								
Reimbursements								
Customer & Client receipts	4,897	6,695	5,084	(135)	6,759	6,759	6,759	6,759
Recharges	0	0	0	0	0	0	0	0
Capital Funded								
Council Funded Net Budget	(103)	(0)	0	(2)	(20)	(61)	(61)	(61)

### Summary of major budget etc. changes 2017/18

Indicator type	Reporting cycle	Polarity
Business critical	Monthly	High
Outcome	Quarterly	High
Perception	Quarterly	High
Perception	Quarterly	High
Perception	Quarterly	High

2017/18 Income

Category	Value
Customer & client receipts	~85%
Loss of income	~10%
Reputational risk	~3%
Breach statutory duty	~2%



CS73 £20k savings for Merton are required. Further savings for Sutton, Kingston and Richmond may be required.

CS2015-12 £41,000 savings for Merton from expansion of service. Further savings for Sutton, Kingston and Richmond may be required.



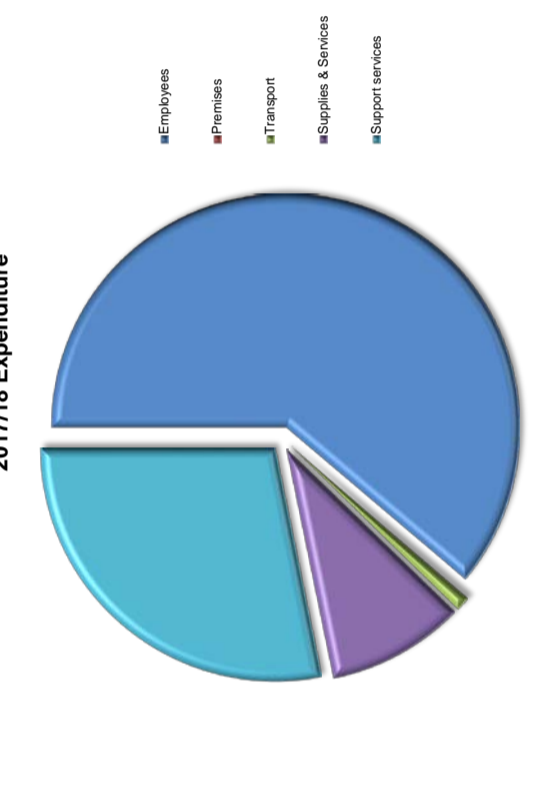
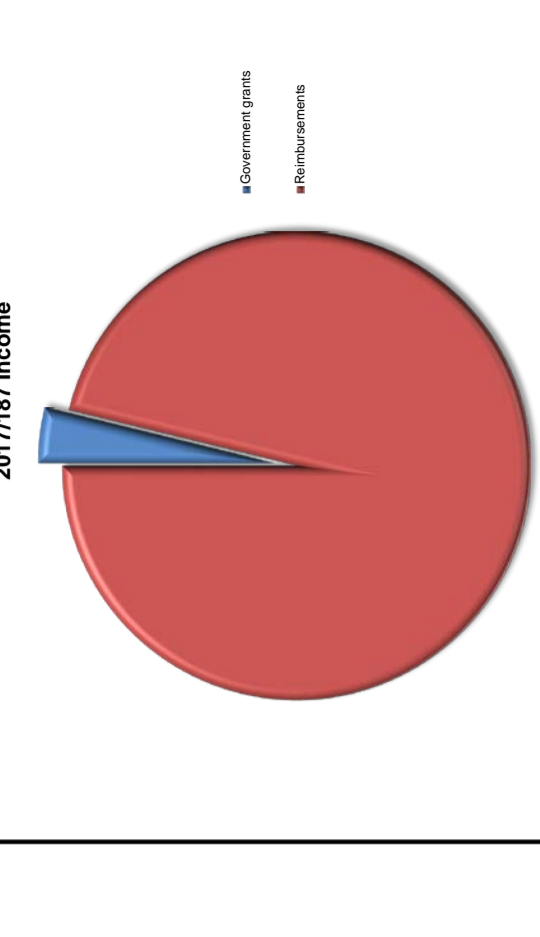
Shared Legal Services

PROJECT DESCRIPTION			MAJOR PROJECTS BENEFITS			Risk	
			Likelihood	Impact	Score		
<p><b>Project 1</b></p> <p>Shared service</p> <p>Project Title:</p> <p>Project Details:</p> <p>To embed the expanded shared service with Wandsworth , to identify and exploit the efficiencies of the new service in order to improve the customer experience and to identify further savings</p>			4	2	8		
Start date	2017-18						
End date	2018-19						
<p><b>Project 2</b></p> <p>Smarter Working</p> <p>Project Title:</p> <p>Project Details:</p> <p>To ensure the service is maximising the use of IT systems and software in order to enable mobile working across five authorities, reduce costs and increase the effectiveness and efficiency of the officers in the service</p>			2	1	2		
Start date	2017-18						
End date	2018-19						
<p><b>Project 3</b></p> <p>Future Model</p> <p>Project Title:</p> <p>Project Details:</p> <p>Subject to Governance Board approval to obtain a licence from the Solicitors Regulatory Authority to be an Alternative Business Structure</p>			2	2	4		
Start date	2017-18						
End date	2017-18						

# **Environment & Regeneration**

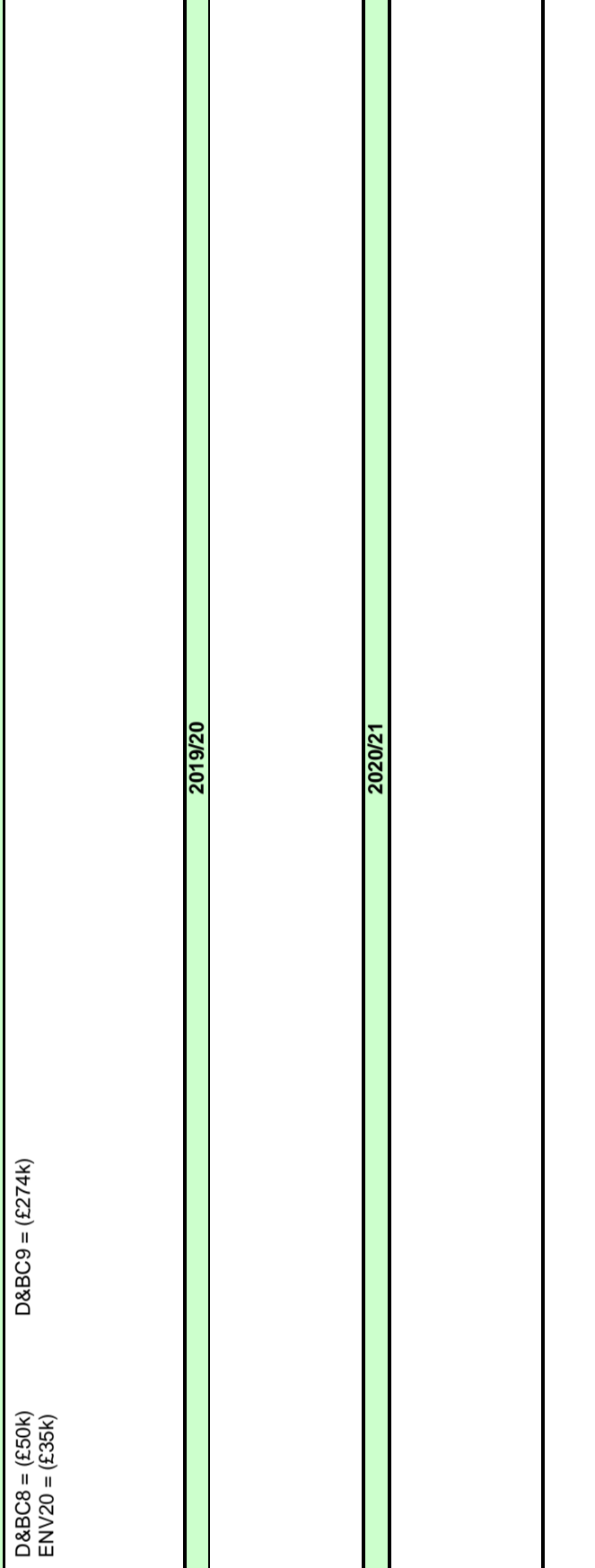
Development and Building Control			Planning Assumptions					The Corporate strategies your service contributes to	
Cllr Martin Whetton: Cabinet Member for Regeneration, Environment & Housing	Anticipated demand		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	
<b>Building Control</b> Building Control competes with Approved Inspectors (AIS). We provide a Building Control Service in competition with AIS to deliver high quality Building Control advice and regulation. We also regulate safety of structures and also sports grounds.  <b>Development control</b> Promote sustainable regeneration by assessing and determining planning applications against the adopted policies for the built environment contained within the council's Core Strategy. Continue to implement the Mayoral, Community Infrastructure Levy (CIL) charging regime.  <b>Objectives</b> - continue to concentrate on the commercialisation of the Building Control (BC) service and maintain or improve the market share - investigate formal sharing of BC with Kingston and Sutton - review the pre-application charging regime for Development Control (DC) and to investigate whether additional income generation is possible especially through Planning Performance Agreements. - implement mobile/flexible working to improve efficiency - as part of sustainable communities to enable a comprehensive development management process to encourage regeneration. - establish a formal collaboration regime with Sutton and Kingston boroughs. - re-procure the M3 database - move away from expensive and transient temporary staff towards a more established and reliable staffing base	Enforcement cases		586	520	510	500	490	480	Economic Development Strategy
	Planning applications (economy dependant)		2600	2700	2800	2800	2850	2900	Medium term Financial Strategy
	BC applications (economy dependant)		1501	1550	1600	1650	1700	1750	Merton Regeneration Strategy
	Tree applications		594	600	600	600	600	600	
	Pre applications		110	115	120	125	130	140	
	Planning performance agreements		7	20	25	30	30	30	
	Prior approvals (permitted development)		600	620	640	640	640	650	
	<b>Anticipated non financial resources</b>		<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	
	Staff (FTE)		36	38	34	29	29	29	

Actual Performance (A) Performance Target (T) Proposed Target (P)										
	2015/16(A)	2016/17(T)	2017/18(P)	2018/19(P)	2019/20(P)	2021/21(P)				
<b>Performance indicator</b>										
% Major applications processed within 13 weeks	55.5	67	70	70	70	70		High	Monthly	Quality
% Minor applications processed within 8 weeks	58	60	66	67	68	69		High	Monthly	Quality
% Other applications processed within 8 weeks	82.57	82	85	85	85	85		High	Monthly	Quality
Volume of Planning applications Total	2462	4400	4450	4500	4560	4600		High	Monthly	Quality
% appeals lost	27.25	35	35	35	35	35		Low	Quarterly	Perception
Income (Development and Building Control)	£1.8m	£2.11m	£2.11m	£2.11	£2.11	£2.11		High	Monthly	Business critical
% Market share retained by LA (BC)	51.15	60	54	56	58	60		High	Monthly	Perception
Number of enforcement cases closed	895	300	450	450	450	450		High	Monthly	Quality
Backlog of enforcement cases	655	900	650	650	700	750		Low	Monthly	Output
% satisfied with Planning (annual resident survey)	n/a	30	31	32	30	30		High	Annual	Perception



DEPARTMENTAL BUDGET AND RESOURCES									
Revenue £'000s	Final Budget 2015/16	Actual 2015/16	Budget 2016/17	Forecast Variance 2016/17 P8	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	
<b>Expenditure</b>	<b>2,477</b>	<b>2,483</b>	<b>2,515</b>	<b>53</b>	<b>2,605</b>	<b>2,351</b>	<b>2,371</b>	<b>2,390</b>	
Employees	1,714	1,772	1,708	140	1,594	1,336	1,351	1,367	
Premises	2	0	2	(2)	2	2	2	2	
Transport	28	17	25	(9)	26	27	27	27	
Supplies & Services	243	217	245	(77)	248	252	256	259	
3rd party payments	0	0	0	0	0	0	0	0	
Transfer payments	0	0	0	0	0	0	0	0	
Support services	490	477	535	0	735	735	735	735	
Depreciation	0	0	0	0	0	0	0	0	
<b>Revenue £'000s</b>	<b>1,989</b>	<b>1,992</b>	<b>2,009</b>	<b>(229)</b>	<b>2,202</b>	<b>2,287</b>	<b>2,287</b>	<b>2,287</b>	
Government grants	0	0	0	0	0	0	0	0	
Reimbursements	96	113	81	(76)	84	84	84	84	
Customer receipts	1,893	1,879	1,928	(153)	2,118	2,203	2,203	2,203	
Recharges	0	0	0	0	0	0	0	0	
Reserves	0	0	0	0	0	0	0	0	
Capital Funded	488	491	506	(176)	403	64	84	103	
<b>Capital Budget £'000s</b>									
	Final Budget 2015/16	Actual 2015/16	Budget 2016/17	Variance 2016/17 P8	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	

Summary of major budget etc. changes 2017/18									
D&BC2 = (£55k)	D&BC3 = (£50k)								
D&BC4 = (£50k)	D&BC5 = (£45k)								
D&BC6 = (£35k)	ENV20 = (£35k)								
HPDG reserve adjustment = (£86k)									
D&BC8 = (£50k)	D&BC9 = (£274k)								
ENV20 = (£35k)									



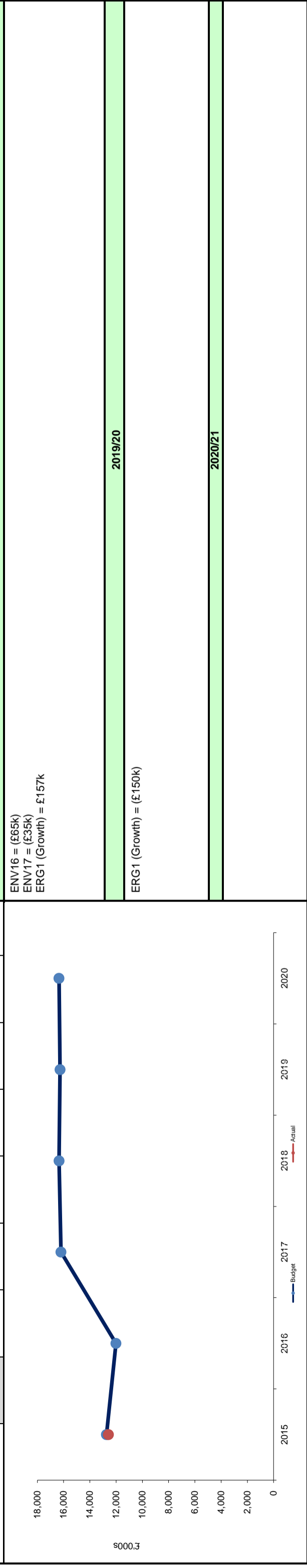
2017/187 Income									
D&BC2 = (£55k)	D&BC3 = (£50k)								
D&BC4 = (£50k)	D&BC5 = (£45k)								
D&BC6 = (£35k)	ENV20 = (£35k)								
HPDG reserve adjustment = (£86k)									
D&BC8 = (£50k)	D&BC9 = (£274k)								
ENV20 = (£35k)									

PROJECT DESCRIPTION			MAJOR PROJECT BENEFIT		Risk	
Project	Start date	End date	Likelihood	Impact	Score	
Project 1	2013-14	2017-18	6	2	12	Additional income generation
	Project Title: Commercialisation of Building Control Project Details: This is to ensure Building Control is more commercially aware in a more competitive market.					
Project 2	2014-15	2017-18	2	2	4	Improved efficiency (savings)  To allow reduced office space an efficient working practices
	Project Title: Mobile/Home working Project Details: This is introducing mobile and home working to the teams.					
Project 3	2014-3	2017-18	2	2	4	Improved effectiveness  Improve regeneration opportunities
	Project Title: Improving the development management processes Project Details: As part of sustainable communities to provide an end to end development management process to deliver regeneration objectives.					
Project 4	2014-5	2017-18	4	1	4	Improved customer experience  Channel shift
	Project Title: developing eforms and M3 capability and e-payments Project Details: Enforcement eforms, BC eforms and DC e-payments					
Project 5	2014-15	2017-18	3	2	6	Improved efficiency (savings)  Efficiencies and savings
	Project Title: Section review Project Details: Section review looking at the structure and interaction with other services					
Project 6	2014/15	2017-18	2	2	4	Improved efficiency (savings)  Efficiencies and savings
	Project Title: Shared services review with other LA's (part of TOM) Project Details: Looking at opportunities for sharing householder and /or admin back office services with adjoining authorities					
Project 7	2016-17	2017-18	6	1	6	Improved effectiveness  income generation opportunities
	Project Title: Lean review of pre-application process (part of TOM) Project Details: To ensure the process is efficient and robust from a customer perspective and to investigate any further income opportunities.					
Project 8	2014/15	2017-18	3	1	3	Improved effectiveness  savings through contract negotiation.
	Project Title: Re-procurement of M3 or equivalent IT system Project Details: Either M3 engage cloud based system or equivalent. Potentially shared with nearby authorities					
Project 9	2014/15	2017-18	1	2	2	Economic outcomes  Regeneration certainty
	Project Title: Further develop Planning Performance agreements potential Project Details: Ensure cost neutral or better staffing levels to ensure this can be delivered					

Future Merton & Traffic and Highways		Planning Assumptions					The Corporate strategies your service contributes to	
Cllr Martin Whelton: Cabinet Member for Regeneration, Environment & Housing	Anticipated demand	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	
Enter a brief description of your main activities and objectives below	Population	204,405	205,722	207,410	208,607	209,771	210,902	Community Plan
Future Merton is the council's lead on growth and strategic development for the long-term sustainability of the borough. Everything we do is about making Merton a great place and enhancing the quality of life of our residents.								Local Plan
The team plans and monitors the delivery of new housing in Merton and supports the creation of new businesses and jobs. We manage the council's Highway & Street Lighting contracts and ensure the borough's network of roads, footways, cycleways and street lighting are well maintained and safe.	Anticipated non financial resources	2015/16 58	2016/17 51	2017/18 48	2018/19 48	2019/20 48	2020/21 48	Merton Regeneration Strategy
The team also manage major town centre and estate regeneration projects and lead on the coordination of infrastructure projects such as Crossrail 2. We are responsible for delivering locally, objectives in the Mayor's London Plan and Mayor's Transport Strategy.	Staff (FTE)							Climate Change Strategy
Future Merton contributes to the Merton Partnership via the activities of the Sustainable Communities & Transport Partnership (SCTP), Economic Wellbeing Group, Housing Group and Climate Change Steering Group. The team also serves the Borough Plan Advisory Committee (BPAC) and Design Review Panel (DRP)	Performance indicator							Economic Development Strategy
Key service areas include: Regeneration, Economic Development, Traffic & Highways, Planning Policy, Transport Planning, Road Safety Education, Flood Mitigation, Urban Design, management of the Community Infrastructure Levy and the management of Vestry Hall.	New homes built	459	411	411	411	411	411	Employment and Skills Action Plan
Service transformations identified in the TOM involve streamlined processes for project delivery, increased mobile working, increasing online consultations and interactive digitisation and mapping of highway and traffic management records.	New businesses created	171	300	TBC	TBC	TBC	TBC	Health & Wellbeing Strategy
	New jobs created	454	600	TBC	TBC	TBC	TBC	Local TIL Implementation Strategy
	Street light repairs (days)	3	3	3	3	3	3	Air Quality Action Plan
	Road emergency call outs	100	100	100	100	100	100	
	Footway & Carriageway condition	100	92	95	95	95	95	
	Streetwork inspections	42	36	36	37	37	38	
	Streetwork permitting (% issued)	99.57	98	98	98	98	98	

DEPARTMENTAL BUDGET AND RESOURCES										
Revenue £'000s	Final Budget 2015/16	Actual 2015/16	Budget 2016/17	Forecast Variance 2016/17 P8	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	2017/18 Expenditure	2017/18 Income
Expenditure	16,001	15,465	15,271	199	19,805	19,942	19,872	19,953		
Employees	2,638	2,762	2,504	238	2,378	2,559	2,433	2,457	411	411
Premises	980	997	961	38	1,085	1,098	1,111	1,125	300	TBC
Transport	112	105	112	(6)	135	137	139	141	450	TBC
Supplies & Services	1,082	1,014	675	6	651	659	666	674	3	3
3rd party payments	3,040	2,903	2,575	126	2,725	2,658	2,692	2,725	100	100
Transfer payments	0	0	0	0	0	0	0	0	95	95
Support services	1,707	1,242	1,901	0	1,819	1,819	1,819	1,819	36	36
Depreciation	6,442	6,442	6,543	0	11,012	11,012	11,012	11,012	98	98
Revenue £'000s	Final Budget 2015/16	Actual 2015/16	Budget 2016/17	Variance 2016/17 P8	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21		
Income P	3,265	2,882	3,262	(260)	3,602	3,602	3,602	3,602		
Government grants	67	67	0	(60)	1	1	1	1		
Reimbursements	1,017	1,137	970	(177)	1,199	1,199	1,199	1,199		
Customer & client receipts	1,684	1,678	1,795	(33)	1,905	1,905	1,905	1,905		
Recharges	497	0	497	0	497	497	497	497		
<b>Council Funded Net Budget</b>	<b>12,736</b>	<b>12,583</b>	<b>12,009</b>	<b>(61)</b>	<b>16,203</b>	<b>16,340</b>	<b>16,270</b>	<b>16,351</b>		

Summary of major budget etc changes				
	2017/18	2018/19	2019/20	2020/21
Highways Works	1,898	1,919	1,922	1,627
Transport For London	2,339	0	1,845	1,000
Footways Planned Works	1,000	1,000	1,000	1,000
Town Centre Investment	2,984	2,808	700	
Morden TIL		220		
Transportation Enhancements	487	1,558	569	350
Other	8,708	9,778	6,491	3,977





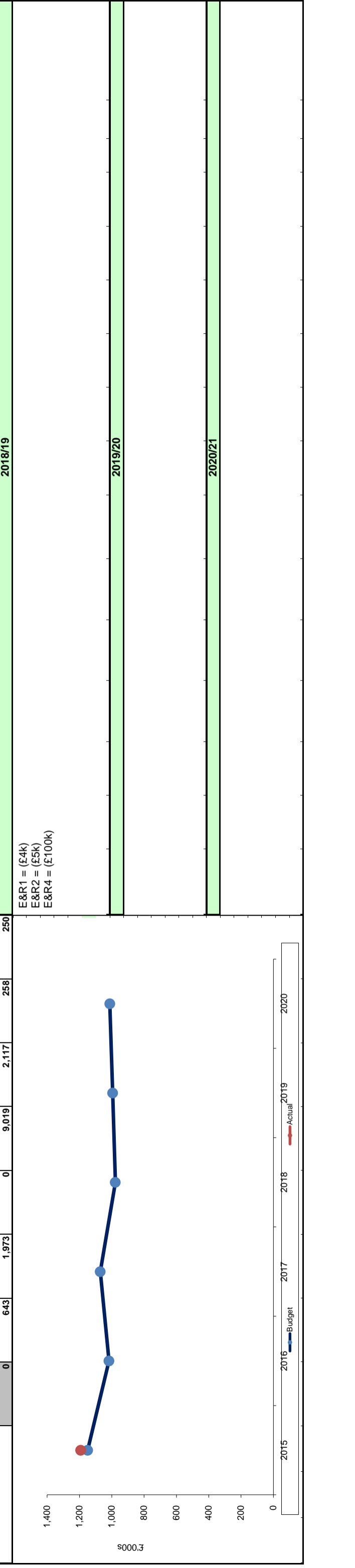
DETAILS OF MAJOR PROJECTS (INCLUDING PROCUREMENT) - MAXIMUM OF 10 OVER THE FOUR YEAR PERIOD  
Future Merton & Traffic and Highways

PROJECT DESCRIPTION			MAJOR PROJECT BENEFITS			Risk	
Project	Start date	End date	Project Title:	Project Details:	Likelihood	Impact	Score
Project 1	2014/15	2024/25	Local Plan: Estate Regeneration Working with Circle Merton Priory to deliver investment in new homes and the regeneration of High Path, Eastfields and Ravensbury estates. Supported by the preparation of a Local Plan (DPD) Also working with Moat housing to coordinate investment in regenerating Pollards Hill.		3	2	6
	Start date	End date					
Project 2	2012-13	2017-18	Rediscover Mitcham Revitalising Mitcham Fair Green and surrounding streets by investing c£6m in the public realm, local businesses, and transport proposals, working closely with Transport for London.		2	2	4
	Start date	End date					
Project 3	2014-15	2022-23	Future Wimbledon & Crossrail 2 Identifying the growth potential of Wimbledon as the premier business hub in South London. Explore investment and development opportunities linked to Crossrail 2 and improving the quality of architecture, design and placemaking. Conference (2013) Ideas Competition (2014) Masterplan linked to Crossrail 2 (2017/18)		3	4	12
	Start date	End date					
Project 4	2011-12	2017-18	Wimbledon Stadium Delivery of a new stadium and associated developments, working with stakeholders on a masterplan for the site following the outcome of the Sites and Policies Plan		3	1	3
	Start date	End date					
Project 5	2016-17	2020-21	Local Authority Property Company Establish a Local Authority owned Property Company to develop sites to generate revenue income to assist the MTFS		2	2	4
	Start date	End date					
Project 6	2011/12	2019-20	Morden Town Centre Regeneration Growth, investment and intensification to support regeneration in Morden. Strategic Planning Policies (2011-2013) Development Brief with TFL for Morden Station (2014) Major scheme bid to TFL for public realm overhaul and gyratory removal (2015/16) GLA Housing Zone bid (2014/2016) Development Partner selection (2015/16-2016/17) Physical project delivery c2017/18		3	2	6
	Start date	End date					
Project 7	2013-14	2017-18	Smarter travel: road safety Running various programmes to improve road safety and encourage smarter and healthier travel choices, including adult and children cycle training, walk to school, motorcycle and learner driver training. Reduces road related injuries and helps Merton deliver its share of the Mayor's Transport Strategy.		2	2	4
	Start date	End date					

Leisure & Cultural Development		Planning Assumptions						The Corporate strategies your service contributes to	
Cllr Nick Draper Cabinet Member for Community & Culture		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21		
Enter a brief description of your main activities and objectives below		204,405	205,722	207,410	208,607	209,771	210,902		
Main Activities:		7,900	8,050	8,200	8,700	12,407	12,445	Children & Young person's Plan	
Engage local people in healthy living and lifestyle changes through increased involvement and participation in sports, arts, cultural and physical activities and events, by working with partners to increase the number, scope and quality of facilities, programmes, activities and events on offer.		126,850	127,540	128,100	104,155	100,227	99,841	Cultural Strategy	
		832677	841004	878105	942,592	970,026	999,078	Community Plan	
Main Objectives:		14,25	13,6	7,8	7,8	7,8	7,8	Open Spaces Strategy	
- Build a new Morden Leisure Centre by 2018.		7	7	7	7	7	7	Social Inclusion Strategy	
- Negotiate contract changes with GLL to operate Morden Leisure Centre and make contract savings		20	20	20	20	20	20	Voluntary Sector Strategy	
- Demolish existing Morden Park Pools and re-landscape site		30	30	30	30	30	30		
- Develop and implement plans to de-silt and mitigate flood risk at Wimbledon Park Lake									
- Commence plans to implement Wimbledon Park Master Plan									
- Develop options appraisal for Wimbledon Park Watersports and implement agreed option									
- Commission culture and sports services									
- Deliver borough participation in Ride London, Mini Marathon, etc.									
- Manage leisure centres, New Wimbledon Theatre agreements; Polka and Attic grants and Morden Assembly Hall									
- Increase income and reduce costs									
- Increase participation and engagement									

DEPARTMENTAL BUDGET AND RESOURCES																	
Revenue £'000s	Final Budget 2015/16	Actual 2015/16	Budget 2016/17	Forecast Variance 2016/17 P8	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Actual Performance (A) Performance Target (T) Proposed Target (P)								
									2015/16(A)	2016/17(P)	2017/18(P)	2018/19(P)	2019/20(P)	2020/21(P)			
<b>Expenditure</b>	2,261	2,277	2,268	66	1,977	1,989	2,005	2,023	53,460	60,000	60,000	60,000	60,000	60,000	60,000	Business critical	Loss of income
Employees	718	705	697	(14)	523	531	538	546	358,661	387,000	402,000	402,000	402,000	402,000	402,000	Business critical	Loss of income
Premises	277	329	278	75	282	286	290	294	114,122	106,000	106,000	108,120	109,546	109,546	109,546	Output	Reduced uptake of service
Transport	9	12	8	2	8	8	8	8	n/a	n/a	n/a	n/a	48.0	48.0	48.0	Output	Reduced customer service
Supplies & Services	323	296	282	(13)	269	269	273	278	830,790	841,004	878,105	942,592	970,026	999,078	999,078	High	Reduced customer service
3rd party payments	63	58	126	16	94	94	95	96	92,609	93,916	94,600	95,000	89,500	97,000	97,000	High	Reduced uptake of service
Transfer Payments	0	389	389	0	308	308	308	308									
Support services	383	389	389	0	308	308	308	308									
Depreciation	488	488	488	0	493	493	493	493									
<b>Revenue £'000s</b>	<b>1,112</b>	<b>1,085</b>	<b>1,251</b>	<b>(129)</b>	<b>906</b>	<b>1,011</b>	<b>1,011</b>	<b>1,011</b>									
Income	0	61	160	(1)	77	77	77	77									
Government grants	83	61	733	(128)	721	826	826	826									
Customer & client receipts	678	656	733	(128)	721	826	826	826									
Recharges	351	368	358	0	108	108	108	108									
Reserves	0	0	0	0	0	0	0	0									
Capital Funded	0	0	0	0	0	0	0	0									
<b>Council Funded Net Budget</b>	<b>1,149</b>	<b>1,192</b>	<b>1,017</b>	<b>(63)</b>	<b>1,071</b>	<b>978</b>	<b>994</b>	<b>1,012</b>									
<b>Capital Budget £'000s</b>	<b>0</b>	<b>643</b>	<b>1,973</b>	<b>0</b>	<b>9,019</b>	<b>2,117</b>	<b>258</b>	<b>250</b>									
Morden Leisure Centre		508	1,574	0	8,319	567	8										
Wimb Pk Lake de-silting		135	399	0	250	1,250	250										
Other				0	450	300	250										

Summary of major budget etc changes		2017/18	
E&R1 = (£5k)			
E&R2 = (£10k)			
E&R3 = (£16k)			
ENV11 = (£59k)			
ENV23 = (£89k)			

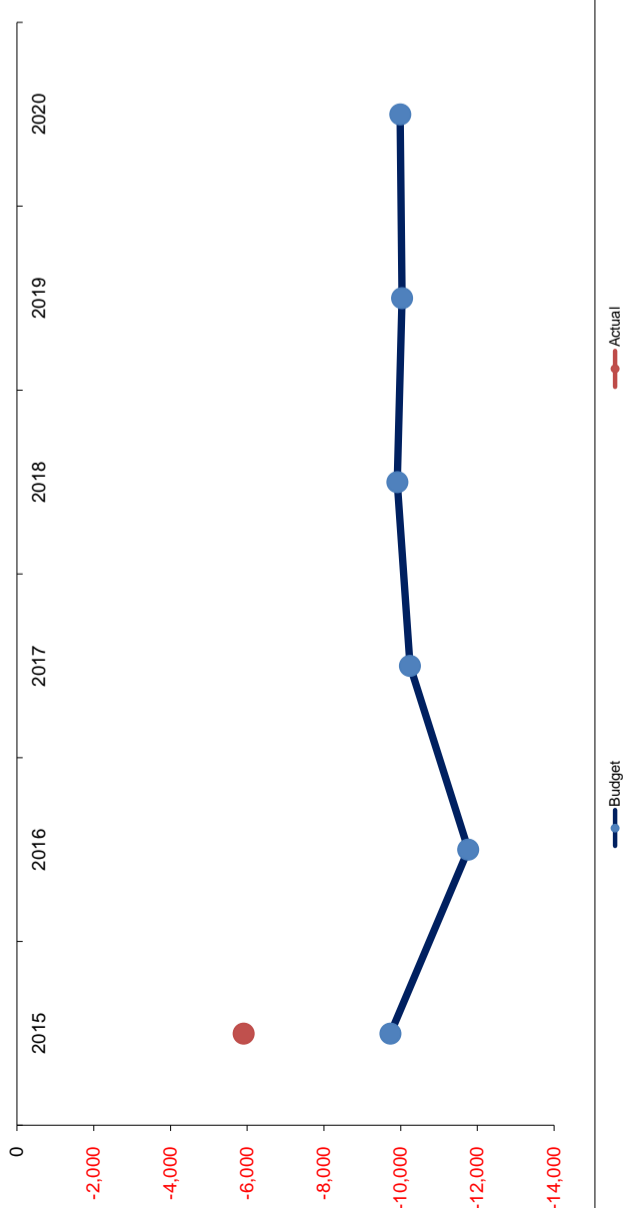


Leisure & Cultural Development

PROJECT DESCRIPTION			MAJOR PROJECT BENEFIT		Risk	
Project 1	Project 2	Project 3	Likelihood	Impact	Score	
Project Title: <b>Morden Leisure Centre</b> Project Details: Deliver a new Morden Leisure Centre as a family friendly and community leisure centre to replace Morden Park Pools. Decommission and demolish the existing Morden Park Pools and reinstate the land to fit in with the Morden Park landscape	Project Title: <b>Leisure Centres Contract</b> Project Details: Vary the Leisure Centre Contract to take account of the new Morden Leisure Centre	Project Title: <b>Implement the Wimbledon Park Lake Flood Risk &amp; De-silting Plans</b> Project Details: Develop solutions and plans to de-silt and implement flood risk requirements to deliver solutions for the lake. Procure and implement the solutions	4	2	8	
Project Title: <b>Wimbledon Park Watersports and Outdoor Adventure Centre</b> Project Details: Commission works to determine the most effective management solution for this service. Implement the solution.	Project Title: <b>Customer Relationship Management &amp; Other Service Technological Requirements</b> Project Details: Deliver future culture and sports services through corporate technological solutions including the CRM system for interfacing with customers.	Project Title: <b>Restructure Staff Team following Phase C &amp; Staff Reductions</b> Project Details: TUPE staff out to contractors as part of Phase C Contract. Restructure & reorganise the remaining Leisure & Culture Development & Greenspaces Team's functions, products & services, budgets into one combined service following the implementation of the Phase C contract	2	2	4	
Project Title: <b>Commission and Contract Culture and Sports Services</b> Project Details: Increasing participation & engagement in the arts, culture, sport, physical activity and well-being activities through commissioned and contracted services in line with the Culture and Sport Framework as well as priority needs			2	2	4	



Parking & CCTV Services		Planning Assumptions							The Corporate strategies your service contributes to			
Cllr Ross Garrodi: Cabinet Member for Street Cleanliness & Parking	Anticipated demand	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2018/19	2019/20	2020/21	Indicator type	Main impact if indicator not met
Enter a brief description of your main activities and objectives below  The service is required to enforce the parking regulations to ensure the through flow of traffic can be maintained and ensuring residents and blue badge holders have the ability to park in bays they have a permit or badge for. Surplus income generated by traffic management must be used for transport related areas.	Number of resident permits issued	18,320	20,004	21,043	22,095	23,199	24,358	22,095	23,199	24,358	Outcome	Loss of income
	Number of visitors permits issued	227,000	239,242	251,204	263,764	276,962	290,799	263,764	276,962	290,799	Quality	Loss of income
Objectives <ul style="list-style-type: none"> <li>enforce parking regulations across the borough including Controlled Parking Zones and bus lanes</li> <li>to implement measures to improve traffic enforcement efficiency, specifically the introduction of Automatic Number Plate Recognition (ANPR) cameras at bus lane and moving traffic locations. This will improve compliance and ease congestion, at key points across the borough</li> <li>to maintain a survey of parking needs, hours of operation, the availability of parking spaces and the charging structure</li> <li>to monitor the borough's parking infrastructure to ensure that locations subject to regulatory controls can be effectively enforced thus improving compliance and ultimately congestion</li> <li>to take account in business planning of the increase in population and changes in planning legislation allowing business premises to be changed to residential use which could result in an increase in demand for parking spaces in existing CPZ's and pressure in areas with no controlled parking to introduce CPZ's.</li> </ul>	Anticipated non financial resources	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2018/19	2019/20	2020/21	Indicator type	Main impact if indicator not met
	Staff (FTE)	86.20	93.27	83.57	83.57	83.57	83.57	83.57	83.57	83.57	83.57	Business critical
Transport	Staff (FTE)	15	12	12	12	12	12	12	12	12	Business critical	Loss of income
	Percentage of cases won at PATAS	23%	21%	21%	21%	21%	21%	21%	21%	21%	Business critical	Loss of income
Percentage of cases where council does not contest at PATAS due to new evidence	Percentage of cases won at PATAS	20.8%	25%	25%	25%	25%	25%	25%	25%	25%	Business critical	Loss of income
	Percentage of Public Space CCTV cameras working	n/a	95%	95%	95%	95%	95%	95%	95%	95%	Business critical	Reduced service delivery
<b>DEPARTMENTAL BUDGET AND RESOURCES</b>												
Revenue £'000s	Final Budget 2015/16	Actual 2015/16	Budget 2016/17	Forecast Variance 2016/17 P8	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21				
Expenditure	5,872	6,426	5,426	190	6,043	6,034	6,086	6,136				
Employees	3,177	3,106	2,945	72	3,078	3,109	3,141	3,172				
Premises	641	639	619	17	646	652	659	665				
Transport	124	106	124	22	82	84	85	87				
Supplies & Services	503	371	371	79	477	425	433	440				
3rd party payments	264	227	265	0	268	272	276	280				
Transfer payments	0	0	0	0	0	0	0	0				
Support services	1,031	1,108	1,020	0	1,380	1,380	1,380	1,380				
Depreciation	132	132	76	0	112	112	112	112				
Revenue £'000s	Final Budget 2015/16	Actual 2015/16	Budget 2016/17	Variance 2016/17 P8	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21				
Income	15,604	12,331	17,188	272	16,286	15,949	16,126	16,126				
Government grants	0	0	0	0	0	0	0	0				
Reimbursements	118	126	0	38	118	118	118	118				
Customer & Client receipts	15,486	12,205	17,188	234	16,168	15,831	16,008	16,008				
Recharges												
Reserves												
Capital Funds												
Council Funded Net Budget	(9,732)	(5,905)	(11,762)	462	(10,243)	(9,915)	(10,040)	(9,990)				
Capital Budget £'000s	Final Budget 2015/16	Actual 2015/16	Budget 2016/17	Variance 2016/17 P8	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21				
Parking	100	100	756	(20)	156	150	60	150				
Other	150	150	174	0	156	150	150	150				
	0	250	930	(20)	156	150	210	150				
<b>Summary of major budget etc. changes 2017/18</b>												
Now includes CCTV budgets (previously within Safer Merton)												
E&R7 = (£163k) E&R8 = £1,540k ENV03 = (£45k) ENV05 = (£70k) ENV33 = (£250k)												
E&R7 = (£163k) E&R8 = £500k ENV07 = (£60k)												
E&R7 = (£44k) ENR3 = (£33k) ENR4 = (£100k)												
<b>2017/18 Expenditure</b>												
<ul style="list-style-type: none"> <li>Employees</li> <li>Premises</li> <li>Transport</li> <li>Supplies &amp; Services</li> <li>3rd party payments</li> <li>Transfer payments</li> <li>Support services</li> <li>Depreciation</li> </ul>												
<b>2017/18 Income</b>												
<ul style="list-style-type: none"> <li>Government grants</li> <li>Reimbursements</li> </ul>												
<b>2018/19</b>												
<b>2019/20</b>												
<b>2020/21</b>												



Parking & CCTV Services

PROJECT DESCRIPTION		MAJOR PROJECT BENEFIT		Risk	
		Likelihood	Impact	Score	
<b>Project 1</b>		<b>Tackling Traffic Congestion</b>			
Start date	2015-2016	Replace the existing Bus Lane and Moving Traffic enforcement cameras and back office system with an Automatic Number Plate Recognition (ANPR) to enable unmanned enforcement of the above type of enforcement contraventions. The improvement of traffic congestion will lead to improved bus journey times, traffic flows, pollution and the safety of pedestrians and cyclists.			
End date	2017-18				
<b>Project 2</b>		<b>Investment in Public Space CCTV</b>			
Start date	2015-2016	Replace existing public space CCTV equipment On Street and in the back office CCTV suite			
End date	2017-18				
<b>Project 3</b>		<b>Review CEO Shift Patterns</b>			
Start date	2016-17	Consult on the introduction of a more efficient shift patterns			
End date	2017-18				
<b>Project 4</b>		<b>Review CCTV Shift Patterns</b>			
Start date	2016-17	Consult on the introduction of a more efficient shift patterns			
End date	2017-18				
		2	1	2	
		2	1	2	
		2	1	2	
		2	1	2	

<b>Commissioned Service</b>		The service maintains and develops Merton's numerous parks & open spaces (more than 115 separate sites), including sports facilities (including pavilions), gardens, playgrounds (more than 40), the borough's highways verges, and the management of its cemetery and allotments services. The portfolio also includes support for, and the production of, a varied programme of outdoor events from small community to large commercial ones in parks, including the annual civic fireworks displays, Mitcham Carnival and elements of the Wimbledon (tennis) Championships. The service manages more than 50,000 Council-owned trees and several nature reserves. Greenspaces serves as the managing agent for Mitcham Common (for the Mitcham Common Conservators) and the Merton & Sutton Joint Cemetery (for the Merton & Sutton Joint Cemetery Board).									
<b>Parks &amp; Green Spaces</b>		The grounds maintenance elements of the service are outsourced to idverde UK Limited, overseen by the Greenspaces client team who, in addition, retain overall responsibility for policy, strategy & investment in parks & open spaces.									
<b>Cllr Nick Draper Cabinet Member for Community &amp; Culture</b>											
<b>Service Provider:</b>											
<b>idverde UK Ltd</b>											

		Planning Assumptions					The Corporate strategies the service contributes to					
Anticipated demand		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21					
Increased sports pitch demand (Total number of bookings)		1%	1%	1%	1%	1%	1%	Open Space Strategy				
Attendance at major community outdoor events (No. of people)		55,000	60,000	60,000	60,000	60,000	60,000					
Number of funerals at LBM cemeteries		210	215	220	240	260	260					
<b>Anticipated non financial resources</b>		<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>					
Idverde UK Ltd		Sufficient resources to provide service										

Performance indicator	Performance Targets (T) & Provisional Performance Targets (P)						Polarity	Reporting cycle	Indicator type	Main impact if indicator not met
	2015/16(T)	2016/17(T)	2017/18(P)	2018/19(P)	2019/20(P)	2020/21(P)				
Residents % satisfaction with parks & green spaces	73	74	75	76	77	77	High	Biennial	Perception	Reputational risk
Young peoples % satisfaction with parks & green spaces	72	73	74	75	76	76	High	Biennial	Perception	Reputational risk
Number of Green Flags	5	5	5	5	6	6	High	Annual	Quality	Reputational risk
Number of outdoor events in parks	130	130	130	130	130	130	High	Monthly	Output	Reputational risk

Financial Information										Additional Expenditure Information		
	Final Budget 2015/16	Actual 2015/16	Budget 2016/17	Forecast Variance 2016/17 P8	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21				
<b>Revenue £'000s</b>												
<b>Expenditure</b>	<b>5,975</b>	<b>5,990</b>	<b>5,118</b>	<b>80</b>	<b>3,144</b>	<b>3,212</b>	<b>3,278</b>	<b>3,346</b>				
Employees	2,370	2,450	2,231	83	462	505	547	590				
Premises	744	678	742	-8	367	378	388	399				
Transport	272	275	274	21	16	20	24	27				
Supplies & Services	612	557	556	-24	303	313	322	332				
3rd party payments	50	48	40	8	1,132	1,132	1,133	1,134				
Transfer payments	0	0	0	0	0	0	0	0				
Support services	1,583	1,638	925	0	532	532	532	532				
Depreciation	344	344	350	0	332	332	332	332				
<b>Revenue £'000s</b>	<b>2,808</b>	<b>2,525</b>	<b>2,261</b>	<b>123</b>	<b>1,258</b>	<b>1,358</b>	<b>1,358</b>	<b>1,358</b>				
Income	8	9	8	(1)	0	0	0	0				
Government grants	221	235	94	(111)	174	174	174	174				
Reimbursements	1,979	1,701	2,159	235	1,084	1,184	1,184	1,184				
Customer & client receipts	600	580										
Recharges												
Reserves												
<b>Council Funded Net Budget</b>	<b>3,167</b>	<b>3,465</b>	<b>2,857</b>	<b>203</b>	<b>1,886</b>	<b>1,854</b>	<b>1,920</b>	<b>1,988</b>				
<b>Capital Budget £'000s</b>												
Final Budget 2015/16												
Actual 2015/16												
Parks Investment					201	308	295	300				
Other					34	28	295	300				
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>235</b>	<b>336</b>	<b>295</b>	<b>300</b>				

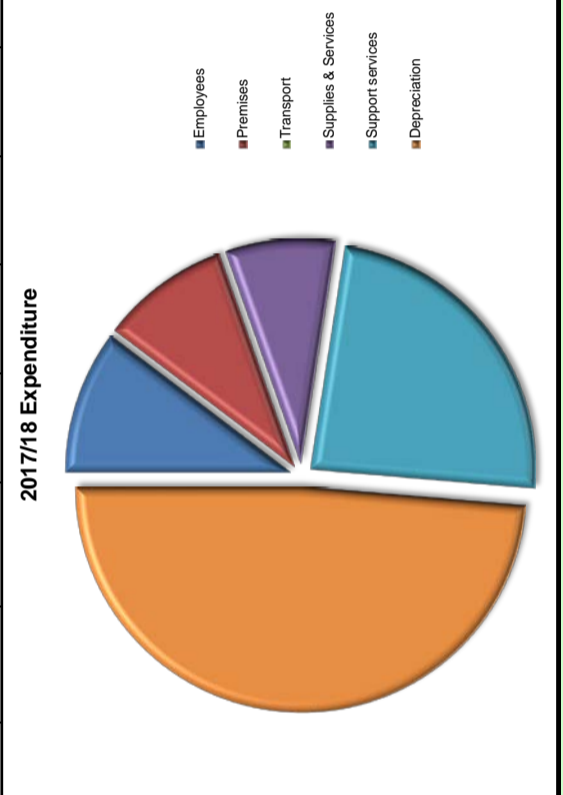
DETAILS OF MAJOR PROJECTS  
Parks & Green Spaces

PROJECT DESCRIPTION		MAJOR PROJECTS BENEFITS		Risk	
		Likelihood	Impact	Score	
<b>Project 1</b>		<b>Greenspaces TOM</b>			
Start date	01/07/2016	Target Operating Model covering the full range of Greenspaces services		3	2
End date	01/07/2018				
<b>Project 2</b>		<b>Greenspaces Commercialisation</b>			
Start date	01/04/2017	Increased commercialisation across a range of Greenspaces services, including sport provisions & outdoor events in particular		3	2
End date	31/03/2018				
<b>Project 3</b>		<b>Canons Rec Restoration</b>			
Start date	01/07/2017	Management & delivery of Canons Lottery Bid and Canons restoration (Phase 1) (Pending securing funding from Heritage Lottery Fund bid)		3	2
End date	31/03/2018				
<b>Project 4</b>		<b>Morley Park</b>			
Start date	01/04/2017	Transfer, opening & establishment of Morley Park		3	2
End date	31/03/2018				
<b>Project 5</b>		<b>Phase C, Lot 2 Contract</b>			
Start date	01/02/2017	Embedding new systems & processes and ensuring quality & performance standards in relation to Phase C, Lot 2 grounds maintenance contract		3	2
End date	31/03/2018				



Property		Planning Assumptions					The Corporate strategies your service contributes to	
Cllr Mark Allison: Deputy Leader & Cabinet Member for Finance	Anticipated demand	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	
To maintain a publicly available list of property assets as required by transparency agenda under Localism Act 2011. TOM will lead to increased efficiency the possibility of acting for other authorities on specialisms and most significantly driving economic development and regeneration through closer working with Future Merton. This may impact on the timing of sales and capital receipts.	The number of proposed disposals	4	Not known	Not known	Not known	Not known		Corporate Asset Management Plan
	The number of proposed lettings.	8	8	8	8	8		Economic Development Strategy
	The number of proposed rent reviews	21	21	35	36			Medium term Financial Strategy
	The number of commercial properties	394	394	394	394	394		
	<b>Anticipated non financial resources</b>	<b>2015/16</b> 5.60	<b>2016/17</b> 4.85	<b>2017/18</b> 4.60	<b>2018/19</b> 4.60	<b>2019/20</b> 4.60	<b>2020/21</b> 4.60	
<b>Objectives</b>								<b>Main impact if indicator not met</b>
complete Asset Valuations to timetable agreed with Director of Corporate Services								Loss of income
drive programme of property disposals to maximise capital receipts								Loss of income
critically examine operational property to ensure the council has the minimum necessary to support the business plan								Breach statutory duty
maximise revenue income by letting vacant property								
provide timely advice to inform regeneration projects								
ensure team is arranged to support objectives.								

Performance indicator	Actual Performance (A) 2015/16(A)	2016/17(T)	2017/18(P)	2018/19(P)	2019/20(P)	2020/21(P)	Proposed Target (T) 2020/21(P)	Polarity	Reporting cycle	Indicator type
% Vacancy rate of prop. owned by council	0.33	3.5	3.3	3.3	3.3	3.3	3.3	Low	Quarterly	Outcome
% Debt owed to LBM by tenants Inc. businesses	6.43	8.0	8.0	8.0	8.0	8.0	8.0	Low	Quarterly	Outcome
Asset Valuations	97	150	150	150	150	150	150	High	Annual	Business critical



DEPARTMENTAL BUDGET AND RESOURCES										
Revenue £'000s	Final Budget 2015/16	Actual 2015/16	Budget 2016/17	Forecast Variance 2016/17 P8	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Budget 2015/16	Budget 2020/21
<b>Expenditure</b>	<b>2,250</b>	<b>2,136</b>	<b>1,985</b>	<b>59</b>	<b>2,067</b>	<b>2,057</b>	<b>2,064</b>	<b>2,071</b>		
Employees	275	229	226	5	213	215	218	220		
Premises	283	193	176	31	191	176	178	181		
Transport	1	1	1	0	1	1	1	1		
Supplies & Services	158	217	159	23	163	166	168	170		
3rd party payments	0	0	0	0	0	0	0	0		
Transfer payments	0	0	0	0	0	0	0	0		
Support services	471	434	500	0	493	493	493	493		
Depreciation	1,062	1,062	923	0	1,006	1,006	1,006	1,006		
<b>Revenue £'000s</b>	<b>4,566</b>	<b>5,021</b>	<b>4,557</b>	<b>(428)</b>	<b>4,660</b>	<b>4,800</b>	<b>4,949</b>	<b>4,949</b>		
Income	0	0	0	0	0	0	0	0		
Government grants	5	57	5	0	0	0	0	0		
Reimbursements	4,059	4,489	4,060	(428)	4,180	4,320	4,469	4,469		
Customer & client receipts	502	475	492	0	480	480	480	480		
Recharges										
Reserves										
Capital Funds										
<b>Council Funded Net Budget</b>	<b>(2,316)</b>	<b>(2,885)</b>	<b>(2,572)</b>	<b>(369)</b>	<b>(2,593)</b>	<b>(2,743)</b>	<b>(2,885)</b>	<b>(2,878)</b>		

### Summary of major budget etc. changes 2017/18

ER23 = (£18k)  
E&R5 = (£82k)  
ENV34 = (£8k)

E&R6 = (£18k)  
ENV14 = (£100k)  
ENV34 = (£40k)

ENR8 = (£150k)

Year	Budget (£'000s)	Actual (£'000s)
2015	~2,500	~3,000
2016	~2,500	~2,500
2017	~2,500	~2,500
2018	~2,500	~2,500
2019	~2,500	~2,500
2020	~2,500	~2,500

Property

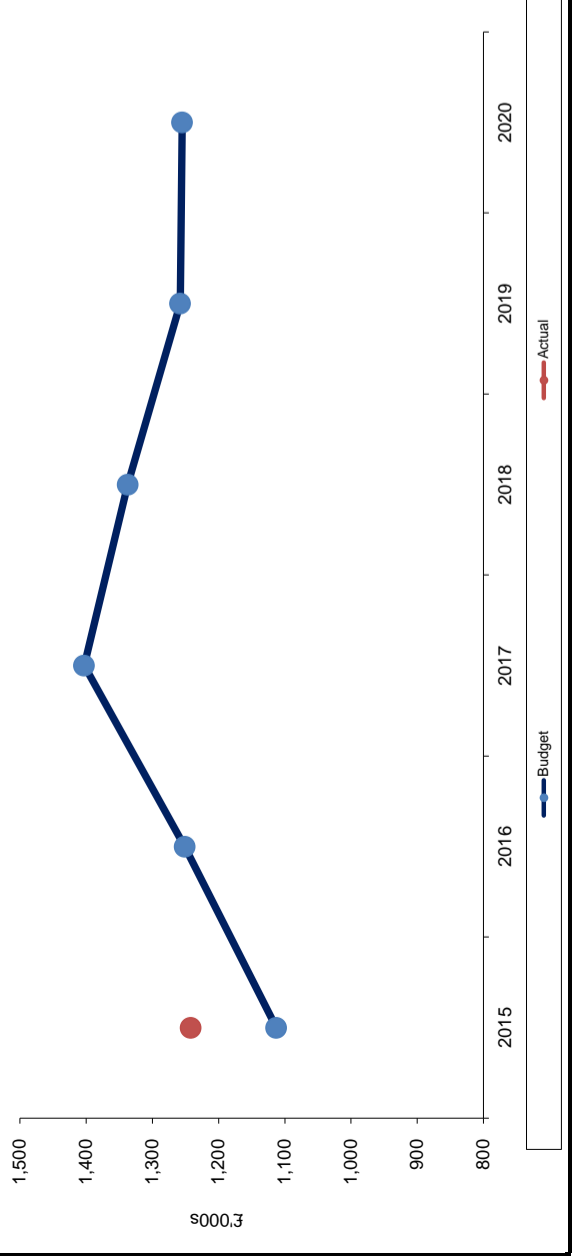
PROJECT DESCRIPTION			MAJOR PROJECT BENEFIT		Risk	
			Likelihood	Impact	Score	
<b>Project 1</b>	<b>2016-17</b>	<b>New secondary school</b>				
Start date		Project Title:				
End date	<b>on going</b>	Project Details:				
		Land acquisition and granting of new leases.	2	2	4	
<b>Project 2</b>	<b>2012-13</b>	<b>P4/Broadway Car Park</b>				
Start date		Project Title:				
End date	<b>on going</b>	Project Details:				
		Disposal of public car park to regenerate prominent town centre site.	1	2	2	
		Improved efficiency (savings)				

Regulatory Services Partnership		Planning Assumptions					The Corporate strategies your service contributes to	
Cllr Nick Draper: Cabinet Member for Community & Culture		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	
Cllr Ross Garrrod: Cabinet Member for Street Cleanliness & Parking		1777	1790	1803	1816	1829	1829	Air Quality Action Plan
A brief description of your main activities and objectives:		5880	5995	6113	6234	6357	6357	Climate Change Strategy
Provide statutory environmental health, trading standards and licensing functions across those councils that make up the Regulatory Services Partnership (currently LB Merton and LB Richmond).		1880	1890	1900	1900	1900	1900	Merton Regeneration Strategy
Deliver savings and efficiencies by:		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Medium term Financial Strategy
• reducing overheads		41.7	39.48	39.48	38.48	38.48	38.48	
• generating additional income								
• attracting new business								
• rationalising ICT systems								
Transform the service by:								
• demand management								
• streamlining business processes								
• implementing new ways of working								
Performance indicator		Actual Performance (A)	2016/17(T)	2017/18(P)	2018/19(P)	2019/20(P)	2020/21(P)	Indicator type
% service requests replied in 5 working days		92	95	96	96	96	96	Perception
Income generation by EHTSL		£381,257	£345,000	£345,000	£345,000	£345,000	£345,000	Outcome
% of category A,B & non-compliant C food premises inspected		87	97	98	98	98	98	Business critical
No. of underage sales test purchases		105	100	100	100	100	100	Business critical
Annual average amount of Nitrogen Dioxide per m3		N/A	40	40	40	40	40	Outcome
Days Nitrogen Dioxide levels exceed 200 micrograms per m3		N/A	18	18	18	18	18	Outcome
Annual average amount of Particulates per m3		N/A	40	40	40	40	40	Outcome
Days particulate levels exceed 50 micrograms per m3		N/A	35	35	35	35	35	Outcome
Number of licence applications determined within 28 days		100%	96%	95%	95%	95%	95%	Business critical
% of food premises rated 2 or below		N/A	15%	15%	15%	15%	15%	Outcome

DEPARTMENTAL BUDGET AND RESOURCES									
Revenue £'000s	Final Budget 2015/16	Actual 2015/16	Budget 2016/17	Forecast Variance 2016/17 P8	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	
Expenditure	2,573	2,747	2,678	(86)	3,009	2,993	3,014	3,011	
Employees	1,872	2,075	1,975	(79)	2,026	2,006	2,025	2,019	
Premises	0	0	0	0	0	0	0	0	
Transport	39	37	39	(9)	47	48	48	49	
Supplies & Services	189	173	54	(12)	61	62	62	63	
3rd party payments	139	139	98	13	99	101	103	104	
Transfer payments	0	0	0	0	0	0	0	0	
Support services	334	323	512	0	776	776	776	776	
Revenue £'000s	Final Budget 2015/16	Actual 2015/16	Budget 2016/17	Variance 2016/17 P8	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	
Income	1,460	1,505	1,427	94	1,606	1,656	1,756	1,756	
Government grants	0	1	0	0	0	0	0	0	
Reimbursements	1,116	1,125	1,003	51	1,132	1,132	1,232	1,232	
Customer & client receipts	344	379	424	43	474	524	524	524	
Recharges	0	0	0	0	0	0	0	0	
Reserves	0	0	0	0	0	0	0	0	
Capital Funded	0	0	0	0	0	0	0	0	
Council Funded Net Budget	1,113	1,242	1,251	8	1,403	1,337	1,258	1,255	
Capital Budget £'000s	Final Budget 2015/16	Actual 2015/16	Budget 2016/17	Variance 2016/17 P8	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	
Mortuary	0	0	45	0	0	0	0	0	

2017/18 Expenditure		2017/18 Income	

Summary of major budget etc. changes	
2017/18	2018/19
E&R14 = (£100k)	
ENV09 = (£50k)	
ENV10 = (£10k)	
2018/19	2019/20
ENV08 = (£40k)	
ENV09 = (£50k)	
2019/20	2020/21
ENR1 = (£100k)	





Regulatory Services Partnership

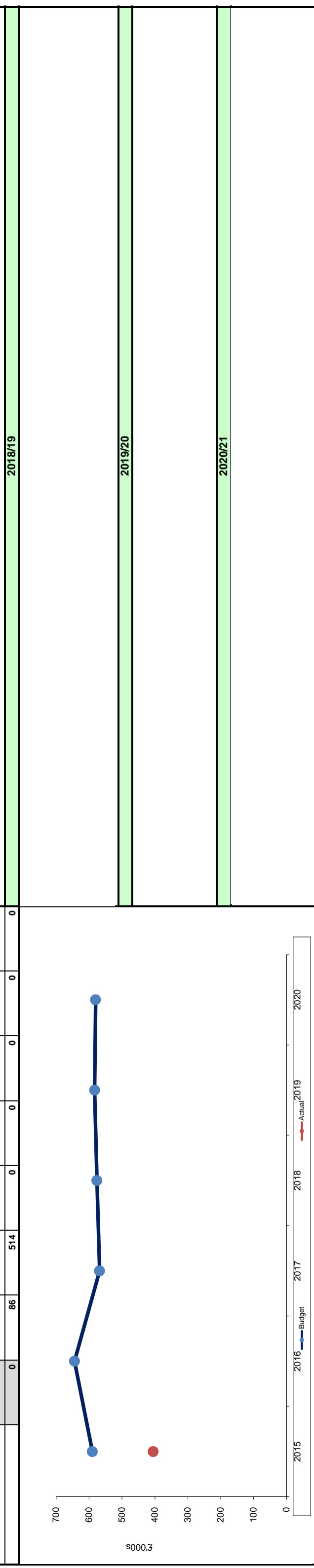
PROJECT DESCRIPTION		MAJOR PROJECT BENEFITS		Risk	
		Likelihood	Impact	Score	
<b>Project 1</b> Expansion of shared 'regulatory' service Potential expansion of the Regulatory Services Partnership to include the London Borough of Wandsworth in 2017.		3	2	6	
Start date	2016-17				
End date	2017-18				
<b>Project 2</b> Rationalisation of administration and licensing teams Rationalisation of the Merton and Richmond administration and licensing teams to improve business processes, generate efficiencies and improve the outcomes for customers		2	1	2	
Start date	2015-16				
End date	2017-18				
<b>Project 3</b> Procurement of a new ICT case management system Contribution to the ICT led procurement of a new computer system for E&R and potential joint procurement with Richmond and Wandsworth		2	1	2	
Start date	2015-16				
End date	2017-18				
<b>Project 4</b> Design and implement a joint Merton/Richmond budget Design and implement a joint revenue (income & expenditure) budget on a to be determined costs apportionment model		2	1	2	
Start date	2014-15				
End date	2017-18				

Safer Merton			Planning Assumptions						The Corporate strategies your service contributes to	
Clir Edith Macaulay: Cabinet Member for Community Safety, Engagement & Equalities	Anticipated demand	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21			
Safer Merton delivers the council's statutory Community Safety Partnership function to tackle crime and disorder. The team consists of eight officers working across several themes: 1) Tackling anti-social behaviour in non social housing 2) Protecting victims of Domestic Violence and Abuse and taking action against perpetrators 3) Managing and delivering a borough wide Neighbourhood Watch programme 4) Delivering the partnerships analytical functions The service also ensures that MOPACs priorities are delivered, appropriate support services are commissioned (which fall within Safer Merton's remit) as well as ensuring that the Community Safety Partnership is compliant with legislation. Safer Merton is managed through the councils Public Protection service, and its work delivered in partnership with Police, London Fire Brigade, Probation services, alongside other statutory and non statutory partners The statutory duty for Safer Merton consists of the following: 1) A duty to establish a crime and disorder partnership and deliver an annual partnership plan 2) Completion of an annual strategic assessment governed by the Community Safety Partnership 3) Respond to and deal with crime and disorder through evidence based analytical work in a timely and effective manner	Number of new, actionable, ASB cases	350	360	400	400	400	2020/21	Safer & Stronger Strategic Assessment		
	Population	204,405	205,722	207,410	208,607	209,771	210,902			
	No. Multi Agency Risk Assessment cases (domestic abuse) % of all residents actively engaged in Neighbourhood Watch schemes	160 38%	162 38%	170 40%	170 40%	170 43%	170	2020/21		
Anticipated non financial resources	Staff (FTE)	18.83	9.10	7.99	7.99	7.99	2020/21			

DEPARTMENTAL BUDGET AND RESOURCES																				
Revenue £'000s	Final Budget 2015/16	Actual 2015/16	Budget 2016/17	Forecast Variance 2016/17 P8	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	Performance Indicators					Main impact if indicator not met						
Expenditure									Actual Performance (A)	Performance Target (T)	Proposed Target (P)	Reporting cycle	Indicator type	2017/18	2019/20	2020/21				
Employees	790	567	799	(80)	644	652	659	656	n/a	100	150	150	Quarterly	Outcome						
Premises	360	270	377	(32)	346	350	354	358	n/a	5	8	8	Quarterly	Perception						
Transport	2	0	2	(1)	0	0	0	0	278	153	153	Monthly	Business critical							
Supplies & Services	62	50	71	(3)	1	1	1	1	n/a	10	10	Annual	Perception							
3rd party payments	251	139	252	(45)	168	171	174	178	n/a	884	850	850	Quarterly	Perception						
Transfer payments	0	0	0	0	0	0	0	0	n/a	1373	1373	Quarterly	Quality							
Support services	109	107	140	0	119	119	119	119	n/a	0	0	0								
Depreciation	0	0	0	0	0	0	0	0												
Revenue £'000s	Final Budget 2015/16	Actual 2015/16	Budget 2016/17	Variance 2016/17 P8	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21	2017/18 Expenditure								2017/18 Income			
Income	200	162	155	(32)	76	76	76	76												
Government grants	154	102	108	(27)	76	76	76	76												
Reimbursements	46	60	47	(5)	0	0	0	0												
Customer & client receipts	0	0	0	0	0	0	0	0												
Recharges																				
Reserves																				
Capital Funds																				
Council Funded Net Budget	590	405	644	(112)	568	576	583	580												

Capital Budget £'000s		Variance 2016/17 P8		Budget 2017/18		Budget 2018/19		Budget 2019/20		Budget 2020/21	
CCTV	86	514	0	0	0	0	0	0	0	0	0

E&R43 = (£70k)

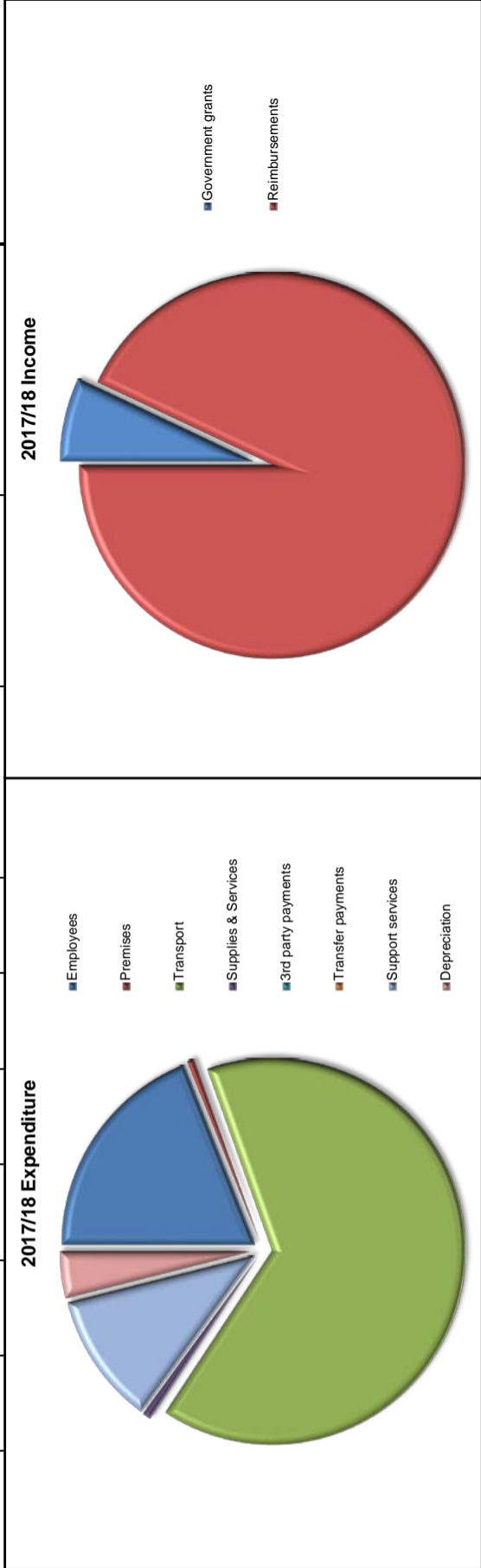


0 2015 2016 2017 2018 2019 2020

Safer Merton

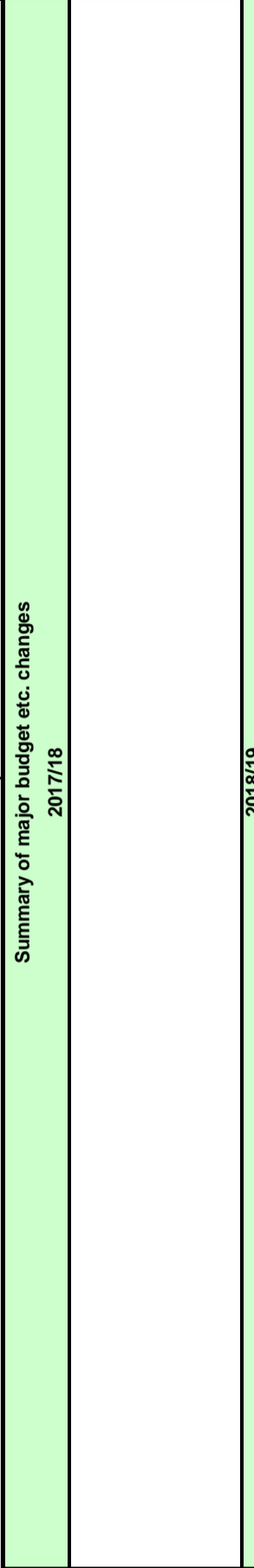
PROJECT DESCRIPTION		MAJOR PROJECT BENEFITS		Risk	
Project 1	Project 2	Likelihood	Impact	Score	
<p>Start date 01/04/2017</p> <p>End date 31/03/2018</p>	<p>Project Title: Roll out of wider NO MORE campaign</p> <p>Project Title: Project Details:</p>	<p>Improved customer experience</p> <p>Improved victim awareness, increased profile for Merton as a pro-active borough in addressing crime and ASB and associated reputational benefits across London</p>	2	2	4
<p>Project 2</p> <p>Start date</p> <p>End date</p>	<p>Project Title: Project Details:</p>	<p>Select one major benefit</p>			0

Transport - Passenger Fleet Service		Planning Assumptions					The Corporate strategies your service contributes to					
Cllr Martin Whelton: Cabinet Member for Regeneration, Environment & Housing		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Children and Young People's Plan	Special Educational Needs and Disabilities Strategy			
Enter a brief description of your main activities and objectives below		70,000	70,000	70,000	70,000	70,000	70,000					
To provide effective Home to School and Vulnerable Adults transport service, using the in-house fleet of buses and assorted vehicles		70,000	70,000	70,000	70,000	70,000	70,000					
To provide health & safety and vehicle related in-house training to all council staff and external organisations utilising the Councils fleet of vehicles.		70,000	70,000	70,000	70,000	70,000	70,000					
<b>Anticipated non financial resources</b>		<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>					
No. Transport Fleet vehicles		40	40	40	40	40	40					
Staff		62.75	61	48.35	47.35	46.35	46.35					
<b>Performance indicator</b>								<b>Indicator type</b>				
% Client user satisfaction		87	97	97	97	97	97	<b>Polarity</b>	<b>Reporting cycle</b>	<b>Indicator type</b>	<b>Main impact if indicator not met</b>	
Average % passenger vehicles in use		90	85	85	85	85	85	High	Annual	Outcome	Reduced customer service	
% in-house journey that meet timescales		84	85	85	85	85	85	High	Annual	Unit cost	Reduced customer service	
Sickness - average days per FTE		13.9	11.5	10.5	11	9.5	8	Low	Monthly	Unit cost	Increased costs	
% MOT vehicle pass rates		97.38%	95%	95%	95%	95%	95%	High	Quarterly	Outcome	Increased costs	



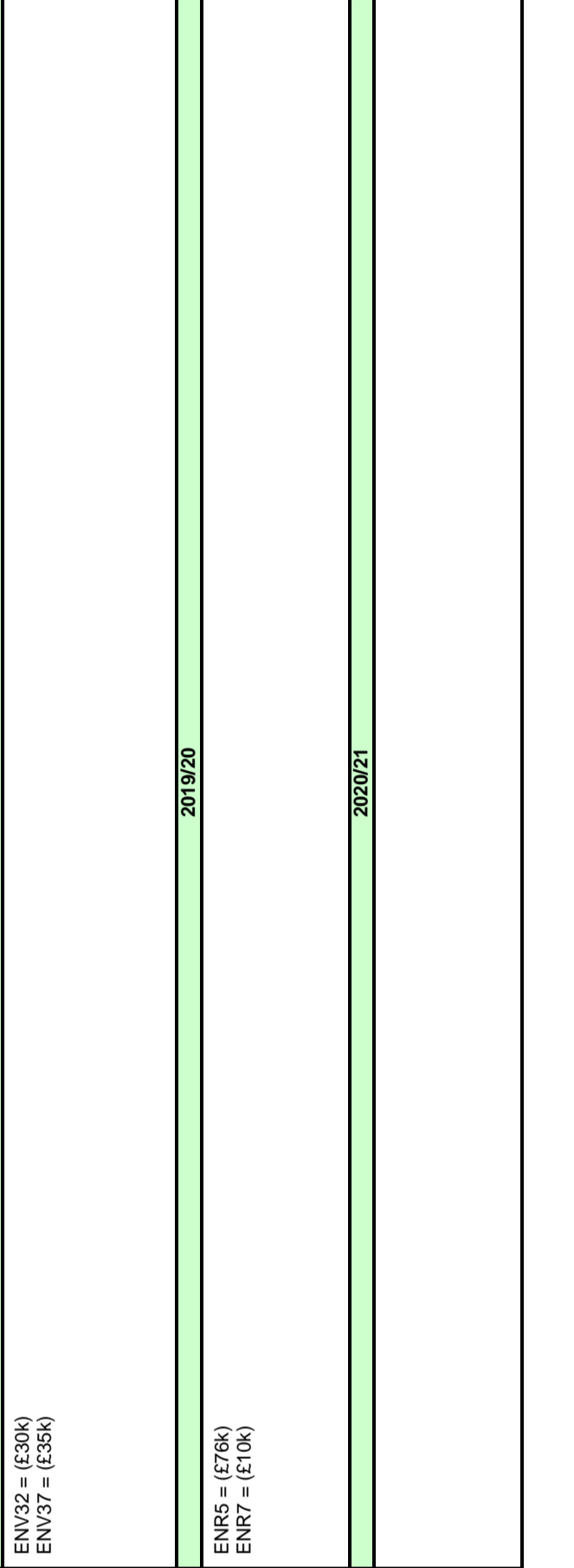
### DEPARTMENTAL BUDGET AND RESOURCES

Revenue £'000s	Final Budget 2015/16	Actual 2015/16	Budget 2016/17	Forecast Variance 2016/17 P8	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21
<b>Expenditure</b>	<b>9,700</b>	<b>10,171</b>	<b>9,710</b>	<b>560</b>	<b>8,609</b>	<b>8,597</b>	<b>8,540</b>	<b>8,559</b>
Employees	1,960	2,089	2,000	107	1,632	1,620	1,563	1,582
Premises	82	86	85	(4)	50	50	50	50
Transport	6,232	6,539	6,233	447	5,576	5,576	5,576	5,576
Supplies & Services	84	95	84	10	62	62	62	62
3rd party payments	0	0	0	0	0	0	0	0
Transfer payments	0	0	0	0	0	0	0	0
Support services	876	893	847	0	952	952	952	952
Depreciation	466	466	461	0	337	337	337	337
<b>Revenue £'000s</b>	<b>9,623</b>	<b>9,740</b>	<b>9,710</b>	<b>(376)</b>	<b>8,609</b>	<b>8,644</b>	<b>8,654</b>	<b>8,654</b>
Government grants	703	594	703	36	602	602	602	602
Reimbursements	8,920	9,146	9,007	(412)	8,007	8,042	8,052	8,052
Customer & client receipts								
Recharges								
Reserves								
Capital Funded	77	431	0	184	0	(47)	(114)	(95)
<b>Council Funded Net Budget</b>	<b>77</b>	<b>431</b>	<b>0</b>	<b>184</b>	<b>0</b>	<b>(47)</b>	<b>(114)</b>	<b>(95)</b>
<b>Capital Budget £'000s</b>	<b>312</b>	<b>312</b>	<b>500</b>	<b>(15)</b>	<b>400</b>	<b>400</b>	<b>300</b>	<b>300</b>
Replacement Fleet Vehicles								



### Summary of major budget etc. changes 2017/18

Category	2017/18	2018/19	2019/20	2020/21
Replacement Fleet Vehicles	312	400	300	300
Government grants	703	602	602	602
Reimbursements	8,920	8,007	8,042	8,052
Customer & client receipts				
Recharges				
Reserves				
Capital Funded	77	431	0	(95)
<b>Council Funded Net Budget</b>	<b>77</b>	<b>431</b>	<b>0</b>	<b>(95)</b>
<b>Capital Budget £'000s</b>	<b>312</b>	<b>400</b>	<b>300</b>	<b>300</b>



ENV32 = (£30k)  
ENV37 = (£35k)

ENR5 = (£76k)  
ENR7 = (£10k)

PROJECT DESCRIPTION		MAJOR PROJECT BENEFIT		Risk	
		Likelihood	Impact	Score	
<b>NO PROJECTS AT PRESENT</b>					<b>0</b>
<b>Project 1</b>	Project Title:				
Start date	Project Details:				
End date					
<b>Project 2</b>	Project Title:				
Start date	Project Details:				
End date					
<b>Project 3</b>	Project Title:				
Start date	Project Details:				
End date					



Commissioned Service		Planning Assumptions										The Corporate strategies the service contributes to			
Waste Management and Cleansing		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21					2020/21			
Cllr Ross Garrod Cabinet Member for Street Cleanliness & Parking		83,000	83,500	84,000	85,000	86,000	86,500					86,500	Waste Management Strategy		
Cllr Martin Whelton Cabinet Member for Regeneration, Environment & Housing		375	375	375	375	375	375					375			
Service Providers:		204,405	205,722	207,410	208,607	209,771	210,902					210,902			
Veolia UK Ltd		71,000	71,000	71,000	71,000	71,000	71,000					71,000			
Viridor Waste Management		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21					2020/21			
Kingdom Ltd (Environmental Protection)		6.69	6.69	6.69	6.69	6.69	6.69					6.69			
Noah's Ark (Stray Dogs / Enforcement)		9	9	9	9	9	9					9			
		0	0	4	4	4	4					4			
		0	0	1.5	1.5	1.5	1.5					1.5			
		Sufficient resources to provide service													
Performance indicator		Performance Targets (T) & Provisional Performance Targets (P)		Performance Targets (P)		Performance Targets (P)		Performance Targets (P)		Performance Targets (P)		Performance Targets (P)		Main impact if indicator not met	
		2015/16(T)	2016/17(T)	2017/18(P)	2018/19(P)	2019/20(P)	2020/21(P)	Polarity		Reporting cycle		Indicator type			
% Residents satisfied with street cleanliness		56	57	57	57	58	60	High		Annual		Perception		Reputational risk	
% Sites surveyed below standard for litter		9.5	9	8.5	8	6	3	Low		Quarterly		Perception		Reputational risk	
% Sites surveyed below standard for Detritus		15	14.5	13	10	9	8	Low		Quarterly		Perception		Reputational risk	
% Sites surveyed below standard for graffiti		5.5	5.5	5.0	5.0	5.0	5.0	Low		Quarterly		Perception		Reputational risk	
% Sites surveyed below standard for weeds		13.50	12.00	12	11	10	9	Low		Quarterly		Perception		Reputational risk	
Number of fly tips reported		3700	3600	3600	3600	3500	3400	Low		Monthly		Outcome		Reputational risk	
% of fly tips removed within 24 hours		-	-	90%	90%	95%	95%	High		Monthly		Outcome		Reputational risk	
% Sites surveyed below standard for flyposting		1	1	1	1	1	1	Low		Quarterly		Perception		Reputational risk	
% of FPNs issued that have been paid		65%	68%	68%	68%	69%	70%	High		Monthly		Output		Loss of income	
% Household waste recycled		38	38	42	46	48	50	High		Monthly		Business critical		Reputational risk	
% Residents satisfied with refuse collection		72	74	72	73	74	75	High		Annual		Perception		Reputational risk	
Residual waste kg per household pa		580	580	540	500	475	435	Low		Monthly		Outcome		Increased costs	
% Municipal solid waste landfilled		60	59	59	65%	10%	5%	Low		Monthly		Outcome		Increased costs	
Number of missed bins per 100,000		55	50	50	50	40	30	Low		Monthly		Outcome		Reduced customer service	
Total waste arising per household Kg		910	910	910	910	910	910	Low		Monthly		Outcome		Reputational risk	
% Residents satisfied with recycling facilities		73	74	70	72	74	75	High		Annual		Perception		Reputational risk	

Revenue £'000s	Final Budget 2015/16	Actual 2015/16	Budget 2016/17	Forecast Variance 2016/17 P8	Budget 2017/18	Budget 2018/19	Budget 2019/20	Budget 2020/21
<b>Expenditure</b>	<b>21,088</b>	<b>21,467</b>	<b>20,025</b>	<b>698</b>	<b>15,457</b>	<b>15,777</b>	<b>15,767</b>	<b>16,173</b>
Employees	7,545	7,758	7,371	309	1,042	1,101	1,109	1,317
Premises	172	153	169	-13	146	147	148	150
Transport	1,901	1,755	1,860	148	26	55	84	113
Supplies & Services	869	798	610	-108	301	310	319	328
3rd party payments	7,000	7,347	6,542	364	12,989	13,211	13,154	13,312
Transfer payments	2	0	2	-2	2	2	2	2
Support services	2,956	3,013	2,828	0	366	366	366	366
Depreciation	643	643	643	0	585	585	585	585
<b>Revenue £'000s</b>	<b>Final Budget 2015/16</b>	<b>Actual 2015/16</b>	<b>Budget 2016/17</b>	<b>Variance 2016/17 P8</b>	<b>Budget 2017/18</b>	<b>Budget 2018/19</b>	<b>Budget 2019/20</b>	<b>Budget 2020/21</b>
<b>Income</b>	<b>3,678</b>	<b>3,873</b>	<b>3,266</b>	<b>(293)</b>	<b>956</b>	<b>963</b>	<b>1,163</b>	<b>1,163</b>
Government grants	333	357	0	0	0	0	0	0
Reimbursements	328	274	171	(102)	448	448	448	448
Customer & client receipts	2,357	2,521	2,352	(191)	508	515	715	715
Recharges	660	721	743	0	0	0	0	0
Reserves								
Capital Funded								
<b>Council Funded Net Budget</b>	<b>17,410</b>	<b>17,594</b>	<b>16,759</b>	<b>405</b>	<b>14,501</b>	<b>14,814</b>	<b>14,604</b>	<b>15,010</b>
<b>Capital Budget £'000s</b>	<b>Final Budget 2015/16</b>	<b>Actual 2015/16</b>	<b>Budget 2016/17</b>	<b>Variance 2016/17 P8</b>	<b>Budget 2017/18</b>	<b>Budget 2018/19</b>	<b>Budget 2019/20</b>	<b>Budget 2020/21</b>
SLWP					1,401	5,344		
Other					46	46	40	40
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,447</b>	<b>5,390</b>	<b>40</b>	<b>40</b>

DETAILS OF MAJOR PROJECTS

PROJECT DESCRIPTION		Major Projects Benefits		Risk	
Project 1	Project Title:	Major Projects Benefits	Impact	Likelihood	Score
Start date	Project Title:	Select one major benefit			0
End date	Project Details:				
<b>Project 2</b>	Project Title:	Select one major benefit			0
Start date	Project Details:				
End date	Project Details:				
<b>Project 3</b>	Project Title:	Select one major benefit			0
Start date	Project Details:				
End date	Project Details:				
<b>Project 4</b>	Project Title:	Select one major benefit			0
Start date	Project Details:				
End date	Project Details:				
<b>Project 5</b>	Project Title:	Select one major benefit			0
Start date	Project Details:				
End date	Project Details:				

NO PROJECTS AT PRESENT



## **BUSINESS PLAN - GLOSSARY OF TERMS**

### **ASSET MANAGEMENT PLAN / REVIEW**

An Asset Management Plan (AMP) is a tactical plan for managing an organisation's infrastructure and other assets to deliver an agreed standard of service. The plan is reviewed annually as part of the budget cycle..

### **BALANCES**

Balances are maintained to meet expenditure pending the receipt of income and to provide a cushion against expenditure being higher or income lower than expected. Contributions to balances can be either a planned contribution from the revenue budget or a transfer of any revenue surplus at the year end. The maintenance of an appropriate level of balances is a fundamental part of prudent financial management.

### **BASELINE FUNDING LEVEL**

The amount of an individual council's Start-up Funding Assessment for 2013-14 provided through the local share of the Estimated Business Rates Aggregate, uprated in line with the small business rates multiplier (set at the September forecast of the Retail Price Index, unless otherwise decided).

### **BILLING AUTHORITIES**

A unitary council, or a lower tier council in a two-tier area, which collects the council tax for its own activities, and for those of the precepting authorities in its area. The billing authority passes on the precept receipts to each precepting authority in its area. These are the 326 billing authorities that collect council tax and business rates: district councils, London boroughs, and unitary councils. Before 1 April 2009 there were 354.

### **BORROWING STRATEGY**

A borrowing strategy set up the parameters within which money may be borrowed by the Authority. These parameters are designed to manage the risk taken by the authority within best practice.

### **BUDGET**

Statement of the spending plans for the year.

### **BUDGET PROFILE**

An allocated annual budget is split over the months in which it is estimated that expenditure will be incurred. For example, utility bills may well be split into four and entered into the months in which quarterly payments are due.

### **BUSINESS RATES**

These rates, formally called non-domestic rates, are the means by which local businesses contribute to the cost of providing local council services.

### **BUSINESS RATE BASELINE**

Determined for individual councils at the outset of the business rates retention scheme by dividing the local share of the Estimated Business Rates Aggregate (England) between billing authorities on the basis of their proportionate shares, before the payment of any major precepting authority share.

## **BUSINESS PLAN - GLOSSARY OF TERMS Continued...**

### **BUSINESS RATE RETENTION SCHEME**

The name given to the current system of funding local authorities through the local government finance settlement, set out in the Local Government Finance Act 2013. The local government sector retains 50% of the business rates they collect. In addition they also receive Revenue Support Grant to help support their services.

### **CAPITAL EXPENDITURE**

Expenditure on the acquisition of a fixed asset or expenditure, which adds to, and not merely maintains, the value of an existing fixed asset.

### **CAPITAL FINANCING REQUIREMENT (CFR)**

The total historical outstanding capital expenditure which has not yet been paid for from either revenue or capital resources i.e. a measure of the underlying borrowing need. See Minimum Revenue Provision

### **CAPITAL PROGRAMME**

Documentation which summarises the outcome of priority allocations contained in the capital strategy and details individual schemes for approval by Council / Cabinet.

### **CAPITAL PROGRAMME BOARD**

The Capital Programme Board ensures:

- that the overall capital investment strategy is consistent with strategic objectives, is affordable within the revenue budget strategy, examining potential funding options
- that bids are submitted in accordance with set framework and guidelines (including business cases, value for money and options appraisal) and prioritised in accordance of agreed criteria
- compiles and manages a multi-year capital programme for consideration by CMT and approval by Cabinet

### **CAPITAL PROJECTS / SCHEMES**

Capital Projects / Schemes is the level at which Member approval is obtained.

### **CAPITAL RECEIPTS**

Proceeds from the sale of fixed assets and repayments of capital grants and loans. These are divided into reserved and usable parts.

### **CAPITAL MONITORING**

The monthly comparison of actual spend against the anticipated spend (profiled budget) and the revision of projected year end spend where necessary. Periodically budget managers will be required to review their in year budget requirement and re-profile their projected expenditure over subsequent financial years.

### **CAPITAL STRATEGY**

A Capital Strategy is a core planning document designed to dovetail with the MTFS and Treasury Strategy to ensure that limited capital resources are deployed in accordance with corporate priorities / achieving our vision. The document will also detail how the proposed capital programme will be funded.

### **CASH FLOW MANAGEMENT**

Cash flow is the movement of money into or out of a business. Cash flow management optimises activity and investment around these cash flows.

## **BUSINESS PLAN - GLOSSARY OF TERMS Continued...**

### **CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)**

The Institute produces standards and codes of practice that must be followed in preparing the Council's financial statements.

### **CODE OF PRACTICE ON LOCAL AUTHORITY ACCOUNTING**

The Code of Practice on Local Authority Accounting ('The Code') applies International Financial Reporting Standards (IFRS) to the Local Authority context. The Code supports consistent financial reporting and Local Authorities must adhere to it when producing the annual Statement of Accounts.

### **COLLECTION FUND**

This is a statutory 'ring fenced' account. It records income and expenditure on Council Tax, Non Domestic Rates, payments to the precepting authorities and transfer to the Council's General Fund.

### **COMMUNITY ORGANISATION**

An organisation with benevolent or philanthropic purposes.

### **COMPACT**

Compacts are partnership agreements between statutory bodies and the voluntary and community sector to improve their relationships and provide a framework within which the sectors can understand what to expect from each other. Compacts offer the means of supporting the development of the voluntary and community sector's capacity so that groups can do more to meet both their aims and those of their statutory partners, thereby enhancing their contribution to the local community. The national compact (between central government and the voluntary and community sector) was launched in 1998 and it is now a requirement for all local authorities and PCTs to develop a compact with the voluntary and community sector. They are not legally binding documents but the Compact is approved and signed policy and affects the conduct of all partners.

### **COMPREHENSIVE SPENDING REVIEW (CSR)**

The CSR is a governmental process carried out by HM Treasury which sets out fixed three-year departmental expenditure limits and, through public sector service agreements, defines key service improvements.

### **CONTINGENCY**

A contingency is the setting aside of a finite sum to offset the cost of a future event or circumstance which may or may not occur. So is a reserve. You need to make distinction clearer. A reserve is a sum in the accounts whereas a contingency is a sum in a budget and the budget does not follow accounting conventions. A contingency can also be drawn more widely. The Govt has one to cover events dear boy, events. (Macmillan)

### **CORE SPENDING POWER**

To provide some certainty for the period 2016-17 through to 2019-20, the local authority core spending power as from the following core components:

- The Modified Settlement Funding Assessment as set out in the provisional local government finance settlement consultation.
- The council tax requirement estimated by applying the average annual growth in the council tax base between 2013-14 and 2015-16 and assuming that local authorities increase their Band D council tax in line with the OBR's forecast for CPI for each year.
- The potential additional council tax available from the adult social care council tax flexibility.
- The potential additional council tax available from a £5 cash principle for districts with a lower quartile Band D council tax level.
- The Improved Better Care Fund.
- Rural Services Delivery Grant.

## **BUSINESS PLAN - GLOSSARY OF TERMS Continued...**

### **CORPORATE AND DEMOCRATIC CORE**

The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities. It has two elements - corporate management and democratic representation and management. The activities within the corporate and democratic core are in addition to those which would be carried out by a series of independent, single purpose bodies managing the same services. There is, therefore, no logical basis for apportioning these costs to services.

### **CORPORATE GOVERNANCE**

Corporate Governance is the system by which local authorities direct and control their functions and communicate to their communities.

### **COUNCIL TAX**

A local tax on domestic property, set by councils – calculated by deducting any funding from reserves, income it expects to raise and general funding it will receive from the Government – in order to meet its planned spending.

### **COUNCIL TAX BASE**

This is the number of Band D equivalent dwellings in a council area. To calculate the tax base for an area, the number of dwellings in each council tax band is reduced to take account of discounts and exemptions. The resulting figure for each band is then multiplied by its proportion relative to Band D (from 6/9 for Band A to 18/9 for Band H) and the total across all eight bands is calculated. An adjustment is then made for the collection rate.

### **COUNCIL TAX BANDS**

There are eight council tax bands. How much council tax each household pays depends on the value of the homes.

### **COUNTRY LIMITS**

The current economic climate has not only affected companies and financial institutions; it has affected sovereigns (lending to countries[government bonds]) as well. This will be incorporated into counterparty selection.

### **CREDIT APPROVAL**

The permission to borrow given to each local authority annually by the Secretary of State. Local authorities can obtain supplementary credit approvals during the year for particular projects.

### **CREDITORS**

The individual or organisation to whom the Authority owes money. Accordingly, it does not include money on taxation to the Council.

### **COUNCIL'S BORROWING REQUIREMENT**

Based on projected spend, this is the amount of money a local authority will need to borrow to finance this projected spend.

### **COUNTERPARTIES**

The organisation in respect of which the Authority borrows from or invests money with. A counterparty will be removed, suspended or kept on close watch from the council's approved list if it fails to meet the Council's criteria.

### **CORPORATE BONDS**

Is a bond that a company issues to raise money in order to expand its business.

## **BUSINESS PLAN - GLOSSARY OF TERMS Continued...**

### **COUPON**

Is the interest rate stated on a bond at the time it is issued.

### **CREDITWORTHINESS**

An assessment of the likelihood that a borrower will default on their debt obligations. It is based upon factors, such as their history of repayment and their credit score. Lending institutions also consider the availability of assets and extent of liabilities to determine the probability of default.

### **DEBTORS**

A debtor is an organisation or individual that owes the Authority money and the debt is legally enforceable

### **DEBT RESCHEDULING See rescheduling of debt**

Where certain debt may be redeemed and a further loan obtained. This may be undertaken to provide an even spread of debt redemption date and terms, It may also be used to optimise beneficial borrowing rates in the market while maintaining activity within acceptable risk levels.

### **DEPRECIATION**

Depreciation is a charge to the revenue account to reflect the reduction in the useful economic life of a fixed asset, reducing the value of the fixed asset in the balance sheet. It is not a charge to the General Fund as it is reversed in the Movement in Reserves Statement and replaced with the Minimum Revenue Provision.

### **EARMARKED CAPITAL RESOURCES / GRANTS Overlaps with reserves**

Money received by the Authority which has certain conditions / restrictions (loose terminology) over its use limiting the type of expenditure that it may be applied against. IFRS refers to Stipulations and sub divides them into Conditions and Restrictions. Earmarked grants (revenue or capital) are grants which are subject to restrictions. I

### **ESTIMATED BUSINESS RATES AGGREGATE**

The total business rates forecast at the outset of the business rate retention scheme to be collected by all billing authorities in England in 2013-14. The Estimated Business Rates Aggregate is updated year on year in line with the change in the small business multiplier (usually the September Retail Price Index).

### **FINANCE LEASE**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Situations that would normally lead to a lease being classified as a finance lease include the following:

- the lease transfers ownership of the asset to the lessee by the end of the lease term
- the lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than fair value at the date the option becomes exercisable and that, at the inception of the lease, it is reasonably certain that the option will be exercised
- the lease term is for the major part of the economic life of the asset, even if title is not transferred
- at the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset
- the leased assets are of a specialised nature such that only the lessee can use them without major modifications being made

## **BUSINESS PLAN - GLOSSARY OF TERMS Continued...**

### **FINANCIAL INSTRUMENT**

A real or virtual document representing a legal agreement involving some sort of monetary value. In today's financial marketplace, financial instruments can be classified generally as equity based, representing ownership of the asset, or debt based, representing a loan made by an investor to the owner of the asset.

### **FINANCIAL YEAR**

The financial year runs from 1 April to the following 31 March.

### **FIXED ASSETS**

Assets that yield benefits to the local authority and the services it provides for a period of more than one year. These assets can be tangible or intangible.

### **FLOOR DAMPING**

A method by which stability in funding is protected through limiting the effect of wide variations in grant. A floor guarantees a lower limit to a year-on-year change in grant. The grant amounts of councils who receive changes above the floor are scaled back by a fixed proportion to help pay for the floor.

### **FTSE 100**

This is the index of the top 100 UK listed companies by market capitalisation.

### **GENERAL FUND**

The main fund of the Council, from which all expenditure is met and all income is paid, with the exception of those items, which by statute have to be taken to some other account.

### **GOVERNMENT GRANTS (Overlaps with Earmarked capital resources)**

Financial assistance by government and other bodies, in the form of cash transfers to an authority, issued in return for compliance with certain conditions relating to the activities of the authority.

### **GROSS EXPENDITURE**

The total expenditure of a fund or account.

### **GROUP LIMITS**

This is a limit on the amount of money that may be invested with or borrowed from a particular conglomerate.

### **IMPAIRMENT**

(Rewrite, someone should hang their head in shame for this sentence ) The loss of value in a fixed asset arising from physical damage, deterioration in the quality of service provided by the asset or from a general fall in prices. When this occurs the asset must be written down to the recoverable value. The charge is then reversed out from the General Fund in the Movement in Reserves Statement and replaced with the Minimum Revenue Provision.

## **BUSINESS PLAN - GLOSSARY OF TERMS Continued...**

### **INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS)**

International Financial Reporting Standards are a single set of accounting standards, developed and maintained by the IASB (International Accounting Standards Board) for the purposes of being applied on a globally consistent basis by developed, emerging and developing economies. The Code of Practice on Local Authority Accounting is based on IFRSs

### **INVESTMENT POLICY**

The London Borough of Merton's investment policy has regard to the CLG's Guidance on Local Government Investments and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes. The council's investment priorities will be security first, liquidity second, then return.

### **INVESTMENT STRATEGY**

The investment of the Authority's cash balances to optimise its strategic and operational needs Surely we should include reference to maximising investment income and minimising cost of borrowing. Otherwise this is too vague.

### **INVESTMENT TREASURY INDICATOR AND LIMIT**

This is a prudential indicator for funds invested for more than 364 days, designed to measure the need for early investment redemption against the Authority's liquidity requirement.

### **LENDERS OPTION BORROWERS OPTION (LOBO)**

When borrowing or lending money, certain time related limits may be established when the arrangement is made e.g. at a certain point in time the interest rate of a loan will increase; at this point both parties have the opportunity to opt in / out of the arrangement.

### **LEVY**

Mechanism to limit disproportionate benefit from business rates. The levy is applied proportionally on a 1:1 basis (i.e. a 1% increase in business rates income results in an council getting a 1% increase in revenue from the rates retention scheme) but with a limit on the maximum levy rate that is imposed, at 50p in the pound. Levy payments are used to fund the safety net.

### **LIABILITIES**

A legally enforceable sum owed to a third a Party

### **LOCAL GOVERNMENT FINANCE SETTLEMENT**

The local government finance settlement is the annual determination of funding distribution as made by the Government and debated by Parliament.

### **LOCAL GOVERNMENT SPENDING CONTROL TOTAL**

The total amount of expenditure for Revenue Support Grant in the Department for Communities and Local Government's Local Government Departmental Expenditure Limit plus the local share of the Estimated Business Rates Aggregate that is allocated to the local government sector by Government for each year of a Spending Review.



## **BUSINESS PLAN - GLOSSARY OF TERMS Continued...**

### **LOCAL SHARE**

The percentage share of locally collected business rates that is retained by local government. This is set at 50%.

### **LOCALISM ACT 2011**

It sets out a series of proposals with the potential to achieve a substantial and lasting shift in power away from central government and towards local people. They include: new freedoms and flexibilities for local government; new rights and powers for communities and individuals; reform to make the planning system more democratic and more effective

### **LOWER TIER COUNCILS**

Councils that carry out the functions which in shire areas with two tiers of local government are carried out by shire districts. They are the same councils as billing authorities.

### **MERTON IMPROVEMENT BOARD**

Merton Improvement Board oversees the management and monitoring of the Merton improvement programme and the promotion of best practices within the Council. Its work falls into four main areas:

- manage and monitor the Merton improvement programme including giving the “go ahead” for new projects and project closure;
- steer the implementation and future development of the Merton improvement programme;
- lead on developing and maintaining cross-cutting initiatives; and
- manage, co-ordinate and monitor business improvement activity across the council.

### **MINIMUM REVENUE PROVISION**

A provision, via a revenue charge, in respect of historical capital expenditure which has been financed by borrowing, as required by the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008.

### **MULTIPLIER**

The business rates multiplier which, when multiplied by the rateable value of a property, determines a ratepayer's business rate bill. There are two multipliers – one for small businesses and one for larger businesses. These are set nationally. The small business multiplier is updated annually by the Retail Price Index, unless the Government decides otherwise and the other multiplier adjusted accordingly, to fund rate relief for small businesses.

### **NATIONAL CONTROL TOTALS**

These are the national totals for each of the individual elements within the local spending control total. They are determined as part of the Spending Review. It is also the name given to the size of each of the different elements within the Settlement Funding Assessment.

### **NON-DOMESTIC RATE (NDR)**

A levy on businesses based on national 'rateable value' of the premises occupied. NDR is collected by the Council in line with national criteria, paid into a national pool and then redistributed to all local and police authorities on the basis of population.

### **NON-SPECIFIED INVESTMENTS**

A body which has been provided with a government issued guarantee for wholesale deposits within specific timeframes.

## **BUSINESS PLAN - GLOSSARY OF TERMS Continued...**

### **OPERATIONAL BOUNDARY**

The operational boundary is a prudential indicator for monitoring the total external debt, gross of investments, and separately identifying borrowing from other long term liabilities.

### **OPERATING LEASE**

A contract that allows for the use of an asset, but does not convey rights of ownership of the asset. An operating lease is not capitalised; it is accounted for as a rental expense in what is known as "off balance sheet financing." For the lessor, the asset being leased is accounted for as an asset and is depreciated as such.

### **PENSION FUND**

The Local Government Pension Scheme (LGPS) is a scheme established by statute to provide death and retirement benefits for all eligible employees. The scheme's benefits are defined in the LGPS Regulations, and are geared to a scheme member's Career Average Revalued Earnings (CARE).

The scheme is financed by a combination of employee and employer contributions, together with income from a fund of investments. The employee contribution rate ranging from 5.5% to 12.5% of pensionable pay in nine salary bands. The contribution percentage that a member pays is based on their estimated actual annual pensionable salary from 1 April to 31 March each year. Whilst the employer's rate varies according to an assessment of the funds current and forecast pension/benefit costs, (the fund's liabilities), relative to its income. This assessment is undertaken, in accordance with LGPS Regulations, every three years by the Fund's appointed actuary, who sets the necessary level of employer contribution into the fund so that the fund's liabilities can be paid.

### **PERFORMANCE MANAGEMENT FRAMEWORK**

Performance management is about how an organisation consistently plans and manages to ensure continuous improvement. Sustainable improvements in services are unlikely to happen without it. A performance framework is designed to help individuals, teams, divisions etc. understand :

- what the organisation is trying to achieve (golden thread),
- the planning, monitoring and review cycle
- their responsibilities.

### **PRECEPT**

This is the amount of council tax income all billing and precepting authorities need to provide their services. The amounts for all authorities providing services in an area appear on one council tax bill, which is administered by the billing authority.

### **PRECEPTING AUTHORITY**

An authority or body that does not collect council tax or business rates but is part of the business rates retention scheme. This is an authority which sets a precept to be collected by billing authorities. County councils, police authorities, the Greater London Authority, single purpose fire and rescue authorities and parish councils are all precepting authorities.

## **BUSINESS PLAN - GLOSSARY OF TERMS Continued...**

### **PRIVATE FINANCE INITIATIVE (PFI)**

PFI contracts are agreements with private sector organisations to refurbish, maintain and operate fixed assets on behalf of public sector organisations such as local authorities.

### **PROCUREMENT BOARD**

The Procurement Board provides a corporate focus for procurement issues and oversees the procurement development in Merton. The Board also provides both strategic direction for, and effective governance of, the procurement arrangements across the Authority, ensuring they are effective, efficient and utilised.

### **PROPORTIONATE SHARE**

This is the percentage of the national business rates yield which a council has collected on the basis of the average rates collected by councils over the two years to 2011-12. This percentage was applied to the local share of the 2013-14 Estimated Business Rates Aggregate to determine the billing authority business rates baseline.

### **PROVISIONS**

Amounts set aside for any liabilities or losses which are likely to be incurred, but which are uncertain as to the amounts or the dates on which they will arise.

### **PRUDENTIAL CODE**

The Local Government Act 2003 requires the Council to have regard to the CIPFA Prudential Code for Capital Finance in Local Authorities. In doing so, the Council is required to set and monitor a series of Prudential Indicators, the key objectives of which are to ensure that, within a clear framework, the capital investment and borrowing plans of the council are affordable, prudent and sustainable.

### **RESCHEDULING OF DEBT See debt resceduling**

The switching of debt between the short term and the longer term and vice versa to obtain favourable borrowing rates.

### **REVENUE EXPENDITURE**

Expenditure incurred on day to day running costs and confined to accounts within one financial year.

### **REVENUE MONITORING**

The monthly comparison of actual expenditure and income spend against the anticipated spend (profiled budget). A budget manager will then allow for known income/expenditure to project the year end position.

### **RESERVES**

This is a council's accumulated surplus income (in excess of expenditure) which can be used to finance future spending. Reserves can be either capital or revenue

### **REVENUE SUPPORT GRANT**

A Government grant which can be used to finance revenue expenditure on any service.

### **RINGFENCED GRANT**

A grant paid to councils which has conditions attached to it, which restrict the purposes for which it may be spent.

## **BUSINESS PLAN - GLOSSARY OF TERMS Continued...**

### **RISK MANAGEMENT**

A risk is a threat, obstacle or, barrier, that will stop the Authority from achieving its ambitions, aims and objectives. Risk management is the process of managing the risks that may prevent delivery of desired outcomes so that the organisation can anticipate and respond positively to change. Merton's approach to risk management is to raise awareness, integrate it into day to day operations and establish a robust framework and procedures to identify, analyse, assess and manage risk.

### **SECTION 151 OFFICER**

Section 151 of the Local Government Act 1972 requires every local authority to make arrangements for the proper administration of their financial affairs and requires one officer to be nominated to take responsibility for the administration of those affairs. The Section 151 officer is usually the local authority's treasurer and must be a qualified accountant belonging to one of the recognised chartered accountancy bodies. The Section 151 officer has a number of statutory duties, including the duty to report any unlawful financial activity involving the authority (past, present or proposed) or failure to set or keep to a balanced budget.

### **SECURITISATION**

'Securitisation' as used in this context means the disposal of future revenues. For example, someone receiving rents from properties might transfer the entitlement to that income to a bank for (e.g.) 20 years, in exchange for an immediate lump-sum payment.

### **SAFETY NET**

Mechanism to protect any council which sees its business rates income drop, in any year, by more than 7.5% below its baseline funding level (with baseline funding levels being uprated by the small business rates multiplier for the purposes of assessing eligibility for support).

### **SETS OF SERVICES**

There are four sets of services, corresponding to the services supplied by the four types of local authorities (although some councils may provide more than one tier of service). These are:

- upper-tier services – those services, other than fire, supplied by county councils in two-tier areas, and described in this consultation as relating to 'social care councils'
- police services
- fire and rescue services lower-tier services – those services supplied by district councils ('non-social care councils' in the consultation) in two-tier areas.

### **SETTLEMENT CORE FUNDING**

The definition of settlement core funding for this purpose takes into account the main resources available to councils, which for this purpose comprise:

- council tax income from 2015-16 (including any Council Tax Freeze Grant)
- the Settlement Funding Assessment, comprising:
  - estimated business rates income (baseline funding level under the rates retention scheme)
  - Revenue Support Grant.

## **BUSINESS PLAN - GLOSSARY OF TERMS Continued...**

### **SETTLEMENT FUNDING ASSESSMENT**

Previously referred to as Start-Up Funding Assessment. It comprises at a national level the total Revenue Support Grant and the local share of Estimated Business Rates Aggregate for the year in question. On an individual council level it comprises each council's Revenue Support Grant for the year in question and its baseline funding level, updated year-on-year in line with the September forecast of the Retail Price Index, unless otherwise decided

### **SPECIFIC GRANT**

Grants paid under various specific powers, but excluding Revenue Support Grant or area-based grant. Some specific grants are ringfenced.

### **SPECIFIED BODY**

This is the term used for a body or bodies which are directly funded from Revenue Support Grant, and which provide services centrally for local government as a whole.

### **SPECIFIED INVESTMENTS**

These are to be sterling investments of a maturity period of not more than 364 days, or those which could be for a longer period but where the Council has the right to be repaid within 364 days if it wishes. These are low risk assets where the possibility of loss of principal or investment income is considered negligible.

### **SUPER OUTPUT AREA**

A Super Output Area (SOA) is a geographical area designed for the collection and publication of small area statistics. It is used on the Neighbourhood Statistics site, and has a wider application throughout national statistics. SOAs give an improved basis for comparison throughout the country because the units are more similar in size of population than, for example, electoral wards

### **SUPPORT SERVICES**

These are services that are not statutory local authority services but which give support to those services.

### **TARIFFS AND TOP UPS**

Calculated by comparing at the outset of the business rate retention scheme an individual council's business rates baseline against its baseline funding level. Tariffs and top ups are self-funding, fixed at the start of the scheme and updated year-on-year in line with the September forecast of the Retail Price Index, unless otherwise decided.

### **TAX INCREMENTAL FINANCING**

The Local Government Finance Bill was passed in December 2011 and introduces a rate retention scheme enabling local authorities to retain a proportion of the business rates generated in their area. The Bill also includes a framework for the localisation of support for council tax in England, which alongside other council tax measures will give councils increased financial autonomy and a greater stake in the economic future of their local area, while providing continuation of council tax support for the most vulnerable in society. In determining the affordability of borrowing for capital purposes, authorities currently take account of their current income streams and forecast future income.

## **BUSINESS PLAN - GLOSSARY OF TERMS Continued...**

### **TREASURY MANAGEMENT**

The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

### **TREASURY MANAGEMENT PRACTICES / TREASURY MANAGEMENT CODE OF PRACTICE**

The Local Government Act 2003 requires the Council to adopt the CIPFA Prudential Code for Capital Finance in Local Authorities. In doing so, the Council is required to set and monitor a series of Prudential Indicators, the key objectives of which are to ensure that, within a clear framework, the capital investment plans of the council are affordable, prudent and sustainable.

### **USEFUL LIFE**

This is the period over which the local authority derives benefit from the use of a fixed asset.

## **BUSINESS PLAN – LIST OF ACRONYMS**

<b><u>Acronym</u></b>	<b><u>Definition</u></b>
AD	Assistant Director
ADASS	Association of Directors of Adult Social Services
Apps	Applications
ASB	Anti Social Behaviour
ASC	Adult Social Care
ASH	Our miscellaneous income, invoicing and recovery system
BC	Building Control
BESD	Behavioural Emotional and Social Difficulties
BME	Black Minority Ethnic
C & YP	Children and Young People
CAF	Common Assessment framework
CAMHS	Child and Adolescent Mental Health Services
CC	Children's Centre
CCTV	Close Circuit Television
CEN	Creative Environmental Networks
CEO	Civil Enforcement Officer
CFR	Capital Financing Requirement
CIPFA	Chartered Institute of Public Finance and Accountancy
CMT	Corporate Management Team
CNEA	Clean Neighbourhood and Environment Act
COM	Current Operating Model
CPD	Centre for Professional Development
CPD	Continuing Professional Development
CPZ	Controlled Parking Zone
CRB	Criminal Records Bureau
CRM	Customer Relationship Management
CSC	Children's Social Care
CSF	Children Schools & Families
CYP	Children and Young People
CYPP	Children and Young peoples Plan
DC	Development Control
DEFRA	Department for Environment Food and Rural Affairs
DFG	Disabled Facilities grant
DMT	Departmental Management Team
DSG	Dedicated Schools Grant
E&R	Environment and Regeneration
EA	Equality Analysis
EAL	English as an Additional Language
EH	Environmental Health
EIA	Equalities Impact Assessment
EIG	Early Intervention Grant
ERTG	Enforcement Review Task Group
ESOL	English for Speakers of Other Languages
EU	European Union
EY	Early Years
FACS	Fair Access to Care Services
FM	Facilities Management
FOI	Freedom Of Information
FPN	Fixed Penalty Notice
FTE	Full Time Equivalent
GLA	Greater London Authority
HB	Housing Benefits
HC&OP	Healthier Communities and Older People



## **BUSINESS PLAN – LIST OF ACRONYMS Continued.....**

<b><u>Acronym</u></b>	<b><u>Definition</u></b>
HCA	Homes and Community Agency
HNES	Housing Needs and Enabling Services
HRRC	Household Reuse and Recycling Centre
ICT	Information and Communications Technology
IFRS	International Financial Reporting Standard
IP	Intellectual Property
IT	Information Technology
iTrent	The Council's payroll system
JD	Job Description
K	£ Thousand
L & D	Learning and Development
LA	Local Authority
LAC	Looked After Children
LALO	Local Authority Liaison Officer
LATS	Landfill Allowances and Trading Scheme
LB	London Borough
LBM	London Borough of Merton
LCGS	London Councils Grant Scheme
LDD	Learning Development and Diversity
LGA	Local Government Association
LLC	Local Land Charges
LSC	Learning Skills Council
LSCB	Local Safeguarding Children's Board
LSP	Local Strategic Partnership
LOBO	Lenders Option Borrowers Option
MAE	Merton Adult Education
MARAC/D	Multi Agency Risk Assessment Case Conference / Domestic Violence
MCIL	Merton Centre for Independent Living
MIS	Management Information System
MP	Member of Parliament
MRP	Minimum Revenue Provision
MSLT1&2	Merton's Senior Leadership Team Levels 1 and 2
MTFS	Medium Term Financial Strategy
MVSC	Merton Voluntary Service Council
NEET	Not in Education Employment or Training
NDR	Non Domestic Rate
O&S	Overview and Scrutiny
OJEU	Official Journal of the European Union
OT	Occupational Therapy
PATAS	Parking And Traffic Appeals Service
PC	Police Constable
PCN	Penalty Charge Notice
PCT	Primary Care Trust
PFI	Private Finance Initiative
PM&R	Pavement Maintenance and Repair
PPD	Public Protection and Development

## **BUSINESS PLAN – LIST OF ACRONYMS Continued.....**

<b><u>Acronym</u></b>	<b><u>Definition</u></b>
PPP	Policy Planning and Performance
PRS	Private Rented Sector
PVI	Private Voluntary and Independent
QA	Quality Assurance
SC	Sustainable Communities
SEN	Special Educational Needs
SEND	Special Educational Needs and Disabilities
SFA	Skills Funding Agency
SLA	Service Level Agreement
SLWP	South West London Partnership
SME	Subject Matter Expert
SMT SOAs	Senior Management team Super Output Areas
SSQ	School Standards and Quality
SW	South West
SWLSG	South West London and St George's Mental Health NHS Trust
TBC	To Be Confirmed
TEC	Transport and Environment Committee
TFL	Transport For London
TOM	Target Operating Model
TUPE	The Transfer of Undertaking (Protection of Employment) Regulations
VAT	Value Added Tax
VLE	Virtual Learning Environment
VS	Voluntary Sector
YOT	Youth Offending Team

## SECTION 2: GENERAL FUND REVENUE BUDGET AND COUNCIL TAX STRATEGY

### 1. Background to Financial Planning

- 1.1 The approach to Medium Term Financial Planning provides a great deal of flexibility in decision making and enables the impact of alternative options to be modeled. This has assisted with progress towards a balanced budget over the four year plan.
- 1.2 The MTFS has been re-priced and rolled forward a year so that each year from 2017/18 to 2020/21 starts from the approved budget 2016/17 and is built up showing the cumulative effect of variations over the period. The initial re-priced MTFS showing the budget gap as reported to Council in March 2016 was as follows:-

**Table 1: Initial Re-priced MTFS**

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
<b>Departmental Base Budget '16/17</b>	<b>139,982</b>	<b>139,982</b>	<b>139,982</b>	<b>139,982</b>
Departmental Budget Changes	(6,226)	(8,510)	(4,589)	(1,483)
<b>Re-Priced Departmental Budget</b>	<b>133,756</b>	<b>131,472</b>	<b>135,393</b>	<b>138,499</b>
Treasury/Capital financing	12,370	12,200	13,091	13,426
Other Corporate items	(8,579)	(8,025)	(8,160)	(8160)
Levies	628	628	628	628
<b>Sub-total: Corporate provisions</b>	<b>4,419</b>	<b>4,803</b>	<b>5,559</b>	<b>5,894</b>
Use of Reserves	1,065	(3,152)	(8,338)	(20)
<b>BUDGET REQUIREMENT</b>	<b>139,240</b>	<b>133,123</b>	<b>132,614</b>	<b>144,373</b>
<b>TOTAL FUNDING</b>	<b>(139,240)</b>	<b>(133,123)</b>	<b>(129,145)</b>	<b>(124,253)</b>
<b>GAP (Cumulative)</b>	<b>0</b>	<b>0</b>	<b>3,469</b>	<b>20,120</b>

- 1.3 Since then, reports to Cabinet on 19 September 2016, 12 October 2016, 12 December 2016, and 16 January 2017 have presented updated information to Members, setting out the financial implications as assumptions have been reviewed and decisions made.
- 1.4 The decisions made in respect of each element of the MTFS impact on the overall financial position of the Authority. To balance the budget over 2017-21, an overall package of decisions of options and variables that need to be included in the budget have been modelled, enabling the impact of different scenarios to be seen. The details set out in this section summarise those that represent the most up to date information available.

## 1.5 Setting a Balanced Budget

1.5.1 Resource and expenditure projections have been continually updated throughout the year to inform Members and officers of the overall position for 2017-2021. A four-year forward plan is presented, but it is still a legal requirement that a balanced (i.e. fully funded) budget is achieved for 2017/18. There are a number of ways in which a balanced budget is achieved:

- Reducing expenditure/costs;
- Identifying new savings or additional income;
- Adjusting the level of Council Tax ;
- Using unallocated reserves as a temporary measure pending the implementation of the options above.

1.5.2 Budget savings and growth proposals have been formulated within the overall constraints of the resource projections. The proposals have been approved in principle by the Cabinet and then considered by Overview and Scrutiny Panels as part of the scrutiny process. Scrutiny Panels have met again during January 2017 and their feedback on the Council's spending proposals is set out in a separate report elsewhere on the agenda for this meeting.

1.5.3 The Medium Term Financial Strategy (MTFS) for the Council supports the achievement of the business plan and any financial implications arising from the agreed plan are included in financial planning for 2017/18 and beyond. The MTFS brings together all of the key elements relating to the Council's financial position which are reflected in the General Fund, and the Capital Programme.

1.5.4 The last detailed MTFS which was reported to Cabinet on 16 January 2017 showed that the budget gap was:-

**Table 2: Budget Gap Cabinet 16 January 2017**

	<b>2017/18 £000</b>	<b>2018/19 £000</b>	<b>2019/20 £000</b>	<b>2020/21 £000</b>
Cumulative				
Gap exc. Savings/Growth	(1,925)	15,162	20,878	27,304
Savings	(8,888)	(14,929)	(17,446)	(17,446)
Growth	11,927	12,901	10,395	10,895
Gap Net of Savings/Growth	1,114	13,134	13,827	20,753

1.5.5 There have been further changes to some of the key budget variables as more information has become available and the details are set out in this report.

## 1.6 Review of previous year's Savings

1.6.1 As with previous years, the business planning process is a multi-year approach and this includes a review of total expenditure and income over the period 2017-21.

1.6.2 Cabinet on 12 October 2016 and 12 December 2016 considered revisions to current savings proposals . The overall impact of these proposed amendments on the MTFS is as follows:-

**Table 3: Net Revisions to current savings**

<b>Net Revisions to current savings (cumulative)</b>	<b>2017/18 £000</b>	<b>2018/19 £000</b>	<b>2019/20 £000</b>	<b>2020/21 £000</b>	<b>Total £000</b>
Corporate Services	0	0	0	0	0
Children, Schools & Families	(60)	27	(201)	0	(234)*
Environment and Regeneration	574	(324)	(250)	0	0
Community and Housing	27	0	0	0	27**
<b>Total</b>	<b>541</b>	<b>(297)</b>	<b>(451)</b>	<b>0</b>	<b>(207)</b>
<b>Net Cumulative total</b>	<b>541</b>	<b>244</b>	<b>(207)</b>	<b>(207)</b>	

\* The net increase in savings will be applied against the CSF target set.

\*\* The net shortfall in savings will be added to C&H savings target set.

1.6.3 The current MTFS includes the following amounts in respect of the full year effects of previous year's savings, including those in Table 3 above.

**Table 4: Full Year Effects of previous years savings**

<b>Full Year Effects of previous years savings</b>	<b>2017/18 £000</b>	<b>2018/19 £000</b>	<b>2019/20 £000</b>	<b>2020/21 £000</b>	<b>Total £000</b>
Corporate Services	(1,679)	(1,563)	0	0	(3,242)
Children, Schools & Families	(1,110)	(489)	(201)	0	(1,800)
Environment and Regeneration	(3,426)	(861)	(250)	0	(4,537)
Community and Housing	(2,673)	(3,128)	0	0	(5,801)
<b>Total</b>	<b>(8,888)</b>	<b>(6,041)</b>	<b>(451)</b>	<b>0</b>	<b>(15,380)</b>
<b>Total - Cumulative</b>	<b>(8,888)</b>	<b>(14,929)</b>	<b>(15,380)</b>	<b>(15,380)</b>	

1.6.4 One of the key objectives is to balance the budget and there has been a major improvement in recent years in the ability to look over a long-term period and identify significant savings over more than one year.

1.6.5 The Business planning framework aims to enable strategic resource allocation and investment decisions to be made that allow for services to transform and change at different times in the future and which would otherwise be very difficult to plan under an annual planning framework. This improved long-term financial planning process is the best way to ensure that budgets are robust and sustainable.

## 1.7 Growth

1.7.1 In response to budget pressures identified as a result of budget monitoring as well as anticipated future pressures, Cabinet in December approved growth proposals in the following services:-

- Adult Social Care
- Waste
- Children's Services

1.7.2 These proposals have been considered further by Overview and Scrutiny panels and the Commission in the January 2017 round of meetings. In terms of addressing issues which have been identified as pressures that need to be addressed in 2017/18 the following budget growth is proposed:-

**Table 5: Growth**

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Adult Social Care	9,345	252	(2,891)*	0*
Waste and Regeneration	1,582	222	(115)	0
Children's Services	1,000	500	500	500
Total	11,927	974	(2,506)	500
<b>Cumulative total</b>	<b>11,927</b>	<b>12,901</b>	<b>10,395</b>	<b>10,895</b>

\* Subject to the Improved Better Care Funding remaining as stated

1.7.3 Details of the growth proposals are included in the consultation pack.

## 2. **Local Government Finance Settlement 2017-18**

### 2.1 Local Government Finance Settlement

2.1.1 The financial projections in the report to Cabinet on 16 January 2017 were based on the information as announced in the provisional Local Government Finance Settlement on 15 December 2016. Information in this report has been updated as more information has become available.

2.1.2 The final Settlement allocations were laid before the House of Commons on 20 February 2017 and debated in the House of Commons on 22 February 2017. The figures in the provisional Settlement have been confirmed in the Final Settlement by the Minister for Local Government and have been incorporated into this Business Plan report to Council on 1 March 2017.

2.1.3 Details of the Final Local Government Settlement are included in Appendix 2.

## 2.2 Business Rates

As was reported to the January 2017 Cabinet meeting, with respect to estimates of Business Rates, the NNDR (Baseline Funding) figures in the Core Spending calculation in the Settlement are derived from the 2013/14 baseline figure and uprated by the September change in RPI. Merton will remain a top-up authority, as are the majority of other London Boroughs, although this position has changed for some London boroughs. This means that on top of its 30% share of the Business Rates yield, Merton receives a top-up payment to bring it up to the Baseline funding level. The top-up is also increased in line with the small business non-domestic rating multiplier each year and this was originally planned to continue until the Business Rates system is reset in 2020 but the Government have now indicated that they propose to use them to adjust for new burdens, and changes in needs assessments and changes arising from revaluation.

The figures in the Settlement for Merton are:-

**Table 6:**

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Business Rates Baseline	25.0	24.5	25.3	26.2
Top-Up	7.9	9.1	9.4	9.7
Baseline Funding	32.9	33.6	34.7	35.9

This can be a bit misleading when assessing the resources available to the authority because the funding for Business Rates is based on the forecast included in the Council's NNDR1 return (which is required to be submitted by 31 January 2017).

This can be seen by reference to the Council's share of Business Rates based on the NNDR1 returns over the past four years since Business Rates Retention began

**Table 7:**

	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
NNDR1 Share (30%)	24.5	25.6	25.8	26.3
Top-Up	7.5	7.7	7.8	7.9
Section 31 payments	0	1.1	1.2	0.8
Total Business Rates inc. in Budget	32.0	34.4	34.8	35.0

Therefore, projections of the Council's share of Business Rates funding over the next four years are starting from a higher level than the Baseline Funding projections in the Provisional Settlement. The following table



compares the business Rates figures in the Provisional Settlement with the forecast based on the latest submitted NNDR1 form:-

**Table 8:**

Business Rates	2017/18 £'000	2018/19 £'000	2019/20 £'000
Forecast included in Settlement	(24,500)	(25,288)	(26,188)
Forecast in MTFS based on NNDR1	(26,401)	(26,929)	(27,468)
Additional NNDR assumed in MTFS	(1,901)	(1,641)	(1,280)

2.2.7 Over the MTFS period, a high level of uncertainty will remain with respect to the NNDR projections due to the effects of the revaluation and the move to 100% rates retention. The later years projections also do not take into consideration any impact of Crossrail 2 at this stage.

2.2.8 The figures included in the MTFS have now been reviewed following the submission of the NNDR1 for 2017/18 on 31 January. The Business Rates implications are summarised in the following table:-

**Table 9: Implications of NNDR1 2017/18 for Merton in 2017/18**

	MTFS (January 2017) £000	NNDR1 £000	Difference £000
NNDR 2017/18	26,128	26,401	273
- Top-Up 2017/18	9,083	9,083	0
Collection Fund Surplus/(Deficit) 2016/17	35,211 417	35,484 380	273 (37)
Section 31 Grant	35,628 0	35,864 1,035	236 1,035
<b>Total</b>	<b>35,628</b>	<b>36,899</b>	<b>1,271</b>

2.2 Details of the Council Tax Base calculation, the resource implications arising from current business rates projections and impact on the Collection Fund are included elsewhere in this report and in Appendix 3.

2.3 Following recent developments with Surrey County Council (SCC) abandoning its proposals to increase Council Tax by 15% in 2017/18 it has been announced that it is set to take part in a new government pilot scheme which would see the local authority retain 100% of business rates raised in the county.

In a statement Sajid Javid, Communities and Local Government Secretary of State, revealed SCC has been in talks with the government about taking part in a pilot scheme in 2018/19 which would see the council retain 100% of business rates in a bid to offset cuts to its grant

from central government. The Local Government Finance Bill, which parliament is considering at present, will legislate to deliver reforms to business rates.

A number of pilots are already taking place from April 2017 across the country but the nationwide rollout will take place across England in 2019/20.

Mr Javid said: "SCC informed the government that they wished to become a pilot area. The secretary of state for communities and local government told them that this was not possible for 2017/18, but said that, subject to due process and meeting the necessary criteria, they could participate in the 2018/19 pilot.

"All other councils will be free to apply to participate in these pilots, and the Government invites them to do so.

"The Department for Communities and Local Government has already held discussions about the 2018/19 pilots with several councils and it will be publishing more information shortly.

### **3. Review of Corporate and Technical Provisions**

3.1 Previous reports to Cabinet have set out the details and assumptions on which the budget has been formulated. The latest information is set out in the following paragraphs.

#### **3.2 Review of Technical and Corporate Provisions**

3.2.1 Technical and corporate adjustments incorporated in the MTFS have been reported to Cabinet throughout the business planning process for 2017/18.

3.2.2 The key assumptions included in the MTFS have been continually reviewed and updated as the budget process has developed. It should be noted that any one-off adjustments will need to be addressed in future years. The latest information is set out in the following paragraphs:-

#### **3.3 Inflation**

3.3.1 Predicting the level of inflation over a four year period with accuracy is not easy, particularly in the current economic climate and given the size of the Council's budget can lead to large variances if the actual inflation levels vary from the assumptions.

### 3.3.2 Pay

As reported to Cabinet in September 2016, the current assumptions regarding pay inflation incorporated into the MTFS are based on the local government pay award for 2016/17 which 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 provision for pay inflation has been reviewed and the following amounts are forecast to be required in the updated MTFS:-

**Table 10: Provision for Pay Inflation:**

(Cumulative)	2017/18	2018/19	2019/20	2020/21
Pay inflation (%)	1.0%	1.0%	1.0%	1.0%
Provision for Pay inflation (cumulative £000)	984	1,969	2,953	3,938

### 3.3.3 Prices

The Consumer Prices Index (CPI) rose to 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. At its meeting ending on 1 February 2017, the MPC voted unanimously to maintain Bank Rate at 0.25%. The MPC voted unanimously to continue with the programme of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, totalling up to £10 billion. The MPC also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion. The MPC's latest economic projections are contained in the

February Inflation Report. The MPC has increased its central expectation for growth in 2017 to 2.0% and expects growth of 1.6% in 2018 and 1.7% in 2019.

CPI inflation rose to 1.6% in December and further substantial increases are very likely over the coming months. In the central projection, conditioned on market yields that are somewhat higher than in November, inflation is expected to increase to 2.8% in the first half of 2018, before falling back gradually to 2.4% in three years' time. Inflation is judged likely to return to close to the target over the subsequent year. Measures of inflation compensation derived from financial markets have stabilised at around average historical levels, having increased during late 2016 as concerns about a period of unusually low inflation faded.

As the MPC has previously noted, however, there are limits to the extent that above-target inflation can be tolerated. The continuing suitability of the current policy stance depends on the trade-off between above-target inflation and slack in the economy. The projections described in the Inflation Report depend in good part on three main judgements: that the lower level of sterling continues to boost consumer prices broadly as expected, and without adverse consequences for expectations of inflation further ahead; that regular pay growth does indeed remain modest, consistent with the MPC's updated assessment of the remaining degree of slack in the labour market; and that the hitherto resilient rates of household spending growth slow as real income gains weaken.

Prospects for inflation - UK economic activity remained resilient in the second half of 2016. Growth is likely to slow over 2017 as households adjust their spending to lower real income growth resulting in large part from the 18% fall in sterling since late 2015. That fall in sterling will raise CPI inflation, which is likely to return to around the 2% target by February and then rise above it over the following months.

Conditioned on a market path for Bank Rate that rises to just under 0.75% by early 2020, the MPC projects CPI inflation to fall back gradually from the middle of 2018. Continued pass-through of higher import prices means, however, that inflation is projected to remain somewhat above the 2% target at the end of the MPC's three-year forecast period.

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

**Table 11: Forecasts for the UK Economy**

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)	Lowest %	Highest %	Average %
CPI	1.7	3.8	2.8
RPI	2.3	5.2	3.5
LFS Unemployment Rate	4.5	5.7	5.3

The MPC's forecasts of Bank Base Rate in the February 2017 Quarterly Inflation Report is summarised in the following table:-

	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	End Q.1 2020
Feb.'17	0.2	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.5	0.5	0.6	0.6	0.7

The current assumptions regarding price inflation incorporated into the MTFS are

**Table 12: Price inflation assumptions in MTFS**

	2017/18	2018/19	2019/20	2020/21
Price inflation in MTFS (%)	1.5%	1.5%	1.5%	1.5%
Revised estimate (cumulative £000)	2,200	4,400	6,599	8,799

As indicated in the Treasury's Outlook for inflation in paragraph 3.3.3 above it is anticipated that inflation will be above the 2% target later in 2017 and through 2018. However, it is anticipated that the current provision in the MTFS is adequate. Clearly, this will be treated as a cash limit and if 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.

### 3.3.4 Excess Inflation on volatile budgets

There is also a corporate provision which is held to assist services that may experience increases greatly in excess of the inflation allowance provided when setting the budget. This will only be released for specific demonstrable demand. There is no further change proposed.

**Table 13: Excess Inflation Provision**

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Excess Inflation provision	451	457	468	472

The cash limiting strategy is not without risks but if current levels of inflation were applied un-damped across the period then the budget gap would change by c.£0.6m by 2020/21.

### 3.3.5 Income

The MTFSS does not include any specific provision for inflation on income from fees and charges. However, service departments can identify increased income as part of their savings proposals.

## 3.4 Collection Fund

3.4.1 The Collection Fund is a statutory fund separate from the General Fund. It accounts for income from Council Tax and from NNDR (Business Rates).

3.4.2 The Collection Fund accounts are kept on an accrual basis and a surplus or deficit for the year in the collection fund is estimated accordingly. The audited accounts for 2015/16 include the following surplus/deficit for Council Tax and NNDR as at 31 March 2016:-

**Table 14: Collection Fund Surplus/Deficit as at 31 March 2016**

	Surplus/ (deficit) as at 31/03/16 Outturn	Surplus/ (deficit) as at 31/03/16 Outturn	Total surplus/ (deficit) as at 31/03/16
	Council Tax	NNDR	
	£000	£000	£000
Central Government	N/A	(2,174)	(2,174)
GLA	803	(869)	(66)
Merton	3,007	(1,304)	1,703
Total	3,810	(4,347)	(537)

3.4.3 A review of the Collection Fund, related bad debt provisions, write offs, and collection rates in 2016/17 and anticipated collection rates in 2017/18 has been undertaken. With respect to Business Rates, the NNDR1 return has been submitted (31 January 2017 deadline) which analyses the estimated Business Rates for 2017/18, estimated surplus/deficit as at 31<sup>st</sup> March 2017 and estimated Section 31 Grant for 2017/18, and the allocations between Merton, Central Government, and the GLA. As part of the Government's intentions to reform the business rates retention system and move to 100% retention by 2020, the

Government is piloting the proposals in some areas (Manchester, Liverpool, London, West of England, Cornwall and the West Midlands. In London the pilot relates to Transport for London (TfL) capital grant and the GLA's RSG will also be funded from the central share of business rates. This will result in a change in shares of funding currently anticipated to be 33% central government (-17%), 37% GLA (+17%) and 30% Merton (unchanged). This change has been reflected in the final Local Government Finance Settlement and secondary legislation will be laid before Parliament in early 2017 to implement the increase in the GLA's business rates share.

3.4.4 As a result of the further analysis, the estimated surplus/deficit on the Collection Fund as at 31<sup>st</sup> March 2017 is as follows:-

**Table 15: Collection Fund Surplus/Deficit as at 31 March 2017**

	Surplus/ (deficit) as at 31/03/17 Estimate	Surplus/ (deficit) as at 31/03/17 Estimate	Total surplus/ (deficit) as at 31/03/17
	Council Tax	NNDR	
	£000	£000	£000
Central Government	N/A	634	634
GLA	346	254	600
Merton	1,386	380	1,766
Total	1,732	1,268	3,000

A more detailed summary of the calculations relating to the Collection Fund is included in Appendix 3 together with a copy of Merton's NNDR1 form for 2017/18.

### 3.5 Taxicards and Freedom Passes

3.5.1 These schemes are administered by London Councils on behalf of London boroughs. Initial information from London councils indicates that there is more than sufficient provision in the latest draft MTFs to fund the cost of these schemes in 2017/18. The latest available details are set out in the following table:-

**Table 16: Freedom Passes and Taxicards 2017/18**

<u>Budget 2016/17</u>	£000
Freedom Passes	9,221
Taxicards	170
Total Budget 2016/17	9,391
Increase allowed for in MTFS in 2017/18	450
Total Provision 2017/18 in latest draft MTFS	9,841
<b><u>Latest Details from London Councils</u></b>	
Charge to Merton for Freedom Passes	9,014
Charge to Merton for Taxicards	128
<b>Latest Estimated Cost for 2017/18</b>	<b>9,142</b>
<b>Estimated Surplus Provision in MTFS</b>	<b>699</b>

### 3.6 Contingency

3.6.1 The latest MTFS includes provision of £1.5m as a contingency to meet unforeseen cost and demand pressures, particularly those arising as the economy recovers from the recession.

3.6.2 As for the current financial year, there is a need for temporary resources, potentially up to £0.5m for Children, Schools and Families to be able to respond to the Children and Families Act, extended statutory duties associated with 0-25 agenda and transition. This need will be kept under quarterly review.

### 3.7 Bad Debt Provision

3.7.1 The bad debt provision is calculated on the basis of an examination of debts within the council's financial systems to assess the probability of their collection. Due to effective and proactive debt management it is not considered that an increase in contribution will be necessary for 2017/18, even under the current economic circumstances. The level of provision will be kept under review within the MTFS.

### 3.8 Revenuisation

In recent budgets it has been recognised that some expenditure formerly included in the capital programme could no longer be justified as it did not meet the definition of expenditure for capital purposes. Nevertheless, it is important that some of this expenditure takes place and the following amounts have been included in the latest MTFS for 2017-21:-



**Table 17: Revenuisation**

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Revenuisation	2,129	2,129	2,129	2,129

The expenditure charged to capital during the current year is being closely monitored and is being reported through the monitoring report.

### 3.9 Pensions

- 3.9.1 By law the Superannuation Fund is valued every 3 years. The new valuation is based on the position at 31 March 2016 and is implemented in the 2017/18 financial year. The fund has shown an increase in funding level from 89% to c.94%. Discussions during the current financial year have been held with the actuary Barnett Waddingham LLP and they have undertaken the revaluation based on a deficit recovery period of 12 years. This produces a reduction in the annual deficit recovery payment compared to the provision in the MTFS as set out in the following table:-

**Table 18: Pension Deficit Recovery**

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
MTFS (Based on 2013 valuation)	4,592	4,799	5,015	5,015
12 year recovery (2016 valuation)	3,338	3,469	3,552	3,635
Reduction	(1,254)	(1,330)	(1,463)	(1,380)

### 3.9.2 Oncost

In addition, following the changes to the way national insurance contributions are calculated as a result of the move to introduce the Single Tier State Pension from April 2016, the actuary has indicated that the future service contribution rate will be 15.2% fixed for 2017/18, 2018/19 and 2019/20, an increase from 13.9% in the current year. The estimated additional cost in each department's salary costs from 2017/18 is as follows:-

**Table 19: Increased oncost contribution rate**

	Increase in contribution £000
Corporate Services	173
Children, Schools and Families	242
Environment and Regeneration	148
Community and Housing	205
<b>Total</b>	<b>768</b>

### 3.10 Summary of Corporate and Technical Adjustments

3.10.1 The financial implications of the corporate and technical adjustments discussed in this report are summarised in Appendix 4.

## 4. **Departmental Savings Proposals 2017-21 and Service Planning**

4.1 The approach to setting savings targets for departments for this year's Business Planning process was again based on using controllable budgets and aimed to protect front-line services and services to the vulnerable in line with the 'July principles'. Weightings for each department; Corporate Services, Environment and Regeneration, Community and Housing, and Children, Schools and Families in the ratio (100%) : (100%) : (67%) : (50%), were applied which reduces the impact on Adult Social Care, Children's Social Care and vulnerable groups. The targets set also take into account the level to which departments have identified savings against targets set for previous years.

4.2 Initial targets to balance the MTFS agreed by Council in March 2016 to 2019/20 at this stage were calculated for each department based on controllable spend and shortfalls in previously identified targets, and are set out in the following table:-

**Table 20: Savings targets agreed by Cabinet**

<b>SERVICE DEPARTMENT'S SAVINGS TARGETS FOR 2017-2021 BUSINESS PLANNING PROCESS</b>	<b>Total £000</b>
Corporate Services	586
Children, Schools & Families	912
Environment & Regeneration	1,659
Community & Housing	312
<b>Total Savings/Income Proposals</b>	<b>3,469</b>

4.3 Service departments reviewed their budgets and formulated proposals to address their targets. These were considered by Cabinet on 12 December 2016 and referred to Overview and Scrutiny Panels and the Commission for scrutiny in January 2017 as part of the overall Budget Consultation pack circulated to all Members.

4.4 The proposals submitted to Cabinet in December 2016 by each department are summarised in the following table and set out in detail in the consultation pack.

**Table 21: Savings Proposals to Cabinet on 12 December 2016**

<b>SUMMARY (cumulative)</b>	<b>2017/18 £000</b>	<b>2018/19 £000</b>	<b>2019/20 £000</b>	<b>2020/21 £000</b>	<b>Total £000</b>
Corporate Services	0	0	586	0	586
Children, Schools & Families	0	0	228	0	228
Environment & Regeneration	0	0	913	0	913
Community & Housing	0	0	339	0	339
<b>Total</b>	<b>0</b>	<b>0</b>	<b>2,066</b>	<b>0</b>	<b>2,066</b>
<b>Net Cumulative total</b>	<b>0</b>	<b>0</b>	<b>2,066</b>	<b>2,066</b>	

If all of the proposals are accepted, the balance remaining to find is:-

**Table 22: Savings Proposals compared with Targets**

	<b>Targets £'000</b>	<b>Proposals £'000</b>	<b>Balance £'000</b>
Corporate Services	586	(586)	0
Children, Schools & Families	678	(228)	450
Environment & Regeneration	1,659	(913)	746
Community & Housing	339	(339)	0
<b>Total</b>	<b>3,262</b>	<b>2,066</b>	<b>1,196</b>

- 4.5 Where departments have not met their target or put forward options that are deemed not to be acceptable then the shortfall will be carried forward to later meetings and future years budget processes to be made good.
- 4.6 At the Overview and Scrutiny Commission meeting on 26 January 2017, the Commission resolved to forward the comment and recommendation to Cabinet that Cabinet “continue to focus on the savings that will still have to be made, and to bring forward savings where it has been identified that these could be achieved sooner”.

As a result the following changes are proposed to departmental savings:-

**Table 23: Savings Brought Forward**

<b>Savings brought forward</b>	<b>2017/18 £000</b>	<b>2018/19 £000</b>	<b>2019/20 £000</b>	<b>2020/21 £000</b>	<b>Total £000</b>
Corporate Services	255	30	(285)	0	0
Children, Schools & Families	0	0	0	0	0
Environment & Regeneration	16	497	(513)	0	0
Community & Housing	0	0	0	0	0
<b>Total</b>	<b>271</b>	<b>527</b>	<b>(798)</b>	<b>0</b>	<b>0</b>
<b>Net Cumulative total</b>	<b>271</b>	<b>798</b>	<b>0</b>	<b>0</b>	

**Table 24: Revised Savings Proposals**

<b>SUMMARY (cumulative)</b>	<b>2017/18 £000</b>	<b>2018/19 £000</b>	<b>2019/20 £000</b>	<b>2020/21 £000</b>	<b>Total £000</b>
Corporate Services	255	30	301	0	586
Children, Schools & Families	0	0	228	0	228
Environment & Regeneration	16	497	400	0	913
Community & Housing	0	0	339	0	339
<b>Total</b>	<b>271</b>	<b>527</b>	<b>1,268</b>	<b>0</b>	<b>2,066</b>
<b>Net Cumulative total</b>	<b>271</b>	<b>798</b>	<b>2,066</b>	<b>2,066</b>	

4.7 Details of the proposed amendments to savings proposals are set out in Appendix 11, which shows the savings where sums have been brought forward.

4.8 Feedback from the Scrutiny Process:-

4.8.1 The Overview and Scrutiny Commission's recommendation to reconsider the proposal (D&BC6) within Building and Development Control to stop sending consultation letters on applications and erect site notices was for £10k in 2017/18. In the "Housing White Paper : Fixing our broken housing market" published on 7 February 2017 it was announced that local authorities will be able to increase planning fees from July 2017 and it is proposed that the increased income will replace saving D&BC6. A replacement saving and Equalities Assessment (EA) is attached as Appendix 12.

4.9 Financial Implications of Changes arising from response to Scrutiny

4.9.1 The draft MTFs shown in Appendix 7 includes the impact of the changes recommended by Overview and Scrutiny Commission.

5. **Budgetary Control 2016/17**

5.1 The revenue budgetary control information below summarises the corporate position using the latest available information as at 31 December 2016 as shown in a separate report on the agenda for this meeting. As at 31 December 2016, there is a forecast overspend for the Council of £6.021m.

5.2 The overspend of £6.02m is made up as follows :-

▪ Net Service Department overspend	£10.576m
▪ Appropriation from Reserves	(£0.665m)
▪ Corporate underspend	<u>(£3.890m)</u>
	£6.021m

- 5.3 Where appropriate these projections are being incorporated into the Medium Term Financial Strategy for 2017-21.
- 5.4 In terms of addressing issues which have been identified as pressures that need to be addressed in 2017/18 this report includes details of growth proposals that have been put forward as part of an overall package that is designed to do this within the overall constraints of setting a balanced budget.

## 6. **Capital Financing and Treasury Management**

### Treasury Management, Capital Financing and Investment Income:

- 6.1 Details are included in Section 5 of this report. Capital financing costs are derived from the draft capital programme which is discussed in Section 4 and estimated revenue funding is built into the MTFs for the level of borrowing that is expected.
- 6.2 Details relating to how the capital programme has changed from that approved by Council in March 2016 to the capital programme for 2017-21 are discussed in Section 4 of this report and related appendices. The capital programme has continued to be subject to major review as part of monthly monitoring and the process of developing the Business Plan for 2017-21.
- 6.3 In addition to reviewing the capital programme, focus has also been maintained on the treasury management aspects of funding the programme, to improve forecasts of available funding and to minimise as far as possible the costs of funding capital. This has included improved cash flow forecasting to enable the programme to be funded from capital receipts and internal resources for as long as possible to take advantage of current low levels of interest. Work is also continuing to ensure that grants and contributions are utilised effectively and this work will continue into the closing of accounts process for 2016/17 to ensure that the revenue impact of the capital programme is minimised in 2017/18 and beyond.
- 6.4 The revenue budget implications of the capital programme 2017-21 compared to those included in the MTFs approved by Council in March 2016 are summarised in the following table:-

**Table 25: Summary of Capital Financing Costs and movement since 2016/17**

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Budgeted Capital financing costs of Programme approved by Council 2/03/2016	<b>12,370</b>	<b>12,200</b>	<b>13,091</b>	<b>13,426</b>
Change arising from recalculation of charges including financing and review and re-profiling of capital programme as set out in Section 4	(141)	(1,283)	(801)	(509)
Estimated capital financing costs of Capital Programme 2017-21	<b>12,229</b>	<b>10,917</b>	<b>12,290</b>	<b>12,917</b>

- 6.5 The analysis of the budget for capital financing costs and investment income is set out in the following table:-

**Table 26: Details of Budgets for capital financing costs**

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
MRP	6,713	5,537	6,751	7,113
Interest	6,702	6,321	6,321	6,321
<b>Capital financing costs</b>	<b>13,415</b>	<b>11,858</b>	<b>13,072</b>	<b>13,434</b>
Investment Income	(1,186)	(941)	(782)	(517)
<b>Net</b>	<b>12,229</b>	<b>10,917</b>	<b>12,403</b>	<b>12,917</b>

## 7 GENERAL FUND BALANCES AND RESERVES

- 7.1 In determining an appropriate level of general fund balances previously, an analysis of the overall expenditure of the authority had been prepared. An updated version of this analysis has been prepared and is attached as Appendix 10. The overall level of balances is summarised below and compares with current GF balances of £15.151m as shown in the final accounts for 2015/16, but will need to be adjusted for outturn, with a projected overspend of £6.020m and a forecast contribution of £2.327m from GF balances, leaving a balance of £12.824m at 31 March 2017.

**Table 27: Indicative range of balances**

	Min	Medium	Max
	£m	£m	£m
Level of balances	12.3	18.1	24.0

- 7.2 An alternative approach would be to look at a percentage based on the net spending of the authority. From the Audit Commission's report "Striking a Balance", most Chief Officers regarded an amount of between 3 and 5 per cent as a prudent level and the minimum the auditors would consider prudent. There are also some other areas of risk and unknowns in relation to the localisation of business rates and how this impact will flow thorough, in particular in relation to appeals. There is now an amount calculated for Merton called the safety net, below which income must fall before Merton becomes entitled to funding from central government. This approach is set out below, using an amount of 5 per cent.

**Table 28: Indicative level of balances**

	£m
Net spending	7.3
Safety Net	2.3
Appeals	0.5
Level of balances	10.1

- 7.3 The average level of General Fund balances for outer London boroughs for 2015/16 was £16.7m, with a low of £8.0m and a high of £41.1m. Merton, with £15.2m is ranked 10<sup>th</sup> lowest out of 20 outer London boroughs.
- 7.4 An initial review of earmarked reserves use over the MTFs period has been undertaken as is shown in Appendix 8. This shows the level of earmarked reserves falling from £28.7m to £5.3m by 31 March 2021.
- 7.5 The average level of earmarked reserves for outer London boroughs for 2015/16 was £62.9m, with a low of £22.9m and a high of £149.0m. Merton, with £32.6m (excluding schools) is ranked 16<sup>th</sup> lowest out of 20 outer London boroughs.

## 8. Revenue Support Grant and Baseline Funding (Non-Domestic Rates)

- 8.1 In 2013/14 there was a fundamental change in the funding methodology for local government services. This introduced the Business Rates Retention Scheme. Estimates of business rates receivable for 2017/18 have been produced and a summary is provided in Appendix 3.
- 8.2 The overall changes in formula grant compared to 2016/17, the original MTFs estimate for 2017/18 and the funding announced in the Final Local Government Finance Settlement will be reported to Council in March:-

**Table 29: Changes in Local Government Finance Settlement**

	Final 2016/17 £000	Original 2017/18 £000	Final 2017/18 £000
RSG	22,589	14,963	14,963
RSG – Transition Grant	567	557	557
NNDR	34,230	34,847	35,484*
NNDR - Section 31 Grant	822	0	1,035*
<b>Total</b>	<b>57,641</b>	<b>50,367</b>	<b>52,039</b>

\* Based on NNDR1

## 9. Council Tax Strategy

9.1 Merton council held a consultation on a Council Tax and Council Spending. The consultation took place between 9 September and 4 November 2016 and involved a survey included in the autumn edition of My Merton and available online. The results were reported to Cabinet in December 2016 and are also included in the Savings Proposals Consultation pack for Members.

### 9.2 Council Tax

9.2.1 The Settlement sets out the Government's council tax referendum principles for 2017/18. As for previous years, the core threshold for triggering the requirement for a local referendum is 2%.

9.2.2 The Settlement also increased the flexibility offered on the use of the Adult Social Care precept. The policy intention set out in the 2016/17 Settlement was that this would be 2% per year up to 2019/20. However, in recognition of the particular pressures on adult social care services, social care authorities will be able to increase by up to 3% per year subject to an overall limit of 6% over the three years up to and including 2019/20. The additional 1% must be for the improvement of Adult Social Care, the details of how this is defined are still awaited.

9.2.3 The maximum increase in either 2017/18, 2018/19, or 2019/20 is therefore currently 5%, subject to the overall limit of 6% over the three years on Adult Social Care and assuming a core threshold of 2% per year.

9.2.4 The financial projections in this report are based on the following levels of council tax increase:-



	2017/18 %	2018/19 %	2019/20 %	2020/21 %
Council Tax increase - General	0	0	2*	2*
Council Tax increase - ASC	3	3	0	0
Total	3	3	2	2

\* A charge based on the assumption in the calculation of core spending power in the Final Local Government Finance Settlement

## 10. Council Tax Base

10.1 Cabinet on 12 December 2016 agreed the Council Tax Base calculation for 2017/18. Details of the calculation are included as Appendix 3.

10.2 For 2017/18 the Council Tax Base has been calculated as:-

**Table 30: Council Tax Base 2017/18**

<b>Council Tax Base 2017/18</b>	<b>72,442.3</b>
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10.3 A separate council tax base calculation has been produced for the properties covered by the Wimbledon and Putney Common Conservators (WPCC) area. For 2017/18 the Council Tax Base for Wimbledon and Putney Commons Conservators has been calculated as:-

**Table 31: WPCC Council Tax Base 2017/18**

<b>WPCC Council Tax Base 2017/18</b>	<b>11,131.2</b>
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## 11. Greater London Authority Precept and Other Levies

11.1 The Greater London Authority (GLA) sets a budget for itself and each of the four functional bodies: Transport for London, the London Development Agency, the Metropolitan Police Authority, and the London Fire and Emergency Planning Authority. These budgets together form the consolidated budget.

11.2 On 21 December 2016, the Mayor of London published his draft revenue budget and capital spending plan for 2017-18 for consultation. This includes his draft budget proposals for the GLA (Mayor and Assembly), the Mayor's Office for Policing and Crime (MOPAC), the London Fire and Emergency Planning Authority (LFEPA), Transport for London (TfL), the London Legacy Development Corporation (LLDC) and the new Old Oak and Park Royal Development Corporation (OPDC).

11.3 The GLA's consultation budget proposes an increase in the Mayor's Band D council tax precept of £4.02 (1.5 percent) from £276.00 to £280.02 in 2017-18 for council taxpayers in the 32 London boroughs.

11.4 The Mayor's draft budget was considered by the London Assembly on 25 January 2017. The final draft budget was published by 10 February 2017 and was considered by the Assembly on Monday 22 February 2017 following which the Mayor confirmed formally the final precept and GLA group budget for 2017-18.

## 11.5 Other Levies

11.5.1 The Council is required by statute to pay certain levies to the organisations listed below. The levies for 2017/18 have now been confirmed and are set out in the following table:-

**Table 32: Other Levies**

	2016/17 £000	2017/18 £000	2017/18 Change %
London Pension Fund Authority	262	260	(0.8%)
Lee Valley Regional Park	204	190	(6.6%)
Environment Agency	162	164	1.4%

### 11.5.2 LPFA – Update on a proposed arrangement with regard to the pension deficit arising from the Former Pensioner sub-fund operated by the LPFA

Following the abolition of the GLC in 1986 and the ILEA in 1990, the LPFA was established to take over the former GLC/ILEA Pensions fund and associated liabilities of the London Residuary Body (the successor body to the GLC/ILEA). The LPFA divided the fund into two sub funds with the staff in the two groups being in the pensioner sub fund.

Following the 2007 actuarial revaluation the LPFA notified boroughs that they intended to issue a further charge on the boroughs due to the deficit that had arisen on the pensioner sub fund. Discussions were then held with the SLT and draft regulations prepared by the DCLG (or its predecessor) to give effect to the proposed levy. This was challenged by two London boroughs and has remained unresolved. The Government's preference was for London boroughs and the LPFA to try to resolve the issue and subsequently the LPFA abolished the two sub funds which with other changes to the investment strategy has led to an improvement to the deficit position.

The overall total deficit on these liabilities is now £177m and discussions with SLT representatives and the LPFA have clarified that a fair proportion of any deficit for the London boroughs to be responsible for is 90% and this will form the basis of further negotiations on future proposals.

The proposal is that the GLC/ILEA deficit is apportioned to each borough in line with the current levy allocation(i.e. 2016/17 Council Tax Base with a Greater London spread for group 1 and Inner London spread for group 2. Each borough can agree individual plans with the LPFA around

recovery arrangements for their specific part of the deficit and the situation will be reviewed every three years at subsequent valuations to assess the current position and agree future contribution recovery.

The LPFA have indicated that they are prepared to be as flexible as possible in agreeing terms with individual boroughs. The proposals currently being discussed represent a significant change and reduction in contributions compared to the original proposals put forward for consultation in 2009 and recognise the statutory nature of London boroughs to meet these liabilities over the long term (i.e. up to 30 years)

Merton's share of the deficit has been notified as £1.779m. If the Council was to borrow this amount over 30 years it would cost c. £86k per year.

## 11.6 Wimbledon and Putney Commons Conservators (WPCC)

11.6.1 A separate precept is levied in respect of those residents of properties bordering the Wimbledon and Putney Commons. The amount is calculated on the basis of the amount levied by the Commons Conservators and the Band D Council Tax in respect of the WPCC precept in 2017/18 will be £318,443, an increase of £18,401 (6.1%) from the 2016/17 levy of £300,042.

**Table 33: Wimbledon and Putney Commons Conservators Precept**

	2016/17 £000	2017/18 £000	Change %
Wimbledon & Putney Commons Conservators	300	318	6.1%

11.6.2 The average Band D cost to a council taxpayer in the WPCC area has changed from £26.97 in 2016/17 to £28.61 in 2017/18.

## 12. CONCLUSIONS

12.1 It is a statutory requirement that the council sets a balanced budget in 2017/18.

12.2 In accordance with sections 52ZY and 68 of the Local Government Finance Act 1992 ('the 1992 Act'), section 139A of the Local Government Finance Act 1988, and section 230 of the Local Government Act 1972 authorities are required to supply information required to measure whether any proposed Council Tax increase is in excess of the principles laid down requiring a local referendum.

12.3 The Government return is the Council Tax Requirement form CTR1 and the DCLG have notified authorities that they are planning to send out the CTR1 2017-18 form in February after the publication of the Final Settlement.

- 12.4 The Government are changing the form in response to changes in legislation and in particular the changes relating to potential increases in council tax to fund adult social care.
- 12.5 The Medium Term Financial Strategy assumes that all of the corporate provisions, proposals for growth and proposals for savings, in 2017/18 discussed in this report are agreed and if this is the case, the following financial position is achieved:-

**Table 34: Average Band D Council Tax**

<b>Average Council Tax Calculation at Band D</b>	<b>2016/17 £m</b>	<b>2017/18 £m</b>
Budget Requirement	147.596	145.314
RSG + Business Rates + Transition	(57.386)	(51.004)
Section 31 Grant (NDR)	(0.822)	(1.035)
New Homes Bonus	(4.192)	(4.150)
PFI Grant	(4.797)	(4.797)
Collection Fund Surplus	(1.479)	(1.766)
Council Tax Requirement	78.920	82.562
Council Tax Base	71,327.0	72,442.3
<b>Average Council Tax</b>	<b>1,106.45</b>	<b>1,139.71</b>

- 12.5 The calculation of Band D council tax for properties outside the Wimbledon and Putney Commons Conservators area is as follows:

**Table 35: Council Tax calculation**

<b>Council Tax Calculation Band D</b>	<b>2016/17 £m</b>	<b>2017/18 £m</b>
Budget requirement	147.596	145.314
WPCC	(0.300)	(0.318)
RSG + Business Rates (inc. S.31 grant) + Transition	(58.208)	(52.039)
New Homes Bonus	(4.192)	(4.150)
PFI Grant	(4.797)	(4.797)
Collection Fund Surplus	(1.479)	(1.766)
Balance to be met from Council Tax	78.620	82.244
Implied Council Tax (Band D)	1,102.25	1,135.31

- 12.6 The implications for the level of Council Tax on a Band D property, including the GLA precept are set out as follows:-

**Table 36: Band D Council Tax**

<b>Council Tax at Band D</b>	<b>2016/17 £</b>	<b>2017/18 £</b>	<b>% change from 2016/17</b>
Merton (exc. WPCC)	1,102.25	1,135.31	3.0%
GLA Precept (Provisional)	276.0	280.02	1.5%
<b>Implied Council Tax at Band D</b>	<b>1,378.25</b>	<b>1,415.33</b>	<b>2.7%</b>

12.7 A summary Statement of Council Tax requirements and balances based on the proposals set out in this report is attached as Appendix 6, and a revised MTFs summary incorporating the proposed changes set out in this report is provided at Appendix 7.

### 13. Risk Management

13.1 The management of risk is strategically driven by the Corporate Risk Management Group. This is the central hub of a number of council mechanisms for risk management including a Corporate Key Strategic Risk Register, departmental risk registers and project risk registers. The group collates on a quarterly basis the headline departmental risks and planned mitigation activity from each department, project and partnership, to be put forward for discussion at CMT. Reports on risk are made through the General Purposes to cabinet and council. Developing a corporate business plan and setting a balanced budget 2017-21 and beyond has been highlighted as a key strategic risk on the corporate risk register.

13.2 Currently £15 million of savings are being progressed for 2016-17, coupled with a further £17m of savings identified for 2017-21. Current practice is to monitor delivery of savings as part of the monthly Business Plan Monitoring, it is envisaged that given the size of the savings target over the next three years, additional mechanisms may need to be established to monitor more transformational and longer term projects.

### 14. Summary

14.1 Taking into account the changes that have taken place since the Cabinet meeting in January, before taking into account any changes that Cabinet are minded to make following the feedback from Scrutiny, the budget gap in the MTFs has changed to the following:-

**Table 37: Cumulative MTFs Gap 2016-2020**

Cumulative	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Gap exc. Savings/Growth	(2,768)	6,311	16,759	24,638
Savings	(9,159)	(15,727)	(17,446)	(17,446)
Growth	11,927	12,901	10,395	10,895
Gap Net of Savings/Growth	0	3,485	9,708	18,087

**15. Future Years**

15.1 As indicated in the updated MTFs there is a gap between the forecast level of resources and budget requirements for later years which will need to be addressed if balanced budgets are to be set for those years. The updated MTFs is set out in Appendix 7.

15.2 The budget process for 2018/19 will commence in the new financial year and some of the options available to the Council to eliminate the budget gaps include:-

- Savings – reduction/deletion of services
- Savings – efficiencies including procurement
- Income – increase in fees and charges/new sources of income
- Council Tax increase – currently assumed as 2% for 2019/20 and 2020/21 for planning purposes
- Adult Social Care Precept – currently assumed as 3% for 2018/19 for planning purposes.
- Use of balances

**16. Positive Assurance Statement**

16.1 Section 25(2) of the Local Government Act 2003 requires the Chief Financial Officer of an authority to report on:

- (a) the robustness of the estimates made for the purposes of the calculations, and
- (b) the adequacy of the proposed financial reserves.

16.2 In doing so, the Director of Corporate Services has had particular regard to the guidance offered by the Chartered Institute of Public Finance and Accountancy and the views of the Council's external auditor.

16.3 One of the Council's stated priorities is to keep council tax low. To achieve this, the Council must have regard to the major risks to its financial position and in particular:

- The current economic position
- Whether budget setting and monitoring processes are robust and effective
- Demand pressures on the budget
- Identifying and achieving cost and income improvements
- Risks to Government funding levels
- Risks to other income streams

- 16.4 Local government finance issues had been dominated since 2010 by cuts in government funding and pressure to keep council tax increases down, with the offer of government grant to help do so. The final Settlement confirmed the 2% Council Tax referendum threshold in order to keep bills down for hard working people, and changed the Spending Power assumptions increase in Council Tax from CPI to the Council Tax threshold, an increase of 0.25%. Alongside this, the longer term position is also made more uncertain by the changes in the way Government Funding is calculated and the changes proposed to Business Rates. Previously the MTFs showed significant progress to date towards a balanced budget over the medium term, the addition of growth, particularly for Adult Social Care (ASC) has significantly impacted on this, making the medium and longer term position extremely challenging. The additional 2% flexibility has been amended to allow for an increase of 3% but can still not be more than 6% up to 2019/20, i.e. there is no overall change to the amount that can be raised from the precept over the next three years. The additional 1% has to be used to improve ASC, and a statement of how this is to be achieved has to be signed by the Section 151 officer and the Director of Adult Social Care and published on the website. This flexibility is being offered in recognition of demographic changes which are leading to growing demand for adult social care, and increased pressure on council budgets, but a longer, more permanent funding solution is required to address the issues.
- 16.5 With the significant growth in ASC and the ongoing unfunded burdens in Children's Social Care, it becomes more difficult to find additional savings in these areas in the short to medium term and therefore a significant impact potentially on the Environment & Regeneration and Corporate Services department, without an increase in the Merton element of Council Tax. Members should also note that freezing Council Tax levels produces a permanent real terms reduction in Council Tax yield.
- 16.6 With the allowance for demand growth, uncertainty over Government funding, increased concerns over income funding streams, and the need to achieve challenging savings targets, the risks inherent in the revenue budget are inevitably increased. The Council has used its reserves to deal with the position in the short term and will be reviewing further transformation of the authority and bringing forward the timescales for options to address the shortfall now identified in 2018/19 and beyond.

- 16.7 The Council's reserves and their usage is linked to both the capital and revenue budget. A list of the current reserves held by the Council is attached at Appendix 8. Reserves are likely to reduce overall, and this is a result of their use for the purposes they were established and in order to address pressures in demand-led budgets. The overall level therefore remains adequate, but is reducing over the MTF5, which limits further flexibility and one off support if required.
- 16.8 There has been a revaluation of the Pension Fund, the impact of which has been set out in Section 3.9. This has shown an increase in the funding level to 94%, in the ongoing contribution rate to 15.2% and a reduction in lump sum deficit contributions deficit. The recovery period remains at 12 years to enable the Council to optimise its options at the next revaluation in 2019/20. There are still discussions regarding Government's changes to public sector pension schemes, but there are no timescales indicated. Work continues in the Council's Pension Fund Committee to address this and the improving the investment position of the fund.
- 16.9 Chief Officers have reviewed their budgets in line with departmental finance officers and are confident that the budgets set for their services are robust and with the corporate contingency will meet the strategic objectives and performance targets set out in the Business Plan.
- 16.10 In summary, it is the view of the Chief Financial Officer (being the Director of Corporate Services) that the estimates are robust for the purposes of the required budget/council tax calculations and that the Council's reserves are adequate.



**DRAFT RESOLUTIONS****Revenue Report:**

1. Members consider the views of the Overview and Scrutiny Commission set out in a report to Cabinet on 13 February 2017 (agenda Item 6), and approve the proposed budget for 2017/18 set out in Section 2 of the revenue report, together with the proposed Council Tax levy in 2017/18.
2. That it be noted that at its meeting on 12 December 2016 the Cabinet calculated its **Council Tax Base for the year as 72,442.3** in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 2012(SI 2012: 2914).
3. That it be noted that the Cabinet calculated the **Wimbledon and Putney Commons Conservators (WPCC) Tax Base for the year as 11,131.2** in accordance with regulation 6 of the Regulations, as the amounts of its Council Tax base for the year for dwellings in those parts of its area to which one or more special items relate.
4. That the Council agrees 4(a) - 4(i) below, which are calculated in accordance with Section 31A to 49B of the Localism Act 2011, amending Section 32 of the Local Government Finance Act 1992.
  - a) being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) (a) to (f) of the Act

	£m
Gross Revenue Expenditure of Service Committees	<b>522.984</b>
Corporate Provisions	<b>0.317</b>
Amounts Payable to the Levying Bodies	<b>0.933</b>
Contribution to/(from) Financial Reserves	<b>(3.533)</b>
<b>Gross Expenditure</b>	<b>520.701</b>

- b) being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) (a) to (d) of the Act

	£m
<b>Gross Income</b>	<b>438.138</b>

- c) being the amount by which the aggregate at 4(a) above exceeds the aggregate at 4(b) above, calculated by the Council, in accordance with Section 31(4) of the Act, as its Council Tax Requirement for the year

	£m
Council Tax Requirement for the Council's own purposes for 2017/18 (including special expenses re WPCC)	<b>82.563</b>

- d) being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of revenue support grant, and baseline funding (NNDR) to constitute the Council's formula grant

	<b>£m</b>
Revenue Support Grant including Transition Grant	<b>15.520</b>
Baseline funding NNDR inc. top-up & Section 31 Grant	<b>36.518</b>
Settlement Funding Assessment	<b>52.038</b>

- e) being the amount at 4(c) above, divided by the amount for Council Tax Base at 2 above, calculated by the Council above, in accordance with Section 31B of the Act as the basic amount of its Council Tax for the year (including special items (WPCC)).

	<b>£</b>
<b>Merton's General Band D Council Tax Levy (including properties within Wimbledon and Putney Commons Conservators area)</b>	<b>1,139.71</b>

- f) being the aggregate amount of all special items referred to in Section 34(1) of the Act

	<b>£</b>
<b>Wimbledon and Putney Commons Conservators Special Levy</b>	<b>318,443</b>

- g) being the amount at 4(e) above, less the result given by dividing the amount at 4(f) above by the amount of the Council Tax Base at 2 above in accordance with Section 34 (2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special items (WPCC special levy) relates.

	<b>£</b>
<b>Merton's General Band D Council Tax Levy (excluding WPCC)</b>	<b>1,135.31</b>

- h) being the amounts given by adding to the amount at 4(g) above, the amounts of the special item or items relating to dwellings in the area of Wimbledon and Putney Commons Conservators (WPCC) mentioned above at 4(f) divided by the amount at 3 above, calculated in accordance with Section 34(1) of the Act, as the basic amounts of its Council Tax for the year for dwellings in the area of WPCC.

	<b>£</b>
<b>Wimbledon and Putney Commons Conservators Band D</b>	<b>1,163.92</b>

- i) being the amounts given by multiplying the amounts at 4(g) and 4(h) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 30 and 36 of the Local Government Finance Act 1992, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

Part of the Councils Area	Valuation Bands							
	A £	B £	C £	D £	E £	F £	G £	H £
	756.87	883.02	1,009.16	1,135.31	1,387.60	1,639.89	1,892.18	2,270.62
Parts inc. WPCC	775.95	905.27	1,034.60	1,163.92	1,422.57	1,681.22	1,939.87	2,327.84

5. To note that the Greater London Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below, and that the Council agrees the Council Tax levy for 2017/18 by taking the aggregate of 4(i) above and the Greater London Authority precept.

Precepting Authority	Valuation Bands							
	A £	B £	C £	D £	E £	F £	G £	H £
G L A	186.68	217.79	248.91	280.02	342.25	404.47	466.70	560.04

For information purposes this would result in the following Council Tax Levy for Merton residents:-

Part of the Council's Area	Valuation Bands							
	A £	B £	C £	D £	E £	F £	G £	H £
	943.55	1,100.81	1,258.07	1,415.33	1,729.85	2,044.36	2,358.88	2,830.66
Parts inc. WPCC	962.63	1,123.06	1,283.51	1,443.94	1,764.82	2,085.69	2,406.57	2,887.88

## FINAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2017/18

The Government announced the Provisional Local Government Finance Settlement for 2017/18 on 15 December 2016. It provided provisional details of core funding allocations to local authorities for the following three years 2017/18 to 2019/20. The proposals were subject to a consultation process which lasted for four weeks and ended on 13 January 2017. It confirmed the figures in the Four Year Funding offer which the majority of Councils signed up to from 2016/17 to 2019/20. The Government has confirmed the four year funding offer to Merton.

The final Settlement allocations were laid before the House of Commons on 20 February 2017 and debated in the House of Commons on 22 February 2017. The figures in the provisional Settlement have been confirmed in the Final Settlement by the Minister for Local Government and have been incorporated into this Business Plan report to Council on 1 March 2017.

### Settlement Funding Assessment (SFA)

This consists of Revenue Support Grant (RSG) and Business Rates. The Government has confirmed the local government control total (i.e. total Settlement Funding Assessment (SFA)) to be £16.6 billion in 2017-18. This comprises £5.0 billion of Revenue Support Grant (RSG) and £11.7 billion of Business Rates Baseline Funding (i.e. the amount the government expects to be retained locally under the business rates retention net of tariffs and top-ups). In England as a whole, the SFA will reduce from £18.6 billion in 2016-17 to £16.6 billion in 2017-18 (10.6%). For Merton, SFA reduces from £55.5m in 2016/17 to £48.5m in 2017/18, a fall of 12.5%.

	2016/17 Adjusted	2017/18	2018/19	2019/20	Real terms change 2016/17 to 2019/20
Merton (£m)	55.5	48.5	44.7	41.0	
Annual % Change	-	-12.5%	-7.9%	-8.4%	
Cumulative % change	-	-12.5%	-19.4%	-26.2%	-30.3%
England (£m)	18,601.5	16,632.4	15,598.8	14,584.3	
Annual % Change	-	-10.6%	-6.2%	-6.5%	
Cumulative % change	-	-10.6%	-16.1%	-21.6%	-25.7%
London Boroughs (£m)	3,398.5	3,078.3	2,905.6	2,732.7	
Annual % Change	-	-9.4%	-5.6%	-6.0%	
Cumulative % change	-	-9.4%	-14.5%	-19.6%	-23.8%

### Core Spending Power

The only change to the definition of Core Spending Power in 2017/18 is the addition of a new Adult Social Care Support Grant in 2017-18.

Core Spending Power is defined in 2017/18 as the sum of:

- Settlement Funding Assessment
- Estimated Council Tax excluding Parish Precepts
- Additional revenue from referendum principle for social care
- Potential additional Council Tax revenue from referendum principle for all districts.
- Improved Better Care Fund
- New Homes Bonus;
- Rural Services Delivery Grant;
- Transition Grant; and
- The 2017-18 Adult Social Care Support Grant.

The table below shows Merton's breakdown of 'Core Spending Power' by funding element. This is the Government's calculation and the Council Tax figures assume growth in the Council Tax Base at the average annual growth between 2013-14 and 2016-17 throughout the period to 2019-20. It also assumes that Council Tax Band D will increase in line with the 2% referendum limit for each year up to 2019-20. In addition, the Government assume potential additional council tax will be available from Adult Social Care flexibility. For 2016-17 this is based on actual take up (i.e. 0% for Merton) but 2% for years 2017-18 to 2019-20 is assumed.

At the England level across the four years, spending power will increase by £1.1 billion from £43.6 billion to £44.7 billion (2.6% cash increase). Within this, Settlement Funding Analysis (SFA) will reduce by £4.0 billion (22%) and New Homes Bonus (NHB) by £0.6 billion (39%), which is largely offset by the government's estimate of council tax increasing by £4.4 billion (19%). For Merton, the analysis is

	Baseline	Provisional	Illustrative	Illustrative	Change (16-17 to 19/20)	
	2016-17	2017-18	2018/19	2019/20	£m	%
Council Tax						
- Council Tax Requirement	78.920	82.203	85.622	89.184	10.264	13.01
- Assumed revenue from ASC precept	0.000	1.612	3.391	5.350	5.350	-
<b>Sub-total: Council Tax</b>	<b>78.920</b>	<b>83.815</b>	<b>89.013</b>	<b>94.534</b>	<b>15.614</b>	<b>19.78</b>
Settlement Funding Assessment						
<i>Of which:</i>						
Baseline Funding (NNDR)	32.911	33.582	34.663	35.896	2.985	9.07
Revenue Support Grant	22.589	14.963	10.071	5.076	(17.513)	(77.53)
<b>Sub-total: SFA</b>	<b>55.500</b>	<b>48.545</b>	<b>44.734</b>	<b>40.972</b>	<b>(14.528)</b>	<b>(26.17)</b>
Improved Better Care Fund	0.000	0.000	1.408	3.061	3.061	-
New Homes Bonus	4.734	4.150	3.110	2.984	(1.750)	(36.97)
Transition Grant	0.567	0.557	0.000	0.000	(0.567)	(100.00)
The 2017-18 Adult Social Care Support Grant	0.000	0.751	0.000	0.000	0.000	0.000
<b>Core Spending Power</b>	<b>139.721</b>	<b>137.817</b>	<b>138.265</b>	<b>141.551</b>	<b>1.830</b>	<b>1.310</b>
<b>Change over Spending Review period (i.e. 2015/16 to 2019/20)</b>					<b>(4.222)</b>	<b>(2.90)</b>

The Settlement Funding Assessment is the total of Revenue Support Grant (RSG) and Baseline Funding (BF) from Business Rates.

	2016/17 Adjusted	2017/18	2018/19	2019/20	Real terms change '16/17 to '19/20
Merton (£m)	55.5	48.5	44.7	41.0	
Annual % Change	-	-12.5%	-7.9%	-8.4%	
Cumulative % change	-	-12.5%	-19.4%	-26.2%	-30.3%
England (£m)	18,601.5	16,632.4	15,598.8	14,584.3	
Annual % Change	-	-10.6%	-6.2%	-6.5%	
Cumulative % change	-	-10.6%	-16.1%	-21.6%	-25.7%
London Boroughs (£m)	3,398.5	3,078.3	2,905.6	2,732.7	
Annual % Change	-	-9.4%	-5.6%	-6.0%	
Cumulative % change	-	-9.4%	-14.5%	-19.6%	-23.8%

### Business Rates Retention

There has been significant change to the business rates retention scheme as a result of the adjustments for the 2017 Revaluation, which alter both tariff and top ups and business rates baselines for individual authorities. The business rates revaluation adjustment ensures, as far as is practicable, that an authority's retained income is the same after revaluation as immediately before. The Government has revised the methodology from that set out in the settlement technical consultation to reflect two changes:

- Including the value of section 31 grants that authorities are paid to compensate them for changes to the rating system introduced at successive Autumn Statements.
- Adjusting the calculation to take account of inflation only after the revaluation adjustment to tariff and top ups has been made.

No adjustment has been made for areas where there are a large proportion of charities (e.g. schools or universities) whose rateable values change in a way that is significantly different from the general revaluation effect in the area. Government will keep the situation under review and will discuss further with local government devising a fair basis for further adjustments that could be introduced at the time of when the final adjustments are made in the 2018-19 Settlement. DCLG will keep the overall methodology under review in order to allow scope for further adjustments to be made in 2018/19. This has resulted in London Boroughs' changing from being an overall £14 million top up in 2016-17 to now paying an overall tariff in 2017-18 of £223 million. At an individual authority level, both Hounslow and Tower Hamlets are tariff authorities for 2017-18 and join the existing eight boroughs that were tariff authorities, leaving 23 top up authorities. Merton remains a top-up authority.

With respect to estimates of Business Rates, the NNDR (Baseline Funding) figures in the Core Spending calculation in the Settlement are derived from the 2013/14 baseline figure and uprated by the September change in RPI. Merton remains a top-up authority and this means that on top of its 30% share of the Business Rates yield, Merton receives a top-up payment to bring it up to the Baseline funding level. The top-up is also increased in line with the small business non-domestic rating multiplier each year and this was originally planned to continue until the Business Rates system is reset in 2020 but the Government have now indicated that they propose to

use them to adjust for new burdens, and changes in needs assessments and changes arising from revaluation.

The figures in the Settlement for Merton are:-

	2015/16	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m	£m
Business Rates Baseline	24.8	25.0	24.5	25.3	26.2
Top-Up	7.8	7.9	9.1	9.4	9.7
Baseline Funding	32.6	32.9	33.6	34.7	35.9

This can be a bit misleading when assessing the resources available to the authority because the funding for Business Rates is based on the forecast included in the Council's NNDR1 return (which was submitted by the deadline of 31 January 2017).

This can be seen by reference to the Council's share of Business Rates based on the NNDR1 returns over the past three years since Business Rates Retention began

	2013/14	2014/15	2015/16	2016/17
	£m	£m	£m	£m
NNDR1 Share (30%)	24.5	25.6	25.8	26.3
Top-Up	7.5	7.7	7.8	7.9
Section 31 payments	0	1.1	1.2	0.8
Total Business Rates inc. in Budget	32.0	34.4	34.8	35.0

Therefore, projections of the Council's share of Business Rates funding over the next four years are starting from a higher level than the Baseline Funding projections in the Provisional Settlement.

Business Rates	2017/18	2018/19	2019/20
	£'000	£'000	£'000
Forecast included in Settlement	(24,500)	(25,288)	(26,188)
Forecast in MTFS based on NNDR1	(26,401)	(26,929)	(27,468)
Additional NNDR assumed in MTFS	(1,901)	(1,641)	(1,280)

Over the MTFs period, a high level of uncertainty will remain with respect to the NNDR projections due to the effects of the revaluation and the move to 100% rates retention.

### Special and specific grants

The provisional settlement provided details of a number of special and specific grants (included within the Core Spending Power calculation): the Improved Better Care Fund; New Homes Bonus ; Rural Services Delivery Grant (not applicable to Merton), Transition Grant; and 2017-18 Adult Social Care Support Grant.

### Improved Better Care Fund

There is no change to the figures set out in the 2016-17 Settlement. The allocations take into account Council's ability to raise Social Care precept and the allocation methodology, through a separate grant to local government, benefits those councils who benefit less from the additional council tax flexibility for social care. However, the settlement does not confirm how the new flexibility to raise the Social Care Precept will impact the calculation of future year's Improved Better Care Fund allocations. The core spending power projections for this grant assume the original 2% for the social care precept each year to determine allocations.

<b>Improved Better Care Fund</b>	<b>2017-18 £m</b>	<b>2018-19 £m</b>	<b>2019-20 £m</b>	<b>Total £m</b>
Merton	-	1.408	3.061	4.469

### New Homes Bonus

The Government has confirmed that it will implement its proposal to reduce future allocations to Councils from 6 years to 5 years in 2017/18 and then to 4 years from 2018/19. The Government has decided to introduce an initial baseline of 0.4% below which the bonus will not be paid to "focus on local authorities demonstrating a stronger than average commitment to growth." The 0.4% baseline is expected to reduce the income of councils in receipt of the New Homes Bonus by £241 million in 2017/18 in comparison to indicative figures released in February 2016. This money will be used to fund the Social Care Support Grant. The Government will retain the option of making adjustments to the baseline in future years in the event of a significant increase in housing growth.

The Government has decided to delay implementing proposals to withhold payments for areas without a local plan in 2017-18. However, it will revisit the case for withholding New Homes Bonus from 2018-19 from local authorities that are deemed not to be planning effectively, making positive decisions on planning applications and



delivering housing growth. To encourage more effective local planning the Government will also consider withholding payments for homes that are built following an appeal.

	<b>2017-18 £m</b>	<b>2018-19 £m</b>	<b>2019-20 £m</b>	<b>Total £m</b>
<b>New Homes Bonus</b>				
Merton	4.150	3.110	2.984	10.244

### Transition Grant

Transition Grant was announced in the final 2016/17 Settlement and is being provided to authorities to ease the change from a system based on central government grant to one in which local sources determine a council's revenue. The 2016/17 local government finance settlement allocated Revenue Support Grant by looking at the main resources available to councils, ensuring that councils delivering the same set of services receive the same percentage change in funding for those sets of services. As a result of this change, authorities with relatively more income from council tax and business rates received less revenue support grant in total. The transition grant compensates authorities who are estimated to have lost out.

	<b>2017-18 £m</b>	<b>2018-19 £m</b>	<b>2019-20 £m</b>	<b>Total £m</b>
<b>Transition Grant</b>				
Merton	0.557	0.000	0.000	0.557

### 2017-18 Adult Social Care Support Grant

This is a one-off grant that distributes the £241.1 million New Homes Bonus "0.4% Baseline cut off" in proportion to the adult social care relative needs formula from 2013-14 so that all authorities with responsibility for social care receive a share of this funding. Merton's share of the national total is £0.751m.

	<b>2017-18 £m</b>	<b>2018-19 £m</b>	<b>2019-20 £m</b>	<b>Total £m</b>
<b>2017-18 Adult Social Care Support Grant</b>				
Merton	0.751	0.000	0.000	0.751

### Council Tax

The provisional settlement sets out the Government's council tax referendum principles for 2017-185. The core principle of a 2% referendum trigger remains in

place for the portion of the authority's council tax increase that has not been hypothecated for ASC. The main change to Council Tax announced as part of the 2017-18 settlement is the increase in the flexibility permitted in the use of the Social Care Precept (SCP). Social care authorities will have the freedom to increase by up to 3% in 2017-18 or 2018-19, but cannot exceed 6% in total over the three-year period. To ensure that councils are using income from the precept for adult social care, they will be required to publish a description of their plans, including changing levels of spend on adult social care and other services. This must be signed off by the Chief Finance Officer (section 151 officer). Councils wishing to use the extra freedom to raise their precept by 3% instead of 2% in 2017-18 must also show how they plan to use this extra money to improve social care. This suggests an increasing burden compared with what was announced in 2016-17 – where local authorities were only required to show that the funding raise was spent on adult social care. The DCLG will write to adult social care authorities with further details on the conditions of the scheme in the near future.

#### Schools Funding

Details of School Funding in 2017/18 are included in Section 3 of the report.

## THE COLLECTION FUND, COUNCIL TAX BASE AND BUSINESS RATES

### 1. Introduction

- 1.1 This appendix summarises three key areas which are fundamental to the Council's revenue resource generation. It sets out the procedures and calculations that underpin each of them.

### 2. Collection Fund

- 2.1 The Collection Fund is a statutory fund separate from the General Fund. It accounts for income from Council Tax, including those properties within the Wimbledon and Putney Commons Conservators area. The bodies on whose behalf the council tax income has been raised are the Council and the Greater London Authority (which includes the services of the Metropolitan Police and the London Fire and Emergency Planning Authority (LFEPA)). The Council's demand on the Collection Fund is by its General Fund. The Greater London Authority's demand is expressed as a precept.
- 2.2 Under the localised arrangements for council tax support, the Collection Fund entries for council tax remain unchanged, and council tax discounts reduce the council tax base and the amount of collectable council tax income.
- 2.3 The Collection Fund also accounts for National Non-Domestic Rates and there have been significant changes to the treatment of NNDR due to the changes to local government funding arising from business rates retention and the Local Government Finance Act 2012 (Section 3, part 2)
- 2.4 The Collection Fund will account for receipts from business ratepayers, together with payments:
- to central government in respect of the central share
  - to/from central government in respect of transitional protection payments where applicable
  - to relevant precepting authorities in respect of their share of rating income, in Merton's case this is the GLA.
- 2.5 While there remains a single Collection Fund, local authorities now have to be able to separate the elements relating to council tax and non-domestic . rates and calculate separate surpluses and deficits on each.
- 2.6 A billing authority needs to ensure that its collection fund has sufficient resources to meet the demands on it at all times. To the extent that there is insufficient in the collection fund to meet those demands at any time, the billing authority has temporarily to "borrow" from its general fund.
- 2.7 The Collection Fund accounts are kept on an accrual basis and a surplus or deficit for the year in the collection fund is estimated accordingly.

- 2.8 The audited accounts for 2015/16 include the following surplus/deficit for Council Tax and NNDR as at 31 March 2016:-

	Surplus/ (deficit) as at 31/03/16 Outturn	Surplus/ (deficit) as at 31/03/16 Outturn	Total surplus/ (deficit) as at 31/03/16
	Council Tax	NNDR	
	£000	£000	£000
Central Government	N/A	(2,174)	(2,174)
GLA	803	(869)	(66)
Merton	3,007	(1,304)	1,703
Total	3,810	(4,347)	(537)

2.9 Council Tax

The estimated surplus on the Collection Fund as at 31<sup>st</sup> March 2017 due to Council Tax is £1.732m. This is to be shared £1.386m (80%) to Merton and £0.346m (20 %) to the GLA.

2.10 NNDR

Since 2013/14, it is necessary to calculate the estimated surplus/deficit on the Collection Fund arising from Business Rates. This estimation is required as part of the council's NNDR1 Return which has to be submitted to the Department for Communities and Local Government (DCLG) by 31 January 2017. Part 4 of this return relates to the calculation of the estimated Collection Fund balance as at 31/3/17.

Based on the calculation in the Council's NNDR1 (Part 4) there is an estimated surplus on the Collection Fund as at 31<sup>st</sup> March 2017 due to NNDR of £1.268m. This is to be shared £0.419m (33%) to Central Government, £0.380m (30% to Merton) and £0.469m (37%) to the GLA.

**3. Council Tax Base 2017/18**

- 3.1 The council tax base is the measure of the number of dwellings to which council tax is chargeable in an area or part of an area. The Council Tax base is calculated using the properties from the Valuation List together with information held within Council Tax records. The properties are adjusted to reflect the number of properties within different bands in order to produce the Council Tax Base (Band D equivalent).
- 3.2 Since 2013/14 the Council Tax Base calculation has been affected by the introduction of the new local council tax support scheme and technical reforms to council tax. On 30 November 2012, new regulations set out in the Local Authorities (Calculation of council Tax Base) Regulations 2012 (SI 2012:2914) came into force. These regulations ensure that new local council

tax support schemes, implemented under the Local Government Finance Act 2012, are fully reflected in the council tax base for all authorities.

- 3.3 Under the regulations, the council tax base is the aggregate of the relevant amounts calculated for each valuation band multiplied by the authority's estimated collection rate for the year.
- 3.4 The relevant amounts are calculated as
- number of chargeable dwellings in each band shown on the valuation list on a specified day of the previous year,
  - adjusted for the number of discounts, and reductions for disability, that apply to those Dwellings
- 3.5 All authorities notify the DCLG of their unadjusted Council Tax Base using a CTB Form and the deadline for return was 14 October 2016 and Merton met this deadline.
- 3.6 The CTB form for 2017/18 includes the latest details about the Council Tax Support Scheme and the technical reforms which impacted on discounts and exemptions.
- 3.7 There is a separate council tax base for those properties within the area covered by Wimbledon and Putney Commons Conservators. The Conservators use this, together with the Council Tax bases from RB Kingston, and Wandsworth to calculate the levy which is charged each year.
- 3.8 Assumptions in the MTFS for calculating the 2017/18 Council Tax Base
- 3.8.1 In producing a forecast of council tax yield in future years, there are two key variables to be considered:-
- the year on year change in Council Tax Base
  - the council tax collection rate
- 3.8.2 The draft MTFS reported to Cabinet assumes that the Council Tax Base increases 0.5% per year and that the collection rate is 97.25% in each of the years.
- 3.9 Details of the Council's Tax Base calculation for 2017/18 were reported to Cabinet on 12 December 2016 and a Council Tax Base for Merton as a whole and for the Wimbledon and Putney Commons Conservators area was agreed as follows:-

<b>Council Tax Base</b>	<b>2016/17</b>	<b>2017/18</b>	<b>Change</b>
			%
Whole Area	71,327.0	72,442.3	1.6%
Wimbledon & Putney Common Conservators	11,127.2	11,131.2	0.4%

### 3.10 Council Tax Yield 2017/18

3.10.1 Based on the latest information about Council Tax proposals for 2017/18 the estimated Council Tax yield for 2017/18 is:-

<b>Council Tax: Whole area</b>	<b>Tax Base</b>	<b>Band D 2017/18</b>	<b>Council Tax Yield 2017/18</b>	<b>Council Tax Yield 2016/17</b>
Merton - General	72,442.3	£1,102.25	£79.850m	£78.620m
Merton – Adult Social Care	72,442.3	£33.06	£2.395m	N/A
WPCC	11,131.2	£28.61	£0.318m	£0.300m
GLA	72,442.3	£280.02	£20.285m	£19.686m

The amounts collected for the GLA and WPCC are paid over to each of them as precepts.

## 4. Business Rates

### 4.1 Introduction

The Local Government Finance Act 2012 entailed major changes to the funding of local government. From April 2013, the Government reformed the way in which local government is funded through the introduction of the business rates retention scheme. 2017-18 will be the fifth year of the rates retention scheme. From 2013/14 to 2016/17 for London boroughs, 50% of the income was paid to central government, the Greater London Authority (GLA) received 20%, leaving London boroughs with the remaining 30%. This is changing in 2017/18 as part of the London pilot arrangements towards 100% retention of Business Rates by 2020. There are two changes which will impact on the amount of Business Rates the Council will receive in 2017/18:-

- As part of the Government's intentions to reform the business rates retention system and move to 100% retention by 2020, the Government is piloting the proposals in some areas (Manchester, Liverpool, London, West of England, Cornwall and the West Midlands. In London the pilot relates to Transport for London (TfL) capital grant and the GLA's RSG will also be funded from the central share of business rates. This will result in a change in shares of funding currently anticipated to be 33% central government (-17%), 37% GLA (+17%) and 30% Merton (unchanged).

- The next business rates revaluation takes effect from 1 April 2017 and will update rateable values to reflect the market as at 1 April 2015. This will ensure business rate bills more closely reflect the property market and that all businesses are getting a fair deal. The revaluation will not raise any more or less tax in total but there will be variations from authority to authority. In September the Government announced the multiplier would reduce to ensure the revaluation does not raise any more in rates. Using the latest data on the revaluation the government has provisionally reduced the small business non-domestic multiplier for 2017/18 from 48.4p to 46.6p. The national non-domestic multiplier has fallen from 49.7p to 47.9p. The multipliers will be confirmed after either the Local Government Finance Report for 2017-18 has been approved by the House of Commons or 1 March 2017, whichever is earlier.

- 4.2 The 2013-14 local government finance settlement was the first under the new arrangements. It provided each local authority with its starting position under the business rates retention scheme. These are fixed until the first system reset, that the Government intends will take place in 2020. However, they will be uprated for inflation using the annual increase in the small business rates multiplier which is usually based on September RPI.

For 2013/14, the Department for Communities and Local Government (DCLG) calculated a baseline funding level of £31.415m and a “top-up” payment of £7.547m in 2013/14. Based on the uprate for inflation, Merton’s baseline funding level for 2017/18 announced in the Provisional Local Government Finance Settlement is £33.583m and the top-up is £9.083m.

- 4.3 The estimates for NNDR income included in the MTFs will be based on Merton’s share of the estimated NNDR income submitted on the NNDR1 form. Merton keeps 30% of any growth in the total business rates collected in the borough but if there is a decline in yield Merton will need to meet 30% of the shortfall. Based on the NNDR1 return for 2017/18 Merton’s share is £26.401m which when added to the top-up payment for 2017/18, produces an NNDR estimate for 2017/18 of £35.484m.

#### 4.4 NNDR1

The statutory framework effectively requires a billing authority, before the beginning of a financial year, to forecast the amount of business rates that it will collect during the course of the year and, from this, to make a number of allowable deductions in order to arrive at a figure for its non-domestic rating income. It is the non-domestic rating income that is shared between the parties to the scheme. The framework also sets out how the billing authority is to treat allowable deductions – requiring that either they are paid to major precepting authorities, or transferred to the authority’s General Fund.

- 4.5 The calculations that authorities make before the start of the financial year determine how much they must pay to central government and their major

precepting authorities during the course of the year. Since these payments are fixed at the outset of the year, it follows that any difference between forecast amounts and final outturns will result in a surplus, or deficit on the billing authority's Collection Fund. Any such surplus or deficit is shared between government, billing authorities and their major preceptors (excluding policing bodies) in line with their share of the business rates baseline.

- 4.6 The estimate for the actual income figure (or net rate yield) for 2017/18 is based on the NNDR1 return to the DCLG. This had to be finalised by 31 January 2017, and calculates the amounts to be paid to central government, to the GLA and the amount to be retained by Merton to be used as part of the budget setting process.

#### 4.7 Latest developments

##### 4.7.1 Business Rates Retention

There has been significant change to the business rates retention scheme as a result of the adjustments for the 2017 Revaluation, which alter both tariff and top ups and business rates baselines for individual authorities. The business rates revaluation adjustment ensures, as far as is practicable, that an authority's retained income is the same after revaluation as immediately before.

The Government has revised the methodology from that set out in the settlement technical consultation to reflect two changes:

- Including the value of section 31 grants that authorities are paid to compensate them for changes to the rating system introduced at successive Autumn Statements.
- Adjusting the calculation to take account of inflation only after the revaluation adjustment to tariff and top ups has been made.

No adjustment has been made for areas where there are a large proportion of charities (e.g. schools or universities) whose rateable values change in a way that is significantly different from the general revaluation effect in the area. Government will keep the situation under review and will discuss further with local government devising a fair basis for further adjustments that could be introduced at the time of when the final adjustments are made in the 2018-19 Settlement. DCLG will keep the overall methodology under review in order to allow scope for further adjustments to be made in 2018/19.

This has resulted in London Boroughs' changing from being an overall £14 million top up in 2016-17 to now paying an overall tariff in 2017-18 of £223 million. At an individual authority level, both Hounslow and Tower Hamlets are tariff authorities for 2017-18 and join the existing eight boroughs that were tariff authorities, leaving 23 top up authorities. The GLA's tariff has increased from £359 million in 2016-17 to £555 million in 2017-18, (however, this will increase to £720 million when the TfL capital grant and RSG switch are reflected in the final settlement).



The safety net threshold will remain at 7.5% meaning authorities are guaranteed 92.5% of their baseline funding. The trigger point for a safety net payment is different for each authority as it depends on the relative size of funding and business rates baselines.

#### 4.7.2 Business rates pilots

The Secretary of State for Communities and Local Government again restated the government's intentions to reform the business rates retention system and move to 100 per cent retention by 2020. He announced that the Local Government Finance Bill would enter parliament early in the new year, and that pilots would begin in 6 areas of the country in April 2017. Alongside Greater Manchester, Liverpool and London (announced in Budget 2016), there will be additional pilots in the West of England, Cornwall, and the West Midlands, however full details of the pilots are still to be finalised.

The pilots will be "without detriment" to the resources that would have been available to individual authorities under the current local government finance regime (with any "detriment" payments funded from outside the Settlement). The pilot authorities, outside of London, will retain 100% of locally-raised business rates. In return they will forego Revenue Support Grant and a number of funding streams including public health grant in Greater Manchester, rural services grant in Cornwall, Transport for London (TfL) capital grant in London. Authorities' tariffs and top-ups will be adjusted to ensure cost neutrality. Through the pilots the DCLG will also test a number of potential elements of the 100% rates retention scheme, including revised safety net arrangements. These arrangements will not impact on non-pilot authorities.

The only notable changes in 2017-18 in London will be to the GLA's retained share of business rates, as TfL capital grant and the GLA's RSG will be funded from the central share of rates. The figures published in the provisional settlement do not yet reflect the pilots or the changes affecting the GLA as they are still to be finalised. DCLG officials have stated the final settlement will reflect the pilot schemes.

The multipliers are still classed as Provisional and will not be confirmed until March.

The business rate multipliers for 2017/18 are:-

- Small Business Multiplier 46.6p per £ (48.4p in 2016/17)
- Standard Multiplier 47.9p per £ (49.7p in 2016/17)

Large individual properties in London with a rateable value of more than £70,000 will also be subject to a 2p in the £ business rate supplement to help pay for Crossrail.

#### 4.8 **Estimating the net rate yield for 2017/18**

The starting point is the aggregate rateable value for Merton as at 31 December 2017. (£213.930m) This is a fixed figure based on the VO's valuations for all business properties in Merton at that date. A multiplier is then applied to this rateable value as set by central government (the rate in the pound charged for that year, which for 2017/18 will be 46.6p in the £). This gives a gross rates figure of £99.691m.

4.9 Estimating the income figure is extremely difficult, as there are many factors which can significantly affect the overall figure. These include:

- Changes in rateable value from new properties entering rating or properties being taken out of rating
- Revaluations due to the backlog of appeals which, if successful, will be backdated in most cases to April 2010. This will change to 2017 following the revaluation.
- Empty and charitable reliefs
- Losses in collection

#### 4.10 Estimated Surplus or Deficit

Due to the variability of some of the factors, it is inevitable that the final figure at the end of each year will be different to the estimate. Therefore, a further calculation is required at the end of each year to estimate the surplus or deficit on the Collection Fund (as is also done for Council Tax).

4.11 2015-16 was the first year for which authorities had to estimate the non-domestic rating surplus, or deficit on the Collection Fund. The Non-Domestic Rating (Rates Retention) Regulations 2013 (SI 2013/452) require billing authorities to notify the Secretary of State and their major precepting authorities of their calculation of non-domestic rating income for 2017-18 and estimate the surplus/deficit on the Collection Fund by 31 January 2017.

Regulation 13 effectively requires an estimate of the surplus/deficit that the authority believes will exist at 31 March 2017, on the basis of a statutory calculation set out in Schedule 4 to the Regulations. The estimated amount will be shared between the authority, its major preceptors and central Government and will be added (or subtracted) from each party's share of 2017-18 non-domestic rating income.

4.12 A copy of Merton's NNDR1 for 2017/18 is attached.

4.13 The following table summarises the difference between the estimates from the NNDR1 for 2017/18 and the figures included in the MTFs at the January 2017 Cabinet:-

## Implications of NNDR1 2017/18 for Merton in 2017/18

	MTFS (January 2017) £000	NNDR1 £000	Difference £000
NNDR 2017/18	26,128	26,401	273
- Top-Up 2017/18	9,083	9,083	0
	35,211	35,484	273
Collection Fund Surplus/(Deficit) 2016/17	417	380	(37)
	35,628	35,864	
Section 31 Grant	0	1,035	1035
Total	35,628	36,899	1,271

**NATIONAL NON-DOMESTIC RATES RETURN - NNDR1**  
2017-18

Please e-mail to: [nndr.statistics@communities.gsi.gov.uk](mailto:nndr.statistics@communities.gsi.gov.uk) by no later than **31 January 2017**.  
In addition, a certified copy of the form should be returned by no later than **31 January 2017** to the same email address

**All figures must be entered in whole £**

If you are content with your answers please return this form to DCLG as soon as possible

Select your local authority's name from this list:

- Manchester
- Mansfield
- Medway UA
- Melton
- Mendip
- Merton

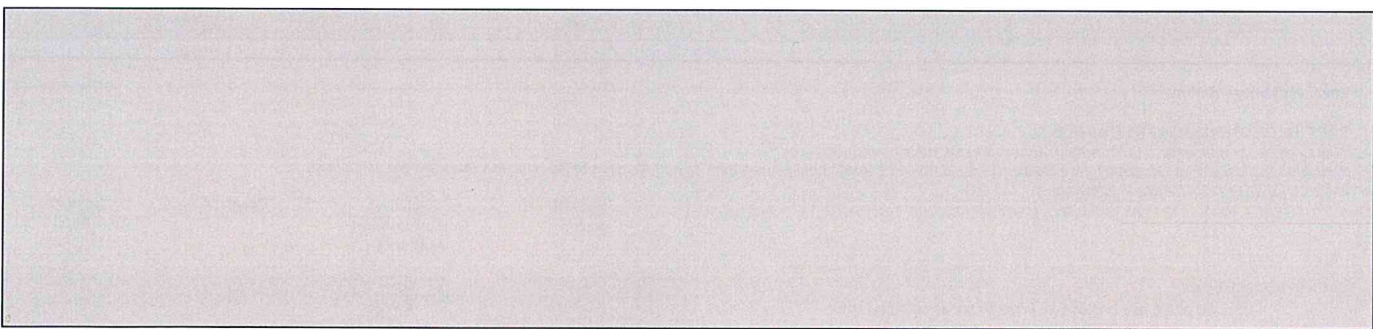
Authority Name  
E-code  
Local authority contact name  
Local authority contact number  
Local authority e-mail address

Merton  
E5044  
Richard Mason  
020 8545 3670  
[richard.mason@merton.gov.uk](mailto:richard.mason@merton.gov.uk)

Ver 1

**PART 1A: NON-DOMESTIC RATING INCOME COLLECTIBLE RATES**

	£
1. Net amount receivable from rate payers after taking account of transitional adjustments, empty property rate, mandatory and discretionary reliefs and accounting adjustments	89,931,255
<b>TRANSITIONAL PROTECTION PAYMENTS</b>	
2. Sums due to the authority	0
3. Sums due from the authority	1,664,618
<b>COST OF COLLECTION (See Note A)</b>	
4. Cost of collection formula	264,360
5. Legal costs	0
6. Allowance for cost of collection	264,360
<b>SPECIAL AUTHORITY DEDUCTIONS</b>	
7. City of London Offset : Not applicable for your authority	0
<b>DISREGARDED AMOUNTS</b>	
8. Amounts retained in respect of Designated Areas	0
9. Amounts retained in respect of Renewable Energy Schemes (See Note B)	0
of which:	
10. sums retained by billing authority	0
11. sums retained by major precepting authority	0
<b>NON-DOMESTIC RATING INCOME</b>	
12. Line 1 plus line 2, minus lines 3 and 6 - 9	88,002,277



Local Authority : Merton

Ver 1.00

**PART 1B: PAYMENTS**

**This page is for information only; please do not amend any of the figures**  
The payments to be made, during the course of 2017-18 to:

- i) the Secretary of State in accordance with Regulation 4 of the Non-Domestic Rating (Rates Retention) Regulations 2013;
- ii) major precepting authorities in accordance with Regulations 5, 6 and 7; and to be
- iii) transferred by the billing authority from its Collection Fund to its General Fund,

are set out below

	Column 1 Central Government	Column 2 Merton	Column 3 Greater London Authority	Column 4	Column 5 Total
	£	£	£	£	£
<b>Retained NNDR shares</b>					
13. % of non-domestic rating income to be allocated to each authority in 2017-18	33%	30%	37%	0%	100%
<b>Non-Domestic Rating Income for 2017-18</b>					
14. Non-domestic rating income from rates retention scheme	29,040,752	26,400,683	32,560,842	0	88,002,277
15.(less) deductions from central share	0	0	0	0	0
16. TOTAL:	29,040,752	26,400,683	32,560,842	0	88,002,277



## NATIONAL NON-DOMESTIC RATES RETURN - NNDR1

2017-18

Please e-mail to: [nndr.statistics@communities.gsi.gov.uk](mailto:nndr.statistics@communities.gsi.gov.uk) by no later than 31 January 2017.

In addition, a certified copy of the form should be returned by no later than 31 January 2017 to the same email address

All figures must be entered in whole £

If you are content with your answers please return this form to DCLG as soon as possible

## Other Income for 2017-18

17. add: cost of collection allowance		264,360			264,360					
18. add: amounts retained in respect of Designated Areas		0			0					
19. add: amounts retained in respect of renewable energy schemes		0	0		0					
20. add: qualifying relief in Enterprise Zones		0	0	0	0					
21. add: City of London Offset		0			0					
22. add: additional retained Growth in Pilot Areas		0	0	0	0					
23. add: in respect of Port of Bristol hereditament		0			0					
<b>Estimated Surplus/Deficit on Collection Fund</b>										
24. % of non-domestic rating income to be allocated to each authority in 2016-17 (for row 25)	£	50%	£	30%	£	20%	£	0%	£	100%
25. Estimated Surplus/Deficit at end of 2016-17	£	634,146	£	380,488	£	253,658	£	0	£	1,268,292
<b>TOTAL FOR THE YEAR</b>										
26. Total amount due to authorities	£	29,674,898	£	27,045,531	£	32,814,500	£	0	£	89,534,929

Local Authority : Merton

Ver 1.00

## PART 1C: SECTION 31 GRANT (See Note C)

This page is for information only; please do not amend any of the figures

Estimated sums due from Government via Section 31 grant, to compensate authorities for the cost of changes to the business rates system announced in the 2013, 2014 &amp; 2015 Autumn Statements

	Column 2 Merton	Column 3 Greater London Authority	Column 4	Column 5 Total				
	£	£	£	£				
<b>2015-16 Multiplier Cap</b>								
27. Cost of 2% cap on 2015-16 small business rates multiplier	396,577	489,111	0	885,688				
<b>Small Business Rate Relief</b>								
28. Cost of doubling SBRR & threshold changes for 2017-18	636,600	785,139	0	1,421,739				
29. Cost to authorities of maintaining relief on "first" property	0	0	0	0				
<b>"New Empty" Property Relief</b>								
30. Cost to authorities of giving relief to newly-built empty property	347	428	0	775				
<b>"Long Term Empty" Property Relief</b>								
31. Relief on occupation of "long-term empty" property	1,088	1,342	0	2,430				
<b>Rural Rate Relief</b>								
32. Cost to authorities of providing 100% rural rate relief	0	0	0	0				
<b>Local Newspaper Temporary Relief</b>								
33. Cost to authorities of providing relief	0	0	0	0				
<b>Enterprise Zone qualifying relief in 100% pilot areas</b>								
34. Amount of qualifying relief	0	0	0	0				
<b>TOTAL FOR THE YEAR</b>								
35. Amount of Section 31 grant due to authorities to compensate for reliefs	£	1,034,612	£	1,276,020	£	0	£	2,310,632

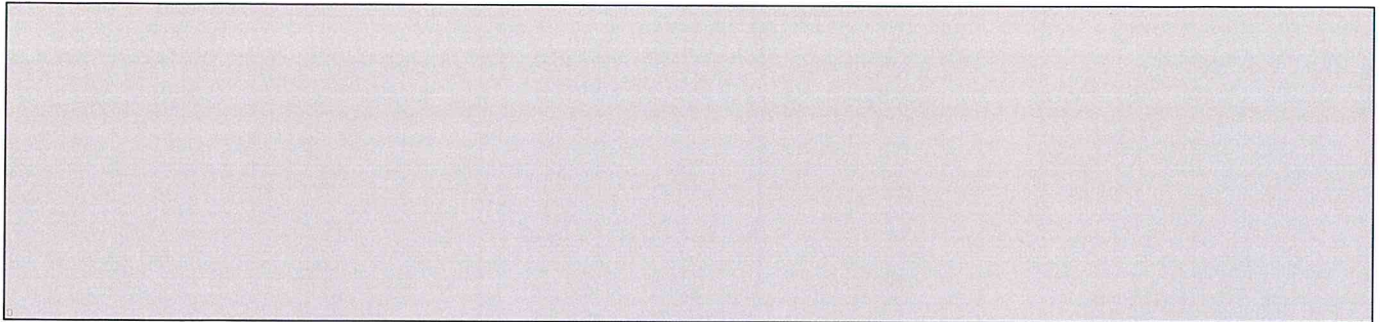
**NATIONAL NON-DOMESTIC RATES RETURN - NDR1**  
**2017-18**

Please e-mail to: [nndr.statistics@communities.gsi.gov.uk](mailto:nndr.statistics@communities.gsi.gov.uk) by no later than **31 January 2017**.  
In addition, a certified copy of the form should be returned by no later than **31 January 2017** to the same email address

**All figures must be entered in whole £**

If you are content with your answers please return this form to DCLG as soon as possible

**NB** To determine the amount of S31 grant due to it, the authority will have to add / deduct from the amount shown in line 35, a sum to reflect the adjustment to tariffs / top-ups in respect of the multiplier cap (See notes for Line 35)



**Certificate of Chief Financial Officer / Section 151 Officer**

I confirm that the entries in this form are the best I can make on the information available to me and amounts are calculated in accordance with regulations made under Schedule 7B to the Local Government Act 1988. I also confirm that the authority has acted diligently in relation to the collection of non-domestic rates.

Name of Chief Financial Officer  
or Section 151 Officer :

*Calowine Houston*

Signature :

*[Handwritten Signature]*

Date :

*31-1-17*



**PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1**  
**2017-18**

All figures must be entered in whole £

If you are content with your answers please return this form to DCLG as soon as possible

Ver 1

**Local Authority : Merton**

**PART 2: NET RATES PAYABLE**

**You should complete column 1 only**

**GROSS RATES PAYABLE**

(All data should be entered as +ve unless specified otherwise)

	Column 1 BA Area (exc. Designated areas) <i>Complete this column</i>	Column 2 Designated areas <i>Do not complete this column</i>	Column 3 TOTAL (All BA Area) <i>Do not complete this column</i>
	£	£	£
1. Rateable Value at <input type="text" value="04/01/2017"/>	<input type="text" value="213,930,225"/>	<input type="text" value="0"/>	<input type="text" value="213,930,225"/>
2. Small business rating multiplier for 2017-18 (pence) <input type="text" value="46.6"/>			
3. Gross rates 2017-18 (RV x multiplier)	<input type="text" value="99,691,485"/>	<input type="text" value="0"/>	
4. Estimated growth/decline in gross rates (+ = increase, - = decrease)	<input type="text" value="372,750"/>	<input type="text" value="0"/>	
5. Forecast gross rates payable in 2017-18	<input type="text" value="100,064,235"/>	<input type="text" value="0"/>	<input type="text" value="100,064,235"/>
<b>TRANSITIONAL ARRANGEMENTS (See Note E)</b>			
6. Revenue foregone because increases in rates have been deferred (Show as -ve)	<input type="text" value="-1,656,882"/>	<input type="text" value="0"/>	<input type="text" value="-1,656,882"/>
7. Additional income received because reductions in rates have been deferred (Show as +ve)	<input type="text" value="3,305,018"/>	<input type="text" value="0"/>	<input type="text" value="3,305,018"/>
8. Net cost of transitional arrangements	<input type="text" value="1,648,136"/>	<input type="text" value="0"/>	
9. Changes as a result of estimated growth / decline in cost of transitional arrangements (+ = decline, - = increase)	<input type="text" value="16,482"/>	<input type="text" value="0"/>	
10. Forecast net cost of transitional arrangements	<input type="text" value="1,664,618"/>	<input type="text" value="0"/>	<input type="text" value="1,664,618"/>
<b>TRANSITIONAL PROTECTION PAYMENTS (See Note F)</b>			
11. Sum due to/(from) authority	<input type="text" value="-1,664,618"/>	<input type="text" value="0"/>	<input type="text" value="-1,664,618"/>
<b>MANDATORY RELIEFS (See Note G) (All data should be entered as -ve unless specified otherwise)</b>			
<b>Small Business Rate Relief</b>			
12. Forecast of relief to be provided in 2017-18	<input type="text" value="-4,181,188"/>	<input type="text" value="0"/>	<input type="text" value="-4,181,188"/>
13. of which: relief on existing properties where a 2nd property is occupied	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>
14. Additional yield from the small business supplement (Show as +ve)	<input type="text" value="2,147,728"/>	<input type="text" value="0"/>	<input type="text" value="2,147,728"/>
15. Net cost of small business rate relief (line 12 + line 14)	<input type="text" value="-2,033,460"/>	<input type="text" value="0"/>	<input type="text" value="-2,033,460"/>
<b>Charitable occupation</b>			
16. Forecast of relief to be provided in 2017-18	<input type="text" value="-5,632,325"/>	<input type="text" value="0"/>	<input type="text" value="-5,632,325"/>
<b>Community Amateur Sports Clubs (CASCs)</b>			
17. Forecast of relief to be provided in 2017-18	<input type="text" value="-127,117"/>	<input type="text" value="0"/>	<input type="text" value="-127,117"/>
<b>Rural rate relief</b>			
18. Forecast of relief to be provided in 2017-18	<input type="text" value="0"/>	<input type="text" value="0"/>	<input type="text" value="0"/>



**PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1**  
**2017-18**

All figures must be entered in whole £

If you are content with your answers please return this form to DCLG as soon as possible

Ver 1

**Local Authority : Merton**

**PART 2: NET RATES PAYABLE**

**You should complete column 1 only**

	Column 1 BA Area (exc. Designated areas)	Column 2 Designated areas	Column 3 TOTAL (All BA Area)
19. Forecast of mandatory reliefs to be provided in 2017-18 (Sum of lines 15 to 18)	-7,792,902	0	
20. Changes as a result of estimated growth/decline in mandatory relief (+ = decline, - = increase)	-240,000	0	
<b>21. Total forecast mandatory reliefs to be provided in 2017-18</b>	<b>-8,032,902</b>	<b>0</b>	<b>-8,032,902</b>

**UNOCCUPIED PROPERTY (See Note H) (All data should be entered as -ve unless specified otherwise)**

<b>Partially occupied hereditaments</b>			
22. Forecast of 'relief' to be provided in 2017-18	-50,000	0	-50,000
<b>Empty premises</b>			
23. Forecast of 'relief' to be provided in 2017-18	-725,919	0	-725,919
24. Forecast of unoccupied property 'relief' to be provided in 2017-18 (Line 22 + line 23)	-775,919	0	
25. Changes as a result of estimated growth/decline in unoccupied property 'relief' (+ = decline, - = increase)	-503,825	0	
<b>26. Total forecast unoccupied property 'relief' to be provided in 2017-18</b>	<b>-1,279,744</b>	<b>0</b>	<b>-1,279,744</b>

**DISCRETIONARY RELIEFS (See Note J) (All data should be entered as -ve unless specified otherwise)**

<b>Charitable occupation</b>			
27. Forecast of relief to be provided in 2017-18	-436,435	0	-436,435
<b>Non-profit making bodies</b>			
28. Forecast of relief to be provided in 2017-18	-103,654	0	-103,654
<b>Community Amateur Sports Clubs (CASCs)</b>			
29. Forecast of relief to be provided in 2017-18	-4,833	0	-4,833
<b>Rural shops etc</b>			
30. Forecast of relief to be provided in 2017-18	0	0	0
<b>Small rural businesses</b>			
31. Forecast of relief to be provided in 2017-18	0	0	0
<b>Other ratepayers</b>			
32. Forecast of relief to be provided in 2017-18	-100,000	0	-100,000
	<i>of which:</i>	<i>of which:</i>	
33. Relief given to Case A hereditaments		0	
34. Relief given to Case B hereditaments	0		



**PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1**  
**2017-18**

All figures must be entered in whole £

If you are content with your answers please return this form to DCLG as soon as possible

Ver 1

**Local Authority : Merton**

**PART 2: NET RATES PAYABLE**

**You should complete column 1 only**

Column 1  
BA Area (exc.  
Designated areas)

Column 2  
Designated  
areas

Column 3  
TOTAL  
(All BA Area)

35. Forecast of discretionary relief to be provided in 2017-18 (Sum of lines 27 to 32)

-644,922

0

36. Changes as a result of estimated growth/decline in discretionary relief (+ = decline, - = increase)

0

0

37. Total forecast discretionary relief to be provided in 2017-18

-644,922

0

-644,922

**DISCRETIONARY RELIEFS FUNDED THROUGH SECTION 31 GRANT**  
(See Note K) (All data should be entered as -ve unless specified otherwise)

**"New Empty" properties**

38. Forecast of relief to be provided in 2017-18

-1,140

0

-1,140

**"Long term empty" properties**

39. Forecast of relief to be provided in 2017-18

-3,573

0

-3,573

**Rural Rate Relief**

40. Forecast of relief to be provided in 2017-18

0

0

0

**Local Newspaper Temporary Relief**

41. Forecast of relief to be provided in 2017-18

0

0

0

42. Forecast of discretionary reliefs funded through S31 grant to be provided in 2017-18 (Sum of lines 38 to 41)

-4,713

0

43. Changes as a result of estimated growth/decline in Section 31 discretionary relief (+ = decline, - = increase)

0

0

44. Total forecast of discretionary reliefs funded through S31 grant to be provided in 2017-18

-4,713

0

-4,713

**NET RATES PAYABLE**

45. Forecast of net rates payable by rate payers after taking account of transitional adjustments, unoccupied property relief, mandatory and discretionary reliefs

£  
91,766,572

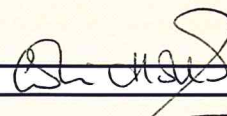
£

0

£

91,766,572

Checked by Chief Financial / Section 151 Officer :





**PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1**  
**2017-18**

All figures must be entered in whole £

If you are content with your answers please return this form to DCLG as soon as possible

Ver 1

**Local Authority : Merton**

**PART 3: COLLECTABLE RATES AND DISREGARDED AMOUNTS**

**You should complete column 1 only**

	Column 1	Column 2	Column 3
	BA Area (exc. Designated areas) <i>Complete this column</i>	Designated Areas	TOTAL (All BA Area) <i>Do not complete this column</i>
	£	£	£
<b>NET RATES PAYABLE</b>			
1. Sum payable by rate payers after taking account of transitional adjustments, empty property rate, mandatory and discretionary reliefs	91,766,572	0	91,766,572
<b>(LESS) LOSSES</b>			
2. Estimated bad debts in respect of 2017-18 rates payable	-1,342,268	0	-1,342,268
3. Estimated repayments in respect of 2017-18 rates payable	-493,049	0	-493,049
<b>COLLECTABLE RATES</b>			
4. Net Rates payable less losses	89,931,255	0	89,931,255
<b>DISREGARDED AMOUNTS</b>			
5. Renewable Energy	0	0	0
6. Transitional Protection Payment		0	
7. Baseline		0	
<b>DISREGARDED AMOUNTS</b>			
8. Total Disregarded Amounts		0	0
<b>ENTERPRISE ZONES IN 100% PILOT AREAS</b>			
9. Enterprise Zone Qualifying Relief	0	0	0
<b>DEDUCTIONS FROM CENTRAL SHARE</b>			
10. Enterprise Zone Qualifying Relief: Not applicable	0	0	0
<b>Growth Pilot Areas</b>			
11. Net Rates payable for Growth Baseline comparison: Not applicable	0		0
12. Growth Baseline : Not applicable	0		0
13. Additional Growth in 'Growth Pilot' Areas: Not Applicable	0		0
<b>Port of Bristol</b>			
14. In respect of Port of Bristol: Not applicable	0		0
<b>DEDUCTIONS FROM CENTRAL SHARE</b>			
15. Total Deductions	0	0	0





**PROVISIONAL NATIONAL NON-DOMESTIC RATES RETURN - NNDR1**  
**2017-18**

All figures must be entered in whole £

If you are content with your answers please return this form to DCLG as soon as possible

Ver 1

**Local Authority : Merton**

**PART 4: ESTIMATED COLLECTION FUND BALANCE**

**OPENING BALANCE**

1. Opening Balance (From Collection Fund Statement)

£

£

-4,346,999

**BUSINESS RATES CREDITS AND CHARGES**

2. Business rates credited and charged to the Collection Fund in 2016-17

87,535,670

3. Sums written off in excess of the allowance for non-collection

0

4. Changes to the allowance for non-collection

-805,837

5. Amounts charged against the provision for appeals following RV list changes

2,085,481

6. Changes to the provision for appeals

-246,842

**7. Total business rates credits and charges (Total lines 2 to 6)**

88,568,472

**OTHER RATES RETENTION SCHEME CREDITS**

8. Transitional protection payments received, or to be received in 2016-17

0

9. Transfers/payments to the Collection Fund for end-year reconciliations

0

10. Transfers/payments into the Collection Fund in 2016-17 in respect of a previous year's deficit

5,735,890

**11. Total Other Credits (Total lines 8 to 10)**

5,735,890

**OTHER RATES RETENTION SCHEME CHARGES**

12. Transitional protection payments made, or to be made, in 2016-17

-670,875

13. Payments made, or to be made, to the Secretary of State in respect of the central share in 2016-17

-43,872,792

14. Payments made, or to be made to, major precepting authorities in respect of business rates income in 2016-17

-17,549,117

15. Transfers made, or to be made, to the billing authority's General Fund in respect of business rates income in 2016-17

-26,323,675

16. Transfers made, or to be made, to the billing authority's General Fund; and payments made, or to be made, to a precepting authority in respect of disregarded amounts in 2016-17

-272,612

17. Transfers/payments from the Collection Fund for end-year reconciliations

18. Transfers/payments made from the Collection Fund in 2016-17 in respect of a previous year's surplus

**19. Total Other Charges (Total lines 12 to 18)**

-88,689,071

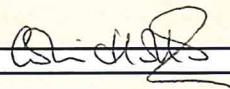
**ESTIMATED SURPLUS/(DEFICIT) ON COLLECTION FUND IN RESPECT OF FINANCIAL YEAR 2016-17**

20. Opening balance plus total credits, less total charges (Total lines 1, 7, 11 & 19)

£

1,268,292

Checked by Chief Financial / Section 151 Officer :



## OTHER CORPORATE ITEMS Council 1 March 2017

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
Recharge to Education of Past Service Deficiency/Redundancy	(463)	(463)	(463)	(463)
Autoenrollment	300	300	300	300
Corporate expenditure (utilities inflation)	300	300	300	300
Changes in Corporate Specific and Special Grants	206	209	208	219
Loss of HB Admin. Grant	200	200	200	200
CHAS IP fee and dividend income	(1,152)	(1,152)	(1,152)	(1,152)
Bad Debt provision	500	500	500	500
Contingency	1,500	1,500	1,500	1,500
Additional Revenuisation & miscellaneous	102	102	102	102
WPCC Levy	318	318	318	318
Depreciation/Impairment	(22,318)	(22,318)	(22,318)	(22,318)
Transport	0	0	0	0
Redundancy/Pension Strain	1,000	1,000	1,000	1,000
Overheads Charge to Non-GF	20	20	20	20
Local Election 2018	0	350	0	0
Apprenticeship Levy	450	450	450	450
Merton Adult Education - Year 1 contribution	0	0	0	0
Rounding	1	1	(1)	0
P3/P4	400	400	400	400
Provision for Excess Inflation	451	457	468	472
<b>Other Corporate items</b>	<b>(18,185)</b>	<b>(17,826)</b>	<b>(18,168)</b>	<b>(18,152)</b>

## BUDGET TRANSITION FROM COUNCIL MARCH 2016 TO COUNCIL 1 MARCH 2017

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
<b>Budget Gap Council 2 March 2016</b>	-	-	<b>3,469</b>	<b>20,120</b>
<b><u>ANALYSIS OF CHANGE:</u></b>				
Change in Appropriations to/from Reserves	(4,228)	(504)	7,815	(1)
Adult Social Care Support Grant 2017-18	(751)	-	-	-
Changes in Corporate Specific and Special Grants	-	-	(1)	-
LPFA Pension Deficit	86	86	86	86
Collection Fund - Council Tax surplus(-)/deficit	(1,386)	-	-	-
Collection Fund: NNDR Surplus/Deficit	(380)	-	-	-
Taxicards and Concessionary Fares	(699)	(700)	(700)	(700)
Council Tax - Change in General Council Tax Yield	(836)	(840)	(2,458)	(4,091)
Council Tax: 3% Adult Social Care Flexibility	(2,395)	(4,815)	(4,839)	(4,863)
Change in departmental overheads	(20)	(20)	(20)	(20)
Change in departmental business rates	(37)	(37)	(37)	(37)
Permanent Virements in Service Departments 2016/17	138	126	116	100
Education Services Grant	1,053	1,521	1,521	1,521
External Borrowing Costs	318	(937)	(506)	(475)
Investment Income	(459)	(346)	(295)	(34)
Proposed Growth	11,927	12,901	10,395	10,895
Pay Inflation	101	202	303	404
Price Inflation	(23)	(47)	(70)	(93)
Inflation > 1.5%	(85)	(79)	(68)	(64)
New Homes Bonus	613	(117)	(113)	-
Additional Business Rates - Based on NNDR1	(637)	(751)	(880)	(773)
Overheads	(105)	(99)	(99)	(88)
Change in Levies	(14)	(14)	(14)	(14)
Pensions Deficit: Funding over 15 years	(1,254)	(1,330)	(1,463)	(1,380)
PFI Affordability	-	-	-	29
Additional Revenues & miscellaneous	(162)	(162)	(162)	(162)
Full Year Effect - Amendments to existing savings	541	244	(207)	(207)
New Savings	(271)	(798)	(2,066)	(2,066)
Section 31 Grant - Based on NNDR1	(1,035)	-	-	-
Rounding	1	1	-	-
<b>Budget Gap Council March 2017</b>	<b>0</b>	<b>3,485</b>	<b>9,708</b>	<b>18,087</b>

STATEMENT OF COUNCIL TAX REQUIREMENTS AND BALANCES

	ORIGINAL BUDGET 2010/11 £m	ORIGINAL BUDGET 2011/12 £m	ORIGINAL BUDGET 2012/13 £m	ORIGINAL BUDGET 2013/14 £m	ORIGINAL BUDGET 2014/15 £m	ORIGINAL BUDGET 2015/16 £m	ORIGINAL BUDGET 2016/17 £m	ORIGINAL BUDGET 2017/18 £m	2010/11 Band D Council Tax Equivalent £	2011/12 Band D Council Tax Equivalent £	2012/13 Band D Council Tax Equivalent £	2013/14 Band D Council Tax Equivalent £	2014/15 Band D Council Tax Equivalent £	2015/16 Band D Council Tax Equivalent £	2016/17 Band D Council Tax Equivalent £	2017/18 Band D Council Tax £
Merton	148,589	148,193	145,820	154,991	151,258	149,062	134,496	138,220	2,001.34	1,989.55	1,949.04	2,291.55	2,221.53	2,140.53	1,885.63	1,907.99
Net Cost of General Fund Services	2,900	1,820	2,000	1,500	1,500	1,500	1,500	1,500	39.06	24.43	26.73	22.39	22.03	21.54	21.03	20.71
Contingency	151,489	150,013	147,820	154,991	152,758	150,562	135,996	139,720	2,040.39	2,013.98	1,975.77	2,313.95	2,243.56	2,162.07	1,906.66	1,928.70
<b>Levies</b>																
Lee Valley	0.227	0.220	0.215	0.220	0.214	0.209	0.204	0.190	3.06	2.95	2.87	3.28	3.14	3.00	2.86	2.62
London Pensions Fund	0.283	0.254	0.253	0.268	0.266	0.264	0.262	0.260	3.81	3.41	3.38	4.00	3.91	3.79	3.67	3.59
Environment Agency	0.148	0.146	0.146	0.157	0.157	0.159	0.162	0.164	1.99	1.96	1.95	2.31	2.31	2.28	2.27	2.26
Total Levies	0.658	0.620	0.614	0.645	0.637	0.632	0.628	0.614	8.86	8.32	8.21	9.63	9.36	9.08	8.80	8.48
<b>TOTAL BUDGET (before balances, etc adjustment)</b>	<b>152,157</b>	<b>150,633</b>	<b>148,434</b>	<b>155,636</b>	<b>153,395</b>	<b>151,194</b>	<b>136,624</b>	<b>140,334</b>	<b>2,049.25</b>	<b>2,022.31</b>	<b>1,983.98</b>	<b>2,323.58</b>	<b>2,252.91</b>	<b>2,171.14</b>	<b>1,915.46</b>	<b>1,937.18</b>
Provisions, Contributions and Balances	0.000	0.000	0.000	0.000	0.000	(4.771)	1.683	(3.533)	0.00	0.00	0.00	0.00	0.00	-68.51	23.60	(48.77)
Appropriations to/from Reserves																
<b>TOTAL BUDGET REQUIREMENT</b>	<b>152,157</b>	<b>150,633</b>	<b>148,434</b>	<b>155,636</b>	<b>153,395</b>	<b>146,423</b>	<b>138,307</b>	<b>136,801</b>	<b>2,049.25</b>	<b>2,022.31</b>	<b>1,983.98</b>	<b>2,323.58</b>	<b>2,252.91</b>	<b>2,102.63</b>	<b>1,939.06</b>	<b>1,888.41</b>
<b>Less: Central Government Support</b>																
Government (Formula) Grant:																
Revenue Support Grant (Including Transition Grant)	(8,588)	(15,730)	(1,180)	(47,221)	(39,738)	(30,425)	(23,156)	(15,520)	(115.66)	(211.17)	(15.77)	(704.99)	(583.63)	(436.90)	(324.65)	(214.24)
National Non-Domestic Rates inc. Section 31 Grant	(59,145)	(50,888)	(60,841)	(32,020)	(34,371)	(34,820)	(35,052)	(36,519)	(796.56)	(683.19)	(813.21)	(478.04)	(504.81)	(500.01)	(491.43)	(504.11)
Adult Social Care Support Grant 2017/18	0.000	0.000	0.000	0.000	0.000	0.000	0.000	(0.751)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(10.37)
Total Revenue Support Grant + Baseline NINDR Funding:	(67,733)	(66,617)	(62,021)	(79,241)	(74,109)	(65,245)	(58,208)	(52,790)	(912.23)	(894.36)	(828.98)	(1,183.03)	(1,088.44)	(936.92)	(816.07)	(728.72)
Contribution to/from Collection Fund	(2,519)	(1,859)	(3,891)	(2,545)	(4,236)	(4,420)	(1,479)	(1,766)	(33.93)	(24.96)	(52.01)	(38.00)	(62.21)	(63.47)	(20.74)	(24.39)
<b>Council Tax Requirement</b>	<b>81,905</b>	<b>82,157</b>	<b>82,522</b>	<b>73,850</b>	<b>75,049</b>	<b>76,758</b>	<b>78,620</b>	<b>82,245</b>	<b>1,103.10</b>	<b>1,102.99</b>	<b>1,102.99</b>	<b>1,102.55</b>	<b>1,102.25</b>	<b>1,102.25</b>	<b>1,102.25</b>	<b>1,135.31</b>
Merton - General (excluding WPCC)	81,905	82,157	82,522	73,850	75,049	76,758	78,620	82,245	1,103.10	1,102.99	1,102.99	1,102.55	1,102.25	1,102.25	1,102.25	1,135.31
<b>Merton - COUNCIL TAX FUNDING REQUIREMENT</b>	<b>81,905</b>	<b>82,157</b>	<b>82,522</b>	<b>73,850</b>	<b>75,049</b>	<b>76,758</b>	<b>78,620</b>	<b>82,245</b>	<b>1,103.10</b>	<b>1,102.99</b>	<b>1,102.99</b>	<b>1,102.55</b>	<b>1,102.25</b>	<b>1,102.25</b>	<b>1,102.25</b>	<b>1,135.31</b>
Greater London Authority Precept																
Metropolitan Police Authority	16,657	16,879	17,467	14,753	14,903	14,939	14,750	14,933	224.34	227.95	233.46	220.25	218.88	214.52	206.79	206.13
Other Non-Police Services	6,347	6,098	5,481	5,543	5,455	5,604	4,937	5,353	85.48	81.87	73.26	82.75	80.12	80.48	69.21	73.89
<b>Greater London Authority Precept</b>	<b>23,004</b>	<b>23,077</b>	<b>22,948</b>	<b>20,295</b>	<b>20,358</b>	<b>20,543</b>	<b>19,686</b>	<b>20,285</b>	<b>309.82</b>	<b>309.82</b>	<b>306.72</b>	<b>303.00</b>	<b>299.00</b>	<b>295.00</b>	<b>276.00</b>	<b>280.02</b>
<b>TOTAL COUNCIL TAX REQUIREMENT</b>	<b>104,909</b>	<b>105,234</b>	<b>105,469</b>	<b>94,145</b>	<b>95,407</b>	<b>97,302</b>	<b>98,306</b>	<b>102,530</b>	<b>1,412.92</b>	<b>1,412.81</b>	<b>1,409.71</b>	<b>1,405.55</b>	<b>1,401.25</b>	<b>1,397.25</b>	<b>1,378.25</b>	<b>1,415.33</b>

<b>DRAFT MTFS 2017-21:</b>				
	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Departmental Base Budget 2016/17</b>	<b>139,982</b>	<b>139,982</b>	<b>139,982</b>	<b>139,982</b>
Inflation (Pay, Prices)	3,184	6,368	9,553	12,737
Autoenrolment/Nat. ins changes	857	1,172	1,172	1,172
FYE – Previous Years Savings	(9,429)	(15,173)	(15,173)	(15,173)
Amendments to previously agreed savings	541	244	(207)	(207)
Change in Net Appropriations to/(from) Reserves	(916)	(2,174)	(1,909)	(1,767)
Taxi card/Concessionary Fares	(249)	201	651	1,101
Change in depreciation/Impairment (Contra Other Corporate items)	4,681	4,681	4,681	4,681
Growth	11,927	12,901	10,395	10,895
Other	1,291	1,820	1,886	1,951
<b>Re-Priced Departmental Budget</b>	<b>151,869</b>	<b>150,023</b>	<b>151,030</b>	<b>155,371</b>
Treasury/Capital financing	12,229	10,917	12,290	12,917
Pensions	3,338	3,469	3,552	3,635
Other Corporate items	(18,185)	(17,826)	(18,168)	(18,152)
Levies	614	614	614	614
<b>Sub-total: Corporate provisions</b>	<b>(2,004)</b>	<b>(2,826)</b>	<b>(1,712)</b>	<b>(986)</b>
<b>Sub-total: Repriced Departmental Budget + Corporate Provisions</b>	<b>149,865</b>	<b>147,197</b>	<b>149,318</b>	<b>154,385</b>
Savings/Income Proposals 2017/18	(271)	(798)	(2,066)	(2,066)
<b>Sub-total</b>	<b>149,594</b>	<b>146,399</b>	<b>147,252</b>	<b>152,319</b>
Appropriation to/from departmental reserves	(1,085)	173	(92)	(234)
Appropriation to/from Balancing the Budget Reserve	(2,443)	(3,422)	0	0
<b>BUDGET REQUIREMENT</b>	<b>146,066</b>	<b>143,149</b>	<b>147,160</b>	<b>152,086</b>
<b>Funded by:</b>				
Revenue Support Grant	(15,520)	(10,071)	(5,076)	0
Business Rates (inc. Section 31 grant)	(36,519)	(36,304)	(37,176)	(37,725)
Adult Social Care Support Grant 2017/18	(751)	0	0	0
PFI Grant	(4,797)	(4,797)	(4,797)	(4,797)
New Homes Bonus	(4,150)	(3,110)	(2,984)	(2,000)
Council Tax inc. WPC	(82,563)	(85,382)	(87,420)	(89,477)
Collection Fund – (Surplus)/Deficit	(1,766)	0	0	0
<b>TOTAL FUNDING</b>	<b>(146,066)</b>	<b>(139,664)</b>	<b>(137,453)</b>	<b>(133,999)</b>
<b>GAP including Use of Reserves (Cumulative)</b>	<b>0</b>	<b>3,485</b>	<b>9,708</b>	<b>18,087</b>
Potential Loss of Better Care Funding	2,100	2,100		



APPENDIX 8

Reserves

Forecast Movement in Reserves 2016/17	Actual Bal at 31/3/16	Net Movt. in year	Bal. at 31/3/17	Net Movt. in year	Bal. at 31/3/18	Net Movt. in year	Bal. at 31/3/19	Net Movt. in year	Bal. at 31/3/20	Net Movt. in year	Bal. at 31/3/21
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund Reserve	15,151	(2,327)	12,824	0	12,824	0	12,824	0	12,824	0	12,824
Earmarked Reserves	28,741	(4,179)	24,562	(11,676)	12,886	(6,439)	6,447	(880)	5,567	(306)	5,261
Grants & Contributions	1,926	(1,334)	591	(369)	222	(19)	203	(19)	184	(19)	165
<b>Total Available Gen. Fund Rev. Reser</b>	<b>45,817</b>	<b>(7,840)</b>	<b>37,977</b>	<b>(12,045)</b>	<b>25,932</b>	<b>(6,458)</b>	<b>19,474</b>	<b>(899)</b>	<b>18,575</b>	<b>(325)</b>	<b>18,250</b>
Fixed to Contracts	1,954	0	1,954	0	1,954	0	1,954	0	1,954	0	1,954
<b>Total General Fund revenue reserves</b>	<b>47,771</b>	<b>(7,840)</b>	<b>39,931</b>	<b>(12,045)</b>	<b>27,886</b>	<b>(6,458)</b>	<b>21,428</b>	<b>(899)</b>	<b>20,529</b>	<b>(325)</b>	<b>20,204</b>
<b>Schools Balances &amp; Reserves</b>	<b>19,572</b>	<b>(866)</b>	<b>18,707</b>	<b>(116)</b>	<b>18,590</b>	<b>(227)</b>	<b>18,363</b>	<b>(492)</b>	<b>17,871</b>	<b>(634)</b>	<b>17,238</b>

Analysis	Actual Bal at 31/3/16 £'000	Net Movt. in year £'000	Bal. at 31/3/17 £'000	Net Movt. in year £'000	Bal. at 31/3/18 £'000	Net Movt. in year £'000	Bal. at 31/3/19 £'000	Net Movt. in year £'000	Bal. at 31/3/20 £'000	Net Movt. in year £'000	Bal. at 31/3/21 £'000
<b>Earmarked Reserves</b>											
Outstanding Council Programme Board	6,282	(2,606)	3,675	(1,214)	2,461	(384)	2,077	(201)	1,876	0	1,876
Savings Mitigation Fund	0	0	0	0	0	0	0	0	0	0	0
For use in future years for budget	5,865	0	5,865	(2,443)	3,422	(3,422)	0	0	0	0	0
Revenue Reserves for Capital / Revn.	7,747	(867)	6,880	(5,354)	1,526	(1,524)	2	(2)	0	0	0
Energy renewable reserve	1,523	0	1,523	(650)	873	(450)	423	(423)	0	0	0
Repairs & Renewal Fund	1,224	0	1,224	(500)	724	(224)	500	(224)	276	(276)	0
Pension Fund additional contribution	63	0	63	(63)	0	0	0	0	0	0	0
Local Land Charges Reserve	1,645	194	1,839	0	1,839	0	1,839	0	1,839	0	1,839
Apprenticeships	406	(75)	331	(210)	121	(121)	0	0	0	0	0
Community Care Reserve	1,385	0	1,385	0	1,385	0	1,385	0	1,385	0	1,385
Local Welfare Support Reserve	533	(200)	333	(200)	133	(133)	0	0	0	0	0
Economic Development Strategy	620	(619)	0	0	0	0	0	0	0	0	0
Wimbledon Tennis Courts Renewal	101	25	126	25	151	(151)	0	0	0	0	0
Governor Support Reserve	19	0	19	0	19	0	19	0	19	0	19
Corporate Services Reserves	290	(30)	260	(30)	230	(30)	200	(30)	170	(30)	140
New Homes Bonus Scheme	1,037	0	1,037	(1,037)	0	0	0	0	0	0	0
<b>Earmarked Reserves</b>	<b>28,741</b>	<b>(4,179)</b>	<b>24,562</b>	<b>(11,676)</b>	<b>12,886</b>	<b>(6,439)</b>	<b>6,447</b>	<b>(860)</b>	<b>5,567</b>	<b>(306)</b>	<b>5,261</b>
Adult Social care contributions	350	(350)	0	0	0	0	0	0	0	0	0
Culture and Environment contributions	134	(96)	38	(38)	0	0	0	0	0	0	0
Culture and Environment grant	413	(225)	188	(93)	95	(19)	76	(19)	57	(19)	38
Childrens & Education grant	371	(233)	138	(138)	0	0	0	0	0	0	0
Supporting People Grants	65	(65)	0	0	0	0	0	0	0	0	0
Housing Planning Development grant	101	(101)	0	0	0	0	0	0	0	0	0
Housing GF grants	106	0	106	0	106	0	106	0	106	0	106
Public Health	22	100	122	(100)	22	0	22	0	22	0	22
CSF Reserve	365	(365)	0	0	0	0	0	0	0	0	0
<b>Grants &amp; Contributions</b>	<b>1,926</b>	<b>(1,334)</b>	<b>591</b>	<b>(369)</b>	<b>222</b>	<b>(19)</b>	<b>203</b>	<b>(19)</b>	<b>184</b>	<b>(19)</b>	<b>165</b>
<b>Total</b>	<b>30,666</b>	<b>(5,513)</b>	<b>25,153</b>	<b>(12,045)</b>	<b>13,108</b>	<b>0</b>	<b>13,108</b>	<b>0</b>	<b>13,108</b>	<b>0</b>	<b>13,108</b>
Insurance Reserve	1,954	0	1,954	0	1,954	0	1,954	0	1,954	0	1,954
<b>Fixed to Contracts</b>	<b>1,954</b>	<b>0</b>	<b>1,954</b>	<b>0</b>	<b>1,954</b>	<b>0</b>	<b>1,954</b>	<b>0</b>	<b>1,954</b>	<b>0</b>	<b>1,954</b>
DSG Reserve	4,368	(1,092)	3,276	(537)	2,740	(500)	2,240	(500)	1,740	(500)	1,240
Refund of School PFI contributions	100	0	100	0	100	0	100	0	100	0	100
Schools own reserves	10,504	0	10,504	0	10,504	0	10,504	0	10,504	0	10,504
Schools PFI Fund	4,600	226	4,826	421	5,247	273	5,520	8	5,528	(134)	5,394
<b>Schools Reserves</b>	<b>19,572</b>	<b>(866)</b>	<b>18,707</b>	<b>(116)</b>	<b>18,590</b>	<b>(227)</b>	<b>18,363</b>	<b>(492)</b>	<b>17,871</b>	<b>(634)</b>	<b>17,238</b>

Forecast Movement in Reserves 2016/17	Actual Bal at 31/3/16	Net Movt. in year	Bal. at 31/3/17	Net Movt. in year	Bal. at 31/3/18	Net Movt. in year	Bal. at 31/3/19	Net Movt. in year	Bal. at 31/3/20	Net Movt. in year	Bal. at 31/3/21
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital Grants	1,143	(329)	814	(407)	407	(386)	21	(21)	0	0	0
Capital Contributions	3,011	3,509	6,520	0	6,520	0	6,520	0	6,520	0	6,520
Capital Receipts	29,582	(11,182)	18,400	(18,400)	0	0	0	0	0	0	0
<b>Capital Reserves</b>	<b>33,736</b>	<b>(8,002)</b>	<b>25,734</b>	<b>(18,807)</b>	<b>6,927</b>	<b>(386)</b>	<b>6,541</b>	<b>(21)</b>	<b>6,520</b>	<b>0</b>	<b>6,520</b>

# **Draft Departmental Budget Summaries 2017-18**

<b>SUMMARY</b>				
<b>FULL TIME EQUIVALENTS</b>		<b>2016/17</b>		<b>2017/18</b>
Total FTE Staff		2,128.5		1,726.2
<b>SERVICE AREA ANALYSIS</b>				
	<b>2016/17</b>		<b>Other</b>	<b>2017/18</b>
	<b>Estimate</b>	<b>Inflation</b>	<b>Variations</b>	<b>Estimate</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Corporate Services	11,359	458	(952)	10,865
Education Services	]			
Children's Services	] CSF	50,183	1,084	1,312
Environment and Regeneration	]			52,579
Adult Social Care	]			
Cultural Services	] C&H	21,230	708	1,246
Housing General Fund	]			23,184
Single Status	100	0	1	100
National insurances changes/autoenrolment	0	0	90	90
Pay Award	883	0	(883)	0
<b>TOTAL NET SERVICE EXPENDITURE</b>	<b>139,972</b>	<b>3,179</b>	<b>7,984</b>	<b>151,135</b>
<i>Corporate Provisions/Appropriations</i>	<b>7,625</b>	<b>0</b>	<b>(12,695)</b>	<b>(5,070)</b>
<b>NET EXPENDITURE</b>	<b>147,597</b>	<b>3,179</b>	<b>(4,711)</b>	<b>146,065</b>
<b>Funded by:</b>				
Revenue Support Grant	(23,156)	0	7,636	(15,520)
Business Rates	(35,052)	0	(1,466)	(36,518)
New Homes Bonus	(4,192)	0	42	(4,150)
Council Tax	(78,620)	0	(3,625)	(82,244)
WPCC Levy	(300)	0	(18)	(318)
Collection Fund	(1,479)	0	(287)	(1,766)
PFI Grant	(4,797)	0	0	(4,797)
Adult Social Care Support Grant 2017/18	0	0	(751)	(751)
	<b>(147,597)</b>	<b>0</b>	<b>1,532</b>	<b>(146,065)</b>
<b>NET</b>	<b>0</b>	<b>3,179</b>	<b>(3,179)</b>	<b>0</b>
NB				
<b>Public Health</b>	<b>416</b>	<b>0</b>	<b>(416)</b>	<b>0</b>
Appropriations to/from reserves	(416)		416	0
<b>Net Public Health</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Other Variations: Contingency/Other				
<b>Major Items: Corporate Provisions</b>		<b>£000</b>		<b>fte</b>
Corporate borrowing and Investment		(675)		0.0
Further provision for revaluation/RCCO		(1,109)		0.0
Pension Fund and Auto-enrolment		(1,057)		0.0
Contingency and centrally held provisions		(89)		0.0
Change in Grants		2		0.0
Appropriation to/from Reserves		(3,926)		0.0
Depreciation and impairment		(4,681)		0.0
Service Mitigation Fund - Appropriation to Reserve		(1,300)		0.0
Overheads - Charge to non-general fund		(133)		0.0
Transport - Additional provision		(39)		0.0
Merton Adult Education		(600)		0.0
Apprenticeship Levy		450		0.0
Balance Sheet Management CT & HB		(450)		0.0
LPFA - Provision for deficit contribution		86		0.0
Reduction in Education Services Grant		819		0.0
Change in Levies		5		0.0
<b>TOTAL</b>		<b>(12,695)</b>		<b>0</b>

## SUMMARY - SUBJECTIVE ANALYSIS

<b>FULL TIME EQUIVALENTS</b>		<b>2016/17</b>	<b>2017/18</b>	
Total FTE Staff		<b>2,128.5</b>	<b>1,726.2</b>	
<b>SUBJECTIVE ANALYSIS OF ESTIMATES</b>				
	<b>2016/17 Estimate £000</b>	<b>Inflation £000</b>	<b>Other Variations £000</b>	<b>2017/18 Estimate £000</b>
<b>Expenditure</b>				
Employees	91,524	995	(11,077)	81,442
Premises	8,376	99	(711)	7,765
Transport	14,569	122	(2,785)	11,906
Supplies and Services	164,376	875	3,078	168,328
Third Party Payments	81,400	1,081	16,663	99,145
Transfer Payments	104,112	6	(248)	103,870
Support Services	30,378	0	(2,169)	28,209
Depreciation and Impairment Losses	17,637	0	4,680	22,318
<b>GROSS EXPENDITURE</b>	<b>512,373</b>	<b>3,179</b>	<b>7,431</b>	<b>522,983</b>
<b>Income</b>				
Government Grants	(256,548)	0	(2,495)	(259,043)
Other Reimbursements and Contributions	(19,210)	0	(2,455)	(21,665)
Customer and Client Receipts	(65,432)	0	3,641	(61,791)
Interest	(46)	0	0	(46)
Recharges	(30,927)	0	2,161	(28,766)
Reserves	(238)	0	(299)	(537)
<b>GROSS INCOME</b>	<b>(372,401)</b>	<b>0</b>	<b>553</b>	<b>(371,848)</b>
<b>NET EXPENDITURE</b>	<b>139,972</b>	<b>3,179</b>	<b>7,984</b>	<b>151,134</b>
Corporate Provisions	7,625	0	(12,695)	(5,071)
<b>NET EXPENDITURE</b>	<b>147,596</b>	<b>3,179</b>	<b>(4,711)</b>	<b>146,065</b>
<b>Funded by:</b>				
Revenue Support Grant	(23,156)	0	7,636	(15,520)
Business Rates	(35,052)	0	(1,466)	(36,518)
New Homes Bonus	(4,192)	0	42	(4,150)
Council Tax	(78,620)	0	(3,625)	(82,244)
WPCC Levy	(300)	0	(18)	(318)
Collection Fund	(1,479)	0	(287)	(1,766)
PFI Grant	(4,797)	0	0	(4,797)
Adult Social Care Support Grant 2017/18	0	0	(751)	(751)
	<b>(147,597)</b>	<b>0</b>	<b>1,531</b>	<b>(146,065)</b>
<b>NET</b>	<b>0</b>	<b>3,179</b>	<b>(3,179)</b>	<b>0</b>
Other Variations: Contingency/Other				
<b>Major Items: Corporate Provisions</b>		<b>£000</b>	<b>fte</b>	
Corporate borrowing and Investment		(675)	0.0	
Further provision for revaluation/RCCO		(1,109)	0.0	
Pension Fund and Auto-enrolment		(1,057)	0.0	
Contingency and centrally held provisions		(89)	0.0	
Change in Grants		2	0.0	
Appropriation to/from Reserves		(3,926)	0.0	
Depreciation and impairment		(4,681)	0.0	
Service Mitigation Fund - Appropriation to Reserve		(1,300)	0.0	
Overheads - Charge to non-general fund		(133)	0.0	
Transport - Additional provision		(39)	0.0	
Contingency		(600)	0.0	
Apprenticeship Levy		450	0.0	
Balance Sheet Management CT & HB		(450)	0.0	
LPFA - Provision for deficit contribution		86	0.0	
Reduction in Education Services Grant		819	0.0	
Change in Levies		5	0.0	
<b>TOTAL</b>		<b>(12,695)</b>	<b>0</b>	

<b>CORPORATE ITEMS ANALYSIS</b>				
	<b>2016/17 Estimate £000</b>	<b>Inflation £000</b>	<b>Other Variations £000</b>	<b>2017/18 Estimate £000</b>
<b>Expenditure</b>				
Cost of Borrowing including Minimum Revenue Provision	13,643	0	(228)	13,415
Further provision for revaluisation/RCCO	1,134	0	(1,109)	25
Pension Fund	3,932	0	(1,057)	2,875
Pensions: Auto-enrolment	300	0	0	300
Centrally held provision for Utilities inflation	300	0	0	300
Adjustment re Income re P3/P4	400	0	0	400
Overheads - Charge to non-general fund	150	0	(133)	17
Provision for excess inflation	540	0	(89)	451
Bad Debt Provision	500	0	0	500
Redundancy/Pension Strain	1,000	0	0	1,000
Transport - Additional provision	130	0	(39)	91
Contingency	1,500	0	0	1,500
Apprenticeship Levy	0	0	450	450
Merton Adult Education	600	0	(600)	0
Loss of HB Admin. Grant	200	0	0	200
Change in Corporate Specific and Special Grants	204	0	2	206
Service Mitigation Fund - Appropriation to Reserve	1,300	0	(1,300)	0
LPFA - Provision for deficit contribution	0	0	86	86
Reduction in Education Services Grant	0	0	819	819
Levies:-				
Lee Valley	204		(14)	190
London Pensions Fund	262		(2)	260
Environment Agency	162		2	164
WPCC	300		18	318
<b>GROSS EXPENDITURE</b>	<b>26,760</b>	<b>0</b>	<b>(3,192)</b>	<b>23,568</b>
<b>Income</b>				
Investment Income	(739)		(447)	(1,186)
Depreciation & Impairment	(17,638)		(4,681)	(22,318)
Appropriations to/from reserves (excluding Public Health)	393		(3,926)	(3,533)
Balance Sheet Management CT & HB	0		(450)	(450)
CHAS - IP/Dividend	(1,152)		0	(1,152)
<b>GROSS INCOME</b>	<b>(19,136)</b>	<b>0</b>	<b>(9,503)</b>	<b>(28,639)</b>
<b>NET EXPENDITURE</b>	<b>7,625</b>	<b>0</b>	<b>(12,695)</b>	<b>(5,071)</b>





**2017/2018 ESTIMATES**

**CORPORATE SERVICES  
DEPARTMENT**

## SUMMARY: CORPORATE SERVICES DEPARTMENT

### FULL TIME EQUIVALENTS (FTE)

Number of Permanent Staff  
 Number of Fixed term contracts  
 Number of FTE Richmond TUPE staff  
 Total FTE

2016/17	2017/18
474.9	471.1
57.0	25.0
6.0	6.0
<b>537.9</b>	<b>502.1</b>

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2016/17 Estimate £000	Inflation £000	Other Variations £000	2017/18 Estimate £000
<b>Expenditure</b>				
Employees	23,768	188	(145)	23,811
Premises	2,823	44	(8)	2,859
Transport	137	2	9	148
Supplies and Services	10,565	195	592	11,353
Third Party Payments	1,873	29	(54)	1,848
Transfer Payments	93,710	0	(322)	93,388
Support Services	8,789	0	(304)	8,485
Depreciation and Impairment Losses	2,322	0	(182)	2,140
<b>GROSS EXPENDITURE</b>	<b>143,986</b>	<b>458</b>	<b>(412)</b>	<b>144,032</b>
<b>Income</b>				
Government Grants	(94,878)	0	0	(94,878)
Other Reimbursements and Contributions	(1,044)	0	(59)	(1,103)
Customer and Client Receipts	(11,181)	0	(2,163)	(13,344)
Interest	0	0	0	0
Recharges	(25,524)	0	1,682	(23,842)
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(132,628)</b>	<b>0</b>	<b>(539)</b>	<b>(133,167)</b>
<b>NET EXPENDITURE</b>	<b>11,359</b>	<b>458</b>	<b>(952)</b>	<b>10,865</b>

## SUMMARY: CORPORATE SERVICES DEPARTMENT

### FULL TIME EQUIVALENTS (FTE)

Number of Permanent Staff  
 Number of Fixed term contracts  
 Number of FTE Richmond TUPE staff  
 Total FTE

2016/17	2017/18
474.9	471.1
57.0	25.0
6.0	6.0
<b>537.9</b>	<b>502.1</b>

### SERVICE AREA ANALYSIS

	CHANGE BETWEEN YEARS			2017/18 Estimate £000
	2016/17 Original Estimate £000	Inflation £000	Other Variations £000	
Customer Services	2,483	76	45	2,604
Infrastructure & Transactions	317	127	(237)	207
Business Improvement	(0)	29	186	214
Corporate Governance	1,252	78	(81)	1,249
Resources	2,331	96	(387)	2,041
HR	1	31	(0)	32
Corporate Items	4,976	21	(479)	4,518
<b>TOTAL EXPENDITURE</b>	<b>11,359</b>	<b>458</b>	<b>(952)</b>	<b>10,865</b>
Contingency / Other	0	0	0	0
Capital Financing Adjustment	0	0	0	0
Levies	0	0	0	0
<b>NET EXPENDITURE</b>	<b>11,359</b>	<b>458</b>	<b>(952)</b>	<b>10,865</b>

## INFRASTRUCTURE & TRANSACTIONS

The Infrastructure & Transactions Division consists of Facilities Management, IT Service Delivery, Post & Print Room, Transactional services and Commercial Services which was transferred in from the Resources division.

### FULL TIME EQUIVALENTS (FTE)

**Number of Permanent Staff**

**Number of Fixed term contracts**

**Total FTE**

2016/17	2017/18
88.7	90.7
0.0	0.0
88.7	90.7

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2016/17 Original Estimate £000	Inflation £000	Other Variations £000	2017/18 Estimate £000
<b>Expenditure</b>				
Employees	3,738	41	335	4,113
Premises	2,673	41	(41)	2,674
Transport	29	0	1	30
Supplies and Services	2,547	40	68	2,655
Third Party Payments	317	4	(9)	312
Transfer Payments	9	0	0	9
Support Services	875	0	36	911
Depreciation and Impairment Losses	2,322	0	(182) 0	2,140
<b>GROSS EXPENDITURE</b>	<b>12,510</b>	<b>127</b>	<b>208</b>	<b>12,845</b>
<b>Income</b>				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	0	0	0	0
Customer and Client Receipts	(2,469)	0	(205)	(2,674)
Interest	0	0	0	0
Recharges	(9,724)	0	(240)	(9,964)
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(12,193)</b>	<b>0</b>	<b>(445)</b>	<b>(12,638)</b>
<b>NET EXPENDITURE</b>	<b>317</b>	<b>127</b>	<b>(237)</b>	<b>207</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(219)	(3.0)
Transfer between departments	300	5.0
Technical adjustments	68	
Depreciation adjustments	(182)	
Overheads adjustments	(204)	
Use of reserves		
<b>TOTAL</b>	<b>(237)</b>	<b>2.0</b>

## CUSTOMER SERVICES

The Customer Services Division consists of: Merton Link (including the Cash Office, Translation Services and Contact Centre), Support Team, Local Taxation (including Business Rates, Baliff Team and Recovery Team), Benefits Administration, Registrars, Debt Recovery, Corporate Communications, Web Team and Consultation & Community Engagement

### FULL TIME EQUIVALENTS (FTE)

**Number of Permanent Staff**

**Number of Fixed term contracts**

**Total FTE**

2016/17	2017/18
134.0	133.0
9.0	9.0
143.0	142.0

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2016/17 Original Estimate £000	Inflation £000	Other Variations £000	2017/18 Estimate £000
<b>Expenditure</b>				
Employees	5,173	51	(72)	5,152
Premises	29	0	0	29
Transport	70	1	9	80
Supplies and Services	1,089	17	(58)	1,048
Third Party Payments	425	6	0	431
Transfer Payments	0	0	0	0
Support Services	2,410	0	(67)	2,343
Depreciation and Impairment Losses	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>9,196</b>	<b>76</b>	<b>(189)</b>	<b>9,083</b>
<b>Income</b>				
Government Grants	(1,232)	0	0	(1,232)
Other Reimbursements and Contributions	(970)	0	0	(970)
Customer and Client Receipts	(2,228)	0	(80)	(2,308)
Interest	0	0	0	0
Recharges	(2,283)	0	314	(1,969)
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(6,713)</b>	<b>0</b>	<b>234</b>	<b>(6,479)</b>
<b>NET EXPENDITURE</b>	<b>2,483</b>	<b>76</b>	<b>45</b>	<b>2,604</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(232)	(1.0)
Transfer between departments		
Technical adjustments	125	
Depreciation adjustments		
Overhead adjustments	247	
Use of Reserves	(95)	
<b>TOTAL</b>	<b>45</b>	<b>(1.0)</b>

## CORPORATE GOVERNANCE

The Corporate Governance Division consists of the South London Legal Partnership including Wandsworth who joined the service in October 2016, Shared Internal Audit, Investigations, Democracy Services, Electoral Services and Information Governance.

### FULL TIME EQUIVALENTS (FTE)

**Number of Permanent Staff**

**Number of Fixed term contracts**

**Number of Richmond TUPE staff**

**Total FTE**

	2016/17	2017/18
Number of Permanent Staff	121.0	136.2
Number of Fixed term contracts	2.0	1.0
Number of Richmond TUPE staff	6.0	6.0
Total FTE	129.0	143.2

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2016/17 Original Estimate £000	Inflation £000	Other Variations £000	2017/18 Estimate £000
<b>Expenditure</b>				
Employees	5,781	14	1,542	7,337
Premises	6	0	0	6
Transport	33	0	2	35
Supplies and Services	1,494	57	57	1,608
Third Party Payments	493	7	(40)	461
Transfer Payments	0	0	0	0
Support Services	492	0	56	548
Depreciation and Impairment Losses	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>8,299</b>	<b>78</b>	<b>1,617</b>	<b>9,995</b>
<b>Income</b>				
Government Grants	0	0	0	0
Other Reimbursements and Contributions		0	0	0
Customer and Client Receipts	(5,075)	0	(1,887)	(6,962)
Interest	0	0	0	0
Recharges	(1,973)	0	189	(1,784)
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(7,048)</b>	<b>0</b>	<b>(1,698)</b>	<b>(8,746)</b>
<b>NET EXPENDITURE</b>	<b>1,252</b>	<b>78</b>	<b>(81)</b>	<b>1,249</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Previous years savings		
New savings	(303)	(1.6)
Transfer between departments		
Technical adjustments	(23)	15.8
Depreciation adjustments		
Overhead adjustments	245	
Use of Reserves		
<b>TOTAL</b>	<b>(81)</b>	<b>14.2</b>

## BUSINESS IMPROVEMENT

The Business Improvement Division consists of IT Business Systems, IT Business Process Re-engineering and Continuous Improvement

### FULL TIME EQUIVALENTS

**Number of Permanent Staff**  
**Number of Fixed term contracts**  
**Total FTE**

	2016/17	2017/18
Number of Permanent Staff	29.0	25.5
Number of Fixed term contracts	20.0	11.0
Total FTE	49.0	36.5

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2016/17 Original Estimate £000	Inflation £000	Other Variations £000	2017/18 Estimate £000
<b>Expenditure</b>				
Employees	2,363	14	(1,132)	1,244
Premises	0	0	0	0
Transport	3	0	0	3
Supplies and Services	1,011	15	667	1,693
Third Party Payments	0	0	0	0
Transfer Payments	0	0	0	0
Support Services	335	0	(32)	303
Depreciation and Impairment Losses	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>3,712</b>	<b>29</b>	<b>(497)</b>	<b>3,244</b>
<b>Income</b>				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	0	0	0	0
Customer and Client Receipts	(114)	0	0	(114)
Interest	0	0	0	0
Recharges	(3,599)	0	683	(2,916)
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(3,713)</b>	<b>0</b>	<b>683</b>	<b>(3,030)</b>
<b>NET EXPENDITURE</b>	<b>(0)</b>	<b>29</b>	<b>186</b>	<b>214</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(147)	(3.5)
Transfer between departments		
Technical adjustments	29	
Depreciation adjustments		
Overheads adjustments	651	
Use of reserves	(347)	(9.0)
<b>TOTAL</b>	<b>186</b>	<b>(12.5)</b>

## RESOURCES

The Resources Division consists of Policy & Strategy, Business Planning, Accountancy and Business Partners . Commercial Services was transferred to the Infrastructure and Transactions division. The Pensions service is managed by LB Wandsworth.

### FULL TIME EQUIVALENTS

**Number of Permanent Staff**  
**Number of Fixed term contracts**  
**Total FTE**

2016/17	2017/18
58.6	50.6
3.0	3.0
61.6	53.6

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2016/17 Original Estimate £000	Inflation £000	Other Variations £000	2017/18 Estimate £000
<b>Expenditure</b>				
Employees	3,645	34	(450)	3,229
Premises	100	1	2	103
Transport	2	0	(0)	2
Supplies and Services	3,906	59	(157)	3,807
Third Party Payments	171	3	(66)	108
Transfer Payments	0	0	0	0
Support Services	537	0	(71)	466
Depreciation and Impairment Losses	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>8,361</b>	<b>96</b>	<b>(743)</b>	<b>7,715</b>
<b>Income</b>				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	(54)	0	0	(54)
Customer and Client Receipts	(726)	0	0	(726)
Interest	0	0	0	0
Recharges	(5,250)	0	356	(4,894)
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(6,030)</b>	<b>0</b>	<b>356</b>	<b>(5,674)</b>
<b>NET EXPENDITURE</b>	<b>2,331</b>	<b>96</b>	<b>(387)</b>	<b>2,041</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(431)	(3.0)
Transfer between departments	(300)	(5.0)
Technical adjustments	111	
Depreciation adjustments		
Overhead adjustments	285	
Use of Reserves	(52)	
<b>TOTAL</b>	<b>(387)</b>	<b>(8.0)</b>



## HR

The HR division consists of: Strategic HR, Business Partnerships, Corporate Learning & Development, Diversity, iTrent Client team, Recruitment & Resourcing, Central Operations Team. The function also interfaces with Staff Side. The HR service previously shared with the LB of Sutton was brought back in house in May 2016.

### FULL TIME EQUIVALENTS (FTE)

Number of Permanent Staff  
Number of Fixed term contracts  
Number of FTE Sutton TUPE staff  
Total FTE

2016/17	2017/18
43.5	35.0
23.0	1.0
0.0	0.0
<b>66.5</b>	<b>36.0</b>

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2016/17 Original Estimate £000	Inflation £000	Other Variations £000	2017/18 Estimate £000
<b>Expenditure</b>				
Employees	2,372	23	(368)	2,027
Premises	15	1	31	47
Transport	(0)	0	(2)	(3)
Supplies and Services	207	3	15	226
Third Party Payments	224	4	61	290
Transfer Payments	0	0	0	0
Support Services	467		(69)	398
Depreciation and Impairment Losses	0			0
<b>GROSS EXPENDITURE</b>	<b>3,285</b>	<b>31</b>	<b>(331)</b>	<b>2,985</b>
<b>Income</b>				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	(20)	0	(59)	(79)
Customer and Client Receipts	(569)	0	9	(560)
Interest	0	0	0	0
Recharges	(2,695)	0	380	(2,315)
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(3,284)</b>	<b>0</b>	<b>331</b>	<b>(2,953)</b>
<b>NET EXPENDITURE</b>	<b>1</b>	<b>31</b>	<b>(0)</b>	<b>32</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(152)	(1.00)
Transfer between departments		
Technical adjustments	51	(7.5)
Depreciation adjustments		
Overheads adjustments	311	
Use of reserves	(210)	(22.0)
<b>TOTAL</b>	<b>(0)</b>	<b>(30.5)</b>

## CORPORATE ITEMS

Corporate Items is composed of Housing Benefit subsidy payments and entitlements, Agency contract, Coroners Court and Severance payments. The temporary accomodation budget was transferred to Community and Housing.

### FULL TIME EQUIVALENTS(FTE) Number of Permanent Staff

2016/17	2017/18
0	0

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2016/17 Original Estimate £000	Inflation £000	Other Variations £000	2017/18 Estimate £000
<b>Expenditure</b>				
Employees*	696	12	0	708
Premises	0	0	0	0
Transport	0	0	0	0
Supplies and Services	310	5	0	315
Third Party Payments	243	4	0	246
Transfer Payments	93,700	0	(322)	93,379
Support Services	3,673	0	(157)	3,516
Depreciation and Impairment Losses	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>98,623</b>	<b>21</b>	<b>(479)</b>	<b>98,165</b>
<b>Income</b>				
Government Grants	(93,647)	0	0	(93,647)
Other Reimbursements and Contributions	0	0	0	0
Customer and Client Receipts	0	0	0	0
Interest	0	0	0	0
Recharges	(0)	0	0	(0)
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(93,647)</b>	<b>0</b>	<b>0</b>	<b>(93,647)</b>
<b>NET EXPENDITURE</b>	<b>4,976</b>	<b>21</b>	<b>(479)</b>	<b>4,518</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings		
Transfer between departments	(322)	
Technical adjustments		
Overheads adjustments	(157)	
<b>TOTAL</b>	<b>(479)</b>	<b>0.0</b>

\* The employee budgets shown here relate to employee redundancy payments. There are no FTE's in Corporate Items



## **2017/2018 ESTIMATES**

# **CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT**

## CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

This Page contains the Budget for the whole Children, Schools and Families Department including funding provided directly to Merton's Schools

**FULL TIME EQUIVALENTS**

Number of Permanent Staff  
Number of DSG Staff  
Number of Fixed term contracts  
Total FTE

	2016/17	2017/18
Number of Permanent Staff	430.6	433.2
Number of DSG Staff	75.4	78.2
Number of Fixed term contracts	22.4	12.2
Total FTE	528.4	523.6

**SUBJECTIVE ANALYSIS OF ESTIMATES**

	2016/17 Estimate £000	Inflation £000	Other Variations £000	2017/18 Estimate £000	2017/18 DSG Estimate £000	2017/18 LA Estimate £000
<b>Expenditure</b>						
Employees	26,573	240	630	27,443	4,715	22,728
Premises	1,548	3	(318)	1,233	77	1,156
Transport	4,301	62	(6)	4,357	78	4,279
Supplies and Services	145,293	545	4,016	149,854	134,214	15,640
Third Party Payments	28,412	228	1,674	30,314	13,274	17,040
Transfer Payments	388	6	0	394	0	394
Support Services	4,837	0	229	5,066	233	4,833
Depreciation and Impairment Losses	5,311	0	611	5,922	0	5,922
<b>GROSS EXPENDITURE</b>	<b>216,663</b>	<b>1,084</b>	<b>6,836</b>	<b>224,583</b>	<b>152,591</b>	<b>71,992</b>
<b>Income</b>						
Government Grants	(157,209)	0	(5,489)	(162,698)	(150,275)	(12,423)
Other Reimbursements and Contributions	(6,139)	0	623	(5,516)	(1,464)	(4,052)
Customer and Client Receipts	(2,848)	0	(359)	(3,207)	(315)	(2,892)
Interest	(46)	0	0	(46)	0	(46)
Recharges	0	0	0	0	0	0
Reserves	(238)	0	(299)	(537)	202	0
<b>GROSS INCOME</b>	<b>(166,480)</b>	<b>0</b>	<b>(5,524)</b>	<b>(172,004)</b>	<b>(151,852)</b>	<b>(19,413)</b>
<b>NET EXPENDITURE</b>	<b>50,183</b>	<b>1,084</b>	<b>1,312</b>	<b>52,579</b>	<b>739</b>	<b>52,579</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(1,110)	(13.0)
Overhead adjustments	229	
Depreciation adjustments	612	
Technical adjustments	790	
Transfer between departments	29	
Growth	1,000	
Use of Reserves adjustment	(238)	
<b>TOTAL</b>	<b>1,312</b>	<b>(13.0)</b>

**SUMMARY: CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT**

SERVICE AREA ANALYSIS	2016/17		Other	2017/18	2017/18	2017/18
	Estimate £000	Inflation £000	Variations £000	Estimate £000	DSG Estimate £000	LA Estimate £000
Senior Management	1,524	6	(310)	1,220	0	1,220
Childrens Social Care	22,638	205	1,643	24,486	3,618	20,868
Education	39,520	196	4,089	43,805	28,353	15,452
Schools	(22,494)	0	(3,722)	(26,216)	(31,232)	5,755
Other Childrens, Schools and Families	8,995	677	(388)	9,284	0	9,284
<b>TOTAL NET EXPENDITURE</b>	<b>50,183</b>	<b>1,084</b>	<b>1,312</b>	<b>52,579</b>	<b>739</b>	<b>52,579</b>

## CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

## Senior Management

This budget contains provision for the Senior Management of Children, Schools and Families Department.

## FULL TIME EQUIVALENTS

Number of Permanent Staff  
Number of DSG Staff  
Number of Fixed term contracts  
Total FTE

2016/17	2017/18
4.0	3.0
0.0	0.0
0.0	0.0
4.0	3.0

## SUBJECTIVE ANALYSIS OF ESTIMATES

	2016/17 Estimate £000	Inflation £000	Other Variations £000	2017/18 Estimate £000	2017/18 DSG Estimate £000	2017/18 LA Estimate £000
<b>Expenditure</b>						
Employees	614	5	(112)	507	0	507
Premises	0	0	0	0	0	0
Transport	1	0	0	1	0	1
Supplies and Services	855	1	(192)	664	0	664
Third Party Payments	7	0	0	7	0	7
Transfer Payments	0	0	0	0	0	0
Support Services	47	0	(6)	41	0	41
Depreciation and Impairment Losses	0	0	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>1,524</b>	<b>6</b>	<b>(310)</b>	<b>1,220</b>	<b>0</b>	<b>1,220</b>
<b>Income</b>						
Government Grants	0	0	0	0	0	0
Other Reimbursements and Contributions	0	0	0	0	0	0
Customer and Client Receipts	0	0	0	0	0	0
Interest	0	0	0	0	0	0
Recharges	0	0	0	0	0	0
Reserves	0	0	0	0	0	0
<b>GROSS INCOME</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE</b>	<b>1,524</b>	<b>6</b>	<b>(310)</b>	<b>1,220</b>	<b>0</b>	<b>1,220</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Overhead adjustments	(34)	
Transfer between departments	0	
Savings	(117)	(1.0)
Technical adjustments	(159)	
<b>TOTAL</b>	<b>(310)</b>	<b>0.0</b>

## CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

## Children's Social Care

This budget contains the funding for central social work; family and adolescent service; Mash and child protection; permanency,

## FULL TIME EQUIVALENTS

Number of Permanent Staff  
Number of DSG Staff  
Number of Fixed term contracts  
Total FTE

2016/17	2017/18
188.5	196.0
2.0	2.0
18.2	12.2
208.7	210.2

## SUBJECTIVE ANALYSIS OF ESTIMATES

	2016/17 Estimate £000	Inflation £000	Other Variations £000	2017/18 Estimate £000	2017/18 DSG Estimate £000	2017/18 LA Estimate £000
<b>Expenditure</b>						
Employees	9,878	90	500	10,468	111	10,357
Premises	43	0	16	59	0	59
Transport	164	2	18	184	1	183
Supplies and Services	3,510	46	22	3,578	4	3,574
Third Party Payments	7,751	61	970	8,782	3,495	5,287
Transfer Payments	369	6	(1)	374	0	374
Support Services	2,086	0	15	2,101	7	2,094
Depreciation and Impairment Losses	0	0	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>23,801</b>	<b>205</b>	<b>1,540</b>	<b>25,546</b>	<b>3,618</b>	<b>21,928</b>
<b>Income</b>						
Government Grants	(806)	0	(19)	(825)	0	(825)
Other Reimbursements and Contributions	(236)	0	122	(114)	0	(114)
Customer and Client Receipts	(121)	0	0	(121)	0	(121)
Interest	0	0	0	0	0	0
Recharges	0	0	0	0	0	0
Reserves	0	0	0	0	0	0
<b>GROSS INCOME</b>	<b>(1,163)</b>	<b>0</b>	<b>103</b>	<b>(1,060)</b>	<b>0</b>	<b>(1,060)</b>
<b>NET EXPENDITURE</b>	<b>22,638</b>	<b>205</b>	<b>1,643</b>	<b>24,486</b>	<b>3,618</b>	<b>20,868</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(91)	(1.0)
Growth	1,000	
Overhead adjustments	15	
Depreciation adjustments	0	
Use of Reserves adjustment	(132)	
Technical adjustments	851	
<b>TOTAL</b>	<b>1,643</b>	<b>(1.0)</b>

## CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

## Education

To page contains the budgets for school improvement; early years and children's centres; education inclusion; as well as special

## FULL TIME EQUIVALENTS

Number of Permanent Staff  
Number of DSG Staff  
Number of Fixed term contracts  
Total FTE

2016/17	2017/18
219.5	215.6
73.4	76.2
4.2	0.0
297.1	291.7

## SUBJECTIVE ANALYSIS OF ESTIMATES

	2016/17 Estimate £000	Inflation £000	Other Variations £000	2017/18 Estimate £000	2017/18 DSG Estimate £000	2017/18 LA Estimate £000
<b>Expenditure</b>						
Employees	12,465	105	145	12,715	3,836	8,879
Premises	1,450	3	(332)	1,121	29	1,092
Transport	4,132	60	(24)	4,168	76	4,092
Supplies and Services	14,402	14	3,424	17,840	15,562	2,278
Third Party Payments	9,835	14	949	10,798	9,780	1,018
Transfer Payments	19	0	0	19	0	19
Support Services	2,498	0	170	2,668	227	2,441
Depreciation and Impairment Losses	176	0	(9)	167	0	167
<b>GROSS EXPENDITURE</b>	<b>44,977</b>	<b>196</b>	<b>4,323</b>	<b>49,496</b>	<b>29,510</b>	<b>19,986</b>
<b>Income</b>						
Government Grants	(150)	0	(82)	(232)	0	(232)
Other Reimbursements and Contributions	(2,397)	0	500	(1,897)	(305)	(1,592)
Customer and Client Receipts	(2,673)	0	(352)	(3,025)	(315)	(2,710)
Interest	0	0	0	0	0	0
Recharges	0	0	0	0	0	0
Reserves	(237)	0	(300)	(537)	(537)	0
<b>GROSS INCOME</b>	<b>(5,457)</b>	<b>0</b>	<b>(234)</b>	<b>(5,691)</b>	<b>(1,157)</b>	<b>(4,534)</b>
<b>NET EXPENDITURE</b>	<b>39,520</b>	<b>196</b>	<b>4,089</b>	<b>43,805</b>	<b>28,353</b>	<b>15,452</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(747)	(10.6)
Overhead adjustments	198	
Transfer between departments	29	
Use of Reserves adjustment	(284)	
Depreciation adjustments	(9)	
Technical adjustments	4,902	
<b>TOTAL</b>	<b>4,089</b>	<b>(10.6)</b>



## CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

### Schools

This budget covers schools funding as well as some centrally retained DSG money to support the schools function.

#### FULL TIME EQUIVALENTS

Number of Permanent Staff  
 Number of DSG Staff  
 Number of Fixed term contracts  
 Total FTE

2016/17	2017/18
0.0	0.0
0.0	0.0
0.0	0.0
0.0	0.0

#### SUBJECTIVE ANALYSIS OF ESTIMATES

	2016/17 Estimate £000	Inflation £000	Other Variations £000	2017/18 Estimate £000	2017/18 DSG Estimate £000	2017/18 LA Estimate £000
<b>Expenditure</b>						
Employees	674	0	94	768	768	0
Premises	48	0	0	48	48	0
Transport	0	0	0	0	0	0
Supplies and Services	126,138	0	1,039	127,177	118,647	8,530
Third Party Payments	0	0	0	0	0	0
Transfer Payments	0	0	0	0	0	0
Support Services	0	0	0	0	0	0
Depreciation and Impairment Losses	5,135	0	620	5,755	0	5,755
<b>GROSS EXPENDITURE</b>	<b>131,995</b>	<b>0</b>	<b>1,753</b>	<b>133,748</b>	<b>119,463</b>	<b>14,285</b>
<b>Income</b>						
Government Grants	(153,330)	0	(5,475)	(158,805)	(150,275)	(8,530)
Other Reimbursements and Contributions	(1,159)	0	0	(1,159)	(1,159)	0
Customer and Client Receipts	0	0	0	0	0	0
Interest	0	0	0	0	0	0
Recharges	0	0	0	0	0	0
Reserves	0	0	0	0	739	0
<b>GROSS INCOME</b>	<b>(154,489)</b>	<b>0</b>	<b>(5,475)</b>	<b>(159,964)</b>	<b>(150,695)</b>	<b>(8,530)</b>
<b>NET EXPENDITURE</b>	<b>(22,494)</b>	<b>0</b>	<b>(3,722)</b>	<b>(26,216)</b>	<b>(31,232)</b>	<b>5,755</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Depreciation adjustments	621	
Use of Reserves adjustment	372	
Technical adjustments	(4,715)	
<b>TOTAL</b>	<b>(3,722)</b>	<b>0.0</b>

## CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

## Other Children Schools and Families Budgets

This budget covers asylum seeker costs, past and present pension and redundancy costs, ESG income and PFI unitary charges.

## FULL TIME EQUIVALENTS

Number of Permanent Staff  
Number of DSG Staff  
Number of Fixed term contracts  
Total FTE

2016/17	2017/18
18.6	18.7
0.0	0.0
0.0	0.0
18.6	18.7

## SUBJECTIVE ANALYSIS OF ESTIMATES

	2016/17 Estimate £000	Inflation £000	Other Variations £000	2017/18 Estimate £000	2017/18 DSG Estimate £000	2017/18 LA Estimate £000
<b>Expenditure</b>						
Employees	2,942	40	4	2,986	0	2,986
Premises	7	0	(2)	5	0	5
Transport	4	0	0	4	0	4
Supplies and Services	388	484	(277)	595	0	595
Third Party Payments	10,819	153	(245)	10,727	0	10,727
Transfer Payments	0	0	0	0	0	0
Support Services	206	0	50	256	0	256
Depreciation and Impairment Losses	0	0	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>14,366</b>	<b>677</b>	<b>(470)</b>	<b>14,573</b>	<b>0</b>	<b>14,573</b>
<b>Income</b>						
Government Grants	(2,923)	0	88	(2,835)	0	(2,835)
Other Reimbursements and Contributions	(2,347)	0	0	(2,347)	0	(2,347)
Customer and Client Receipts	(55)	0	(6)	(61)	0	(61)
Interest	(46)	0	0	(46)	0	(46)
Recharges	0	0	0	0	0	0
Reserves	0	0	0	0	0	0
<b>GROSS INCOME</b>	<b>(5,371)</b>	<b>0</b>	<b>82</b>	<b>(5,289)</b>	<b>0</b>	<b>(5,289)</b>
<b>NET EXPENDITURE</b>	<b>8,995</b>	<b>677</b>	<b>(388)</b>	<b>9,284</b>	<b>0</b>	<b>9,284</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(155)	(0.4)
Overhead adjustments	50	
Use of Reserves adjustment	(194)	
Technical adjustments	(89)	
<b>TOTAL</b>	<b>(388)</b>	<b>0.0</b>



## **2017/2018 ESTIMATES**

# **ENVIRONMENT AND REGENERATION DEPARTMENT**

## SUMMARY: ENVIRONMENT & REGENERATION

### FULL TIME EQUIVALENTS (FTE)

Permanent Staff

Fixed Term Contract

**Total FTE**

2016/17	2017/18
620	308
9	5
<b>628</b>	<b>313</b>

### SERVICE AREA ANALYSIS

CHANGE BETWEEN YEARS			
2016/2017 Original Estimate £000	Inflation £000	Other Variations £000	2017/2018 Estimate £000
16,759	425	(2,683)	14,501
(9,346)	81	978	(8,287)
13,817	183	2,970	16,970
0	19	(19)	0
<b>21,230</b>	<b>708</b>	<b>1,246</b>	<b>23,184</b>

Street Scene and Waste

Public Protection and Development

Sustainable Communities

Senior Management and Support

**TOTAL EXPENDITURE**

## ENVIRONMENT AND REGENERATION DEPARTMENT

### Departmental Summary

#### FULL TIME EQUIVALENTS (FTE)

Permanent Staff

Fixed Term Contract

Total FTE

2016/17	2017/18
<b>619.6</b>	<b>308.0</b>
<b>8.6</b>	<b>4.6</b>
<b>628.2</b>	<b>312.6</b>

#### SUBJECTIVE ANALYSIS OF ESTIMATES

	2016/2017 Original Estimate £000	Inflation £000	Other Variations £000	2017/2018 Estimate £000
<b>Expenditure</b>				
Employees	23,153	369	(9,466)	14,056
Premises	3,034	37	(301)	2,770
Transport	8,690	37	(2,800)	5,927
Supplies and Services	3,385	58	(704)	2,739
Third Party Payments	9,899	207	7,375	17,481
Transfer Payments	2	0	0	2
Support Services	9,092	0	(1,446)	7,646
Depreciation and Impairment Losses	9,539	0	4,337	13,876
<b>GROSS EXPENDITURE</b>	<b>66,794</b>	<b>708</b>	<b>(3,005)</b>	<b>64,497</b>
<b>Income</b>				
Government Grants	(116)	0	40	(76)
Other Reimbursements and Contributions	(3,351)	0	(484)	(3,835)
Customer and Client Receipts	(39,653)	0	4,470	(35,183)
Recharges	(2,443)	0	225	(2,218)
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(45,563)</b>	<b>0</b>	<b>4,251</b>	<b>(41,312)</b>
<b>NET EXPENDITURE</b>	<b>21,230</b>	<b>708</b>	<b>1,246</b>	<b>23,184</b>

Other variations are analysed as follows:

Major Items	£000	fte
Savings	(3,426)	(310)
Growth	1,582	9
Depreciation adjustments	4,336	
Overheads adjustments	(1,221)	
Transfer between departments	(23)	
Technical adjustments	537	
Use of Reserves adjustments	(523)	(5)
<b>TOTAL</b>	<b>1,262</b>	<b>(306.3)</b>

NB: The financial information included above is the latest available but may change as the budget process develops and more up to date details become available.

## ENVIRONMENT AND REGENERATION DEPARTMENT

**Street Scene and Waste:** Transport Services, Waste Management and Operations.

### FULL TIME EQUIVALENTS (FTE)

Permanent Staff

Fixed Term Contract

Total FTE

2016/17	2017/18
302	71
0	0
302	71

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2016/2017 Original Estimate £000	Inflation £000	Other Variations £000	2017/2018 Estimate £000
<b>Expenditure</b>				
Employees	9,371	223	(6,920)	2,674
Premises	254	1	(59)	196
Transport	8,092	29	(2,520)	5,601
Supplies and Services	694	9	(339)	364
Third Party Payments	6,543	163	6,283	12,989
Transfer Payments	2	0	0	2
Support Services	2,932	0	(1,614)	1,318
Depreciation and Impairment Losses	1,104	0	(182)	922
<b>GROSS EXPENDITURE</b>	<b>28,992</b>	<b>425</b>	<b>(5,351)</b>	<b>24,066</b>
<b>Income</b>				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	(874)	0	(176)	(1,050)
Customer and Client Receipts	(11,359)	0	2,844	(8,515)
Recharges	0	0	0	0
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(12,233)</b>	<b>0</b>	<b>2,668</b>	<b>(9,565)</b>
<b>NET EXPENDITURE</b>	<b>16,759</b>	<b>425</b>	<b>(2,683)</b>	<b>14,501</b>

Other variations are analysed as follows:

Major Items	£000	fte
Savings	(1,763)	(223.2)
Growth	825	
Depreciation adjustments	(183)	
Overheads adjustments	(1,614)	
Transfer between departments	1	
Technical adjustments	51	
Use of reserves adjustments	0	
<b>TOTAL</b>	<b>(2,683)</b>	<b>(223.2)</b>

## ENVIRONMENT AND REGENERATION DEPARTMENT

**Public Protection:** Regulatory Services Partnership, Parking Control, Safer Merton.

### FULL TIME EQUIVALENTS (FTE)

Permanent Staff

Fixed Term Contract

Total FTE

2016/17	2017/18
142	131
0	0
142	131

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2016/2017 Original Estimate £000	Inflation £000	Other Variations £000	2017/2018 Estimate £000
<b>Expenditure</b>				
Employees	5,663	55	(268)	5,450
Premises	621	6	19	646
Transport	170	2	(41)	131
Supplies and Services	569	9	(29)	549
Third Party Payments	615	9	(89)	535
Transfer Payments	0	0	0	0
Support Services	1,779	0	496	2,275
Depreciation and Impairment Losses	132	0	(20)	112
<b>GROSS EXPENDITURE</b>	<b>9,549</b>	<b>81</b>	<b>68</b>	<b>9,698</b>
<b>Income</b>				
Government Grants	(108)	0	32	(76)
Other Reimbursements and Contributions	(1,168)	0	(82)	(1,250)
Customer and Client Receipts	(17,618)	0	960	(16,658)
Recharges	0	0		0
Reserves	0	0		0
<b>GROSS INCOME</b>	<b>(18,894)</b>	<b>0</b>	<b>910</b>	<b>(17,984)</b>
<b>NET EXPENDITURE</b>	<b>(9,346)</b>	<b>81</b>	<b>978</b>	<b>(8,287)</b>

Other variations are analysed as follows:

Major Items	£000	fte
Savings	171	(9.0)
Depreciation adjustments	(20)	
Overheads adjustments	496	
Technical adjustments	347	
Use of Reserves adjustments		
<b>TOTAL</b>	<b>994</b>	<b>(9.0)</b>

## ENVIRONMENT AND REGENERATION DEPARTMENT

**Sustainable Communities:** Traffic and Highway Services, Development Control, Building Control, Physical Regeneration, Spatial Planning and Policy, Regeneration Partnerships, Property Management, Greenspaces, Leisure and Culture Development, Transport Planning & Safety Education, Business Performance.

### FULL TIME EQUIVALENTS (FTE)

Permanent Staff  
Fixed Term Contract  
Total FTE

2016/17	2017/18
166	98
9	5
175	103

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2016/2017 Original Estimate £000	Inflation £000	Other Variations £000	2017/2018 Estimate £000
<b>Expenditure</b>				
Employees	7,366	75	(2,271)	5,170
Premises	2,158	30	(261)	1,927
Transport	420	6	(240)	186
Supplies and Services	1,918	37	(319)	1,636
Third Party Payments	2,741	35	1,175	3,951
Transfer Payments	0	0	0	0
Support Services	4,250	0	(363)	3,887
Depreciation and Impairment Losses	8,304	0	4,539	12,843
<b>GROSS EXPENDITURE</b>	<b>27,157</b>	<b>183</b>	<b>2,260</b>	<b>29,600</b>
<b>Income</b>				
Government Grants	(8)	0	8	(0)
Other Reimbursements and Contributions	(1,309)	0	(226)	(1,535)
Customer and Client Receipts	(10,675)	0	666	(10,009)
Recharges	(1,347)	0	262	(1,085)
Reserves	(0)	0	0	(0)
<b>GROSS INCOME</b>	<b>(13,340)</b>	<b>0</b>	<b>710</b>	<b>(12,630)</b>
<b>NET EXPENDITURE</b>	<b>13,817</b>	<b>183</b>	<b>2,970</b>	<b>16,970</b>

Other variations are analysed as follows:

Major Items	£000	fte
Savings	(1,805)	(77.0)
Growth	757	8.5
Depreciation adjustments	4,539	
Overheads adjustments	(101)	
Transfer between departments	(24)	
Technical adjustments	127	
Use of Reserves adjustments	(523)	-5.0
<b>TOTAL</b>	<b>2,970</b>	<b>(73.5)</b>



## ENVIRONMENT AND REGENERATION DEPARTMENT

**Senior Management and Support:** The Department's senior management and secretarial support.

### FULL TIME EQUIVALENTS (FTE)

**Permanent Staff**

**Fixed Term Contract**

**Total FTE**

2016/17	2017/18
<b>9</b>	<b>8</b>
<b>0</b>	<b>0</b>
<b>9</b>	<b>8</b>

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2016/2017 Original Estimate £000	Inflation £000	Other Variations £000	2017/2018 Estimate £000
<b>Expenditure</b>				
Employees	753	16	(7)	762
Premises	1	0	0	1
Transport	8	0	1	9
Supplies and Services	203	3	(17)	189
Third Party Payments	0	0	6	6
Transfer Payments	0	0	0	0
Support Services	131	0	35	166
Depreciation and Impairment Losses	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>1,096</b>	<b>19</b>	<b>18</b>	<b>1,133</b>
<b>Income</b>				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	0	0	0	0
Customer and Client Receipts	0	0	0	0
Recharges	(1,096)	0	(37)	(1,133)
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(1,096)</b>	<b>0</b>	<b>(37)</b>	<b>(1,133)</b>
<b>NET EXPENDITURE</b>	<b>0</b>	<b>19</b>	<b>(19)</b>	<b>0</b>

Other variations are analysed as follows:

Major Items	£000	fte
Savings	(29)	(0.6)
Overheads adjustments	(2)	
Technical adjustments	12	
Use of Reserves adjustments	0	
<b>TOTAL</b>	<b>(19)</b>	<b>(0.6)</b>



## **2017/2018 ESTIMATES**

# **COMMUNITY AND HOUSING DEPARTMENT**

**SUMMARY: COMMUNITY AND HOUSING**

	<b>2016/17</b>	<b>2017/18</b>
Number of FTE Staff	417.8	374.1
Number of FTE PCT TUPE staff	16.3	13.7
<b>Total FTE</b>	<b>434.1</b>	<b>387.8</b>

**SERVICE AREA ANALYSIS**

	<b>2016/17 Original Estimate £000</b>	<b>Inflation £000</b>	<b>Other Variations £000</b>	<b>2017/18 Estimate £000</b>
Adult Social Care	51,017	792	7,189	58,998
Libraries and Heritage	2,864	43	(244)	2,662
Merton Adult Education	(68)	21	76	29
Housing General Fund	2,010	51	163	2,224
Senior Management	396	22	(14)	404
<b>NET EXPENDITURE</b>	<b>56,219</b>	<b>929</b>	<b>7,170</b>	<b>64,318</b>

**COMMUNITY AND HOUSING DEPARTMENT**  
**Total**

The department includes Adult Social Care, Housing, Libraries and Merton Adult Education.

**FULL TIME EQUIVALENTS**

Number of FTE Staff

Number of FTE PCT TUPE staff

Total

	2016/17	2017/18
Number of FTE Staff	417.77	374.06
Number of FTE PCT TUPE staff	16.28	13.73
Total	434.05	387.79

**SUBJECTIVE ANALYSIS OF ESTIMATES****Expenditure**

Employees

Premises

Transport

Supplies and Services

Third Party Payments

Transfer Payments

Support Services

Depreciation and Impairment Losses

	2016/17 Original Estimate £000	Inflation £000	Other Variations £000	2017/18 Estimate £000
Employees	17,051	198	(1,304)	15,945
Premises	971	16	(84)	902
Transport	1,441	22	12	1,475
Supplies and Services	5,133	76	(827)	4,382
Third Party Payments	41,216	618	7,668	49,502
Transfer Payments	10,012	0	73	10,085
Support Services	7,660	0	(648)	7,012
Depreciation and Impairment Losses	465	0	(86)	379
<b>GROSS EXPENDITURE</b>	<b>83,949</b>	<b>929</b>	<b>4,805</b>	<b>89,683</b>
<b>Income</b>				
Government Grants	(4,345)	0	2,954	(1,391)
Other Reimbursements and Contributions	(8,675)	0	(2,536)	(11,211)
Customer and Client Receipts	(11,750)	0	1,693	(10,057)
Interest	0	0	0	0
Recharges	(2,960)	0	254	(2,706)
<b>GROSS INCOME</b>	<b>(27,730)</b>	<b>0</b>	<b>2,365</b>	<b>(25,365)</b>
<b>NET EXPENDITURE</b>	<b>56,219</b>	<b>929</b>	<b>7,170</b>	<b>64,318</b>

Other Variations are analysed as follows:

Major Items	£000	£000	fte
Current Year savings		(2,175)	
Salary Savings		(498)	(46.26)
Growth		9,345	
Overheads adjustments		(328)	
Depreciation adjustments		(86)	
Rebasing of Income		7	
Technical adjustments		251	
Transfers between departments		361	
Grants		89	
Other		204	
<b>TOTAL</b>		<b>0</b>	<b>(46.26)</b>

## COMMUNITY AND HOUSING DEPARTMENT

This area includes Older People, Mental Health, Learning Disability, Physical Disability and sensory Impaired clients. It also includes No Recourse to Public Fund, aids support and substance misuse clients, concessionary fares and clients receiving other services.

FULL TIME EQUIVALENTS	2016/17	2017/18
Number of FTE Staff	316.98	308.77
Number of FTE PCT TUPE staff	16.28	13.73
<b>Total</b>	<b>333.26</b>	<b>322.50</b>

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2016/17 Original Estimate £000	Inflation £000	Other Variations £000	2017/18 Estimate £000
<b>Expenditure</b>				
Employees	12,948	112	260	13,320
Premises	363	5	(7)	361
Transport	1,406	21	15	1,442
Supplies and Services	3,976	59	(544)	3,491
Third Party Payments	38,927	595	6,775	46,297
Transfer Payments	9,763	0	(249)	9,514
Support Services	6,466	0	(494)	5,972
Depreciation and Impairment Losses	76	0	2	78
<b>GROSS EXPENDITURE</b>	<b>73,925</b>	<b>792</b>	<b>5,758</b>	<b>80,475</b>
<b>Income</b>				
Government Grants	(882)	0	865	(17)
Other Reimbursements and Contributions	(8,613)	0	(578)	(9,191)
Customer and Client Receipts	(10,453)	0	890	(9,563)
Interest	0	0	0	0
Recharges	(2,960)	0	254	(2,706)
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(22,908)</b>	<b>0</b>	<b>1,431</b>	<b>(21,477)</b>
<b>NET EXPENDITURE</b>	<b>51,017</b>	<b>792</b>	<b>7,189</b>	<b>58,998</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(2,248)	(10.76)
Growth	9,345	
Overheads adjustments	(240)	
Depreciation adjustments	2	
Rebasing of Income	0	
Technical adjustments	112	
Transfers between departments	14	
Grants	0	
Other	204	
<b>TOTAL</b>	<b>7,189</b>	<b>(10.76)</b>

## COMMUNITY AND HOUSING DEPARTMENT Library & Heritage Services

Services are provided through three main town centre libraries, Mitcham, Morden, Wimbledon and four neighbourhood libraries, Donald Hope, Pollards Hill, Raynes Park and West Barnes. Additional services available are home visits and school services. Also available is the Heritage Service located at Morden Library.

### FULL TIME EQUIVALENTS

Number of FTE Staff

Number of FTE PCT TUPE staff

Total

2016/17	2017/18
43.71	33.30
0.00	0.00
43.71	33.30

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2015/16 Original Estimate £000	Inflation £000	Other Variations £000	2016/17 Estimate £000
<b>Expenditure</b>				
Employees	1,348	29	(301)	1,076
Premises	403	8	74	485
Transport	4	0	(0)	4
Supplies and Services	449	5	(55)	399
Third Party Payments	27	1	(10)	18
Transfer Payments	0	0	0	0
Support Services	688	0	0	688
Depreciation and Impairment Losses	303	0	(2)	301
<b>GROSS EXPENDITURE</b>	<b>3,222</b>	<b>43</b>	<b>(293)</b>	<b>2,971</b>
<b>Income</b>				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	(42)	0	42	0
Customer and Client Receipts	(316)	0	7	(309)
Interest	0	0	0	0
Recharges	0	0	0	0
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(358)</b>	<b>0</b>	<b>49</b>	<b>(309)</b>
<b>NET EXPENDITURE</b>	<b>2,864</b>	<b>43</b>	<b>(244)</b>	<b>2,662</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Current Year savings	(253)	(10.41)
Previous years savings	0	
Previous years growth	0	
Overheads adjustments	0	
Depreciation adjustments	(2)	
Rebasing of Income	0	
Technical adjustments	(14)	
Transfers between departments	25	
Grants	0	
Other	0	
<b>TOTAL</b>	<b>(244)</b>	<b>(10.41)</b>

## COMMUNITY AND HOUSING DEPARTMENT Adult Education

Cabinet have approved decision to move the Adult Education model to a Commissioning model. This has become effective as of September 2016. Service Providers are South Thames College and Groundwork London

### FULL TIME EQUIVALENTS

	2016/17	2017/18
Number of FTE Staff	28.26	4.66
Number of FTE PCT TUPE staff	0.00	0.00
Total	28.26	4.66

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2016/17 Original Estimate £000	Inflation £000	Other Variations £000	2017/18 Current Estimate £000
<b>Expenditure</b>				
Employees	1,412	14	(1,120)	306
Premises	166	2	(151)	17
Transport	3	0	(3)	0
Supplies and Services	352	5	(189)	168
Third Party Payments	0	0	891	891
Transfer Payments	0	0	0	0
Support Services	179	0	(151)	28
Depreciation and Impairment Losses	86	0	(86)	0
<b>GROSS EXPENDITURE</b>	<b>2,198</b>	<b>21</b>	<b>(809)</b>	<b>1,410</b>
<b>Income</b>				
Government Grants	(1,463)	0	89	(1,374)
Other Reimbursements and Contributions	0	0	0	0
Customer and Client Receipts	(803)	0	796	(7)
Interest	0	0	0	0
Recharges	0	0	0	0
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(2,266)</b>	<b>0</b>	<b>885</b>	<b>(1,381)</b>
<b>NET EXPENDITURE</b>	<b>(68)</b>	<b>21</b>	<b>76</b>	<b>29</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	0	
Salaries	(1,120)	(23.60)
Overheads adjustments	(151)	
Depreciation adjustments	(86)	
Rebasing of Income	0	
Technical adjustments	613	
Transfers between departments	0	
Grants	89	
Customer receipts	796	
Use of Reserves Adjustment	0	
<b>TOTAL</b>	<b>141</b>	<b>(23.60)</b>

## COMMUNITY AND HOUSING DEPARTMENT

### Housing

#### Housing Needs and Enabling Service

FULL TIME EQUIVALENTS	2016/17	2017/18
Number of FTE Staff	26.82	25.33
Number of FTE PCT TUPE staff	0.00	0.00
<b>Total</b>	<b>26.82</b>	<b>25.33</b>

SUBJECTIVE ANALYSIS OF ESTIMATES	2016/17 Original Estimate £000	Inflation £000	Other Variations £000	2017/18 Estimate £000
<b>Expenditure</b>				
Employees	1,119	24	(129)	1,014
Premises	39	1	(1)	39
Transport	28	1	0	29
Supplies and Services	219	4	(37)	186
Third Party Payments	2,262	22	12	2,296
Transfer Payments	249	0	322	571
Support Services	292	0	(5)	287
Depreciation and Impairment Losses	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>4,208</b>	<b>51</b>	<b>163</b>	<b>4,422</b>
<b>Income</b>				
Government Grants	(2,000)	0	2,000	0
Other Reimbursements and Contributions	(20)	0	(2,000)	(2,020)
Customer and Client Receipts	(178)	0	0	(178)
Interest	0	0	0	0
Recharges	0	0	0	0
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(2,198)</b>	<b>0</b>	<b>0</b>	<b>(2,198)</b>
<b>NET EXPENDITURE</b>	<b>2,010</b>	<b>51</b>	<b>163</b>	<b>2,224</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Current Year savings	(172)	(1.49)
Previous years savings	0	
Growth	0	
Overheads adjustments	(5)	
Depreciation adjustments	0	
Rebasing of Income	0	
Technical adjustments	18	
Income Adjustment	0	
Transfers between departments	322	
Grants	0	
Other	0	
<b>TOTAL</b>	<b>163</b>	<b>(1.49)</b>



**COMMUNITY AND HOUSING DEPARTMENT**  
**Adult Social Care**

**Senior Management - Director & PA Only( W0AA01)**

<b>FULL TIME EQUIVALENTS</b>	<b>2016/17</b>	<b>2017/18</b>
Number of FTE Staff	2.00	2.00
Number of FTE PCT TUPE staff	0.00	0.00
<b>Total</b>	<b>2.00</b>	<b>2.00</b>

<b>SUBJECTIVE ANALYSIS OF ESTIMATES</b>	<b>2016/17 Original Estimate £000</b>	<b>Inflation £000</b>	<b>Other Variations £000</b>	<b>2017/18 Estimate £000</b>
<b>Expenditure</b>				
Employees	224	19	(15)	228
Premises	0	0	0	0
Transport	0	0	0	0
Supplies and Services	137	3	(1)	139
Third Party Payments	0	0	0	0
Transfer Payments	0	0	0	0
Support Services	35	0	3	38
Depreciation and Impairment Losses	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>396</b>	<b>22</b>	<b>(14)</b>	<b>404</b>
<b>Income</b>				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	0	0	0	0
Customer and Client Receipts	0	0	0	0
Interest	0	0	0	0
Recharges	0	0	0	0
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE</b>	<b>396</b>	<b>22</b>	<b>(14)</b>	<b>404</b>

Other Variations are analysed as follows:

<b>Major Items</b>	<b>£000</b>	<b>fte</b>
Current Year savings	0	
Previous years savings	0	
Growth	0	
Overheads adjustments	3	
Depreciation adjustments	0	
Rebasing of Income	0	
Technical adjustments	(17)	
Transfers between departments	0	
Grants	0	
Other	0	
<b>TOTAL</b>	<b>(14)</b>	<b>0.00</b>

NB: The financial information included above is the latest available but may change as the budget process develops and more up to date details become available.

**COMMUNITY AND HOUSING DEPARTMENT**  
**Public Health**

Public Health services comprise • Mandatory Services : Sexual health, NHS health checks, National Child Measurement Programme, Support to Clinical Commissioning groups, and assurance of health emergency preparedness. • Universal Services : Smoking cessation, Drugs and alcohol, Obesity and Health Visiting Services.

<b>FULL TIME EQUIVALENTS</b>	<b>2016/17</b>	<b>17/18</b>
Number of FTE Staff	11.33	11.96
Number of FTE PCT TUPE staff	4.60	4.60
<b>Total</b>	<b>15.93</b>	<b>16.56</b>

<b>SUBJECTIVE ANALYSIS OF ESTIMATES</b>	<b>2016/17 Original Estimate £000</b>	<b>Inflation £000</b>	<b>Other Variations £000</b>	<b>2017/18 Estimate £000</b>
<b>Expenditure</b>				
Employees	1,090	0	27	1,117
Premises	2	0	0	2
Transport	2	0	0	2
Supplies and Services	3,750	0	(274)	3,476
Third Party Payments	6,886	0	(686)	6,200
Transfer Payments	0	0	0	0
Support Services	167	0	(16)	151
Depreciation and Impairment Losses	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>11,897</b>	<b>0</b>	<b>(949)</b>	<b>10,948</b>
<b>Income</b>				
Government Grants	(11,181)	0	454	(10,727)
Other Reimbursements and Contributions	(300)	0	79	(221)
Customer and Client Receipts	0	0	0	0
Interest	0	0	0	0
Recharges	0	0	0	0
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(11,481)</b>	<b>0</b>	<b>533</b>	<b>(10,948)</b>
<b>NET EXPENDITURE</b>	<b>416</b>	<b>0</b>	<b>(416)</b>	<b>0</b>

Other Variations are analysed as follows:

<b>Major Items</b>	<b>£000</b>	<b>fte</b>
Current Year savings	0	
Previous years savings	0	
Growth	0	
Salaries	27	0.63
Depreciation adjustments	0	
Overheads	(16)	
Rebasing of Income	0	
Technical adjustments	(960)	
Transfers between departments	0	
Grants reduction	454	
Other Income	79	
Use of Reserves Adjustment	0	
<b>TOTAL</b>	<b>(416)</b>	<b>0.63</b>

## Standard Subjective Analysis – The Key

The CIPFA Service Reporting Code of Practice (SeRCOP) replaced the previous Best Value Accounting Code of Practice (BVACOP). SeRCOP applies to all local authority services throughout the United Kingdom from 1 April 2017 for the preparation of 2017/18 Budgets, Performance Indicators and Statements of Accounts.

The *Service Reporting Code of Practice* (SeRCOP) sets out guidelines for financial reporting, supplementing the principles and practice set out in the *Code of Practice on Local Authority Accounting in the United Kingdom*. It establishes proper practice with regard to consistent financial reporting below the statement of accounts level. It is prepared under International Financial Reporting Standards (IFRS) in accordance with the *Code of Practice on Local Authority Accounting*.

The aim is to ensure that there is consistent reporting of service costs and income across different service areas, thus building the framework for the production of comparative performance indicators. The code is revised annually to reflect changing circumstances across local authority services and changes in accounting standards.

The SeRCOP provides guidance in following areas:

- the definition of total cost
- service expenditure analysis – this provides service classifications and defines the mandatory divisions of service to which costs must be aggregated
- the recommended standard subjective analysis.

The **Recommended Standard Subjective Analysis** provides an analysis that is consistent with the subjective analysis required by government returns such as the Whole of Government Accounts.

**Subjective Analysis 2016-17 and 2017-18 Final (Source: Cipfa SeRCOP)****Groups            Sub-groups****Employees**

This group includes the cost of employee expenses, both direct and indirect, to the authority.

## Direct employee expenses and benefits

- Salaries
- Employer's National Insurance contributions
- Employer's retirement benefit costs:
  - current service costs
  - past service costs
  - settlements
- Agency staff
- Employee allowances (not including travel and subsistence)

## Indirect employee expenses

- Relocation
- Interview
- Training
- Advertising
- Severance payments
- Employee-related schemes (eg welfare schemes, discount schemes)

- Contributions to employee-related provisions
- Debits relating from soft loans - employees
- Employee expenses and benefits - Schools

**Premises-related expenditure**

This group includes expenses directly related to the running of premises and land.

- Repairs, alterations and maintenance of buildings
- Energy costs
- CRC allowances
- Rents
- Rates
- Water services
- Fixtures and fittings
- Apportionment of expenses of operational buildings
- Cleaning and domestic supplies
- Grounds maintenance costs
- Premises insurance
- Contributions to premises-related provisions

**Transport-related expenditure**

This group includes all costs associated with the provision, hire or use of transport, including travelling allowances and home to school transport.

## Direct transport costs

- Repairs and maintenance, running costs and contributions to provisions in respect of vehicles, for example.
- Repairs and maintenance of (for example) roads are not included in this heading, but should be included in the relevant subjective headings (such as staff costs, supplies and services, etc).
- This could include the write-off in the year of any assets not deemed material by the authority's capital accounting policies (i.e. below de minimis thresholds set).

## Recharges

Contract hire and operating leases

Public transport

Transport insurance

Car allowances

Contributions to transport-related provisions

**Supplies and services**

This group includes all direct supplies and service expenses to the authority.

## Equipment, furniture and materials

- All items used in the operation or administration of the service, unless specifically contained in another sub-group (e.g. communications and computing). This could include the write-off in the year of any assets not deemed material by the authority's capital accounting policies (i.e. below de minimis thresholds set).

Catering

Clothes, uniform and laundry

Printing, stationery and general office expenses

Services

Communications and computing

Members' allowances

Expenses

Grants and subscriptions

Private Finance Initiative and Public Private Partnership schemes

Contributions to provisions

Miscellaneous expenses

**Third party payments**

A third party payment is a payment to an external provider or an internal service delivery unit defined as a trading operation – categories (a) to (d) in paragraph 2.30 of SeRCOP – which is operating independently, in return for the provision of a service or a subdivision of service as defined by Section 3 of SeRCOP.

- Independent units within the council; include services defined as category (a) to (d) in paragraph 2.30 of SeRCOP
- Joint authorities
- Other local authorities
- Health authorities
- Government departments
- Voluntary associations
- Other establishments
- Private contractors
- Other agencies
- Transport operators (in respect of concessionary fares)
- Debits relating from soft loans - third party payments

**Transfer payments**

This includes the cost of payments to individuals for which no goods or services are received in return by the local authority. Four sub-groups are suggested; however, this list is not exhaustive.

- Schoolchildren and students
- Adult Social Services clients
- Housing benefits
- Debits relating from soft loans - transfer payments

**Support services**

Charges for services that support the provision of services to the public. The charges should be apportioned or allocated to the service divisions which they support on the basis of the seven principles of apportionment specified in Section 2 of SeRCOP.

- Finance
- IT
- Human Resources
- Property Management/Office Accommodation
- Legal Services
- Procurement Services
- Corporate Services
- Transport Functions

**Depreciation and impairment losses**

This provides the subjective analysis that will record the revenue impact of capital items in the service revenue accounts of the authority.

- Depreciation
- Revaluation losses
- Loss on impairment of assets

Amortisation of intangible fixed assets  
 Movement in fair value of investment property

### **Income**

This group includes all income received by the service from external users or by way of charges. This group also includes recharges to internal users

Government grants

- Specific and special government grants.

Other grants reimbursements and contributions

- Revenue income received to finance a function/project jointly or severally undertaken with other bodies.
- Contributions from other local authorities.
- Value of costs recharged to outside bodies including other committees.

Customer and client receipts

- Sales of products or materials, data technology or surplus products.
- Fees and charges for services, use of facilities, admissions and lettings.
- Rents, tithes, acknowledgements, way leaves and other land and property-based charges of a non-casual user.

Interest

Recharges

- Value of costs recharged to internal users.

Credits resulting from soft loans

- All credits resulting from soft loans should be included in this subjective group (as a corporate entry).

### **Capital financing costs**

This group includes the corporate capital financing costs of the authority.

Interest payments

- Interest payments will include the interest element of payments made under on Balance Sheet PFI/PPP schemes

Debt management expenses

## Risk Analysis for General Fund

- 1 The Council's draft budget for 2017/18, has been analysed to identify key areas of risk. Costs that are regarded as fixed have been disregarded along with Schools' budgets.

	£m
<b>Expenditure</b>	
Employees	81.4
Premises Related Expenditure	7.8
Transport Related Expenditure	11.9
Supplies and Services	34.1
Third Party Payments	99.1
Transfer Payments	103.9
Support Services	28.2
Depreciation and Impairment Costs	22.3
Cost of Borrowing	13.2
Pension Fund	2.8
Contingency	1.5
Corporate Provisions	2.6
<b>Incomes</b>	
Government Grants	108.7
Other Grants, Reimbursements and Contributions	21.7
Customer and Client Receipts	61.8
Interest	0.1
Recharges	28.8
Reserves	0.5
Asset Rentals: Depreciation & Impairment	22.3
<b>Overall Total</b>	<b>652.7</b>

2. In addition the savings proposals for 2017-21 have been assessed in terms of deliverable risk. The level of deliverable risk is:

Risk Rating	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	Total 2017-21 £000
Low	2,937	1,488	0	0	4,425
Medium	5,581	1,181	501	0	7,263
High	1,440	3,602	767	0	5,809
<b>Total</b>	<b>9,958</b>	<b>6,271</b>	<b>1,268</b>	<b>0</b>	<b>17,497</b>

3. Using the data available the levels of risk for the key areas have been assessed as shown in the following table:



	£m	Min %	Mid %	Max %
<b>Expenditure</b>				
Employees	81.4	0.25	0.50	0.75
Premises Related Expenditure	7.8	1.50	2.50	3.50
Transport Related Expenditure	11.9	2.00	3.00	4.00
Supplies and Services	34.1	1.50	2.50	3.50
Third Party Payments	99.1	3.50	5.50	7.50
Transfer Payments	103.9	3.00	4.00	5.00
<b>Incomes</b>				
Government Grants	108.7	1.00	2.00	3.00
Other Grants, Reimbursements and Contributions	21.7	1.00	2.00	3.00
Customer and Client Receipts	61.8	1.50	2.50	3.50
<b>Savings</b>				
Low Deliverability Risk	4.4	1.50		
Medium Deliverability Risk	7.3		3.00	
High Deliverability Risk	5.8			7.50
Safety Net Threshold	2.3	100.00	100.00	100.00

4. Applying the risk levels in the table above produces the following level of addressed risk:

	£m	Min £m	Mid £m	Max £m
<b>Employees exc. DSG</b>	81.4	0.20	0.41	0.61
Premises Related Expenditure	7.8	0.12	0.20	0.27
Transport Related Expenditure	11.9	0.24	0.36	0.48
Supplies and Services exc. DSG	34.1	0.51	0.85	1.19
Third Party Payments	99.1	3.47	5.45	7.43
Transfer Payments	103.9	3.12	4.16	5.20
<b>Incomes</b>				
Government Grants	108.7	1.09	2.17	3.26
Other Grants, Reimbursements and Contributions	21.7	0.22	0.43	0.65
Customer and Client Receipts	61.8	0.93	1.55	2.16
<b>Savings</b>				
Low Deliverability Risk	4.4	0.07		
Medium Deliverability Risk	7.3		0.22	
High Deliverability Risk	5.8			0.44
Safety Net Threshold	2.3	2.30	2.30	2.30
Total		12.27	18.10	23.99

DEPARTMENT: CORPORATE SERVICES SAVINGS - BUDGET PROCESS 2017/18

Panel	Ref	Description of Saving	Baseline Budget 16/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)	
OSC	CS2016 -01	<b>Service/Section</b>	Insurance							
		<b>Description</b>	Reduction in contribution to self insurance fund.							
		<b>Service Implication</b>	Reduction in fund limit recommended by the authority's actuaries.	870			100	L	L	SNS2
		<b>Staffing Implications</b>	None		100		-£100			
		<b>Business Plan implications</b>	None							
		<b>Impact on other departments</b>	None							
		<b>Equalities Implications</b>	None							
		<b>TOM Implications</b>	None							
OSG	CS2016 -03	<b>Service/Section</b>	Revenues and Benefits							
		<b>Service/Section</b>	Democracy Services							
		<b>Description</b>	Supplies and services							
		<b>Service Implication</b>	Proposed reduction in supplies and services budget, partly due to lower petrol and service costs following purchase of hybrid mayoral car and a reduction in printing costs for committee agendas..				50	L	L	SNS1
		<b>Staffing Implications</b>	None		50		-£50			
		<b>Business Plan implications</b>	Saving is consistent with business plan objectives to reduce number of supplementary agendas and reduce printing costs							
		<b>Impact on other departments</b>	None							
		<b>Equalities Implications</b>	None							
		<b>TOM Implications</b>	Consistent with shift away from print towards on-line publication							

## DEPARTMENT: CORPORATE SERVICES SAVINGS - BUDGET PROCESS 2017/18

Panel	Ref	Description of Saving	Baseline Budget 16/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)	
OSC	CS2016 -04	<b>Service/Section</b> Customers Services								
		<b>Description</b> Increase income through Registrars service	-88	15		15	M	L	SI2	
		<b>Service Implication</b> Promotions to expand take up and introduction of new Home Office services								
		<b>Staffing Implications</b> None								
		<b>Business Plan implications</b> In line with business plan								
		<b>Impact on other departments</b> No impact								
		<b>Equalities Implications</b> No impact								
<b>TOM Implications</b> In line with TOM										
OSC	CS2016 -06	<b>Service/Section</b> Customers Services	613							
		<b>Description</b> Merton Link - efficiency savings				30	M	M	SNS1	
		<b>Service Implication</b> Efficiencies to reduce cost of service associated with expansion of service and introduction of new technology			30					
		<b>Staffing Implications</b> None								
		<b>Business Plan implications</b> In line with business plan								
		<b>Impact on other departments</b> None								
		<b>Equalities Implications</b> None								
<b>TOM Implications</b> In line with TOM										

DEPARTMENT: CORPORATE SERVICES SAVINGS - BUDGET PROCESS 2017/18

Panel	Ref	Description of Saving	Baseline Budget 16/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
OSC	CS2016 -08	<p><b>Infrastructure &amp; Transactions/Facilities Management</b></p> <p><b>Description</b> Potential income derived from letting two floors of vacant office space within the Civic centre to external/partner organisations.</p> <p><b>Service Implication</b> None as the arrangements will be supported using existing resources within the restructured FM team</p> <p><b>Staffing Implications</b> None.</p> <p><b>Business Plan implications Impact on other departments</b> None</p> <p><b>Equalities Implications TOM Implications</b> New arrangements should improve outcomes for residents through a more integrated and efficient approach to the delivery of services that will be bought about through the co-location of health teams with Community &amp; Housing and Children, Schools &amp; Families.</p> <p>None</p> <p>None as this is an agreed objective within the Corporate Services TOM implementation plan.</p>		90		280 <b>-£90</b>	M	L	SI2
<b>Total Corporate Services Savings</b>				<b>255</b>	<b>30</b>	<b>190</b>			

**Savings Type**

- SI1 Income - increase in current level of charges
- SI2 Income - increase arising from expansion of existing service/new service
- SS2 Staffing: reduction in costs due to deletion/reduction in service
- SNS1 Non - Staffing: reduction in costs due to efficiency
- SNS2 Non - Staffing: reduction in costs due to deletion/reduction in service
- SP1 Procurement / Third Party arrangements - efficiency
- SP2 Procurement / Third Party arrangements - deletion/reduction in service
- SG1 Grants: Existing service funded by new grant
- SG2 Grants: Improved Efficiency of existing service currently funded by unringfenced grant
- SPROP Reduction in Property related costs

Panel  
OSC

## DEPARTMENT: ENVIRONMENT AND REGENERATION SAVINGS - BUDGET PROCESS 2016/17

Panel	Ref	Description of Saving	2017/18 £000	2018/19 £000	2019/20 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
SC	ENR2	<p><b>Service/Section Description</b>  <b>Service Implication</b></p> <p><b>Staffing Implications</b></p> <p><b>Business Plan implications</b></p> <p><b>Impact on other departments</b></p> <p><b>Equalities Implications</b></p> <p><b>TOM Implications</b></p>		44	44 -44	Low	High	S11
		<p><b>Service/Section Description</b>  <b>Service Implication</b></p> <p><b>Staffing Implications</b></p> <p><b>Business Plan implications</b></p> <p><b>Impact on other departments</b></p> <p><b>Equalities Implications</b></p> <p><b>TOM Implications</b></p>		16	33 -33	Low	Med	S12
SC03	ENR3	<p><b>Service/Section Description</b>  <b>Service Implication</b></p> <p><b>Staffing Implications</b></p> <p><b>Business Plan implications</b></p> <p><b>Impact on other departments</b></p> <p><b>Equalities Implications</b></p> <p><b>TOM Implications</b></p>						

**DEPARTMENT: ENVIRONMENT AND REGENERATION SAVINGS - BUDGET PROCESS 2016/17**

Panel	Ref	Description of Saving	2017/18 £000	2018/19 £000	2019/20 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
SC	ENR5	<b>Transport Services</b> Delete 1 Senior Management post		76	76 -76	Med	Low	SS2
		<b>Staffing Implications</b> reduction of 1 fte		76				
SC	ENR6	<b>Business Plan implications</b> Impact on other departments Equalities Implications TOM Implications						
		<b>Waste Services</b> Wider Department restructure Moving from a support function towards a commercialised commissioning and clienting service across the wider Public Space and Commissioning / Contract management team.		200	200 -200	High	Low	SS2
		<b>Staffing Implications</b> Equivalent of a reduction of c5 -6FTE across a range of grades To be assessed following service changes and mobilisation of Phase C contracts. TBC TBC Consistent with TOM direction of travel						
		<b>Business Plan implications</b> Impact on other departments Equalities Implications TOM Implications						

## DEPARTMENT: ENVIRONMENT AND REGENERATION SAVINGS - BUDGET PROCESS 2016/17

Panel	Ref	Description of Saving	2017/18 £000	2018/19 £000	2019/20 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)	
SC	ENR7	<b>Transport Services</b>							
		Shared Fleet services function with LB Sutton Additional administration for c40 vehicles		10	-10	Med	Low	SI2	
		<b>Staffing Implications</b>	None						
		<b>Business Plan implications</b>	None						
		<b>Impact on other departments</b>	None						
		<b>Equalities Implications</b>	None						
		<b>TOM Implications</b>	This proposal is set out in the Council's Transport TOM and accords with maximising income from third parties.						
		<b>Property Management</b>	Increased income from rent reviews		150	150	Med	Low	SI1
		<b>Service Implication</b>	None						
		<b>Staffing Implications</b>	Increased workload managed within existing staff team						
SC	ENR8	<b>Business Plan implications</b>							
		<b>Impact on other departments</b>	Increased income from existing assets						
		<b>Equalities Implications</b>	Increased legal and corporate finance input						
		<b>TOM Implications</b>	None						
<b>Total Environment and Regeneration Savings</b>			16	497	0				

**Previously Agreed Savings**

**DEPARTMENT: ENVIRONMENT AND REGENERATION SAVINGS - BUDGET PROCESS 2016/17**

Budget Process	Ref	Description of Saving	2016/17 £000	2017/18 £000	2018/19 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
2015/18	D&BC 6	<p><b>Building and Development Control</b> Stop sending consultation letters on applications and erect site notices only Site notices will be mandatory so failsafe system to be devised</p> <p><b>Service Implication</b> none</p> <p><b>Staffing Implications</b> none</p> <p><b>Business Plan implications</b> none</p> <p><b>Impact on other departments</b> none</p> <p><b>Equalities Implications</b> Those without web site connections will find it difficult to search for application details</p> <p><b>TOM Implications</b> None</p>		10		Low	Medium	SNS2

**Alternative Savings Proposals**

Panel	Ref	Description of Saving	2016/17 £000	2017/18 £000	2018/19 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
SC	D&BC 6	<p><b>Building and Development Control</b> Increase in income from July 2017 as a result of the decision by Central Government to approve an increase in planning fees. A 20% increase will be agreed as set out in the White Paper of February 2017.</p> <p><b>Service Implication</b> None</p> <p><b>Staffing Implications</b> None</p> <p><b>Business Plan implications</b> Increased income</p> <p><b>Impact on other departments</b> None</p> <p><b>Equalities Implications</b> None</p> <p><b>TOM Implications</b> None</p>		10		Low	Low	S11

**Savings Type**

- S11 Income - increase in current level of charges
- S12 Income - increase arising from expansion of existing service/new service
- SS1 Staffing: reduction in costs due to efficiency
- SS2 Staffing: reduction in costs due to deletion/reduction in service
- SNS1 Non - Staffing: reduction in costs due to efficiency
- SNS2 Non - Staffing: reduction in costs due to deletion/reduction in service
- SP1 Procurement / Third Party arrangements - efficiency
- SP2 Procurement / Third Party arrangements - deletion/reduction in service
- SG1 Grants: Existing service funded by new grant
- SG2 Grants: Improved Efficiency of existing service currently funded by unringfenced grant
- SPROP Reduction in Property related costs



## D&BC1,2,4,5,6 Development Control - Various

What are the proposals being assessed?	Various smaller scale service changes including: Fast Track of householder planning applications (55K), Increased Planning fee income(10k), Eliminate the Planning Duty Service (35k), Growth in PPA and Pre-app income (£50k), Deletion of 1 FTE (enforcement manager or deputy) (£45k)
Which Department/ Division has the responsibility for this?	Building and Development Control, Sustainable Communities

<b>Stage 1: Overview</b>	
Name and job title of lead officer	Neil Milligan Building and development Control Manager
1. What are the aims, objectives and desired outcomes of your proposal? (Also explain proposals e.g. reduction/removal of service, deletion of posts, changing criteria etc)	The fast track service will speed up decision making on small applications and generate fee income.. The duty officer is a well-received service for residents and applicants but not a statutory one. Deleting the service will result in the loss of 1FTE. Self service will be promoted through the web site instead. PPA income growth will be promoted although this will need to be serviced by some additional resources. This will also be secured through PPA contributions. The enforcement team have reduced the overall backlog of cases and with new IT improvement and service adjustments the team could potentially manage with 3 instead of 4 officers.
2. How does this contribute to the council's corporate priorities?	The proposals will require adjustments to existing services including eliminating certain aspects and enhancing others to the benefit of overall regeneration aspirations
3. Who will be affected by this proposal? For example who are the external/internal customers, communities, partners, stakeholders, the workforce etc.	Planning applicants will be offered new service enhancements and speed of decision. The duty service will go. Self service will be encouraged and facilitated through IT ad website improvements. The staffing reduction required will be undertaken using the Authority's managing workforce change policy.
4. Is the responsibility shared with another department, authority or organisation? If so, who are the partners and who has overall responsibility?	The service is relatively self-contained but impacts on a wide variety of other services that rely heavily on the service to progress their own individual aims.

**Stage 2: Collecting evidence/ data**

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

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

**There is no information presently collected on such groups using the service. Potential impacts on groups could be monitored through an action plan although this would have its own resource implications**

**Stage 3: Assessing impact and analysis**

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

Protected characteristic (equality group)	Tick which applies		Tick which applies		Reason Briefly explain what positive or negative impact has been identified
	Positive impact		Potential negative impact		
	Yes	No	Yes	No	
Age		X		X	service provision should be enhanced
Disability		X		X	service provision should be enhanced
Gender Reassignment		X		X	service provision should be enhanced
Marriage and Civil Partnership		X		X	service provision should be enhanced
Pregnancy and Maternity		X		X	service provision should be enhanced
Race		X		X	service provision should be enhanced
Religion/ belief		X		X	service provision should be enhanced
Sex (Gender)		X		X	service provision should be enhanced
Sexual orientation		X		X	service provision should be enhanced
Socio-economic status	X			X	Those able to afford it will potentially receive a faster service.

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

This action plan should be completed after the analysis and should outline action(s) to be taken to mitigate the potential negative impact identified (expanding on information provided in Section 7 above).

Negative impact/ gap in information identified in the Equality Analysis	Action required to mitigate	How will you know this is achieved? e.g. performance measure/ target)	By when	Existing or additional resources?	Lead Officer	Action added to divisional/ team plan?
If any identified through service level changes	Action plan to mitigate	Measuring customer feedback	2018	Additional for monitoring	Neil Milligan	no

**Note that the full impact of the decision may only be known after the proposals have been implemented; therefore it is important the effective monitoring is in place to assess the impact.**

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

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

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

**OUTCOME 1**
 **OUTCOME 2**
 **OUTCOME 3**
 **OUTCOME 4**

**Stage 5: Sign off by Director/ Head of Service**

<b>Assessment completed by</b>	Neil Milligan Building and Development Control Manager	<b>Signature:</b>	<b>Date: 20<sup>th</sup> Feb 2017</b>
<b>Improvement action plan signed off by Director/ Head of Service</b>	James McGinlay Head of Service (Sustainable Communities)	<b>Signature:</b>	<b>Date: 20<sup>th</sup> Feb 2017</b>

## SECTION 3: Schools Funding 2017/18

### 1. Introduction

- 1.1 The Government announced the Dedicated Schools Grant allocation on 20<sup>th</sup> December 2016. Merton's allocation split over the three blocks is as follows:

Description	2017/18 £000	2016/17 £000
Schools Block	116,421	119,026
Early Years Block	15,061	11,122
High Needs Block	31,632	26,833
<b>Total as at Schools Forum meeting</b>	<b>163,114</b>	<b>156,981</b>
Academy recoupment	(18,263)	(17,272)
<b>Final allocation for the year</b>	<b>144,851</b>	<b>139,709</b>

- 1.2 A description of the costs included in each funding block is detailed in the sections below.

### 2. Schools Block

- 2.1 The Schools Block allocation of £116.421m is split into the following sub-groups:

Description	2017/18 £000	2016/17 £000
Centrally Retained Items	999	600
September bulge growth requirement	940	1,380
Transfers to other blocks	250	4,183
De-delegated items	1,808	1,717
Central duties to maintained schools (ESG)	489	0
Individual School Budgets	112,307	111,146
One-off funding allocated from reserves not DSG	(372)	
<b>Total Schools Block</b>	<b>116,421</b>	<b>119,026</b>

- 2.2 The centrally retained items are detailed in the table below. Schools forum agreed the continuation of each of these items for 2017/18.

Description	2017/18 £000	2016/17 £000
School Admissions	266	269
Cost of Schools Forum	12	12
National Copyright Licences	114	112
Prudential borrowing	207	207
Central duties to all schools	400	0
<b>Total Schools Block</b>	<b>999</b>	<b>600</b>

- 2.3 The September growth requirement was reduced to £940k for 2017/18. The fund is used to support Primary schools with £60k and Secondary schools with £80k additional funding to expand above their existing published admission number from September.

- 2.4 This growth fund was reduced to take account of the underspend for 2016/17 identified through budget monitoring. The funding will be used to increase AWPU and top-up rates to primary, secondary and special schools and academies to support the contribution to statutory central duties Merton and academies have to continue to support following the changes to the ESG.
- 2.5 Following the re-baselining of the DSG, it is no longer necessary to make adjustments to the blocks for changes which were agreed for the years up to 2016/17. In order to align the DSG with expected spend for 2017/18 the following transfer is required.

Description	Schools £000	Early Years £000	High Needs £000
Increase in out of borough statement/EHCP placements	(250)		250
<b>Net Transfer between blocks</b>	<b>(250)</b>		<b>250</b>

- 2.6 As highlighted in the December budget monitoring report to Schools Forum, there is a cost pressure from more of Merton's pupils being placed in out of borough maintained settings. In order to fund this increase we need to move £250k from the schools block to the high needs block.
- 2.7 Both Primary and Secondary schools de-delegated budgets have been set based on the decisions made by the relevant phase representatives at Schools Forum on the 13<sup>th</sup> October 2016. The total de-delegated budget for 2017/18 is £1.808m. The table below details the total allocation to de-delegated services as well as the unit cost for each of these services.

Service	Total £000	2017/18 Unit Cost	2016/17 Unit Cost	Measure
Licences and Subscriptions	115	£5.41	£5.29	NOR
School Meals Subsidy	19	£1.21	£1.21	NOR
Schools in Challenging Circumstances	294	£13.87	£13.87	NOR
Marketing in Schools	29	£1.39	£3.24	NOR
Merton Education Partnership	130	£6.14	£6.14	NOR
Parenting and TU cover	751	£35.5	£31.17	NOR
Refugee Service and EMAG	204	£43.29	£42.01	EAL
Tree work	45	£2.13	£2.13	NOR
Behaviour Support	191	£33.09	£35.34	Low Att
School Improvement	30	£1.43	new	NOR
<b>Total budget</b>	<b>1,808</b>			

(NOR= Number on Roll; EAL factor= English as an Additional Language; Low Att= Lower Attainment factor for low cost, high incidence SEN)

- 2.8 In order to fund the additional school improvement provision for maintained schools we require £31k for the seven months in 2017/18 and an estimated £57k for the full year in 2018/19. Schools were not consulted on this change in September 2016 as the details were not available at that stage. Both Primary and Secondary phase representatives agreed for this to be de-delegated at the Schools Forum meeting on the 31<sup>st</sup> January 2017.

- 2.9 In order to maintain the statutory central duties to Merton maintained schools (old ESG funded services), schools are required to make a contribution towards these services based on numbers on roll through the AWPU factor (top-up NOR for special schools). The cost to primary, secondary and special schools will be £23.11 per pupil on roll to provide an overall de-delegated budget of £500k in 2017/18 (£489k for schools block and £11k from high needs block). This is estimated to increase to £38.27 in 2018/19 to provide an overall budget of £828k.
- 2.10 The total amount to be paid to schools and academies for 2017/18 as part of the Individual Schools Budget is £112.307m.
- 2.11 The amount allocated to schools in 2017/18 was increased by a one-off reserve allocation of £372k. This relates to the 2015/16 DSG underspend and was agreed by schools forum at their meeting on the 16<sup>th</sup> June 2016.

### 3. School Funding Formula Factors

- 3.1 A summary of the factors used and the total budgets allocated against each factor for all schools is set out in the funding pro-forma which is submitted to the EFA for compliance checks..
- 3.2 AWPU rates for Primary and Secondary KS3 and KS4 has been uplifted this year to take account of the additional £1.43 cost to schools for school improvement, £23.11 for the statutory central education function reduction and an additional £28.20 through using the one-off reserves and other movements in the schools block budget. We were able to do this in the anticipation of a higher national funding formula allocation to schools in 2018/19 which should enable us to maintain these rates in future.

Description	2017/18	2016/17
Primary	£3,305	£3,253
Secondary Key Stage 3	£4,326	£4,274
Secondary Key Stage 4	£5,229	£5,177

- 3.3 The Free School Meals factor unit values were kept the same as 2016/17 at £683.52 for Primary and £632.69 for Secondary schools. Through the formula this resulted in a total budget allocation of £2.368m (£2.399m in 2016/17) and £1.442m (£1.521m in 2016/17) for Primary and Secondary schools respectively.
- 3.4 The Income Deprivation Affecting Children Index (IDACI) is a subset of the Indices of Multiple Deprivation (IMD). It is an area-based measure which is interpreted as the proportion of families with children under 16 which is income deprived.
- 3.5 We have kept the IDACI unit values the same as 2016/17. Through the formula this resulted in a total budget allocation of £452k (£417k in 2016/17) and £248k (£227k in 2016/17) for Primary and Secondary schools respectively.

- 3.6 The unit value for Looked After Children (LAC) has been kept the same as in 2016/17 at £1,000. The total allocation through this formula for 2017/18 is £63k (£72k in 2016/17).
- 3.7 The English as an Additional Language (EAL) factor unit values were kept the same as the previous year at £376.5 and £906.6 for Primary and Secondary schools respectively. This resulted in a total budget allocation of £1.774m (£1.758m in 2016/17) and £477k (£454k in 2016/17) for Primary and Secondary schools respectively.
- 3.8 Due to the change in the Primary school prior attainment factor, the total budget and unit cost for this factor are adjusted annually. The overall Primary school budget for this factor, which supports Low Cost, High Incidence SEN students, was maintained at £3.862m as there was only a slight reduction in student numbers from last year. The total budget for Secondary schools for 2016/17 is £2.927m (£2.919m for 2016/17). This resulted in unit values of £759.27 (£840.98 in 2016/17) and £1,627.69 (the same as in 2016/17) for Primary and Secondary schools respectively.
- 3.9 The lump sum factor was kept the same as in 2016/17 at £150k and the split site factor was also kept at the 2016/17 level of £72k.
- 3.10 The rates factor was decreased by £177k to £1.780m (£1.957m in 2016/17) reflecting the expected cost for 2017/18.
- 3.11 The minimum funding guarantee floor was set at -1.5% by the DfE. Due to the overall changes in factors, the requirement for MFG decreased from £478k in 2016/17 to £269k in 2017/18.
- 3.12 These figures exclude the 6<sup>th</sup> form funding which still needs to be provided by the EFA and does not form part of the schools funding formula. It also excludes additional resource provision and individual pupil statement funding which forms part of the high needs block and will be reported on separately.
- 3.13 The figures in Appendix 1 also exclude the bulge class funding which is held centrally and will be paid to schools as part of their monthly advances.
- 3.14 Pupil Premium funding is not included in these figures and estimated figures will be provided separately when schools are informed of their budgets for 2017/18.

## 4. Early Years Block

4.1 The Early Years Block allocation is split into the following areas:

Description	2017/18 £000	2016/17 £000
3&4 YO universal funding- maintained schools	6,624	5,726
3&4 YO universal funding - PVI's	3,544	2,722
3&4 YO working parents funding	1,050	0
2 Year Old Offer	1,465	1,607
Centrally Retained Items	895	694
Contingency	1,370	174
Pupil Premium	76	199
Disability Access Fund	37	0
<b>Total Early Years Block</b>	<b>15,061</b>	<b>11,122</b>

4.2 Based on the 2016 calendar year pupil counts, the estimated funding relating to 3 and 4 year old children for Merton maintained schools and PVI settings is expected to be in line with indicative budgets above. However, these are estimated budgets and the figures will be updated every term following the actual pupil counts. The formula used to allocate this funding, following on from consultation, is detailed in section 3.

4.3 The budget for the working parents additional 15 hours support which comes into effect from September was set using borough wide estimated take-up. Further work is under way to allocate setting level indicative budgets in the summer term.

4.4 Based on the 2016 calendar year pupil counts, the estimated funding relating to 2 year old children for Merton settings is shown above. The formula used to allocate this funding is detailed in section 3.

4.5 The £895k allocation for centrally retained items includes funding for training, inclusion and SEN support and advisory work, market management/ sufficiency and information, and back office/administrative functions. This represents 7% of the expected 3&4 year old grant as well as £30k of 2 year old grant. LAs are capped at 7% of total budget of 2017/18 and at 5% from April 2018 of their 3&4 year old grant with no limit on the 2 year old grant. The amount of funding that must pass through to providers is called the "High Pass Through Rate". Schools Forum agreed that these funds can be centrally retained for 2017/18.

4.6 The contingency for 2017/18 has been set at £1.370m. The majority of the contingency is to account for the difference between the initial grant allocation and Merton's expected grant allocation which is based on anticipated take-up. The actual grant will be based on 5/12ths of the January 2017 count and 7/12ths of the January 2018 count. The table below sets out both the expected contingency available and the expected grant reduction.



Contingency	2017/18 £000
Grant reduction- 3&4 YO universal funding	427
Grant reduction- 3&4 YO working parents funding	628
Grant reduction- 2 Year Old Offer	40
Grant reduction- Centrally Retained Items	73
Available contingency	202
<b>Total contingency</b>	<b>1,370</b>

- 4.7 The EFA will continue to pay Early Years Pupil Premium as a separate funding stream. This is paid to settings and schools after each term's headcount at £0.53 pence per hour. Any underspend on EYPP is expected to be clawed back. Total budget is £76k.
- 4.8 The EFA have added a new further fund outside of the formula called Disability Access Fund. This is a one off lump sum payment of £615, any underspend is expected to be clawed back. The total budget is £37k.
- 4.9 Following the re-baselining of the DSG, it is no longer necessary to make adjustments to the blocks for changes which were agreed for the years up to 2016/17. There are no transfers proposed to or from the Early Years Block for 2017/18. The financial implications are detailed in the main body of this report.

## 5. Early Years Funding Formula Factors

### 3 and 4 year old formula

- 5.1 In line with the new direction of travel Merton has set only one new **base rate** in the formula for 3 and 4 year olds (universal and extended entitlement) for all setting as per the table below.

Description	2017/18 Rate £	2016/17 Rate £
All settings	£4.60	Ranged between £3.68 and £5.40

- 5.2 Criteria for EYPP will be used as a measure of **deprivation** for 2017/16. The unit values are shown below. The previous measure was IDACI, which used a suite of bands aligned to a unit cost used in accordance with postcode of where child lived.

Description	2017/18 Rate £	2016/17 Rate £
Criteria for EYPP	70p	Ranged between 15p and 40p (IDACI)

5.3 The table below shows the optional supplementary supplement for “sparsity”

Description	2017/18 Rate £	2016/17 Rate £
Sparsity/small providers child-minders	80p	N/A

#### Outside of formula: SEN Inclusion Fund

5.4 The table below shows the new mandatory **SEN inclusion Fund** pupil rates (3 and 4 year olds)

Description	2017/18 Rate £	2016/17 Rate £
<b>SEN Inclusion Fund</b>		
SEN Support Level 1a (local offer)	nil	nil
SEN Support Level 1b	£2.50	£2.50
SEN Support Level 1c	£5.26 + 1b (£7.76)	£5.26 + 1b (£7.76)

5.5 SEN funding is allocated in accordance with the agreed process. This ceases when the EHCP is issued and funding is allocated in accordance with the EHCP EY banding through the High Needs Block. EHCP are funded on a pro-rata basis and based on actual hours and number of weeks of attendance. This will ensure SEN funding for children is seamless and on a continuum as they progress through each stage.

#### Outside of formula: Contingency

5.6 There are several components to the contingency for 3 and 4 year olds:

- A contingency to support any in year growth for SEN support and or deprivation supplements and includes an element for late starters (not on headcount).
- The budget this year has an indicative allocation for the new Extended Entitlement (EE) from September 2017. Our anticipated take-up is much less than the government allocation and as this budget has not been allocated to the sector this will be held within contingency.
- The DfE have allocated indicative budgets based on a specific point in time and based on an estimated number of taking up the Universal Entitlement (UE) as well as the EE. Local estimates indicate that not all places will be taken up as specified by DfE and the estimated grant that will be paid back to the DfE is also held in contingency.

5.7 The contingency is included as part of the high pass through rate and as such will be allocated across the sector in accordance with agreed methodology. See table in paragraph 2.6 for each part of the contingency budget

#### Outside of formula: Retained Items

5.8 Within the grant allocation LAs can retain up to 7% of the total 3 and 4 year old allocation for 2017/18 and up to 5% from 2018-19 and onwards.

5.9 Retained items can only be used to support the delivery of early years provision in accordance with the statutory duties including advice, training, information and securing sufficiency and market management. These duties are embedded within the Childcare Act 2006 and are underpinned by Statutory Guidance.

5.10 This year £865k has been allocated for retained items for 3 and 4 year olds which are included in the overall £895k in the table at paragraph 2.1. There is also £73k in contingency for centrally retained items due to the expected reduction in grant as per the table in paragraph 2.6.

### 2 year old formula

5.11 The DfE has allocated a separate pot of funding for 2 year olds, which is underpinned by a separate set of requirements. LAs have local discretion, as long as the specific grant requirements for each block are not compromised, to move the allocations between each other. This includes local discretion for support for children with SEN and retaining an element from the 2 year allocation

5.12 The table below shows the **base rate** for 2 year olds

Description	2017/18 Rate £	2016/17 Rate £
	£5.60	£5.40

### Outside of formula: SEN Inclusion Fund

5.13 The table below shows the **discretionary SEN Inclusion Fund** for 2 year Olds

Description	2017/18 Rate £	2016/17 Rate £
SEN Inclusion Fund		
SEN Support Level 1a (local offer)	nil	nil
SEN Support Level 1b	£2.50	£2.50
SEN Support Level 1c	£5.26 + 1b (£7.76)	£5.26 + 1b (£7.76)

5.14 SEN funding is allocated in accordance with the agreed process. This ceases when the EHCP is issued and funding is allocated in accordance with the EHCP EY banding through the High Needs Block. EHCP are funded on a pro-rata basis and based on actual hours and number of weeks of attendance. This will ensure SEN funding for children is seamless and on a continuum as they progress through each stage.

### Outside of formula: Contingency

5.15 There are two components to the contingency for 2 year olds in 2017/18.

- A small contingency to support any in year growth for SEN support and late starters (not on headcount)

- The DfE have allocated indicative budgets based on a specific point in time and based on an estimated number of taking up the 2 year old places. Local estimates indicate that not all places will be taken up as specified by DfE and the estimated grant that will be paid back to the DfE is also held in contingency.

5.16 The contingency will be allocated across the sector in accordance with agreed methodology. See table above for each part of the contingency budget

### **Outside of formula: Retained Items**

5.17 There are no specific parameters for retained elements within the 2 year old formula and historically the retained element has been funded from reserves. This year £30k has been allocated for retained items which are included in the overall £895k in the table at paragraph 2.1. An additional £165k is earmarked from reserves to provide an overall 2 year old retained budget of £195k..

## **6. High Needs Block**

### **6.1 High Needs Block funding**

6.1.1 The high needs funding system is designed to support a continuum of provision for pupils and students with Special Educational Needs (SEN), learning difficulties and disabilities, from their early years to age 25.

6.1.2 Base funding (“place funding”) is given to local authorities to distribute to institutions for them to provide places on an on-going basis. This is supplemented with “top-up funding” which follows individual pupils and students. The top-up funding provided to local authorities includes funding for central services to support these high cost places.

6.1.3 The table on the next page shows how Merton’s High Needs Block funding is allocated.

<b>Description</b>	<b>2017/18 £000</b>	<b>2016/17 £000</b>
Mainstream settings (Individual SEN statements)	3,711	3,666
Special Schools	8,097	7,877
Additional Resource Provision bases	2,542	2,671
Pupil Referral Unit (PRU)	1,788	1,788
Centrally retained High Needs funding for commissioned services	13,636	12,851
Post 16 FE and ISP funding	2,060	2,060
Centrally retained High Needs funding for special schools	37	35
Central duties to maintained schools (ESG)	11	0
Transfers from other blocks	(250)	(4,115)
<b>Total Funding</b>	<b>31,632</b>	<b>26,833</b>

**6.2 Mainstream settings**

6.2.1 Schools are expected to contribute the first £6,000 of additional educational support for High Needs pupils and students. This additional support is for a provision over and above the standard offer of teaching and learning for all pupils or students in a setting. Pre-16, schools and Academies will continue to receive a clearly identified notional SEN budget from which to make this contribution. Merton will provide this budget for maintained schools while the EFA will provide it for Academies. The notional SEN will comprise three elements as detailed below.

Formula factor	2017/18
Age Weighted Pupil Allowance (AWPU)	2.5%
Deprivation (Free School Meals & IDACI)	10%
Low cost, high incidence SEN (Low Attainment)	100%

6.2.2 The notional SEN budget should be used to support pupils with low cost, high incidence SEN as well as the first £6,000 support for pupils with statements.

6.2.3 The notional allocation is only a guide and schools are expected to set their budgets in such a way to meet the needs of all their pupils, including those with additional needs, within the resources they receive.

6.2.4 Where schools have a high number of SEN students, the allocation to support these pupils through the schools formula might not be sufficient. Funding will be set aside in the High Needs Block to support such schools. If more than 2.5% of a school's NOR are pupils with statements, the excess percentage will be multiplied by the school's NOR and multiplied by £6,000 to calculate additional support for the school.

**Example**

9 pupils as a percentage of 186	4.84%
Less 2.5% threshold	2.34%
186 x 2.34%	4.35 pupils
4.35 pupils x £6,000	£26,100

In 2017/18 £267k will be allocated to schools through this mechanism.

6.2.5 The NOR will be based on the October count and the numbers of SEN statements will be based on the numbers as per the October SEN statement payment to schools. The number of statements used will exclude pupils funded in special units.

6.2.6 Merton's statement funding will remain at the same levels as in 2016/17 and is detailed in the table below.

Band	Reception onwards		2, 3 and 4 year olds	
	2017/18	2016/17	2017/18	2016/17
Band1	Part of £6,000 notional SEN funding	Part of £6,000 notional SEN funding	Part of SEN support funding	Part of SEN support funding
Band 2	£5,691	£5,691	£5,846	£5,846
Band 3	£7,826	£7,826	£6,913	£6,913
Band 4	£9,961	£9,961	£7,981	£7,981
Band 5	£12,096	£12,096	£9,048	£9,048

### 6.3 Special Schools

- 6.3.1 Specialist SEN and LDD schools will continue to receive a base level of funding on the basis of an agreed number of planned places at £10,000 per place. Top-up funding above this level will be set as the 2016/17 values and uplifted this year to take account of the additional £1.43 cost to schools for school improvement, £23.11 for the statutory central education function reduction.
- 6.3.2 Due to the increase in pupil numbers at special schools by 8 to 367, the special school budget will be increased by £220k to cover the cost pressure of supporting these additional children.
- 6.3.3 The total for specialist SEN and LDD settings includes the school budgets for Cricket Green, Perseid, and Melrose special schools.

### 6.4 Additional Resource Provision bases

- 6.4.1 Places in special units and resourced provision will attract a base level of funding of £10,000 per place as well as top-up funding. Where the numbers in the base have stayed the same, we have kept the top-up funding at the same rate as 2016/17. Where numbers have increased/decreased, top-up funding has been adjusted to reflect these adjustments. Any additional funding to the base totals will be equal to band 5 (£12,096) of statement funding as agreed by the SEN manager.
- 6.4.2 Due to the reduction in numbers of children supported in bases, the overall ARP budget will decrease by £129k to £2.542m in 2017/18.

### 6.5 Pupil Referral Unit (SMART Centre)

- 6.5.1 The PRU will receive a base level of funding of £10,000 per place. Top-up funding above this level is set at £6,504 which has been uplifted this year to take account of the additional £1.43 cost to schools for school improvement, £23.11 for the statutory central education function reduction.
- 6.5.2 Mainstream schools and Academies have important commissioning responsibilities with regard to pupils of compulsory school age who are placed in Alternative Provision for the purpose of early intervention or as a result of

fixed-term exclusion. In such instances, under the new funding arrangements, mainstream schools and Academies will be responsible for paying top-up funding to the AP settings in which they place pupils.

6.5.3 Alternative education and medical service provision are also delivered through the SMART Centre.

6.5.4 The exclusion process currently involves a deduction of AWPU against a national criteria and a local agreement to pay £3,000 per excluded pupil and receive £3,000 for a re-integrated pupil. This agreement is between all secondary maintained schools and academies and will continue in 2017/18.

## 6.6 Centrally retained funding for commissioned services

6.6.1 These services are retained centrally by the Local Authority to deliver direct services or procure services from external providers to ensure the most economic use of resources. The table below details these services.

Description	2017/18 £000	2016/17 £000
Non-Delegated Statements	9,532	8,921
Cost of Merton pupils in other LA maintained schools	2,313	2,069
Cost to other LAs for their children in Merton maintained schools	(1,159)	(1,159)
Sensory Team	392	376
Virtual School	373	361
SSQ Core Offer	359	350
Language and Learning therapy	354	635
Education psychology	266	41
Behaviour Support	235	206
Education welfare	168	163
SEN referral & early help 0-25 team	164	206
Social Inclusion	136	142
Vulnerable Children's Education	123	110
Therapy in Special schools	112	112
Merton Autism Outreach Service (MAOS)	100	100
SEN support	81	56
Portage	37	62
Independent hospital provision	50	50
Education support for Looked After Children	0	50
<b>Total Cost</b>	<b>13,636</b>	<b>12,851</b>

6.6.2 The £686k growth received on the HNB is not sufficient to cover the cost pressures. For 2017/18 the increase was allocated to the non-delegated statement budgets to address the expected overspend on Independent Day school provision.



## 6.7 Post 16 Further Education (FE) College and Independent Specialist Provider (ISP) funding

6.7.1 The funding in this area relates to high level SEN or LDD cost for young people aged over 16 in FE colleges and ISPs. The responsibility for these payments transferred to Local Authorities in September 2013.

## 6.8 Centrally retained funding for special schools

6.8.1 This includes the funding for centrally provided services for the special schools, similar to de-delegated budgets held for the maintained primary and secondary schools.

6.8.2 An additional item was added this year for statutory School Improvement as the funding for this service changed. Special schools are required to pay £1.43 per pupil towards this service. In order to ensure that schools' budget did not reduce due to this additional burden, top-up elements were increased by the same amount.

## 6.9 Central duties to maintained schools (ESG)

6.9.1 In order to maintain the statutory central duties to Merton maintained schools (old ESG funded services); schools are required to make a contribution towards these services based on numbers on roll through the top-up funding (AWPU for primary and secondary schools). The cost to primary, secondary and special schools will be £23.11 per pupil on roll to provide an overall de-delegated budget of £500k in 2017/18 (£489k for schools block and £11k from high needs block). This is estimated to increase to £38.27 in 2018/19 to provide an overall budget of £828k.

6.9.2 As mentioned in paragraph 2.3.1, in order to ensure that schools' budget did not reduce due to this additional burden, top-up elements were also increased by £23.11.

## 6.10 Transfers from other blocks

6.10.1 Following the re-baselining of the DSG, it is no longer necessary to make adjustments to the blocks for changes which were agreed for the years up to 2016/17. In order to align the DSG with expected spend for 2017/18 the following transfer is required.

Description	Schools £000	Early Years £000	High Needs £000
Increase in out of borough statement/EHCP placements	(250)		250
<b>Net Transfer between blocks</b>	<b>(250)</b>		<b>250</b>



## **7. Schools general**

- 7.1 On 31 March 2016 Merton held balances for 50 schools to the value of £9.009m. Of the 50 schools, 2 had deficit balances with a total value of £37k. The other 48 schools had balances ranging from £22k to £1.228m.
- 7.2 For 2016/17, 5 schools submitted deficit balances and the Local Authority is working closely with these schools to review their progress. We are anticipating that 5 to 6 schools will again request deficit budgets for 2017/18, and we will require deficit recovery plans to accompany these requests.

## SECTION 4: CAPITAL STRATEGY 2017-21

### 1 Introduction

1.1 Merton's Capital Strategy for 2017-21 has been aligned and integrated with the Business Plan for the period 2017-21. The Business Plan sets out how the Authority's objectives have been shaped by Merton Partnership in the Community Plan. The Community Plan sets out the overall vision and strategic direction of Merton which are embodied into five strategic themes:-

- Children's Trusts;
- Health and Wellbeing Board;
- Safer and Stronger Communities;
- Sustainable Communities and Transport;
- Corporate Capacity

1.2 Merton Partnership works towards improving the outcomes for people who work, live and learn in the borough and, in particular, to 'bridge the gap' between the eastern and western wards in the borough.

1.3 The financial reality facing local government dominates the choices the council will make for the future of the borough. The development of the Business Plan 2017/21 is therefore based on the set of guiding strategic priorities and principles, as adopted by the council on 13 July 2011:

- Merton should continue to provide a certain level of essential services for residents. The order of priority of 'must' services should be:
  - i) Continue to provide everything that is statutory.
  - ii) Maintain services – within limits – to the vulnerable and elderly.
- After meeting these obligations Merton should do all that it can to help residents who aspire. This means we should address the following as priorities in this order:
  - i) Maintain clean streets and keep council tax low.
  - ii) Keep Merton as a good place for young people to go to school and grow up.
  - iii) Be the best it can for the local environment.
  - iv) All the rest should be open for discussion.

The financial pressures facing Merton mean we should no longer aim to be a 'place-maker' but be a 'place-shaper'. The council should be an enabler, working with partners to provide services.

1.4 Merton's scrutiny function reflects the five strategic themes above and the themes have been incorporated into the bidding process for capital funding to ensure that scarce financial resources are targeted towards strategic objectives.

## **2 Planning Infrastructure**

### **2.1 Business Plan 2017-2021**

2.1.1 The Business Plan sets out the council's vision and ambitions for improvement over the next four years and how this will be achieved. Business Planning and financial planning frameworks are closely aligned and integrated.

### **2.2 Target Operating Models (TOMs)**

2.2.1 TOMs, or Target Operating Models are a series of strategy documents that set out how the organisation will respond to and manage change over the coming months and years. TOMs have been produced for Service Areas or Departments throughout the Council.

2.2.2 A TOM is a statement of how an organisation will deliver its services within a certain structure as a future point in time, TOMs are living documents and will change as the organisation develops. There are a number of elements to a TOM, for Merton these are – Customer Segments, Channels, Services, Organisation, Processes, Information, Technology, Physical Location and People

2.2.3 Developing a TOM is about planning and preparing for change and improvement in a given service. Delivering contexts change and opportunities for improvement are always available, so taking the time to prepare/refresh a TOM allows those within a service to consider its many facets and dependencies and determine how these will change over the coming years. Having an ambitious vision for what the future looks like for the service (which is what a TOM provides), ensures that improvement activity will be more disciplined and controlled and therefore more likely to succeed.

### **2.3 Service Plans**

2.3.1 In developing the Capital Strategy, clear linkages have also been identified with not only the Business Plan, TOMs but also departmental service and commissioning plans beneath this. It reflects the capital investment implications of the approved objectives of those plans, which themselves reflect the council's proposals set out in service based strategies such as the Primary Places Strategy, Local Implementation Plan (Transport), and Asset Management Plans. Priorities for the Corporate Services department are based around how the council manages its resources effectively and how it carries out its wider community leadership role.

2.3.2 This Capital Strategy is a fundamental component of our approach since it reflects our strategic priorities across the council and endeavours to maximise the contribution of the council's limited capital resources to achieving our vision. We will work closely with residents, community organisations and businesses to focus our resources and those of our partners effectively. The strategy also sets out the management arrangements for allocating resources to individual schemes, establishing funding for projects, monitoring progress, managing performance and ensuring that scarce capital resources are allocated efficiently.

### **3 Accounting Definitions and Practices**

3.1 The council's approach to Capital Accounting follows the Code of Practice on Local Authority Accounting, which itself is based on the International Financial Reporting Standards (IFRS) and guidance issued by CIPFA and professional accounting networks.

3.2 As in previous years, there has been continual review of the Capital Programme to ensure that expenditure meets the strict definition and to identify any items which would be more appropriate to be charged to revenue. This has not resulted in any major changes to the future programme.

3.3 The de-minimis of capital expenditure for the authority is set at £10,000 per project. This applies to all schemes within our capital programme, however in exceptional circumstances thresholds below this may be considered where specific items of expenditure are below this de-minimis level but meet proper accounting definitions of capital expenditure.

3.4 Individual schools may choose to adopt the above de-minimis limit or use the limit of £2,000 as mentioned in some Department for Education and HMRC guidance for various types of school.

## **4 Corporate and strategic capital expenditure appraisal planning and control**

### **4.1 Capital Programme Board**

4.1.1 Merton's Capital Strategy is coordinated by the Capital Programme Board. The board, which is effectively a sub-group of the Corporate Management Team (CMT). The composition of the Board and its Terms of Reference were reviewed in 2015/16. The revisions are designed to make the board more strategic and improve communication flows throughout the organisation. The Board now comprises the Directors of Corporate and Environment and Regeneration Services with selected Level 2 managers from each service department.

#### 4.1.2 The Terms of Reference of the Board are:

- Lead on the development and maintenance of the capital investment strategy and ensure it is consistent with the Council's strategic objectives, TOMs and service plans.
- Ensure that the capital investment strategy informs and is informed by the asset management plan.
- Ensure there is a transparent and clearly communicated process for allocation of capital funds with clear and well documented criteria and decision making process.
- Monitor progress of capital funded schemes and any other critical schemes as determined by CMT. Receive joint reports from Finance/departmental staff on progress against deliverables, milestones and budget forecasts.
- In conjunction with other governing bodies, consider/approve business cases that involve capital investment.
- Monitor issues arising as a result of changes in accounting treatment of capital expenditure and ensure the organisation responds accordingly.
- Assess capital schemes in the context of the Medium Term Financial Strategy to ensure they are affordable in revenue terms.
- Receive reports from the Property Management and Review Manager relating to capital funds coming from the disposal of property, in collaboration with the Property and Asset Management Board.
- Receive benefits reports from Programme/Project Managers when capital projects/programmes are closed. Monitor key benefits to ensure they are realised for large capital schemes.

#### 4.1.3 The role of the Board is to:

- Set framework and guidelines for capital bids;
- Draft the capital programme for consideration by CMT and Cabinet;
- Review capital bids and prioritise in accordance with the Council's strategic objectives;
- Identify and allocate capital funds;
- Monitor progress of capital programmes/projects and key variances between plans and performance;

- Monitor budgets of capital programmes/projects against forecasts;
  - Monitor benefits and ensure they are realised. Monitor capital receipts
  - Develop and share good practice
- 4.1.4 The Board will be accountable to the Corporate Management Team who will receive reports and escalated matters from the Board on a regular basis. CMT will set the strategy and direction, the Capital Programme Board will operationalise this and escalate concerns and ideas. The Board will refer to, and take advice from, the Procurement Board on any proposals and/or decisions that have a procurement dimension. The Board will work closely with the Property and Asset Management Board on any property/asset related proposals.
- 4.1.5 The Board will make agendas and minutes available to the other Governance Boards within 5 working days of the meeting.
- 4.1.6 During the budget process the Director of Corporate Services recommends to cabinet an initial view as to how the Capital Programme should be funded. However, this recommendation will be informed by the Capital Programme Board's consideration of the capital receipts available and the forecast of future property disposals and the final funding during the closure of accounts will depend on the precise financial position. At this stage it is intended to utilise internal borrowing, capital grant, direct revenue financing, capital receipts and earmarked reserves. Any capital loans given out by the authority, dependent on the size, will be funded from capital receipts as the repayments will be received as capital receipts. It will be reported to Members as and when it is proposed to use external borrowing.
- 4.1.7 The council has had a robust policy for many years of reviewing its property holding and disposing of surplus property, detailed in the Asset Management Plan (AMP) which also includes policy and procedures for land and property acquisition. All capital receipts are pooled, unless earmarked by cabinet, and are used either to finance further capital investment or for the payment of premiums on repayment of higher interest loans.

## **4.2 Capital Programme Approval and Amendment**

- 4.2.1 The Capital Programme is approved by Council each year. Any change which substantially alters the programme (and therefore the Prudential Indicators) requires full council approval. Rules for changes to the Capital Programme are detailed in the Council's Constitution Financial Regulations and Financial Procedures and the key points are summarised here.

4.2.2 For virements which do not substantially alter the programme the below approval limits apply:

- Virements up to £5k can be signed off by the budget manager, the Chief Financial Officer (CFO) is informed of these changes as part of the monthly financial monitoring
- Virements £5k up to £100k must be approved by the Chief Officer of the area or areas affected along with the Chief Financial Officer, typically this will be as part of the monthly financial monitoring report to CMT however approval can be sought from these officers at any time if necessary
- Virements £100k and upwards go to Cabinet
- Any virement which diverts resources from a scheme not started, resulting in a delay to that scheme, will be reported to Cabinet

(Please note virement rules are cumulative i.e. two virements of £5,000 from one code; the latter would require the approval of Chief Officers)

4.2.3 For increases to the programme for existing schemes up to £100,000 must be approved by the Director of Corporate Services. Increases above this threshold must be approved by Cabinet. In accordance with the Prudential Code if the increase in the Capital Programme will substantially change prudential indicators it must be approved by Council.

4.2.4 For new schemes, the source of funding and any other financial or non-financial impacts must be reported and the limits below apply:

- Budgets of up to £50k can be approved by the Chief Financial Officer in consultation with the relevant Chief Officer
- Budgets of £50k up £500k will be submitted to Cabinet for approval
- Budgets over £500k will be submitted to full Council for approval

Approval thresholds are being reviewed as part of the review of processes for the implementation of the new Financial Information System.

### **4.3 Capital Monitoring**

4.3.1 The Council approves the four year Capital Programme in March each financial year. Amendments to the programme are approved appropriately by CMT, Cabinet and Council. Budget managers are required to monitor their budget monthly, key reviews are undertaken in September and November. December monitoring provides the final opportunity for budget managers to re-profile their budgets for the current financial year.

4.3.2 November monitoring information feeds into the Authority's Medium Term Financial Strategy (MTFS) and is used to assess the revenue impact over the period of the strategy with minor amendments in the later months. November monitoring is also used to measure the accuracy of year end projections.

4.3.3 Councillors receive regular monitoring reports on the overall position of capital expenditure in relation to the budget. They also receive separate progress reports on key spend areas.

#### **4.4 Risk Management**

4.4.1 The management of risk is strategically driven by the Corporate Risk Management group. The group collates on a quarterly basis the headline departmental risks and planned mitigation activity from each department, project and partnership. From this information a Key Strategic Risk Register is compiled and presented to CMT quarterly for discussion as part of the financial monitoring report. The Authority's Risk Management Strategy is reviewed and updated annually and presented to CMT, cabinet and Council.

### **5 Revenue budget implications of capital investment**

#### **5.1 Revenue cost or savings**

5.1.1 The capital strategy recognises that the prudential framework provides the council with flexibility, subject to the constraints of the council's revenue budget. This flexible ability to borrow, either from internal cash resources or by external borrowing, coupled with the revised treatment of finance leases with effect from 1 April 2010, means that prudential borrowing is used for the acquisition of equipment, where it is prudent, affordable and sustainable. In 2012/13, 2013/14, 2014/15, 2015/16 and 2016/17, it was possible to borrow from internal cash resources rather than external borrowing and it is forecast that this will continue to be the case alongside the use of capital receipts within the current planning period (up to 2020/21). This will be kept under review as part of general Treasury Management.

5.1.2 The revenue effects of the capital programme are from capital financing charges and from additional revenue costs such as annual maintenance charges. The capital financing charges are made up of interest payable on loans to finance the expenditure and of principal repayments on those loans. The principal repayments commence in the year after the expenditure is incurred and are calculated by the application of the statutory Minimum Revenue Provision. The interest commences immediately the expenditure is incurred. The revenue effects of the capital programme are fully taken account of in the MTFs, with appropriate adjustments for slippage, timing of capital payments and the use of internal investment funds.



The revenue effects of the capital programme are built into the MTFS and are summarised below:

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000
MRP	6,713	5,537	6,751	7,113
Interest	6,702	6,321	6,321	6,321
<b>Capital financing costs</b>	<b>13,415</b>	<b>11,858</b>	<b>13,072</b>	<b>13,434</b>
Investment Income	(1,186)	(941)	(782)	(517)
<b>Net</b>	<b>12,229</b>	<b>10,917</b>	<b>12,290</b>	<b>12,917</b>

## 6 Capital resources 2017-21

### 6.1 Variety of sources

6.1.1 Capital expenditure is funded from a variety of sources:-

- Grants which are not ring-fenced to be spent on a specific project or service
- Specific grants - earmarked for a specific project or purpose
- Capital receipts from the disposal of surplus and under-utilised land and property
- Other contributions such as Section 106/CIL
- Council Funding – through revenue funding, use of reserves or borrowing.

### 6.2 Annual Minimum Revenue Provision (MRP) Statement

6.2.1 Under guidance from the Department for Communities and Local Government, authorities are required to prepare an annual statement on their policy on making MRP. This mirrors the existing requirements to report to the council on the Prudential borrowing limit and investment policy.

6.2.2 The statement is set out in the Treasury Management Strategy. This approach is under active review.

## 7 Asset management review

### 7.1 Capital receipts

7.1.1 Capital receipts generated from the disposal of surplus and under-utilised land and property are a major source of funding and the potential available capital resources are under constant review and revision. The forecast of capital receipts included in this report are based on a multi-year forecast of planned land and property disposals. In addition, after the transfer of the housing stock to Merton Priory Homes, the council continues to receive a share of the receipts from Right to Buy applications and through future sharing arrangements, receipts from the sales of void properties, sales of development land and VAT saving on expenditure on stock enhancements.

## **7.2 Property as a corporate resource**

7.2.1 The council treats its property as a corporate resource, oriented towards achieving its overall goals, underpinned by:

- Clear links to financial plans and budgets.
- Effective arrangements for cross-service working.
- Champions at senior officer and member level.
- Significant scrutiny by councilors.

7.2.2 It ensures that its properties are fit for purpose by making proper provision and action for maintenance and repair. The organisation makes investment and disposal decisions based on thorough option appraisal. The capital programme gives priority to potential capital projects based on a formal objective approval process.

7.2.3 Whole life project costing was used at the design stage for significant projects where appropriate, incorporating future periodic capital replacement costs, projected maintenance and decommissioning costs.

7.2.4 Whole life costing of significant projects, which span more than one year, also forms part of the regular monitoring reports.

7.2.5 The Asset Management Plan is being reviewed and will include greater emphasis on the use of the Council's property assets to support the Council's Transformation Programme, regeneration and increased income/revenue generation.

7.2.6 A new IT system for asset accounting has been brought into use and the possibility of this system being used for more widespread asset management will be explored.

## **8 Summary of estimated disposals 2017-2021**

8.1.1 New guidance has been issued from the DCLG on the flexible use of capital receipts which comes into effect from 1 April 2016 to 31 March 2019. This gives local authorities flexibility to spend capital receipts (excluding Right to Buy receipts) from planned new asset sales on the revenue costs of reform projects, subject to the condition that the projects generate on going revenue savings e.g. transforming service delivery to reduce costs or to improve the quality of service delivery in future years. Below is a plan of activities to which the new treatment of capital receipts could be applied:

- Sharing back-office and administrative services with one or more other council or public sector bodies;
- Investment in service reform feasibility work, e.g. setting up pilot schemes;
- Collaboration between local authorities and central government departments to free up land for economic use;
- Funding the cost of service reconfiguration, restructuring or rationalisation (staff or non- staff), where this leads to ongoing efficiency savings or service transformation;
- Sharing Chief-Executives, management teams or staffing structures;

- Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible;
- Aggregating procurement on common goods and services where possible, either as part of local arrangements or using Crown Commercial Services or regional procurement hubs or Professional Buying Organisations;
- Improving systems and processes to tackle fraud and corruption in line with the Local Government Fraud and Corruption Strategy – this could include an element of staff training;

8.1.3 The direction makes it clear that local authorities cannot borrow to finance the revenue costs of service reform. Local authorities can only use capital receipts from the disposal of property, plant and equipment assets received in the years in which this flexibility is offered. Local Authorities may not use their existing stock of capital receipts to finance the revenue costs of reform. Officers are currently considering how to utilise this flexibility to progress key transformation projects such as the housing zone and related redundancy costs.

8.1.4 The Guidance recommends that the Strategy setting out details of projects to be funded through flexible use of capital receipts be prepared prior to the start of each financial year (Flexible Use of Capital Receipts Strategy). Failure to meet this requirement does not mean that an authority cannot access the flexibility in that year. However, in this instance, the Strategy should be presented to full Council or the equivalent at the earliest possible opportunity.

8.1.5 As a minimum, the Strategy should list each project that plans to make use of the capital receipts flexibility and that on a project by project basis details of the expected savings/service transformation are provided. The Strategy should report the impact on the local authority's Prudential Indicators for the forthcoming year and subsequent years. The Strategy should also contain details on projects approved in previous years, including a commentary on whether the planned savings or service transformation have been/are being realised in line with the initial analysis.

8.1.6 Due to difficulties in the property market since the economic recession a cautious view has been taken of the potential capital receipts identified. Much of the anticipated capital receipts are as a result of the VAT shelter agreement entered into with Merton Priory Homes as part of the housing stock transfer. There are current proposals for some of the properties under this agreement to be redeveloped which could result in a reduction in receipts from the VAT shelter agreement, however a Development and Disposals Clawback Agreement was entered into as part of the same transfer and this could result in a significant capital receipt should these development plans go ahead. The following table represents an estimate of an anticipated cash flow and therefore these future capital receipts these have been utilised to fund the capital programme:-

<b>Anticipated Capital Receipts</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Sale of Assets	0	0	0	0
Right to buy/VAT Shelter	1,200	900	900	900
<b>Total</b>	<b>1,200</b>	<b>900</b>	<b>900</b>	<b>900</b>

As there is currently not a need to enter into external borrowing, investment balances will rise with the addition of capital receipts. Average expected interest rates on investments across the years of the capital programme are approximately 0.5%, as such an increase in receipts of £1m would be expected to generate a £5,000 increase in interest in a full year.

The table below shows the funding of the capital programme utilising capital receipts, capital grants and contributions, capital reserves and revenue provisions.

<b>Capital Expenditure</b>	<b>2016/17 Estimate £'000</b>	<b>2017/18 Estimate £'000</b>	<b>2018/19 Estimate £'000</b>	<b>2019/20 Estimate £'000</b>	<b>2020/21 Estimate £'000</b>
Capital Expenditure	<b>38,465</b>	<b>39,541</b>	<b>33,205</b>	<b>16,076</b>	<b>8,432</b>
Slippage	<b>(6,698)</b>	843	1,704	597	102
Total Capital Expenditure *	31,767	40,384	34,909	16,673	8,534
<b>Financed by:</b>					
Capital Receipts *	14,328	19,600	900	900	900
Capital Grants & Contributions	15,306	15,070	13,081	5,486	628
Revenue Provisions	2,061	5,482	1,537	4	0
<b>Net financing need for the year</b>	<b>72</b>	<b>232</b>	<b>19,391</b>	<b>10,284</b>	<b>7,006</b>

\* Includes finance leasing expenditure

- 8.1.7 Under the requirements of the Localism Act 2011 parish councils and local voluntary and community organisations have the right to nominate local land or buildings they would like to see included in a list of assets of community value which is maintained by the Local Authority. Once listed the owner must allow community interest groups up to six months to make an offer before the property can be sold to another. It is envisaged that this may lengthen the disposal time for some properties if they are listed as assets of community value by the Council.

## 8.2 Debt repayment

8.2.1 The council has had a strategy to reduce its level of debt when opportunity arises in the market. The average interest payable on outstanding debt is 5.72%. For the period 2017-21, capital receipts may continue to be used to pay the premiums on the repayment of those authority debts which have high fixed interest charges, if the terms offered will result in appropriate revenue savings. Any decision to repay debt early will be considered alongside the funding however, this is unlikely to be the case in the short to medium term requirement of the programme.

## 9 Grant Funding Capital Resources

### 9.1 Environmental and Regeneration

	2017/18 £000s	2018/19 £000s	2019/20 £000s	2020/21 £000s
Transport for London LIP (earmarked) Capital	2,765	*3,865	TBA	TBA
<b>Total: E&amp;R</b>	<b>2,755</b>	<b>2,765</b>	<b>TBA</b>	<b>TBA</b>

\* Indicative and likely to reduce  
TBA – To Be Advised

### 9.2 Children, Schools and Families

CSF	2017/18 £000s	2018/19 £000s	2019/20 £000s	2020/21 £000s
<b>School Condition (non-ringfenced)*</b>	1,800	TBA	TBA	TBA
<b>Basic Need (non-ringfenced)</b>	6,063	7,471	TBA	TBA
<b>Total Grant Funding</b>	<b>7,863</b>	<b>7,471</b>	<b>TBA</b>	<b>TBA</b>
<b>New School (Expected Ringfenced)*</b>	4,850	0	0	0
<b>Devolved Formula Capital (Earmarked)</b>	TBA	TBA	TBA	TBA
<b>TOTAL: CS&amp;F</b>	<b>12,713</b>	<b>7,471</b>	<b>TBA</b>	<b>TBA</b>
<b>Balance added for outstanding grant allocations - CSF</b>	<b>0</b>	<b>529</b>	<b>5,000</b>	<b>650</b>

\* Based on Indicative Information

TBA – To Be Advised

### 9.3 Community and Housing

	2017/18	2018/19	2019/20	2020/21
	£0	£0	£0	£0
Better Care Fund – Minimum Allocation for Disabled Facilities Grant)	TBA	TBA	TBA	TBA

### 9.4 Summary of Grant Funding 2017-2021

9.4.1 The new resources notified to date are summarised in the following table. It is expected that there will be additional earmarked resources notified during the financial year 2016/17:-

Grant Funding	2017/18	2018/19	2019/20	2020/21
	£000s	£000s	£000s	£000s
Environment and Regeneration	2,765	3,865	TBA	TBA
Children, Schools and Families	12,713	7,471	TBA	TBA
Community and Housing	TBA	TBA	TBA	TBA
<b>Total Grant Funding*</b>	<b>15,478</b>	<b>11,336</b>	<b>0</b>	<b>0</b>
<b>Balance added for outstanding grant allocations - CSF</b>	<b>0</b>	<b>529</b>	<b>5,000</b>	<b>650</b>

\* This shows the grant funding being received by the authority

## 10 Summary of Total Resources 2017-21:

### 10.1 Summary

10.1.1 The total anticipated resources over the plan period 2017-21, including existing grant funding and anticipated CS&F grants, is summarised in the following table:-

	2017/18	2018/19	2019/20	2020/21
	£000s	£000s	£000s	£000s
Grant & Contributions *	15,070	13,081	5,486	628
Council Funding	25,313	21,827	11,188	7,906
<b>Total</b>	<b>40,384</b>	<b>34,909</b>	<b>16,673</b>	<b>8,534</b>

\* This table shows the grants and contributions applied to fund the programme allowing for slippage.

10.1.2 Projects for which earmarked resources have been notified have been given authority to proceed, subject to a detailed specification and programme of works being agreed which ensures that the maximum benefits accrue to the council within the overall constraints of the approved funding. Those schemes, on their own, represent a considerable capital investment.

10.1.3 The Table below summarises the Indicative Capital Programme for 2021 to 2026. Additional detail is provided as Annex 5:

**Indicative Capital Programme 2021 to 2026**

Merton	Updated Budget 21/22	Updated Budget 22/23	Updated Budget 23/24	Updated Budget 24/25	Updated Budget 25/26
Corporate Services	3,962,000	2,510,000	4,800,000	2,862,000	4,560,000
Community and Housing	280,000	280,000	280,000	280,000	630,000
Children, Schools & Families *	650,000	650,000	755,000	650,000	650,000
Environment & Regeneration *	4,052,000	4,017,000	4,017,000	4,077,000	8,075,000
<b>Total Merton</b>	<b>8,944,000</b>	<b>7,457,000</b>	<b>9,852,000</b>	<b>7,869,000</b>	<b>13,915,000</b>

\* Please note these figures do not include any allowance of grant funding for Transport for London and Disabled Facilities.

10.1.4 For every £1 million capital expenditure that is funded by external borrowing it is estimated that there will be annual revenue debt charges of between £216,000 for assets with a life of 5 years to £39,600 for an asset life of 50 years.

## **11 Capital Bids and Prioritisation Criteria**

### **11.1 Prioritisation of schemes 2020/21**

The allocation of capital resources, on those schemes to be funded by borrowing, is focused towards the achievement of the council's key strategic objectives as agreed by councillors as highlighted in section 1 of this strategy.

The prioritisation criteria used in respect of growth were 'Statutory', Need (demand and / or priority), attracts match funding and revenue impact (including invest to save). Due to officers' awareness of the need to restrain the capital programme to affordable levels, the reduction put forward over the period 2017-21, on the basis of these criteria by the board to cabinet was £14.8 million 2017-21 (excluding TfL).

## **12 Detailed Capital Programme 2017-21**

### **12.1 Corporate Services**

**12.2** This department is responsible for the administration of finance and staff, together with the corporate buildings including IT and utility services. Its main capital expenditure is on IT software and hardware, and on improvements to buildings. In order to support more intensive use of the civic centre HQ as part of the flexible working project, capital investment in the overall building infrastructure is essential, including replacement of the main boilers and heat exchangers that are approaching the end of their economic lifespan. There are also budgets held centrally under Corporate Services to ensure funds are available to take up opportunities arising in the local property market, to leverage match funding or to enable transformation of services. Annex 1 provides the overall scheme level for approval and Annex 3 provides a detailed breakdown of projects.

## 12.3 Children, Schools and Families

This department's main capital focus is the need for increased provision for pupils, with the major spend shifting from primary to secondary in 2016/17. The provision in the 2017-21 programme has been revised to that shown in the table below:

<b>Children, Schools &amp; Families</b>	Updated Budget 17/18 £000s	Updated Budget 18/19 £000s	Updated Budget 19/20 £000s	Updated Budget 20/21 £000s
<b>Primary School Expansions</b>	30	0	0	0
<b>Secondary School Expansions</b>	8,889	6,156	4,481	0
<b>SEN</b>	3,196	5,310	1,000	0
<b>Other</b>	804	650	755	650
<b>Children, Schools &amp; Families</b>	<b>12,920</b>	<b>12,116</b>	<b>6,236</b>	<b>650</b>

*Please note £1 million has moved from Secondary Expansions to SEN since November Cabinet*

### **CSF capital programme 2017-21**

The requirement to provide sufficient school places is a key statutory requirement. The government provides capital grant to meet some of this need, but there is a significant shortfall for the council to fund primary school places

The capital programme in 2017/18 provides the finance to complete the expansion of Dundonald Primary School. This will complete a primary school expansion programme over eight years that is providing an additional 4,410 places (21 additional forms of entry since 2007/08).

Following the latest demographic information and admissions data, no further primary school expansions are planned or funded in the capital programme.

### **Secondary school places**

The significant increase in demand for school places reached the secondary phase from September 2015, with significant increases at secondary age transfer up to 2018/19 that will flow into all secondary age groups.

However, it is expected the extra demand for places can be met through existing accommodation for the first two years. School expansion and a new school will be required to provide sufficient places thereafter so significant budget is proposed for this from 2016-17.

The capital programme for 2017/21 includes £19.6 million for expansions in the borough's existing secondary schools and the first phase of a new secondary school. However, the council is working with the Education Funding Agency to ensure that significant funding for the new 'Harris Wimbledon' school is provided by central government.



Due to the difficulty of accurately forecasting the specific level of pupil transfer from the last year of primary school to secondary school the level of secondary school expansion required will be subject to regular reviews over the capital programme period. There is therefore uncertainty over the size, timing and cost of the secondary expansion, this includes a lack of clarity regarding government funding.

### Special school places

The increase in demand for special school provision is proportionally greater for special schools than mainstream schools, though the numbers involved are significantly smaller. Capital funding is provided in the 2017/21 programme for expansion, including ensuring the numbers in the Perseid upper school will match the lower school. Further decisions on specific expansion schemes for special school provision are subject to review.

### Other schemes

With regard to other capital schemes, £650,000 per annum is provided for schools this will be limited to urgent health and safety related needs, with the council expecting schools to fund all works below £20,000.

## 12.3 Environment and Regeneration

This department provides a co-ordinated approach to managing the public realm (all borough areas to which the public has access), as well as the regeneration of our town centres and neighbourhoods.

The individual projects for this department are all listed in Annex 3. Other than the grant funded Transport for London scheme for the upgrade of principal roads, the departments main schemes relate to 12 main areas:

Environment & Regeneration	Updated Budget 17/18	Updated Budget 18/19	Updated Budget 19/20	Updated Budget 20/21
Footways Planned Works	1,000,000	1,000,000	1,000,000	1,000,000
Greenspaces	325,590	335,000	355,000	300,000
Highways General Planned Works	419,000	422,000	427,000	427,000
Highways Planned Road Works	1,500,000	1,500,000	1,200,000	1,200,000
Leisure Centres	9,018,670	2,117,450	257,950	250,000
Other E&R	45,000	0	0	0
Regeneration Partnerships	1,145,870	1,000,000	3,000,000	1,000,000
Street Lighting	290,000	509,000	290,000	290,000
Street Scene	60,000	60,000	60,000	60,000
Transport for London	2,064,800	3,864,800	0	0
Traffic and Parking Management	620,470	150,000	150,000	150,000
Transport and Plant	1,686,000	3,070,000	300,000	300,000
Waste Operations	290,500	2,719,500	40,000	40,000
<b>Environment &amp; Regeneration</b>	<b>18,465,900</b>	<b>16,747,750</b>	<b>7,079,950</b>	<b>5,017,000</b>

### 12.3.1 Highways Planned Road Works and Footways Planned Works

These works are based on annual condition surveys of the whole of the borough. As a result, items are prioritised and drawn up in programmes of works. These programmes may be amended as circumstances alter.

### 12.3.2 Highways General Planned Works

An indicative list of the major works to be done under this budgeted scheme is as follows:

<b>Leisure Centres</b>	<b>Updated Budget 17/18 £000s</b>	<b>Updated Budget 18/19 £000s</b>	<b>Updated Budget 19/20 £000s</b>	<b>Updated Budget 20/21 £000s</b>
Surface Water Drainage	69	72	77	77
Highways bridges & structures	260	260	260	260
Maintain AntiSkid and Coloured	90	90	90	90
<b>Total Highways General Planned Works</b>	<b>419</b>	<b>422</b>	<b>427</b>	<b>427</b>

### 12.3.3 Leisure

The major works relate to the authority's three Leisure Centres. The first scheme is for general improvements to the three Leisure Centres. The second scheme, Morden Park Pools, is a major investment for the council, with the replacement of the current centre with a new facility.

<b>Leisure Centres</b>	<b>Updated Budget 17/18 £000s</b>	<b>Updated Budget 18/19 £000s</b>	<b>Updated Budget 19/20 £000s</b>	<b>Updated Budget 20/21 £000s</b>
Leisure Centre Plant & Machine	450	300	250	250
Morden Leisure Centre	8,319	567	8	0
Wimbledon Park Lake De-Silting	250	1,250	0	0
<b>Total Leisure Centres</b>	<b>9,019</b>	<b>2,117</b>	<b>258</b>	<b>250</b>

### 12.3.4 Future Merton

Regeneration is a major part of the council's strategy. A vision for Morden town centre is being developed and Mitcham town centre will be sustainably developed. The main areas of expenditure over the Capital Programme period will be those below.

<b>Environment and Regeneration</b>	<b>Updated Budget 17/18 £000s</b>	<b>Updated Budget 18/19 £000s</b>	<b>Updated Budget 19/20 £000s</b>	<b>Updated Budget 20/21 £000s</b>
<b>Regeneration Partnerships</b>				
Mitcham Major Schemes - TfL	700	0	0	0
Industrial Estate Investment	446	0	0	0
Transportation Enhancements	0	1,000	3,000	1,000
<b>Total Regeneration Partnerships</b>	<b>1,146</b>	<b>1,000</b>	<b>3,000</b>	<b>1,000</b>

## 12.4 Community and Housing

12.4.1 This department aims to provide residents with the chance to live independent and fulfilling lives, in suitable homes within sustainable communities, with chances to learn, use information, and acquire new skills. The departmental Capital Programme for 2017/21 comprises:

Community and Housing	Updated Budget 17/18 £000s	Updated Budget 18/19 £000s	Updated Budget 19/20 £000s	Updated Budget 20/21 £000s
<u>Adult Social Care</u>				
SCIS Report Development	14	0	0	0
Excel Add-Ins	3	0	0	0
Adult Social Care Collections	10	0	0	0
Telehealth	44	0	0	0
Captive E-learning	8	0	0	0
<u>Libraries</u>				
Library Self Service	0	0	0	350
Colliers Wood Re-Fit	200	0	0	0
West Barnes Library Re-Fit	200	0	0	0
Library Management System	100	0	0	0
<u>Housing</u>				
Disabled Facilities Grant	755	629	280	280
<b>Total Community and Housing</b>	<b>1,334</b>	<b>629</b>	<b>280</b>	<b>630</b>

## 12.5 Overall Programme

12.5.1 The approved Capital Programme for 2017/21 follows at Annex 1, Annex 3 provides an additional breakdown detail of the approved schemes. The summary is as follows:

Merton	Updated Budget 17/18	Updated Budget 18/19	Updated Budget 19/20	Updated Budget 20/21
Corporate Services	6,820,800	3,712,000	2,480,000	2,135,000
Community and Housing	1,334,100	628,900	280,000	630,000
Children, Schools & Families	12,920,030	12,116,200	6,236,000	650,000
Environment & Regeneration	18,465,900	16,747,750	7,079,950	5,017,000
<b>Total Merton</b>	<b>39,540,830</b>	<b>33,204,850</b>	<b>16,075,950</b>	<b>8,432,000</b>

12.5.2 The funding details for the programme follow at Annex 2

12.5.3 Within the funding details the authority has anticipated some slippage for schemes that require a consultation process or a planning application or where the implementation timetable is not certain. The slippage anticipated reduces the spend in the year it is budgeted but increases the spend in the following year when it is incurred. When slippage from 2016/17 is approved, the 2017/18 Capital Programme will be adjusted accordingly.

- 12.5.4 Annexe 1 Capital Investment Programme - Schemes for Approval
- Annexe 2 Funding the Capital Programme 2017-21
- Annexe 3 Detailed Capital Programme 2017-21
- Annexe 4 Analysis of Growth/(Reduction) from current approved programme
- Annexe 5 Indicative Capital Programme 2021-26

**CAPITAL INVESTMENT PROGRAMME - SCHEMES FOR APPROVAL - ANNEX 1**

<b>Merton</b>	<b>Updated Budget 17/18</b>	<b>Updated Budget 18/19</b>	<b>Updated Budget 19/20</b>	<b>Updated Budget 20/21</b>
Corporate Services	6,820,800	3,712,000	2,480,000	2,135,000
Community and Housing	1,334,100	628,900	280,000	630,000
Children, Schools & Families	12,920,030	12,116,200	6,236,000	650,000
Environment & Regeneration	18,465,900	16,747,750	7,079,950	5,017,000
<b>Total Merton</b>	<b>39,540,830</b>	<b>33,204,850</b>	<b>16,075,950</b>	<b>8,432,000</b>

<b>Merton</b>	<b>Updated Budget 17/18</b>	<b>Updated Budget 18/19</b>	<b>Updated Budget 19/20</b>	<b>Updated Budget 20/21</b>
Total Business Improvement	816,000	1,377,000	0	0
Total Resources	147,800	0	0	125,000
Total Information Technology	1,946,000	1,085,000	630,000	1,060,000
Total Facilities Management	3,911,000	1,250,000	1,850,000	950,000
<b>Total Corporate Services</b>	<b>6,820,800</b>	<b>3,712,000</b>	<b>2,480,000</b>	<b>2,135,000</b>
<b>Community and Housing</b>				
Adult Social Care	79,100	0	0	0
Housing	755,000	628,900	280,000	280,000
Libraries	500,000	0	0	350,000
<b>Total Community and Housing</b>	<b>1,334,100</b>	<b>628,900</b>	<b>280,000</b>	<b>630,000</b>
<b>Children, Schools and Families</b>				
Primary School Expansions	30,000	0	0	0
Secondary School Expansions	8,889,290	6,156,200	4,481,000	0
SEN	3,196,290	5,310,000	1,000,000	0
Other	804,450	650,000	755,000	650,000
<b>Children, Schools &amp; Families</b>	<b>12,920,030</b>	<b>12,116,200</b>	<b>6,236,000</b>	<b>650,000</b>

**CAPITAL INVESTMENT PROGRAMME - SCHEMES FOR APPROVAL - ANNEX 1 Continued.....**

<b>Environment &amp; Regeneration</b>	<b>Updated Budget 17/18</b>	<b>Updated Budget 18/19</b>	<b>Updated Budget 19/20</b>	<b>Updated Budget 20/21</b>
Footways Planned Works	1,000,000	1,000,000	1,000,000	1,000,000
Greenspaces	325,590	335,000	355,000	300,000
Highways General Planned Works	419,000	422,000	427,000	427,000
Highways Planned Road Works	1,500,000	1,500,000	1,200,000	1,200,000
Leisure Centres	9,018,670	2,117,450	257,950	250,000
Other E&R	45,000	0	0	0
Regeneration Partnerships	1,145,870	1,000,000	3,000,000	1,000,000
Street Lighting	290,000	509,000	290,000	290,000
Street Scene	60,000	60,000	60,000	60,000
Transport for London	2,064,800	3,864,800	0	0
Traffic and Parking Management	620,470	150,000	150,000	150,000
Transport and Plant	1,686,000	3,070,000	300,000	300,000
Waste Operations	290,500	2,719,500	40,000	40,000
<b>Environment &amp; Regeneration</b>	<b>18,465,900</b>	<b>16,747,750</b>	<b>7,079,950</b>	<b>5,017,000</b>

**Please Note**

- 1) Excludes expenditure budgets relating to Disabled Facilities Grant funding from 2017/18.
- 2) Excludes expenditure budgets relating to Transport for London Grant from 19/20 as grant funding has not been announced.
- 3) Excludes expenditure budgets relating to Devolved Formula Capital for schools from 2017/18 as grant funding has not been announced.
- 4) Excludes any expenditure budgets relating to a Housing Company

Merton	Capital Programme £000s	Funded by Merton £000s	Funded by grant and capital contributions £000s
<b>2016/17 Current Budget</b>	<b>38,465</b>	<b>21,836</b>	<b>16,628</b>
Potential Slippage b/f	0	0	0
<b>2016/17 Revised Budget</b>	<b>38,465</b>	<b>21,836</b>	<b>16,628</b>
Potential Slippage c/f	(5,330)	(4,602)	(729)
Potential Underspend not slipped into next year	(1,367)	(775)	(593)
<b>Total Spend 2016/17</b>	<b>31,767</b>	<b>16,461</b>	<b>15,306</b>
<b>2017/18 Current Budget</b>	<b>39,541</b>	<b>24,601</b>	<b>14,940</b>
Potential Slippage b/f	5,330	4,602	729
<b>2017/18 Revised Budget</b>	<b>44,871</b>	<b>29,203</b>	<b>15,668</b>
Potential Slippage c/f	(3,578)	(3,046)	(532)
Potential Underspend not slipped into next year	(909)	(842)	(67)
<b>Total Spend 2017/18</b>	<b>40,384</b>	<b>25,313</b>	<b>15,070</b>
<b>2018/19 Current Budget</b>	<b>33,205</b>	<b>20,362</b>	<b>12,844</b>
Potential Slippage b/f	3,578	3,046	532
<b>2018/19 Revised Budget</b>	<b>36,783</b>	<b>23,408</b>	<b>13,375</b>
Potential Slippage c/f	(1,475)	(1,243)	(232)
Potential Underspend not slipped into next year	(399)	(336)	(63)
<b>Total Spend 2018/19</b>	<b>34,909</b>	<b>21,827</b>	<b>13,081</b>
<b>2019/20 Current Budget</b>	<b>16,076</b>	<b>10,796</b>	<b>5,280</b>
Potential Slippage b/f	1,475	1,243	232
<b>2019/20 Revised Budget</b>	<b>17,551</b>	<b>12,040</b>	<b>5,512</b>
Potential Slippage c/f	(551)	(540)	(12)
Potential Underspend not slipped into next year	(326)	(312)	(14)
<b>Total Spend 2019/20</b>	<b>16,673</b>	<b>11,188</b>	<b>5,486</b>
<b>2020/21 Current Budget</b>	<b>8,432</b>	<b>7,782</b>	<b>650</b>
Potential Slippage b/f	551	540	12
<b>2020/21 Revised Budget</b>	<b>8,983</b>	<b>8,322</b>	<b>662</b>
Potential Slippage c/f	(101)	(100)	(1)
Potential Underspend not slipped into next year	(348)	(315)	(33)
<b>Total Spend 2020/21</b>	<b>8,534</b>	<b>7,906</b>	<b>628</b>

\* Funded by Merton refers to expenditure funded through Capital Receipts, Revenue Reserves and ' by borrowing.

**DETAILED CAPITAL PROGRAMME 2017-21**

**ANNEX 3**

<u>Department</u>	<u>Scrutiny</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
<b>Corporate Services</b>					
<u>Business Improvement</u>					
Replacement Social Care System	OSC	425,540	350,000	0	0
Planning&Public Protection Sys	OSC	40,000	510,000	0	0
Revenue and Benefits	OSC	0	400,000	0	0
Spectrum Spatial Analyst Replacement	OSC	0	42,000	0	0
Capita Housing	OSC	100,000	0	0	0
Aligned Assets	OSC	0	75,000	0	0
Replacement Document Management System	OSC	0	0	0	0
Electronic Asset Management	OSC	250,460	0	0	0
Customer Contact	OSC	0	0	0	0
<u>Corporate</u>					
<u>Facilities Management</u>					
Invest to Save Schemes	OSC	900,000	300,000	300,000	300,000
Capital Works Facilities	OSC	300,000	300,000	650,000	650,000
Water Safety Works	OSC	150,000	100,000	0	0
Asbestos Safety Works	OSC	250,000	250,000	0	0
Schools PV&Energy conservation	OSC	2,000,000	0	0	0
Civic Centre Boilers	OSC	0	300,000	0	0
Civic Centre Staff Entrance Improvements	OSC	200,000	0	0	0
Civic Centre Lightning Upgrade	OSC	0	0	300,000	0
Civic Centre Block Paving	OSC	75,000	0	0	0
Multi-Function Device	OSC	36,000	0	600,000	0
<u>Information Technology</u>					
Planned Replacement Programme	OSC	1,746,000	510,000	430,000	860,000
IT Enhancements	OSC	200,000	275,000	200,000	200,000
Data Centre Support Equipment	OSC	0	300,000	0	0
<u>Resources</u>					
Full EDRMS Invoice Solution SCIS/FIS	OSC	41,000			
Replacement of Civica Icon	OSC	106,800	0	0	125,000
<b>Total Corporate Services</b>		<b>6,820,800</b>	<b>3,712,000</b>	<b>2,480,000</b>	<b>2,135,000</b>

\* OSC= Overview and Scrutiny Commission, CYP = Children and Young People, HCOP = Healthier Communities and Older People SC = Sustainable Communities,



**DETAILED CAPITAL PROGRAMME 2017-21 Continued....**

**ANNEX 3**

<b>Department</b>	<b>Scrutiny</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>Community and Housing</b>					
<u>Adult Social Care</u>					
SCIS Report Development	HCOP	14,000	0	0	0
Excel Add-Ins	HCOP	3,000	0	0	0
Adult Social Care Collections	HCOP	10,000	0	0	0
Telehealth	HCOP	43,750	0	0	0
Captive E-Learning	HCOP	8,350	0	0	0
<u>Libraries</u>					
Library Self Service	SC	0	0	0	350,000
Colliers Wood Re-Fit	SC	200,000	0	0	0
West Barnes Library Re-Fit	SC	200,000	0	0	0
Library Management System	SC	100,000	0	0	0
<u>Housing</u>					
Disabled Facilities Grant	SC	755,000	628,900	280,000	280,000
<b>Total Community and Housing</b>		<b>1,334,100</b>	<b>628,900</b>	<b>280,000</b>	<b>630,000</b>

<b>Department</b>	<b>Scrutiny</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>Children, Schools and Families</b>					
<u>Primary Expansions</u>					
Dundonald	CYP	30,000	0	0	0
<u>Secondary Expansion</u>					
Secondary School expansion	CYP	30,000	0	0	0
St Marks	CYP	200,000	1,423,600	3,681,000	0
New 6fe School	CYP	5,116,250	2,689,100	0	0
Harris merton	CYP	3,372,980	0	0	0
Harris Morden	CYP	200,060	2,043,500	800,000	0
<u>SEN Expansion</u>					
Perseid	CYP	931,930	650,000	0	0
Secondary School Autism Unit	CYP	200,000	1,160,000	0	0
Further SEN	CYP	2,064,360	3,500,000	1,000,000	0
<u>Other CSE</u>					
Schools Capital Maintenance	CYP	670,000	650,000	650,000	650,000
School Loans	CYP	104,450	0	0	0
Admissions IT	CYP	0	0	105,000	0
<b>Total Children, Schools and Families</b>		<b>12,920,030</b>	<b>12,116,200</b>	<b>6,236,000</b>	<b>650,000</b>

\* OSC= Overview and Scrutiny Commission, CYP = Children and Young People, HCOP = Healthier Communities and Older People SC = Sustainable Communities,

*Please note £1million has moved from St Marks Secondary to Further SEN since November Cabinet*

**Please Note**

- 1) Excludes expenditure budgets relating to Disabled Facilities Grant from 17/18.
- 2) Excludes expenditure budgets relating to Transport for London Grant from 19/20 as grant funding has not been announced.
- 3) Excludes expenditure budgets relating to Devolved Formula Capital for schools from 2016/17 as grant funding has not been announced.
- 4) Excludes any expenditure budgets relating to a Housing Company

Department	Scrutiny	2017-18	2018-19	2019-20	2020-21
<b>Environment and Regeneration</b>					
<u>Footways Planned Works</u>					
Repairs to Footways	SC	1,000,000	1,000,000	1,000,000	1,000,000
<u>Greenspaces</u>					
Parks investment	SC	201,000	307,500	295,000	300,000
Parks Bins - Finance Lease	SC	34,000	27,500	0	0
Pay & Display Machine	SC	0	0	60,000	0
Canons Parks for the People Dev HLF	SC	90,590	0	0	0
<u>Highways General Planned Works</u>					
Surface Drainage Water	SC	69,000	72,000	77,000	77,000
Highways and Bridges Structures	SC	260,000	260,000	260,000	260,000
Maintain AntiSkid and Coloured	SC	90,000	90,000	90,000	90,000
<u>Highways Planned Road Works</u>					
Borough Roads Maintenance	SC	1,500,000	1,500,000	1,200,000	1,200,000
<u>Leisure Centres</u>					
Leisure Centre Plant and Machines	SC	450,000	300,000	250,000	250,000
Morden Leisure Centre	SC	8,318,670	567,450	7,950	0
Wimbledon Park Lake De-Silting	SC	250,000	1,250,000	0	0
<u>Other E&amp;R</u>					
Mortuary Provision	SC	45,000			
<u>Regeneration Partnerships</u>					
Mitcham Major Schemes - TfL	SC	700,000	0	0	0
Industrial Estate Investment	SC	445,870	0	0	0
Transportation Enhancements	SC	0	1,000,000	3,000,000	1,000,000
<u>Street Lighting</u>					
Street Lighting	SC	290,000	509,000	290,000	290,000
<u>Street Scene</u>					
Street Tree Programme	SC	60,000	60,000	60,000	60,000
<u>Transport for London</u>					
TfL Unallocated	SC	1,844,800	1,864,800	0	0
Morden TfL	SC	220,000	2,000,000	0	0
<u>Transport and Plant</u>					
Replacement Fleet Vehicles	SC	400,000	400,000	300,000	300,000
SWLP Vehicles	SC	1,286,000	2,670,000	0	0
<u>Traffic and Parking Management</u>					
Traffic Schemes	SC	156,000	150,000	150,000	150,000
CCTV (Match Funding)	SC	164,440	0	0	0
Tackling Traffic Congestion	SC	300,030	0	0	0

\* OSC= Overview and Scrutiny Commission, CYP = Children and Young People, HCOP = Healthier Communities and Older People SC = Sustainable Communities,

**DETAILED CAPITAL PROGRAMME 2017-21 Continued....****ANNEX 3**

<b>Department</b>	<b>Scrutiny</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>Environment and Regeneration Cont</b>					
<u>Waste Operations</u>					
Alley Gating	SC	40,000	40,000	40,000	40,000
Waste Bins - Finance Lease	SC	5,500	5,500	0	0
GPS Vehicle Tracking	SC	130,000	0	0	0
SWLP IT	SC	42,000	0	0	0
SWLP Depot	SC	73,000	0	0	0
SWLP Wheelie Bins	SC	0	2,674,000	0	0
<b>Total Environment and Regeneration</b>		<b>18,465,900</b>	<b>16,747,750</b>	<b>7,079,950</b>	<b>5,017,000</b>

**Analysis of Growth against Approved Programme 2017/20 and Indicative Programme 2020/21**  
**ANNEX 4**

<b>Department</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>Corporate Services</b>				
<u>Business Improvement</u>				
Replacement Social Care System	200,000	350,000	0	(150,000)
Planning&Public Protection Sys	(510,000)	510,000	0	0
Electronic Asset Management	0	0	(190,000)	0
Customer Contact	0	0	0	(200,000)
<u>Corporate</u>				
<u>Facilities Management</u>				
Capital Works Facilities	0	0	(50,000)	(50,000)
<u>Resources</u>				
Improving Financial Systems	0	0	0	(700,000)
<b>Total Corporate Services</b>	<b>(310,000)</b>	<b>860,000</b>	<b>(240,000)</b>	<b>(1,100,000)</b>
<b>Children, Schools and Families</b>				
<u>Secondary Expansion</u>				
St Marks	(911,800)	(1,257,400)	1,681,000	0
New 6fe School	0	0	(1,979,100)	(6,000,000)
Harris Morden	(1,643,500)	1,343,500	800,000	0
Raynes Park	(100,000)	(1,530,000)	(4,200,000)	0
<u>SEN Expansion</u>				
Secondary School Autism Unit	(960,000)	1,160,000	0	0
Further SEN	(500,000)	500,000	0	0
<b>Total Children, Schools and Families</b>	<b>(4,115,300)</b>	<b>216,100</b>	<b>(3,698,100)</b>	<b>(6,000,000)</b>
<b>Environment and Regeneration</b>				
<u>Greenspaces</u>				
Parks investment	0	0	0	(25,000)
<u>Highways Planned Road Works</u>				
Borough Roads Maintenance	0	0	(50,000)	(50,000)
<u>Leisure Centres</u>				
Leisure Centre Plant and Machines	0	0	(50,000)	(50,000)
<u>Regeneration Partnerships</u>				
Transportation Enhancements	0	(4,000,000)	3,000,000	1,000,000
<u>Transport and Plant</u>				
Replacement Fleet Vehicles	(100,000)	(100,000)	(50,000)	(50,000)
<u>Traffic and Parking Management</u>				
Traffic Schemes	0	(25,000)	(25,000)	(25,000)
<b>Total Environment and Regeneration</b>	<b>(100,000)</b>	<b>(4,125,000)</b>	<b>2,825,000</b>	<b>800,000</b>
<b>Total Merton</b>	<b>(4,525,300)</b>	<b>(3,048,900)</b>	<b>(1,113,100)</b>	<b>(6,300,000)</b>

\* OSC= Overview and Scrutiny Commission, CYP = Children and Young People, HCOP = Healthier Communities and Older People SC = Sustainable Communities,

\*\* Negative growth in the capital programme is as a result of reduction when compared to the approved (17/20) and indicative (20/21)

**INDICATIVE CAPITAL PROGRAMME 2021-26**

**ANNEX 5**

<b>Department</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>
<b>Corporate Services</b>					
<u>Business Improvement</u>					
Replacement Social Care System	0	0	2,100,000	0	0
Planning&Public Protection Sys	0	0	0	0	550,000
Revenue and Benefits	0	0	0	400,000	0
Spectrum Spatial Analyst Replacement	42,000	0	0	42,000	0
Capita Housing	0	100,000	0	0	0
Aligned Assets	0	0	75,000	0	0
Replacement Document Management System	0	0	900,000	0	0
Electronic Asset Management	0	0	0	240,000	0
Customer Contact	2,000,000	0	0	0	2,000,000
<u>Facilities Management</u>					
Invest to Save Schemes	300,000	300,000	300,000	300,000	300,000
Capital Works Facilities	650,000	650,000	650,000	650,000	650,000
Multi-Function Device	0	0	0	600,000	0
<u>Information Technology</u>					
Planned Replacement Programme	770,000	560,000	575,000	430,000	860,000
IT Enhancements	200,000	200,000	200,000	200,000	200,000
<u>Resources</u>					
Improving Financial Systems	0	700,000	0	0	0
<b>Total Corporate Services</b>	<b>3,962,000</b>	<b>2,510,000</b>	<b>4,800,000</b>	<b>2,862,000</b>	<b>4,560,000</b>
<b>Community and Housing</b>					
<u>Libraries</u>					
Library Self Service	0	0	0	0	350,000
<u>Housing</u>					
Disabled Facilities Grant	280,000	280,000	280,000	280,000	280,000
<b>Total Community and Housing</b>	<b>280,000</b>	<b>280,000</b>	<b>280,000</b>	<b>280,000</b>	<b>630,000</b>
<b>Children, Schools and Families</b>					
<u>Other CSF</u>					
Schools Capital Maintenance	650,000	650,000	650,000	650,000	650,000
Admissions IT	0	0	105,000	0	0
<b>Total Children, Schools and Families</b>	<b>650,000</b>	<b>650,000</b>	<b>755,000</b>	<b>650,000</b>	<b>650,000</b>

**INDICATIVE CAPITAL PROGRAMME 2021-26 Continued.....**

**ANNEX 5**

<b>Department</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>2025-26</b>
<b>Environment and Regeneration</b>					
<u>Footways Planned Works</u>					
Repairs to Footways	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
<u>Greenspaces</u>					
Parks investment	300,000	300,000	300,000	300,000	300,000
Pay & Display Machine	0	0	0	60,000	60,000
<u>Highways General Planned Works</u>					
Surface Drainage Water	77,000	77,000	77,000	77,000	77,000
Highways and Bridges Structures	260,000	260,000	260,000	260,000	260,000
Maintain AntiSkid and Coloured	90,000	90,000	90,000	90,000	90,000
<u>Highways Planned Road Works</u>					
Borough Roads Maintenance	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
<u>Leisure Centres</u>					
Leisure Centre Plant and Machines	250,000	250,000	250,000	250,000	250,000
<u>Other E&amp;R</u>					
Replacing Handheld Computers	35,000	0	0	0	0
<u>Street Lighting</u>					
Street Lighting	290,000	290,000	290,000	290,000	290,000
<u>Street Scene</u>					
Street Tree Programme	60,000	60,000	60,000	60,000	60,000
<u>Transport and Plant</u>					
Replacement Fleet Vehicles	300,000	300,000	300,000	300,000	300,000
SWLP Vehicles	0	0	0	0	3,956,000
<u>Traffic and Parking Management</u>					
Traffic Schemes	150,000	150,000	150,000	150,000	150,000
<u>Waste Operations</u>					
Alley Gating	40,000	40,000	40,000	40,000	40,000
SWLP IT	0	0	0	0	42,000
<b>Total Environment and Regeneration</b>	<b>4,052,000</b>	<b>4,017,000</b>	<b>4,017,000</b>	<b>4,077,000</b>	<b>8,075,000</b>
<b>Total Merton</b>	<b>8,944,000</b>	<b>7,457,000</b>	<b>9,852,000</b>	<b>7,869,000</b>	<b>13,915,000</b>

\* OSC= Overview and Scrutiny Commission, CYP = Children and Young People, HCOP = Healthier Communities and Older People SC = Sustainable Communities,

\*\* Negative growth in the capital programme is as a result of reduction when compared to the approved (17/20)and indicative (20/21) programme.

**Please Note**

- 1) Excludes expenditure budgets relating to Disabled Facilities Grant
- 2) Excludes expenditure budgets relating to Transport for London Grant .
- 3) Excludes expenditure budgets relating to Devolved Formula Capital for schools.
- 4) Excludes any expenditure budgets relating to a Housing Company

## **SECTION 5: LONDON BOROUGH OF MERTON TREASURY MANAGEMENT POLICY STATEMENT**

### **1. INTRODUCTION**

#### **1.1 Background**

London Borough of Merton have adopted the Chartered Institute of Public Finance and Accountancy (CIPFA) definition of Treasury Management, which is:

*“The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”*

The Council is required to update and approve its policy framework and strategy for treasury management, annually, to reflect the changing market environment, regulation, and the Council’s financial position. The key issues and decisions are:

- a) To set the Council’s Prudential Indicators for 2017/18 to 2019/20
- b) Approve the Minimum Revenue Provision (MRP) policy for 2017/18; and
- c) To agree the Treasury Management Strategy for 2017/18. This will include the annual investment strategy, containing the parameters of how the investments are to be managed.

#### **1.2 Statutory Requirement**

The Local Government Act 2003 (the Act) as amended and supporting regulations, require the Council to ‘have regard to’

- (a) such guidance as the Secretary of State may issue; and
- (b) such other guidance as the Secretary of State may by regulations specify for the purposes of this provision

<http://www.legislation.gov.uk/ukpga/2003/26/section/15>

The Guidance requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy. The Council has adopted CIPFA’s revised Code of Practice on Treasury Management.

#### **1.3 Balanced Budget Requirement**

Section 33 of the Local Government Finance Act 1992 requires the Council to set a balanced budget. This means that cash raised during the year will meet cash expenditure. Part of the treasury management function is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Cash yet to be used are invested in low risk and good credit quality counterparties or instruments with the consideration first for security, liquidity and yield.

The other main function of treasury management is the funding of the Council's capital plans. These capital plans provide a guide to the long or short-term borrowing need of the Council, essentially the longer term cashflow planning, to ensure that the Council can meet its capital spending obligations. The management of longer term cash may involve arranging long or short dated loans, or using longer term cashflow surpluses. Subject to S151 Officer's approval, any debt previously drawn may be restructured or repaid to meet the Council's risk or cost objectives.

#### **1.4 Treasury Management Strategy for 2017/18**

The strategy for 2017/18 covers two main areas:

##### **Capital Issues**

- To determine the Council's capital plans and prudential indicators for 2017/18 to 2019/20;
- To approve the Minimum Revenue Provision (MRP) policy for 2017/18.

The LG Act 2003 require local authorities to set an affordable borrowing limit (<http://www.legislation.gov.uk/ukpga/2003/26/section/3>).

##### **Treasury Management Issues**

- To agree the Council's treasury management strategy for 2017/18
  - current treasury position as at 30 November 2016;
  - treasury indicators which limit the treasury risk and activities of the Council;
  - prospects for interest rates;
  - borrowing strategy;
  - policy on borrowing in advance of need;
  - debt rescheduling and early repayment of debt review;
  - Annual Investment Strategy and alternative investment instruments (Policy on new lending and borrowing instruments);
  - creditworthiness policy;
  - Treasury Management Practices (**Appendix 5**);and
  - cash flow policy

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the Communities and Local Government (CLG) MRP Guidance, the CIPFA Treasury Management Code and the CLG Investment Guidance.



## 2. CURRENT TREASURY POSITION

### 2.1 Use of the Council's Resources and the Investment Position

The application of resources (capital receipts and reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources, for example, asset sales.

The table below shows the position as at 30 November 2016.

Year End Resources	2015/16 Actual £'000	30 November 2016 Actual £'000	31 March 2016/17 Estimate £'000	31 March 2017/18 Estimate £'000
Investments	85,400	107,200	79,166	58,381
Interest on investments	1,140	451	1,262	1,186
Borrowing				
Long-term Borrowing	116,976	116,976	116,976	113,010
Short-term Borrowing				
<b>Total External Debt</b>	<b>116,976</b>	<b>116,976</b>	<b>116,976</b>	<b>113,010</b>
Interest on External Debt				
Long-term	6,686	6,702	6,702	6,315
Short-term	1	1		
<b>Total Interest on External Debt</b>	<b>6,687</b>	<b>6,703</b>	<b>6,702</b>	<b>6,315</b>

Interest on investments figures above do not include interest from policy investments.

## 3. CAPITAL PRUDENTIAL INDICATORS 2017/18 - 2020/21

The Council is required to calculate various indicators for the next 3 years. The aim of prudential indicators is to ensure that the Council's capital investment plans are affordable, prudent and sustainable. The prudential indicators set out in **Appendix 6** are calculated for the Medium Term Financial Strategy (MTFS) period. The indicators relate to capital expenditure, external debt and treasury management.

The Council will monitor performance against the indicators and prepare indicators based on the Statement of Accounts (SoA) at year end.

### 3.1 Capital Expenditure

The Council's capital expenditure plans are fundamental to its treasury management activity. The output of the capital expenditure plans is reflected in prudential indicators, which are designed to provide Council members an overview and confirm the impact of capital expenditure plans.

This indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle as reported in the MTFS. Environment and Regeneration figures include projects relating to Public Health programs however these are fully funded and do not have any MRP implications.

Members are asked to approve the capital expenditure forecasts:

Capital Expenditure	2015/16 Actual £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
Children Schools & Families	14,348	13,396	12,920	12,116	6,236	650
Community & Housing	1,355	1,951	1,334	629	280	630
Corporate Services	2,466	8,975	6,821	3,712	2,480	2,135
Environment & Regeneration	10,910	14,143	18,466	16,748	7,080	5,017
	-	-	-	-	-	-
<b>Total</b>	<b>29,079</b>	<b>38,465</b>	<b>39,541</b>	<b>33,205</b>	<b>16,076</b>	<b>8,432</b>

The above financing need excludes other long-term liabilities, such as PFI and leasing arrangements which already include borrowing instruments.

The table below shows how the capital expenditure plans are being financed by revenue or capital resources. A shortfall of resources means a borrowing need. The capital programme expenditure figures used in calculating the financing costs have been adjusted for slippage in the programme as at 30 November 2016.

Capital Expenditure	2015/16 Actual £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
Capital Expenditure	<b>29,079</b>	<b>38,465</b>	<b>39,541</b>	<b>33,205</b>	<b>16,076</b>	<b>8,432</b>
Slippage*	-	-6,698	843	1,704	597	102
Leasing Budgets in Programme after Slippage		-223	-125	-45	-572	-29
Total Capital Expenditure	29,079	31,544	40,259	34,864	16,101	8,505
<b>Financed by:</b>						
Capital Receipts	9,082	14,105	19,475	855	328	871
Capital Grants & Contributions	18,869	15,306	15,070	13,081	5,486	628
Capital Reserves	607	-	-	-	-	-
Revenue Provisions	429	2,061	5,482	1,537	4	0
Other Financing Sources	-	-	-	-	-	-
<b>Net financing need for the year</b>	<b>92</b>	<b>72</b>	<b>232</b>	<b>19,391</b>	<b>10,284</b>	<b>7,006</b>

\*In the above table slippage includes slippage in from the previous year and out to the following year.

### **3.2 The Council's Borrowing Need (the Capital Financing Requirement)**

The second prudential indicator, Capital Financing Requirement (CFR), is the total historical outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. In other words, a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR includes any other long-term liabilities like PFI schemes and finance leases which have been brought onto the balance sheet. Whilst this increases the CFR, and therefore the Council's borrowing requirement, it should be noted that these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes.

The Council has no Housing Revenue Account (HRA) and no new PFI scheme in 2017/18 is expected. Public Health capital projects are fully funded therefore have no CFR implications. The 2016/17 forecast movement in CFR shows a decrease of £8,638k because the expenditure to be funded from borrowing in 2016/17 is less than the amount of MRP charged in the year.

The current cashflow projection as at 30 November 2016 for 2016/17 year end is an estimated cash balance of £79.6m. The current forecast has been based on assumptions in the MTFs and capital programme spend forecast after slippage. The 2016/17 forecast £31.5m, 2017/18 £40.3m, and 2018/19 £34.9m are based on best estimates which may slip due to unforeseen circumstances and the nature of large projects and the level of grant income. Also, fees and charges for the Council may change. Based on current forecasts the earliest the Council may borrow is in 2017/18 in anticipation for 2018/19. However, the Council can borrow in advance of need if rates fall and borrowing becomes a lot more advantageous than it currently is.

The Council is asked to approve the CFR projections in the following table:

	2015/16 Actual £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
<b>Capital Financing Requirement</b>						
CFR (non-housing)	198,616	189,978	181,644	192,997	193,274	190,553
<b>Total CFR</b>	<b>198,616</b>	<b>189,978</b>	<b>181,644</b>	<b>192,997</b>	<b>193,274</b>	<b>190,553</b>
<b>Movement in CFR</b>	<b>(9,210)</b>	<b>(8,638)</b>	<b>(8,334)</b>	<b>11,353</b>	<b>277</b>	<b>(2,721)</b>
<b>Movement in CFR represented by</b>						
Net financing need for the year (above)	92	72	232	19,931	10,284	7,006
Less Capital MRP/VRP	7,587	7,154	7,004	6,579	7,634	7,987
Less Other MRP/VRP (leasing, PFI)	1,118	916	876	724	1,585	897
Less Other MRP/VRP – PFI – Partial termination	597	640	686	735	788	844
Less Other financing movements • Adjustment of PFI Liability • Adjustment of MRP						
<b>Movement in CFR</b>	<b>(9,210)</b>	<b>(8,638)</b>	<b>(8,334)</b>	<b>11,353</b>	<b>277</b>	<b>(2,721)</b>

#### **Actual and estimates of the ratio of financing costs to net revenue stream**

This indicator identifies the trend in the cost of capital (borrowing and other long-term obligation costs net of investment income) against the net revenue stream. The indicator shows the proportion of the income received from Council tax, Revenue Support Grant (RSG) and National Non-Domestic Rate (NNDR) that is spent on paying the borrowing associated with delivery of capital investment i.e. principal and interest charges of long-term borrowing.

The table below shows the monetary values for the above ratio

	2015/16 Actual £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
Net Revenue Financing Costs	19,575	16,731	16,791	16,074	18,908	18,373
Net Financing Stream	155,662	148,139	146,066	139,664	137,453	133,999
Ratio of Financing Costs to Net Revenue Stream (Non HRA)	12.58%	11.29%	11.50%	11.51%	13.76%	13.71%

## Estimates of the incremental impact of capital investment decisions on council tax.

The table below shows the incremental impact of changes in the capital programme (incorporating the effects of changes in treasury forecasts and investment decisions) on the band D Council tax. Council tax has remained the same since 2011/12 therefore there has been little or no incremental impact on Council tax band D properties.

	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
Incremental Change in Capital Financing Costs (£000)	3,020	-2,844	60	-717	2,835	-535
Council Tax Base	69,638	71,327	72,442	72,805	73,169	73,534
<b>Incremental Impact on Council Tax - Band D*** (£)</b>	<b>43.36</b>	<b>-39.87</b>	<b>0.84</b>	<b>-9.85</b>	<b>38.74</b>	<b>-7.28</b>
Council Tax - Band D (£)	1,106.56	1,106.45	1,139.71	1,173.90	1,197.38	1,221.33

\*\*\*2015/16 is actual council tax amounts, 2016/17 are actual. However the Council tax base for future years is per the MTFs.

#### 4. MINIMUM REVENUE PROVISION (MRP) POLICY STATEMENT

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP). The Council has not made any provision for VRP in its capital expenditure.

For capital expenditure incurred before 1 April 2008 or by Supported Capital Expenditure, the MRP policy follows CLG regulations (option 1). This provides for an approximate 4% reduction in the borrowing need (CFR) each year.

From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be based on the Asset Life Method – CLG regulations (option 3).

This option will be applied for any expenditure capitalised under a capitalisation direction. It should be noted that this option provides for a reduction in the borrowing need over the approximate life of the asset.

The Council is required to have regard for the Local Government Involvement in Health Act 2007. This amended the Local Government Act 2003 enabling the Secretary of State to issue guidance on accounting practices and thus on MRP. Also, the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended) specifies that “A local authority shall determine for the current financial year an amount of minimum revenue provision which it considers to be prudent”. Any MRP implications on how the Council will pay for unfinanced capital assets through revenue will be included in the MRP policy.

Category	Depreciation (Years)
<b>Assets valued over £1m</b>	
Buildings	50
Mechanical & Electrical	20
External	20
<b>Assets valued under £1m</b>	
Buildings	40
Infrastructure (roads etc)	25
15 Year Asset	15
10 Year Asset	10
Computer software	5
Computer hardware	5
Large vehicles – e.g. buses, RCVs	7
Small vehicles – e.g. cars, vans	5
Other equipment e.g. CCTV	5

<b>MRP years where there is no depreciation equivalent</b>	
Land	50
Revenue Expenditure Funded by capital Under Statute e.g. Redundancy costs	20

## 5. TREASURY MANAGEMENT STRATEGY

### 5.1 The Prospects for Interest Rates and Economic Forecasts

Consideration is given to economic and interest rate forecasts because they provide likely investment rates (bank rates), likely borrowing rates (PWLB), credit risk profile thereby giving some latitude on when to borrow, repay and invest. However as with every forecast there is also the likelihood of economic factors not following forecasts.

The following table gives the central position on the Council's treasury management adviser's view on interest rates.

Annual Average %	Bank Rate (%)	PWLB Borrowing Rates (%)			
		5 year	10 year	25 year	50 year
March 2017	0.25	1.60	2.30	2.90	2.70
June 2017	0.25	1.60	2.30	2.90	2.70
Sept 2017	0.25	1.60	2.30	2.90	2.70
Dec 2017	0.25	1.60	2.30	3.00	2.80
March 2018	0.25	1.70	2.30	3.00	2.80
June 2018	0.25	1.70	2.40	3.00	2.80
Sept 2018	0.25	1.70	2.40	3.10	2.90
Dec 2018	0.25	1.80	2.40	3.10	2.90
March 2019	0.25	1.80	2.50	3.20	3.00
June 2019	0.50	1.90	2.50	3.20	3.00
Sept 2019	0.50	1.90	2.60	3.30	3.10
Dec 2019	0.75	2.00	2.60	3.30	3.10
Mar 2020	0.75	2.00	2.70	3.40	3.20

Source: Capita Asset Services

The above forecasts reflect broad stimulus measures the Bank of England's Monetary Policy Committee (MPC) took following the vote for the UK to exit the EU (Brexit) at the Referendum on 23<sup>rd</sup> June 2016, including a cut in base rate from 0.50% to 0.25% on 4<sup>th</sup> August 2016. Since then, economic statistics suggest that the sharp fall in Sterling strengthened growth and raised inflation forecasts significantly.

During the two-year period (2017 – 2019) post triggering of Article 50, when the UK is negotiating the terms for withdrawal from the EU, it is likely that the MPC will do nothing to dampen growth prospects already adversely impacted by the uncertainties of Brexit. Accordingly, a first increase to 0.50% is not tentatively pencilled in, as above, until Q2 2019, after those negotiations have been concluded, (though the period for negotiations could be extended). However, if strong domestically generated inflation, (e.g. from wage increases within the UK), were to emerge, then the pace and timing of increases in Bank Rate could be brought forward.

Economic forecasting remains difficult with so many external influences weighing on the UK. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments. Major volatility in bond yields is likely to endure as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities, or the safe haven of bonds. The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently. An eventual world economic recovery may also see investors switching from the safe haven of bonds to equities.

The overall balance of risks to economic recovery in the UK remains to the downside.

PWLB rates and gilt yields have been experiencing exceptional levels of volatility that are highly correlated to geo-political, sovereign debt crisis and emerging market developments.

Apart from the above uncertainties, downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Monetary policy action by central banks reaching its limit of effectiveness and failing to stimulate significant sustainable growth, combat the threat of deflation and reduce high levels of debt in some major developed economies, combined with a lack of adequate action from national governments to promote growth through structural reforms, fiscal policy and investment expenditure.
- Major national polls:
  - US presidential election was held on 8<sup>th</sup> November 2016. Bank funding costs have risen since the US election and markets believe the policies of Mr Donald Trump, the President-elect, could push up interest rates;
  - Italian constitutional referendum was held on 4<sup>th</sup> December 2016 with the Prime Minister, Matteo Renzi resigning after his defeat sparking fears about the stability of the Italian banking system;
  - Spain has held two inconclusive general elections and is still unable to form a workable government with a coalition holding a majority of seats; the impasse could lead to a third general election – currently tentatively scheduled for 25<sup>th</sup> December 2016;
  - Dutch general election 15<sup>th</sup> March 2017;
  - French presidential election April/May 2017;
  - French National Assembly election June 2017;
  - German Federal election August – October 2017.
- A resurgence of the Eurozone sovereign debt crisis.
- Weak capitalisation of some European banks.
- Geopolitical risks in Europe, the Middle East and Asia, increasing safe haven flows.
- UK economic growth and increases in inflation are weaker than we currently anticipate.
- Weak growth or recession in the UK's main trading partners - the EU and US.

The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates, include: -

- UK inflation rising to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium in gilt yields.
- A rise in US Treasury yields as a result of Fed funds rate increases and rising inflation expectations in the USA, pushing UK gilt yields upwards.
- The pace and timing of increases in the Fed funds rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.
- A downward revision to the UK's sovereign credit rating undermining investor confidence in holding sovereign debt (gilts).



## 5.2 Borrowing Strategy

### Current Borrowing Portfolio Position

The table below shows the CFR as at 30 November 2016 against the gross debt position of the Council. The gross debt includes other long-term liabilities like PFI and finance lease obligations. Gross debt should not exceed CFR in the medium to long-term.

Estimated debt may change as the capital programme spends and financing changes. The lease balances do not include adjustments for new implications in 2016/17.

	2015/16 Actual £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
External Debt at 1 April	116,976	116,976	116,976	113,010	113,010	113,010
Expected change in Debt (repayment and new debt)****	0	0	(3,966)	0	0	(2,000)
<b>Closing External Debt</b>	<b>116,976</b>	<b>116,976</b>	<b>113,010</b>	<b>113,010</b>	<b>113,010</b>	<b>111,010</b>
PFI Balance b/f	19,524	18,664	17,959	17,164	16,480	14,926
In year movement	-860	-705	-795	-684	-1,554	-805
<b>Closing Balance PFI</b>	<b>18,664</b>	<b>17,959</b>	<b>17,164</b>	<b>16,480</b>	<b>14,926</b>	<b>14,121</b>
PFI Partial Termination Balance b/f	15,210	14,613	13,973	13,287	12,552	11,764
In year movement	-597	-640	-686	-735	-788	-844
Closing Balance Partial Termination PFI	<b>14,613</b>	<b>13,973</b>	<b>13,287</b>	<b>12,552</b>	<b>11,764</b>	<b>10,920</b>
<b>TOTAL PFI</b>	<b>33,277</b>	<b>31,932</b>	<b>30,451</b>	<b>29,032</b>	<b>26,690</b>	<b>25,041</b>
Finance Leases at 1 April	219	211	81	39	31	92
Expected Change in Finance Leases	-8	-130	-42	-8	60	42
<b>Closing Balance Finance Leases</b>	<b>211</b>	<b>81</b>	<b>39</b>	<b>31</b>	<b>92</b>	<b>134</b>
<b>Salix Loan</b>	<b>44</b>	<b>34</b>	<b>25</b>	<b>15</b>	<b>5</b>	<b>0</b>
<b>Salix in year movement</b>	<b>-10</b>	<b>-10</b>	<b>-10</b>	<b>-10</b>	<b>-5</b>	<b>0</b>
<b>Closing Balance Salix</b>	<b>34</b>	<b>25</b>	<b>15</b>	<b>5</b>	<b>0</b>	<b>0</b>
<b>Actual gross debt at 31 March</b>	<b>150,498</b>	<b>149,014</b>	<b>143,515</b>	<b>142,078</b>	<b>139,792</b>	<b>136,185</b>
<b>Capital Financing Requirement</b>	<b>198,616</b>	<b>189,978</b>	<b>181,644</b>	<b>192,997</b>	<b>193,274</b>	<b>190,553</b>
<b>(Under)/over borrowing</b>	<b>-48,118</b>	<b>-40,964</b>	<b>-38,131</b>	<b>-50,919</b>	<b>-53,482</b>	<b>-52,368</b>

\*\*\*\*£3.966m of long-term debt matures in 2017/18

The table above shows the CFR forecast for 2016/17 to 2020/21. Also, there is no maturing debt until 2017/18 hence little borrowing pressure therefore the Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the CFR), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cashflow has been used as a temporary measure. PFI and finance lease portion of the CFR will not be funded by additional loan. Capital forecasts relating to 2018/19, 2019/20 and 2020/21 are very much subject to change at this stage.

The Council's decision to use internal borrowing is prudent as it eliminates the revenue cost of carry as investment returns remain low, there is sometimes slippage on capital programme budgets and counterparty risks remain to a degree. The Council can fund its entire borrowing requirement now if this is affordable. In which case, borrowing will be up to CFR.

Borrowing interest rates have been on a downward trend since 2016. Against this background, the Director of Corporate Services will continue to monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances to maximise short-term savings. However when interest rates begin to rise, the Council will consider borrowing in advance of need than current forecast requirements show. The duration of loans will be driven by the current loan portfolio, affordability, the position on internal borrowing and borrowing rates. The policy of avoiding new borrowing by using spare cash balances, has served well over the last few years. However, this needs to be reviewed carefully to avoid incurring higher borrowing costs in future when the Council will not be able to avoid new borrowing to finance capital expenditure and/or to refinance maturing debt.

#### **Council's Year End Balance Sheet Position at 31 March 2016**

	2014/15	2015/16	Change
	£'000	£'000	£'000
CFR	207,826	198,616	9,210
<b>PFI and LEASES</b>	<b>-35,553</b>	<b>-34,123</b>	<b>-1,430</b>
<b>Underlying Borrowing Requirement</b>	<b>172,273</b>	<b>164,493</b>	<b>7,780</b>
External Borrowing	116,676	116,976	300
Under borrowing / Internal borrowing to date	-55,597	-47,517	-8,080

#### **Strategy to 'Unwind' Internal Borrowing**

Internal borrowing at 31 March 2016 remains at sustainable levels. However, the Council will commence a review of its strategy to 'unwind' internal borrowing.

## **Debt Liability Benchmarking**

In defining its borrowing strategy, the Council considered the true characteristics of all of the debt instruments in its portfolio, most especially the LOBOs and the various options available to the Council.

Consideration was given to the fact that in the current economic climate the LOBOs in the Council's portfolio will not be called due to their very high interest rate. Should they be called, replacement borrowing will not be required because the council will have cash available in 2017/18 to meet the call options based on the current estimates of the use of internal borrowing for the capital programme.

If all LOBOs are called at once (an unlikely event) then future estimated use of cash to temporarily fund the capital programme may be affected.

All counterparties were contacted in 2016 and most responded and cited a minimum rate they would consider reviewing the call option on the LOBO as being over 3%. Bank of England rate is currently 0.25% with rates not expected to rise to 0.75% before Q4 2019.

The borrowing strategy to temporarily finance its capital programme, led the Council to consider setting a minimum amount of projected liquid cash of £10m. This means that cash outflows for capital purposes would primarily be met from cash investments until £10m was reached, and only at that point, would external borrowing be undertaken except if interest rates were advantageous for long-term loans, then the Council will borrow in advance of need or where interest rates are expected to rise significantly and quickly.

The Council will continue to review, throughout the year, its options around higher and lower levels of cash-backed balances.

## **Treasury Risk Analysis - Debt**

Whilst it is not mandatory for Local Authorities to adopt the CIPFA Risk Toolkit produced by CIPFA's Treasury Management Panel, the Council will continue to utilise and adopt the risk tool kit and participate in the risk study in 2017/18 as there are some merits for the Council in managing its integrated treasury management portfolio and in considering risk mitigation options for its treasury management review process and benchmarking with its peers.

### **5.3 Treasury Indicators: Limits to Borrowing Activity**

**Operational Boundary** - this is the limit beyond which external borrowing is not normally expected to exceed.

Operational boundary £'000	2015/16 Actual £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
External Debt	116,976	116,976	113,010	113,010	113,010	111,010
Other Long-term Liabilities	34,123	32,013	30,490	29,063	26,782	25,175
Operational Boundary	151,099	148,989	143,500	142,073	139,792	136,185

### Authorised Limit for External Borrowing

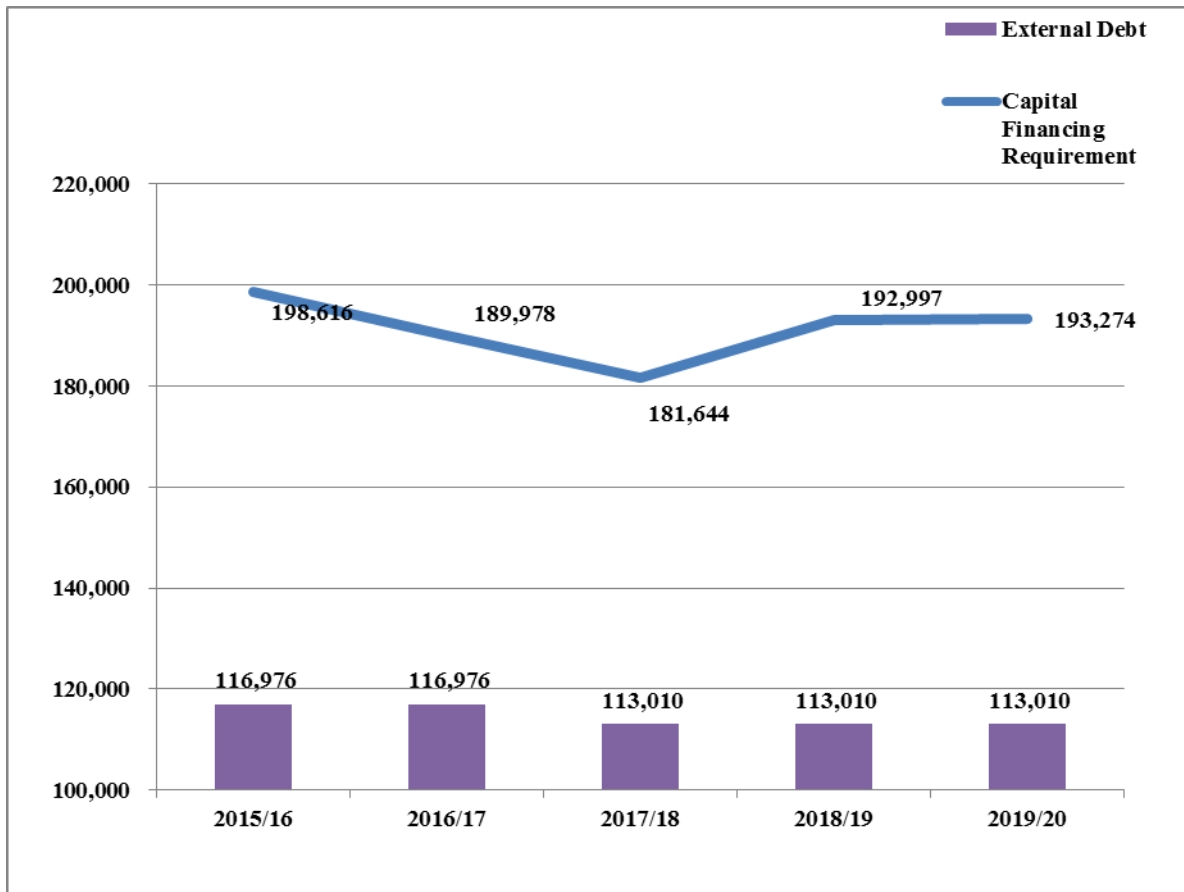
This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. It represents a limit beyond which external borrowing must not go over in the 3 years, and this limit when set is to be revised annually by Council. It reflects the level of external borrowing which, while not desired, could be afforded in the short-term, but is not sustainable in the longer term.

The Council is asked to approve the following authorised limit:

	2015/16 Actual £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000
External Debt	151,099	148,989	143,500	142,073	139,792	136,185
Other Long-term Liabilities	60,000	70,000	80,000	80,000	80,000	80,000
Authorised Limit	<b>211,099</b>	<b>218,989</b>	<b>223,500</b>	<b>222,073</b>	<b>219,792</b>	<b>216,185</b>

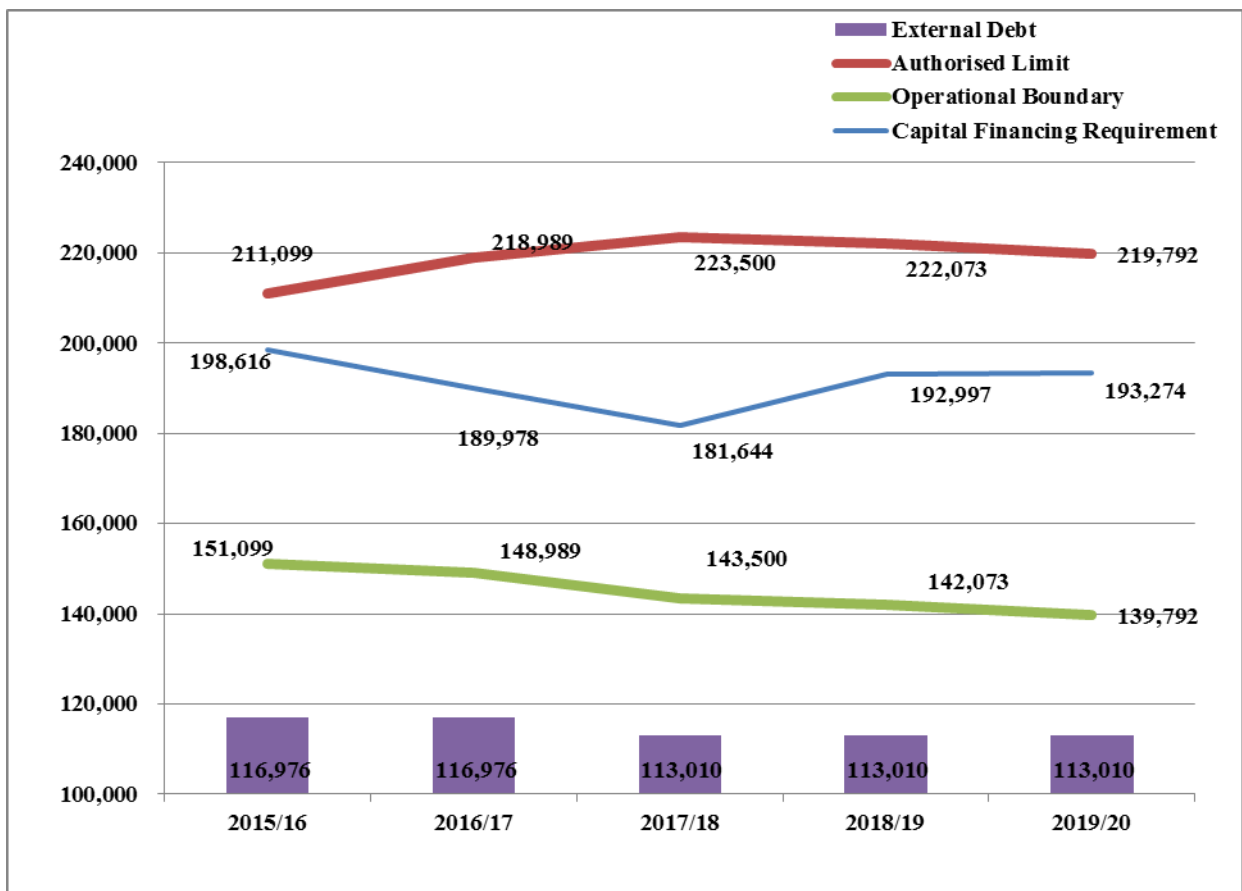
Members are required to note that these authorised limits shows the gross maximum borrowing for the year and, in year regulatory accounting changes which may affect the level of debt in the balance sheet as well as allow for any potential overdraft position and short-term borrowing for cashflow purposes. All of which will be counted against the overall borrowing. The authorised limit also provides headroom for any debt rescheduling which may occur during the year and any borrowing in advance of need.

The following graph shows projection of the CFR and borrowing.



Within the prudential indicators, there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council should ensure that its gross debt does not (except in the short term) exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2017/18 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The Director of Corporate Services reports that the Council complied with this key prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in the budget.



#### 5.4 Treasury Management Limits on Activity

The table below shows the debt related treasury activity limits.

Members are asked to note that the maturity structure guidance changed in the CIPFA 2011 guidance notes for Lenders Option Borrowers Option (LOBO) Loans, the maturity dates is now deemed to be the next call date.

As interest rates begin to rise, it may be beneficial for the Council to go into some variable rate investments to avoid being locked into long-term investments at low rates in a period of rising interest rates or shorter duration borrowing to gain advantage of low rates.

The table below shows the fixed and variable interest rate exposure

	2016/17	2017/18	2018/19	2019/20	2020/21
<b>Interest Rate Exposures</b>	<b>Upper Estimate</b>	<b>Upper Estimate</b>	<b>Upper Estimate</b>	<b>Upper Estimate</b>	<b>Upper Estimate</b>
<b>Upper limit for fixed interest rates based on net debt</b>	100%	100%	100%	100%	100%
<b>Upper limit for variable interest rates based on net debt</b>	50%	50%	50%	50%	50%
<b>Limits on fixed interest rates:</b>					
• <b>Debt only</b>	100%	100%	100%	100%	100%
• <b>Investments only</b>	100%	100%	100%	100%	100%
<b>Limits on variable interest rates</b>					
• <b>Debt only</b>	50%	50%	50%	50%	50%
• <b>Investments only</b>	50%	50%	50%	50%	50%

The table below shows the Limits on the Maturity Structure of Borrowing

	<b>Maturity Structure of fixed interest rate borrowing 2017/18</b>			<b>Maturity Structure of variable interest rate borrowing 2017/18</b>		
	<b>Actual at 30/11/2016</b>	<b>Lower</b>	<b>Upper</b>	<b>Actual 30/11/2016</b>	<b>Lower</b>	<b>Upper</b>
Under 12 months	3.39%	0%	60%	0%	0%	50%
12 months to 2 years	0%	0%	60%	0%	0%	50%
2 years to 5 years	3.42%	0%	60%	0%	0%	50%
5 years to 10 years	22.66%	0%	80%	0%	0%	50%
10 years to 20 years	14.53%	0%	100%	0%	0%	50%
20 years to 30 years	11.54%	0%	100%	0%	0%	50%
30 years to 40 years	27.36%	0%	100%	0%	0%	50%
40 years to 50 years	17.10%	0%	100%	0%	0%	50%

### Local Indicators

In setting the indicators below, the Council has taken into consideration investment risks and returns.

The table below shows target borrowing and investment rates

	2015/16 Actual %	2016/17 Estimate %	2017/18 Estimate %	2018/19 Estimate %	2019/20 Estimate %	2020/21 Estimate %
<b>Average Investment Target Return</b>	0.78%	0.84%	0.75%	0.75%	1.00%	1.25%
<b>Average Investment Target – Property Fund</b>	n/a	3.5%	3.5%	3.5%	3.5%	3.5%
<b>Long Term Borrowing Target</b>						
• <b>Current Portfolio</b>	5.72%	5.72%	5.70%	5.72%	5.72%	5.72%

The average investment target return above is based on the expected target return for the stated periods.

## 5.5 Policy on Borrowing in Advance of Need

London Borough of Merton will not borrow more than, or in advance of its need, purely in order to profit from the investment of the extra sums borrowed.

Any decision to borrow in advance will be within forward approved CFR estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Borrowing in advance could be made within the constraints that:

- It will be limited to no more than 50% of the expected increase in borrowing need (CFR) over the three year planning period; and
- Would not look to borrow more than 24 months in advance of need. Where possible rates will be locked using forward borrowing to reduce the risk of the Council holding cash in low interest rate environment.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism. The probability of this happening is low.

However should the Council need to borrow in advance of need, then the following will apply.

Year	Maximum Borrowing in advance	Notes
2017/18	No more than 50% of under borrowing requirement	Borrowing in advance will be limited to no more than 50% of the expected increase in borrowing need (CFR) over the period of the approved Medium Term Capital Programme, a maximum of 2 years in advance to reduce carrying costs.
2018-19	No more than 50% of under borrowing requirement	
2019-20	No more than 50% of under borrowing requirement	
2020-21	No more than 50% of under borrowing requirement	

## 5.6. Debt Rescheduling

Long-term fixed rates have remained relatively unchanged over the past three years. Although borrowing costs remain historically attractive, redemption rates are prohibitive.

The following table shows the maturity profile of the Council's current debt as at 30 November 2016.



Duration	£'000	% of Debt Portfolio
less than 1 year	3,966	3.39
1 - 2 years	0	0
2 - 5 years	4,000	3.42
5 -10 years	26,510	22.66
10 -15 years	4,500	3.85
15- 20 years	12,500	10.69
20 - 25 years	0	0.00
25-30 years	13,500	11.54
30 - 35 years	0	0.00
35-40 years	32,000	27.36
40 -45 years	0	0.00
45-50 years	20,000	17.10
<b>Total</b>	<b>116,976</b>	<b>100.00</b>

All of the Council's LOBOs are past their non call period, however, should all LOBOs be called at their next interest due date then the maturity profile will be as shown in the table below, an event which is very unlikely in the current low interest rate environment.

Duration	£'000	% of Debt Portfolio
less than 1 year	63,000	53.86
1 - 2 years	1,966	1.68
2 - 5 years	0	0.00
5 -10 years	26,510	22.66
10 -15 years	0	0.00
15- 20 years	3,500	2.99
20 - 25 years	0	0.00
25-30 years	0	0.00
30 - 35 years	0	0.00
35-40 years	22,000	18.81
40 -45 years	0	0.00
45-50 years	0	0.00
<b>Total</b>	<b>116,976</b>	<b>100.00</b>

As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhancing the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

The Council tests the markets for redemption opportunities should they exist. The PWLB loans portfolio was elected for the early redemption review as at 30 November 2016. A total loan value of £52m would incur redemption costs of £25million in addition to any accrued interest due.

The high cost of early redemption is not economically viable in current markets. However there may be cases where the Council is able to negotiate with the counterparty (**Appendix 1**).

The Director of Corporate Services will continue to review and identify any potential for making savings and provide Cabinet with updates when such opportunities arise. Any rescheduling activity will be reported to Cabinet at the earliest meeting following the transaction.

#### Use of Derivatives

The Council may use derivatives for risk management purposes in line with relevant statutory powers, recommended accounting practices and legal opinions on the use of derivatives by Local Authorities in the UK.

### **5.7 Borrowing Options**

The Council will use a number of borrowing sources. These include the Public Works Loans Board (PWLB maturity, EIP or annuity loans), Market loans, Municipal Bond Agency, Retail Bonds, Loans from other Local Authorities and temporary loans. It is hoped that borrowing rates will be lower than those offered by the PWLB. The Council intends to make use of this new source of borrowing as and when appropriate.

### **5.8 Changes Which May Affect Treasury Management**

#### - Future Regulatory Changes to Money Market Fund Valuation

Proposed EU legislative changes will require money market funds with constant net asset value to change to variable net asset value. This will mean that investors in the fund will be liable for their share of losses as a result of counterparty failure. Consultation continues on the expected changes.

#### - Proposed Changes to Leasing

Future changes to accounting for leasing may mean that the cost of service will increase along with increases in MRP and CFR which will affect the Council's underlying borrowing requirement. It is anticipated that there may be some impact on both capital and revenue income and the changes will require all leases to be included on the balance sheet and be measured on PV of future lease payments. The new lease standard (IFRS 13) issued in 2015 is not anticipated to be adopted until 2019/20.

#### - Municipal Bond Agency

It is likely that the Municipal Bond Agency currently in the process of being set up will be offering loans to local authorities in the near future. It is also hoped that borrowing rates will be lower than those offered by the PWLB.

- Future Challenges to Local Government Funding  
Future challenges to local government funding and their effect on cash flow remains a challenge.

## **6. ANNUAL INVESTMENT STRATEGY**

### **6.1 Investment Policy**

London Borough of Merton's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, then return.

### **6.2 Investment Strategy**

The Council does not place cash with fund managers as all of its cash is managed in-house. Base rate is forecast to remain at 0.25% till Q4 2019. The forecast rates have been built on the basis that bank rate is expected to remain unchanged until around the fourth quarter of 2019, however if interest rates do not rise then future income expectations may not be met. Local indicators /benchmark for investments set is included in paragraph 5.4 of this report.

In order to maximise returns, cash available for investments will be split into three categories;

- Operational cash (under 3 months)
- Core cash (available for 3 to 6 months)
- Strategic cash (available for over 6 months)

The aim is to invest strategic cash for a minimum period of 12 months to enable the Council to secure advantageous rates, taking account of counterparty risk. However this is also constrained by counterparty risk. Operational cash will predominantly be lent overnight or for periods less than three months.

### **6.3 Alternative Investment Instruments**

The Council has in the past restricted its treasury activities to simple investment structures like fixed deposits and money market funds. However, in the current market, regulatory and economic environment, the Council may be required to utilise various instruments. **Appendix 5** of this report gives a detailed overview of the types of instrument and investment options available to the Council.

The global financial crisis of 2008 led to a major overhaul of regulation, market practices and financial institutions across the world. The changes have been aimed at promoting greater transparency and investor confidence.

Some of these measures include more institution-level regulatory changes like stringent capital, leverage and liquidity requirements in addition to The European Union (EU) Directives on Bank Recovery and Resolution (BRRD) and Deposit Guarantee Schemes (DGSD) among a few are key in this reform. Although these changes are ultimately designed to make financial systems more robust, they are not expected to have a fundamental impact on insolvency creditor hierarchy.

Although the Council does not expect a fundamental change in type of instruments it uses in the delivery of its treasury management activities, a number of new instruments have been included to provide flexibility should there be changes in the economic environment which may warrant their use. As with any investment, there are varying degrees of risk associated with each instrument or investment options.

Should the Council decide to invest in any asset class a comprehensive analysis will be conducted to understand the associated risk and each instrument will be signed off by the Director of Corporate Services prior to any activity.

**6.4 Investment Treasury Indicator and Limit** - total principal funds invested for greater than 364 days. These limits are set with regard to the Council's liquidity requirements and are based on the availability of funds after each year-end.

	31 Dec 2016 Actual £'m	2016/17 Estimate £'m	2017/18 Estimate £'m	2018/19 Estimate £'m	2019/20 Estimate £'m	2020/21 Estimate £'m
Estimated Principal sums invested greater than 364 days	5m	18m	40m	40m	30m	30m

In addition to fixed deposits, a number of other financial instruments like Property funds will fall under the category of investments with duration exceeding 364 days. In addition to using money market funds, call accounts and notice accounts, the Council will seek to utilise other liquid and transferable instruments like certificate of deposits and gilts for its cashflow balances.

**6.5 Use of Specified and Non-Specified Investments**

Investment instruments identified for use in the financial year are as follows:

**Specified Investments**

These are sterling investments of not more than one-year maturity, or those which could be for a longer period where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure by virtue of regulation 25(1)(d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [SI 3146 as amended with:

- The investment is denominated in sterling and any payments or repayments in respect of the investment are payable only in sterling;

- The investment is not a long-term investment;
- The making of the investment is not defined as capital expenditure]; and
- The investment is made with a body or in an investment scheme of high credit quality or with one of the following public-sector bodies:
  - The United Kingdom Government;
  - A local authority in England or Wales (as defined under section 23 of the 2003 Act).

### **Non-Specified Investments**

Non-Specified investments are defined as those not meeting the above criteria and exceeding 365 days in duration.

## **6.6 Investment Risk Benchmarking**

These benchmarks are simple guides to maximum risk, so they may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change

Revenue Pressures – 0.1% improvement on £20m is £20k income generated and the cost of no risk is lost revenue therefore risks must be balanced to the Council's risk appetite.

Security - The Council's maximum security risk benchmark for the current portfolio:

- Liquidity – in respect of this area the Council seeks to maintain:
  - Bank overdraft - £1m
  - Liquid short-term deposits of around £5m or more available with one day access.

## **6.7 Risk Management and Creditworthiness Policy**

This Council applies the creditworthiness service provided by Capita Asset Services. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- Credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- Sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit Watches and credit Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

- Yellow 5 years
- Dark pink 5 years for Enhanced money market funds (EMMFs) with a credit score of 1.25
- Light pink 5 years for Enhanced money market funds (EMMFs) with a credit score of 1.5
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

	Colour (and long term rating where applicable)	Money Limit	Time Limit
<b>Banks</b>	yellow	£35m	5yrs
<b>Banks</b>	purple	£25m	2 yrs
<b>Banks</b>	orange	£25m	1 yr
<b>Banks – part nationalised</b>	blue	£25m	1 yr
<b>Banks</b>	red	£10m	6 mths
<b>Banks</b>	green	£5m	100 days
<b>Banks</b>	No colour	Not to be used	
<b>Limit 3 category – Council’s banker</b>	Lloyds bank	£5m	1 day
<b>Other institutions limit</b>	-	£5m	1yrs
<b>DMADF</b>	AAA	unlimited	6 months
<b>Local authorities</b>	n/a	£5m	1yrs
	Fund rating	Money Limit	Time Limit
<b>Money market funds</b>	AAA	£35m	Instant
<b>Enhanced money market funds with a credit score of 1.25</b>	Dark pink / AAA	£25m	Instant
<b>Enhanced money market funds with a credit score of 1.5</b>	Light pink / AAA	£10m	Instant

The Capita Asset Services' creditworthiness service uses a wider array of information than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

Typically the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored regularly. The Council is alerted to changes to ratings of all three agencies through its use of the Capita Asset Services' creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Capita Asset Services. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on any external support for banks to help support its decision making process.

## **6.8 Country and Sector Limits**

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch (or equivalent). The list of countries that qualify using this credit criteria as at the date of this report are shown in **Appendix 3**. This list will be added to, or deducted from by officers should ratings change in accordance with this policy.

## **6.9 Banking Arrangements**

The Council's bankers are Lloyds bank. The Council's bank accounts include some school accounts and client bank accounts managed as part of its Appointeeship role for residents that require this support. All schools are responsible for the management of their bank accounts.

From time to time the Council may open bank accounts with other banks for specific reasons, subject to approval by the Director of Corporate Services.

## **6.10 Lending to Community Organisations, Other Third Parties and RSLs - Any loans to or investments in third parties will be made under the Well Being powers of the Council conferred by section 2 of the Local Government Act 2000 or Localism Act of 2011.**

The Well Being power can be exercised for the benefit of some or all of the residents or visitors to a local authority's area. The power may also be used to benefit organisations, schools, local enterprises, local companies or even

individuals. Loans of this nature will be under exceptional circumstances and must be approved by Cabinet or by delegated authority to the Director of Corporate Services. Authorisation from the Financial Conduct Authority (FCA) will also be sought where applicable.

Where it is deemed necessary, additional guarantees will be sought. This will be via security against assets and/or through guarantees from a parent company. The Council will also consider other factors like the statutory powers in place, reasonableness of the investment, FCA, objective and revenue earnings for the Council, MRP requirements, accounting issues and categorisation of the expenditure as capital or revenue.

In other instances, the Council may receive soft loans from government agencies.

#### **6.11 Non-Treasury Investment Lending**

The Council may be required to make policy investments for the good of its community by lending to local organisations and in some cases schools. Legal agreements are drawn which stipulate the terms of the loan which includes the ability of the organisation to make repayments. The Council may also lend to its wholly owned companies.

#### **6.12 Comparative Reviews** - The Council participates in various comparative and benchmarking clubs.

### **7. Cashflow Management**

#### **7.1** CIPFA requires all monies to be under the control of the responsible officer and for cashflow projections to be prepared on a regular and timely basis. Cashflow provides outline of operations. Actuals and forecast are recorded using Logotech systems. At the end of each day the net receipts and payments is either invested or borrowed to ensure that the Council's bank account is kept at a minimum.

Forecasts are based on best estimates which may slip due to unforeseen circumstances and the nature of large projects. The Council can borrow in advance of need if rates fall and borrowing becomes a lot more advantageous than it currently is.

#### **7.2 Purchase and Corporate Credit Cards**

The use of corporate credit cards like other accounts payable methods carries significant risks. The Director of Corporate Services is responsible for ensuring that the Council has appropriate controls in place to protect the Council's funds.

### **8. Policy on the use of External Service Providers**

The Council recognises CIPFA's guidance on Treasury Management that the responsibility for Treasury Management cannot be delegated outside the authority and recognises that any external service provider used by the Council is to support the in-house Treasury Management function. The Council will



ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review. The Council is aware of the CIPFA Treasury Management Advisors Regulation and Services issued in March 2010.

The Council is also mindful of the requirements of the Bribery Act 2011 as amended in its dealings with external providers. A copy of the Council's policy can be found in the link below.

[http://www.merton.gov.uk/democratic\\_services/w-agendas/w-nonexecreports/1115.pdf](http://www.merton.gov.uk/democratic_services/w-agendas/w-nonexecreports/1115.pdf)

## **9. Training**

A key outcome of the recent investigations into Local Authority investments is the need to ensure that all relevant Treasury Management staff receive appropriate training and knowledge in relation to these activities. Training is provided in-house on the job, via CIPFA seminars and training courses, treasury adviser seminars and training courses and sometimes counterparties conduct training. In addition, members of the team attend national forums and practitioner user groups.

## **10. The Localism Act**

- 10.1 A key element of the Act is the "General Power of Competence": "A local authority has power to do anything that individuals generally may do." CIPFA emphasise that where the legality of the use of derivatives is confirmed, then there is a need for a framework for their use. The Council currently does not use derivatives. Should the need for the use of derivatives arise as a requirement for managing its interest rate exposure or hedging its investments, the Council will take legal advice and report to members before use.

## **11. Treasury Management Practices**

- 11.1 The 2011 Code reinforces a framework of 12 Treasury Management practices (TMPs), which define the manner in which authorities seek to achieve the policies and objectives outlined in their Treasury Management policy statement. The Council's detailed Treasury Management practices approved in March 2012/13 can be found on the Council's intranet. An updated version is included as **Appendix 5**

## **12. Appendices**

- 12.1 Appendix 1– Early Repayment of Debt Estimate  
Appendix 2 – Policy Investments (Non-Treasury Management Investments)  
Appendix 3 – Approved Countries for Investment  
Appendix 4 – The Treasury Management Role of the S151 Officer  
Appendix 5 – Treasury Management Practices 2017/18

Appendix 6 – Prudential Indicators for 2016/17 to 2019/20

Appendix 7 – Glossary

Appendix 8 – Cashflow Forecast

**13. Background Papers**

- CIPFA Prudential Code for Capital Finance in Local Authorities 2013 Edition
- 2016/17 Treasury Management Strategy report
- The Guide to Local Government Finance (2013 Edition) Module 4: Treasury Management
- CIPFA Practical Considerations in Using Financial Instruments to Manage Risk in the Public Sector
- London Borough of Merton Capital Strategy 2017/21

**APPENDIX 1 – Early Repayment of Debt Estimates for a Selection of Debt**

**PWLB loan Early Redemption Estimates at 30 November 2016**

Internal Reference No.	Lender	Last Date Interest was Paid	Loan Start Date	Loan Term (yrs)	Loan Maturity Date	Loan Principal Outstanding (£)	Loan Rate (%)	Term left on Loan (Yrs)	Next Interest Due Date	Discount Rate (%)	Accrued Interest to 30 Nov 2016 (£)	Premium/Discount (£)	Total Due (£)
1000484711	PWLB	31/10/2016	13/11/2000	24	31/10/2024	5,000,000	5.000	7.9	30/04/2017	0.97	20,547.95	1,532,107.50	6,552,655.45
1000484981	PWLB	31/10/2016	30/11/2000	24	31/10/2024	1,500,000	4.750	7.9	30/04/2017	0.97	5,856.16	431,119.08	1,936,975.24
1005489969	PWLB	20/11/2016	20/05/2005	30	20/05/2035	2,500,000	4.450	18.4	20/05/2017	1.85	3,047.95	1,013,124.14	3,516,172.09
1005490706	PWLB	21/11/2016	21/11/2005	26	21/11/2031	1,000,000	4.250	14.9	21/05/2017	1.69	1,047.95	337,449.67	1,338,497.62
1005490967	PWLB	25/07/2016	10/01/2006	50	25/07/2055	10,000,000	3.950	38.6	25/01/2017	1.74	138,520.55	6,199,143.25	16,337,663.80
1005490976	PWLB	25/07/2016	10/01/2006	50	25/07/2055	5,000,000	3.950	38.6	25/01/2017	1.74	69,260.27	3,099,571.62	8,168,831.89
1006491475	PWLB	28/10/2016	28/04/2006	45.5	28/10/2051	7,000,000	4.400	34.8	28/04/2017	1.81	27,846.58	4,676,574.39	11,704,420.97
1097480120	PWLB	30/09/2016	15/10/1997	25.5	31/03/2023	310,000	6.625	6.3	31/03/2017	0.72	3,432.29	113,120.87	426,553.16
1097480121	PWLB	30/09/2016	15/10/1997	26.5	31/03/2024	12,000,000	6.500	7.3	31/03/2017	0.89	130,356.16	4,768,440.63	16,898,796.79
1097480232	PWLB	30/09/2016	11/11/1997	26.5	31/03/2024	1,700,000	6.750	7.3	31/03/2017	0.89	19,177.40	705,632.88	2,424,810.28
1098480925	PWLB	31/10/2016	30/04/1998	26	30/04/2024	6,000,000	5.875	7.4	30/04/2017	0.89	28,972.60	2,142,364.86	8,171,337.46
						52,010,000					448,065.86	<b>25,018,648.89</b>	<b>77,476,714.75</b>

**APPENDIX 2 – Policy Investments (Non-Treasury Management Investments)**

Type	Duration	
Joint Development Companies	One month to 10 years	Subject to specific terms
Loans to Registered Landlords	One month to 5 years	Subject to specific terms
Open Loan Facility to RCL's with an affiliation with Merton	One month to 5 years	Subject to specific terms
Loans to wholly owned companies	One month to 30 years	Subject to specific terms
Loan to any other type of organisation	One month to 10 years	Subject to specific terms

### **APPENDIX 3 – APPROVED COUNTRIES FOR INVESTMENTS (as at 30 November 2016)**

Below is the current list of approved countries for investments for use by the Council's treasury team. The countries on the Council's approved list may change from time to time as Sovereign ratings change.

This list is based on those countries which have sovereign ratings of AA- or higher and also, (except - at the time of writing - for Norway and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Capita Asset Services credit worthiness service.

#### **AAA**

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

#### **AA+**

- Finland
- U.K.
- U.S.A.

#### **AA**

- Abu Dhabi (UAE)
- France
- Qatar

#### **AA-**

- Belgium

## **APPENDIX 4**

### **Treasury Management Role of the Section 151 Officer**

#### **The S151 Officer (Director of Corporate Services)**

- recommending clauses, Treasury Management policy / practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular Treasury Management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the Treasury Management function;
- ensuring the adequacy of Treasury Management resources and skills, and the effective division of responsibilities within the Treasury Management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of Treasury Management external service providers.
- Approval of appropriate money market funds for the Council to invest in.

## APPENDIX 5

### **LONDON BOROUGH OF MERTON** **TREASURY MANAGEMENT PRACTICES 2017/18**

#### **TMP 1: RISK MANAGEMENT**

The Director of Corporate Services – the responsible officer will implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy / suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect, all in accordance with the procedures set out in TMP6 Reporting requirements and management information arrangements. In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in the schedule to this document.

#### **1.1 Credit and Counterparty Risk Management**

The Council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with which funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP4 Approved Instruments Methods and Techniques and listed in the schedule to this document. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing or derivative arrangements.

Policy on the use of credit risk analysis techniques

- The Council will use credit criteria in order to select creditworthy counterparties for placing investments with.
- Credit ratings will be used as supplied from all three rating agencies - Fitch, Moody's and Standard & Poor's.
- Treasury management consultants will provide regular updates of changes to all ratings relevant to the Council.
- The treasury manager will formulate suitable criteria for assessing and monitoring the credit risk of investment counterparties and shall construct a lending list comprising maturity periods, type, group, sector, country and counterparty limits.

#### **1.2 Liquidity Risk Management**

The Council will ensure it has adequate, though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it, at all times, to have the level of funds available to it which are necessary for the achievement of its business/service objectives. The Council will only borrow in advance of need where there is a clear business

case for doing so and will only do so for the current capital programme or to finance future debt maturities.

The treasury management team shall seek to minimise the balance held in the Council's main bank accounts at the close of each working day. Borrowing or lending shall be arranged in order to achieve this aim. At the end of each financial day any unexpected surplus funds are transferred to the main bank account.

Bank overdraft arrangements – A £1 million net overdraft at 2% over base rate on debit balances has been agreed as part of the banking services contract. The overdraft is assessed on a group basis for the Council's accounts. Separate facilities are available for the Pension Fund bank account.

a. Short-term borrowing facilities

The Council accesses temporary loans through approved brokers on the London money market.

b. Special payments

Where an urgent clearing house automated payment system (CHAPS) payment is required, a CHAPS payment request form must be completed and forwarded to the Head of Transactional Services who then checks for correct required signatures and supporting paperwork. Further guidance can be found on the Council's intranet.

c. Inter account transfer

From time to time, transactions occur between the Pension Fund and the Council. Reimbursement where necessary is by inter-account transfers between both bank accounts.

### **1.3 Interest Rate Risk Management and use of Derivatives**

The Council will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements as amended in accordance with TMP6 Reporting requirements and management information arrangements. It will achieve this by the prudent use of its approved financing and investment instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be the subject to the consideration and, if required, approval of any policy or budgetary implications.

The Council does not use derivatives, the Council's S151 Officer will ensure that any hedging tools such as derivatives are only used for the management of risk and the prudent management of financial affairs and that the policy for the use of derivatives when used will be clearly stated to members. The treasury management strategy has full details of interest rate exposure limits.

Policies concerning the use of instruments for interest rate management.



- **Forward Dealing**  
Consideration will be given to dealing for forward periods depending on market conditions. When forward dealing is more than a 364 day period forward, the approval of the Director of Corporate Services is required.
- **Callable Deposits**  
The council may use callable deposits as part as of its Annual Investment Strategy (AIS). The credit criteria and maximum periods are set out in the Schedule of Specified and Non Specified Investments appended to the AIS.

### **Policy on Use of Lender's Option Borrower's Option (LOBO) Loans**

LOBOs give the lender the option to propose an increase in the interest rate at pre-determined dates, and the borrower, the option to accept the new rate **or** redeem the loan without penalty.

Use of LOBOs is considered as part of the Council's annual borrowing strategy. All long-term borrowing must be approved by the S151 Officer.

#### **1.4 Exchange Rate Risk Management**

Occasionally, the Council has to make foreign exchange payments, the Council will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure.

#### **1.5 Refinancing Risk Management**

The Council will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies raised are managed, with a view to obtaining offer terms at renewal or refinancing, if required, which are competitive and as favourable to the organisation as can reasonably be achieved in the light of market conditions prevailing at the time.

The Council will actively manage the relationships with counterparties in such a manner as to secure the above objective, and will avoid overreliance on any one source of funding if this might jeopardise achievement of the above.

The Council will establish through its Prudential and Treasury Indicators the amount of debt maturing in any year. Any debt rescheduling will be considered when the difference between the refinancing rate and the redemption rate is most advantageous and the situation will be continually monitored in order to take advantage of any perceived anomalies in the yield curve. The reasons for rescheduling include:

- a) to generate cash savings at minimum risk;
- b) to reduce the average interest rate; and
- c) to amend the maturity profile and/or the balance of volatility of the debt portfolio

Any rescheduling will be reported to the Council at the meeting immediately following the action.

## **1.6 Legal and Regulatory Risk Management**

The Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP1 1.1 Credit and Counterparty Risk Management, it will ensure that there is evidence of counterparties powers, authority and compliance in respect of the transactions they may effect with the organisation, particularly with regard to duty of care and fees charged.

The Council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.

The Council will ensure that its treasury management activities comply fully with legal statute, guidance, Codes of Practice and the regulations of the Council.

The Council's powers to borrow and invest are contained in the Local Government Act 2003, section 12 and Local Government Act 2003, section 1. The treasury management scheme of delegation is contained in the Corporate Services Scheme of Delegation. This document contains the officers who are authorised signatories. The Council's monitoring officer is the Assistant Director Corporate Resources while the S151 Officer is the Director of Corporate Services.

## **1.7 Fraud, Error and Corruption, and Contingency Management**

Treasury tasks are segregated and adequate internal checks have been implemented to minimise risks and fraud. Procedures are documented and staff will not be allowed to take up treasury management activities until they have had proper training and are subject to an adequate and appropriate level of supervision.

Records will be maintained of all treasury management transactions so that there is a full audit trail and evidence of the appropriate checks being carried out. Periodic backups will be made to ensure contingency of systems is available.

### **Details of Systems and Procedures to be Followed, Including Internet Services**

The Council uses Logotech Treasury systems as its treasury management recording tool.

- The Corporate Services Scheme of Delegation sets out the delegation of duties to officers and the Council's constitution details delegated authority of treasury management to the Section 151 Officer.
- All loans and investments are negotiated by the Treasury Manager or other authorised persons.
- All long-term loans must be authorised by the Section 151 Officer.

## **1.8 Market Risk Management**

The Council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect it from the effects of such fluctuations. This is controlled mainly by setting limits on investment instruments where the principal value can fluctuate. The limits are detailed in the Treasury Management Strategy

### **TMP 1: SCHEDULE 1 – SPECIFIED AND NON SPECIFIED INVESTMENTS**

This is included in the Treasury Management Strategy.

### **TMP 2: PERFORMANCE MEASUREMENT**

#### **2.1 Evaluation and Review of Treasury Management Decisions**

##### **Periodic Review During the Financial Year**

The Director of Corporate Services will hold treasury management review meetings with the Treasury Manager, periodically or as required to review actual activity against the Treasury Management Strategy Statement (TMSS) and cashflow forecasts. This will include:

- Total debt (both on-and off- balance sheet) including average rate and maturity profile.
- Total investments including average rate and maturity profile and changes to the above from the previous review and against the TMSS.
- Cashflow forecast against the actual.

##### **Annual Review After the end of the Financial Year**

Annual Treasury Report will be submitted to the Full Council each year after the close of the financial year.

##### **Comparative Review**

Each year or on a quarterly basis, comparative review is undertaken to see how the Council's performance on debt and investments compares to other authorities with similar size portfolios (but allowing for the fact that Prudential and Treasury Indicators are set locally). Such reviews are: -

- CIPFA Treasury Management statistics published each year for the last complete financial year
- CIPFA Benchmarking Club
- CIPFA Risk Study
- Other

## **2.2 Benchmarks and Calculation Methodology**

### **2.2.1 Debt management**

- Average rate on all external debt
- Average rate on external debt borrowed in previous financial year
- Average period to maturity of external debt
- Average period to maturity of new loans in previous year

### **2.2.2 Investment**

The performance of investment earnings will be measured against any of the following benchmarks:

- In-house benchmark and when necessary other benchmarks such as Bank of England base rate, 7-day LIBID uncompounded, 7-day LIBID compounded weekly, 1-month LIBID and 3-month LIBID compounded quarterly

Performance will also be measured against other local authority funds with similar benchmark and parameters managed by other fund managers using the CIPFA treasury management benchmark service.

## **2.3 Policy Concerning Methods for Testing Value-for-money in Treasury Management**

The process for advertising and awarding contracts will be in-line with the Council's Contract Standing Orders and procurement guidelines.

### **2.3.1 Money-broking Services**

From time to time, the Council will use money-broking services in order to make deposits or to borrow, and will establish charges for all services prior to using them. An approved list of firm of brokers is maintained by the Treasury Manager. The list takes account of both prices and quality of service. No firm of brokers will be given undue preference.

### **2.3.2 Consultants / Advisers Services**

The Council's treasury management adviser is Capita Asset Services.

## **TMP 3: DECISION-MAKING AND ANALYSIS**

### **3.1 Funding, Borrowing, Lending, and New Instruments/Techniques**

#### **3.1.1 Records to be kept**

The following records will be retained:

- Daily cash balance forecasts for the day and previous day
- Money market deal booking and deal approval confirmation emails
- Dealing slips for all investment and borrowing transactions
- Brokers' confirmations for all investment and temporary borrowing transactions made through brokers

- Confirmations from borrowing / lending institutions including money market fund portals
- PWLB loan confirmations
- PWLB interest due schedule
- Certificates for market loans, local bonds and other loans
- Deal confirmation letters for deals over one month
- Banking and other contract documents which the treasury team has responsibility for.

### **3.1.2 Processes to be pursued**

- Cashflow analysis
- Debt and investment maturity analysis
- Ledger/Logotech/Bank reconciliations
- Review of counterparty limits in addition to monitoring of counterparties
- Review of opportunities for debt restructuring
- Review of borrowing requirement to finance capital expenditure (and other forms of financing where those offer value for money)
- Performance information (e.g. monitoring of actuals against budget for debt charges, interest earned, debt management; also monitoring of average pool rate, investment returns, etc)
- Treasury contracts management

### **3.1.3 Issues to be addressed**

#### **3.1.3.1 In respect of all treasury management decisions made the Council will:**

- a) Above all be clear about the nature and extent of the risks to which the Council may become exposed
- b) Be certain about the legality of the decision reached and the nature of the transaction, and that all authorities to proceed have been obtained
- c) Be content that the documentation is adequate both to deliver the Council's objectives and protect the Council's interests, and to deliver good housekeeping
- d) Ensure that third parties are judged satisfactory in the context of the council's creditworthiness policies, and that limits have not been exceeded
- e) Be content that the terms of any transactions have been fully checked against the market, and have been found to be competitive; and
- f) Ensure that adequate investigation on security of the Council's funds has been conducted

#### **3.1.3.2 In respect of borrowing and other funding decisions, the Council will:**

- a) Consider the ongoing revenue liabilities created, and the implications for the organisation's future plans and budgets
- b) Evaluate the economic and market factors that might influence the manner and timing of any decision to fund

- c) Consider the merits and demerits of alternative forms of funding, including funding from revenue, use of reserves, leasing and private partnerships; and
- d) Consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use.

**3.1.3.3 In respect of investment decisions, the Council will:**

- a) Consider the optimum period, in the light of cash flow availability and prevailing market conditions; and
- b) Consider the alternative investment products and techniques available, especially the implications of using any which may expose the Council to changes in the value of its capital

## **TMP 4: APPROVED INSTRUMENTS, METHODS AND TECHNIQUES**

### **4.1 Approved Activities of the Treasury Management Operation**

- Borrowing;
- Lending;
- Debt repayment and rescheduling;
- Consideration, approval and use of new financial instruments and treasury management techniques;
- Managing the underlying risk associated with the Council's capital financing and surplus funds activities;
- Managing cash flow;
- Banking activities;
- Use of external fund managers (other than Pension Fund)
- Leasing;
- Undertaking all treasury management activities for the Pension Fund including its strategy setting.

### **4.2 Approved Instruments for Investments**

**English and Welsh authorities:** The Annual Investment Strategy has a list of approved instruments.

### **4.3 Approved Techniques**

- Forward dealing
- LOBOs – Lender's Option, Borrower's Option borrowing instrument
- Structured products such as callable deposits

#### 4.4 Approved Methods and Sources of Raising Capital Finance

Finance will only be raised in accordance with the Local Government Act 2003 and within this limit the Council has a number of approved methods and sources of raising capital finance. These are:

<b>On Balance Sheet</b>	<b>Fixed</b>	<b>Variable</b>
PWLB	●	●
EIB	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)	●	●
Bonds administered by the Municipal Bond Agency	●	●
Stock issues	●	●
Local (temporary)	●	●
Local Bonds	●	
Overdraft		●
Negotiable Bonds	●	●
Internal (capital receipts & revenue balances)	●	●
Commercial Paper	●	
Medium Term Notes	●	
Leasing (not operating leases)	●	●
Deferred Purchase	●	●

#### **Other Methods of Financing**

Government and EC Capital Grants  
Lottery monies  
PFI/PPP  
Operating and Finance leases  
Revenue Contributions

Borrowing will only be done in British Pound Sterling. All forms of funding will be considered dependent on the prevailing economic climate, regulations and local considerations. The Director of Corporate Governance has delegated powers in accordance with Financial Regulations, Standing Orders and Scheme of Delegation to Officers to take the most appropriate form of borrowing from the approved sources.

#### 4.5 Investment Limits

The Annual Investment Strategy sets out the limits and the guidelines for use of each type of investment instrument.

#### 4.6 Borrowing Limits

The Treasury Management Strategy Statement and Prudential and Treasury Indicators state all appropriate limits.

## **TMP 5: ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS**

### **5.1 Allocation of Responsibilities**

#### **(i) Council (Budget)**

- Receiving and reviewing reports on treasury management policy, practice and activity; and
- Approval of annual strategy

#### **(ii) Cabinet**

- Approval of/amendments to the Council's adopted clauses, treasury management policy statement and treasury management practice;
- Budget consideration and approval;
- Approval of the division of responsibilities; and
- Receiving and reviewing regular monitoring reports and acting on recommendations.

#### **(iii) Overview and Scrutiny Commission (Financial Monitoring Task Group)**

- Reviewing all treasury management reports and making recommendations to the Cabinet

### **5.2 Principles and Practices Concerning Segregation of Duties**

5.2.1 The following duties are undertaken by separate officers: -

<b>Tasks</b>	<b>Duties</b>	<b>Responsible Officer</b>
Dealing	• Negotiation and approval of deal	Treasury manager
	• Entering of deal into Logotech	Treasury manager/ Fund officer
	• Sending confirmation letter to counterparty (to be signed by authorised signatory)	Treasury manager/ Fund officer
	• Checking of brokers and counterparty confirmation notes against Logotech	Fund officer
	• Reconciliation of FMIS Codes and reconciliation to bank statement	Fund officer Treasury manager
	• Sign off of reconciliations	Fund officer



Accounting Entry	<ul style="list-style-type: none"> <li>Processing of accounting entry into FMIS (bank reconciliation team)</li> </ul>	Bank reconciliation team
Authorisation / Payment of Deal	<ul style="list-style-type: none"> <li>Inputting CHAPS on Lloyds link</li> <li>Approval of CHAPS on Lloyds link and CHAPS form authorisation</li> </ul>	Treasury manager/Fund officer
		Authorisers per bank mandate

### 5.3 Statement of the Treasury Management Duties/Responsibilities of Each Treasury Post

#### 5.3.1 Responsible Officer

The Responsible Officer is the person charged with professional responsibility for the treasury management function and in this Council it is the Director of Corporate Services and is also the S151 Officer. This person or delegated persons will carry out the following duties: -

- a) Recommending clauses, treasury management policy / practices for approval, reviewing the same regularly, and monitoring compliance
- b) Submitting regular treasury management policy reports
- c) Submitting budgets and budget variations
- d) Receiving and reviewing management information reports
- e) Reviewing the performance of the treasury management function
- f) Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- g) Ensuring the adequacy of internal audit, and liaising with external audit
- h) Recommending the appointment of external service providers.
- i) The Responsible Officer has delegated powers through this policy to take the most appropriate form of borrowing from the approved sources, and to make the most appropriate form of investments in approved instruments.
- j) The Responsible Officer may delegate her power to borrow and invest to members of her staff. The Treasury Manager, the fund officer. Treasury management team staff must conduct all dealing transactions, or staff authorised by the responsible officer to act as temporary cover for leave / sickness.
- k) The Responsible Officer will ensure that Treasury Management Policy is adhered to, and if not will bring the matter to the attention of elected members as soon as possible.
- l) Prior to entering into any capital financing, lending or investment transaction, it is the responsibility of the responsible officer to be satisfied, by reference to the Council's legal department and external advisors as appropriate, that

the proposed transaction does not breach any statute, external regulation or the Council's Financial Regulations

- m) It is also the responsibility of the responsible officer to ensure that the council complies with the requirements of The Non-Investment Products Code (formerly known as The London Code of Conduct) for principals and broking firms in the wholesale markets.

### **5.3.2 Treasury Manager**

The responsibilities of this post will be: -

- a) Drafting the treasury management strategy and annual report
- b) Execution of transactions
- c) Adherence to agreed policies and practices on a day-to-day basis
- d) Maintaining relationships with counterparties and external service providers
- e) Supervising treasury management staff
- f) Monitoring performance on a day-to-day basis
- g) Submitting management information reports to the Responsible Officer; and
- h) Identifying and recommending opportunities for improved practices

### **5.3.3 Head of the Paid Service – the Chief Executive**

The responsibilities of this post will be: -

- a) Ensuring that the system is specified and implemented; and
- b) Ensuring that the Responsible Officer reports regularly to the full Council / Cabinet or General Purpose Committee on treasury policy, activity and performance.

### **5.3.4 Monitoring Officer**

The responsibilities of this post will be: -

- a) Ensuring compliance by the Responsible Officer with the treasury management policy statement and treasury management practice and that they comply with the law
- b) Being satisfied that any proposal to vary treasury policy or practice complies with law or any code of practice; and
- c) Giving advice to the Responsible Officer when advice is sought

### **5.3.5 Internal Audit**

The responsibilities of Internal Audit will be: -

- a) Reviewing compliance with approved policy and treasury management practice
- b) Reviewing division of duties and operational practice
- c) Assessing value for money from treasury activity; and
- d) Undertaking probity audit of the treasury function

## **5.4 Absence Cover Arrangements**

Cover for treasury management staff will be to specific delegated staff.

## **5.5 Dealing Limits**

- No investment deal must exceed £5million per transaction
- No borrowing deal at any point in time must exceed £10 million except when existing loans are being repaid.

## **5.6 List of Approved Brokers**

A list of approved brokers is maintained by the Treasury team and a record of all transactions conducted with them can be obtained from Logotech.

### **Policy on Brokers' Services**

It is the Council's policy to rotate business between brokers.

## **5.7 Policy on Taping of Conversations**

The Council currently does not tape conversations with brokers **but** ensures that confirmations are received from counterparties.

## **5.8 Direct Dealing Practices**

The Council will deal direct with counterparties if it is appropriate and the Council believes that better terms will be available. There are certain types of accounts and facilities, however, where direct dealing is required, as follows;

- Business Reserve Accounts
- Call Accounts
- Money Market Funds
- Gilt/CD purchase via custodian; and
- Fixed period account e.g. 15-day fixed period account

## **5.9 Settlement Transmission Procedures**

A confirmation letter signed by an authorised signatory per the Council's bank mandate must be sent to the counterparty if the deal period exceeds one month. Copy of forms folder located in H:/techaccy/treasury/Daily Treasury for PF

For payments, any transfer to be made via Lloyds link CHAPS system must be completed by 2.00 p.m. on the same day to ensure it is authorised. Money market funds may have earlier cut-off time/deadlines.

## **5.10 Documentation Requirements**

For each deal undertaken, a record should be prepared giving details of dealer, amount, period, counterparty, interest rate, dealing date, payment date(s), broker and confirmation fax, email or letter.

## **5.11 Arrangements Concerning the Management of Third-Party Funds.**

The Council holds a number of trust funds, appointeeship and custody bank accounts. The cash in respect of these funds is held in the Council's bank account but transactions are separately coded.

## **TMP 6: REPORTING REQUIREMENTS AND MANAGEMENT INFORMATION ARRANGEMENTS**

### **6.1 Annual Treasury Management Strategy Statement**

1. The Treasury Management Strategy Statement sets out the specific expected treasury activities for the forthcoming financial year. This strategy will be submitted the cabinet and then to the Council (budget) for approval before the commencement of each financial year.
2. The formulation of the annual Treasury Management Strategy Statement involves determining the appropriate borrowing and investment decisions in the light of the anticipated movement in both fixed and shorter-term variable interest rates. For instance, this council may decide to postpone borrowing if fixed interest rates are expected to fall, or borrow early if fixed interest rates are expected to rise.
3. The Treasury Management Strategy Statement is concerned with the following elements:
  - a) Prudential and Treasury Indicators
  - b) Current Treasury portfolio position
  - c) Borrowing requirement
  - d) Prospects for interest rates
  - e) Borrowing strategy
  - f) Policy on borrowing in advance of need
  - g) Debt rescheduling
  - h) Investment strategy
  - i) Creditworthiness policy
  - j) Policy on the use of external service providers
  - k) Any extraordinary treasury issue
  - l) MRP strategy
4. The Treasury Management Strategy Statement will establish the expected move in interest rates against alternatives.

### **6.2 Annual Investment Strategy Statement**

At the same time as the Council receives the Treasury Management Strategy Statement it will also receive a report on the Annual Investment Strategy which will set out the following: -

- a) The Council's risk appetite in respect of security, liquidity and optimum performance
- b) Which specified and non specified instruments the Council will use
- c) The Council's policy on the use of credit ratings and other credit risk analysis techniques to determine creditworthy counterparties for its approved lending list
- d) Which credit rating agencies the Council will use
- e) How the Council will deal with changes in ratings, rating watches and rating outlooks

- f) Limits for individual counterparties and group limits
- g) Country limits
- h) Levels of cash balances
- i) Interest rate outlook
- j) Budget for investment earnings
- k) Policy on the use of external service providers

### **6.3 Annual Minimum Revenue Provision Statement**

This statement sets out how the Council will make revenue provision for repayment of its borrowing using the four options for so doing and will be submitted at the same time as the Annual Treasury Management Strategy Statement.

### **6.4 Policy on Prudential and Treasury Indicators**

1. The Council approves before the beginning of each financial year a number of treasury limits which are set through Prudential and Treasury Indicators.
2. The Responsible Officer is responsible for incorporating these limits into the Annual Treasury Management Strategy Statement, and for ensuring compliance with the limits. Should it prove necessary to amend these limits, the Responsible Officer shall submit the changes for approval to the full Council.

### **6.5 Other Reporting**

- Annual report on treasury management activity
- Other management information reports

## **TMP 7: BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS**

### **7.1 Statutory / Regulatory Requirements**

The accounts are drawn up in accordance with IFRS. The Council has adopted in full the principles set out in CIPFA's 'Treasury Management in the Public Services - Code of Practice' (the 'CIPFA Code'), together with those of its specific recommendations that are relevant to the Council's treasury management activity.

## **TMP 8: CASH AND CASHFLOW MANAGEMENT**

### **8.1 Arrangements for Preparing Cashflow**

Cashflow projections are prepared annually, monthly and daily. The annual and monthly cash flow projections are prepared from the previous year's cashflow records, adjusted for known changes in levels of income and expenditure, new grant allocations and changes in payments and receipts dates. These details are supplemented on an ongoing basis by information received of new or revised

amounts to be paid or received as and when they are known. Logotech is used to record cashflow.

## **8.2 Bank Statements Procedures**

The Council receives daily bank statements on a daily basis, download into the folder below. Estimates on Logotech cashflow is updated with actuals from bank statement.  
**H:\TECHACCY\TREASURY\Daily Treasury for GF General Fund Daily**

## **TMP 9: MONEY LAUNDERING**

### **9.1 Proceeds of Crime Act 2002 and Amendments**

See Council's website and intranet for money laundering process and associated policies  
[http://intranet/anti\\_money\\_laundering\\_policy.pdf](http://intranet/anti_money_laundering_policy.pdf)

### **9.2 The Terrorism Act 2000 and Amendment order**

See Council's website and staff intranet on policy. Staff should note that all individuals and businesses in the UK have an obligation to report knowledge, reasonable grounds for belief or suspicion about the proceeds from, or finance likely to be used for, terrorism or its laundering, where it relates to information that comes to them in the course of their business or employment.

### **9.3 The Money Laundering Regulations 2007 and Updates**

The Council's money laundering officer is the Head of Audit. See Council's website and intranet for details [http://intranet/anti\\_money\\_laundering\\_policy.pdf](http://intranet/anti_money_laundering_policy.pdf)

Treasury management and banking staff are required to familiarise themselves with all money laundering regulations.

### **9.4 Procedures for Establishing Identity / Authenticity of Lenders**

It is not a requirement under Proceeds of Crime Act (POCA) for local authorities to require identification from every person or organisation it deals with. However, in respect of treasury management transactions, the Council does not accept loans from individuals except during a bond issue.

All loans are obtained from the PWLB, other local authorities or from authorised institutions under the Financial Services and Markets Act 2000. This register can be accessed through the FCA website on [www.fca.gov.uk](http://www.fca.gov.uk).

### **9.5 Methodologies for identifying Deposit Takers**

Other than those organisations mentioned in para section 6.10 and Appendix 2 of the treasury strategy, in the course of its Treasury activities, the Council will only lend money to or invest with those counterparties that are on its approved lending list.

These will be local authorities, the PWLB, Bank of England and authorised deposit takers under the Financial Services and Markets Act 2000. The FCA Register can be accessed through their website on [www.fca.gov.uk](http://www.fca.gov.uk).

All transactions will be carried out by CHAPS, faster payments or BACS for making deposits or repaying loans.

## **TMP 10: TRAINING AND QUALIFICATIONS**

The Council recognises that relevant individuals will need appropriate levels of training in treasury management due to its increasing complexity.

All treasury management staff should receive appropriate training relevant to the requirements of their duties at the appropriate time.

In addition, training may be provided on-the-job, and it is the treasury manager's responsibility to ensure that treasury management staff receive appropriate training.

### **10.1 Details of Approved Training Courses**

Treasury management staff and members will go on courses provided by the Council's treasury management consultants, CIPFA, money brokers etc.

### **10.2 Records of Training Received by Treasury Staff**

Staff will keep records on their training.

### **10.3 Member Training Record**

Member training will be provided as required.

## **TMP 11: USE OF EXTERNAL SERVICE PROVIDERS**

### **11.1 Details of Contracts with Service Providers, Including Bankers, Brokers, Custodian Banks, Consultants, Advisers**

This Council may employ the services of other organisations to assist it in the field of treasury management. However, it will ensure that it fully understands what services are being provided and that they meet the needs of the Council, especially in terms of being objective and free from conflicts of interest.

#### **11.1.1 Banking Services**

- a) The Council's supplier of banking services is Lloyds Bank. The bank is an authorised banking institution authorised to undertake banking activities in the UK by the FCA
- b) The branch address is:  
Lloyds Banking Group  
25 Gresham Street, London  
EC2V 7HN

### **11.1.2 Money-Broking Services**

The Council will use money brokers for temporary borrowing and investment and long-term borrowing. It will seek to give an even spread of business amongst the approved brokers.

### **11.1.3 Consultants'/Advisers' Services**

#### **Treasury Consultancy Services**

The Council receives mail shots on credit ratings, economic market data and borrowing data. In addition, interest rate forecasts, annual treasury management strategy templates, and from time to time, the Council may receive advice on the timing of borrowing, lending and debt rescheduling. The performance of consultants will be reviewed by the treasury manager to check whether performance has met expectations.

### **11.1.4 Custodian Banks**

The Council will use the services of custodian banks when trading in most transferable instruments like treasury bills. Due procurement process will be followed in the procurement of this service. It should be noted that it is the borrower that pays in most cases and not the lender. Property fund on the other hand do not require custody services, the investor pays all fee.

### **11.1.5 Credit Rating Information**

The Council receives notifications of credit ratings from Capita Asset Services.

## **11.2 Procedures and Frequency for Tendering Services**

See TMP2

## **TMP 12: CORPORATE GOVERNANCE**

### **12.1 List of Documents to be Made Available for Public Inspection**

- a. The Council is committed to the principle of openness and transparency in its treasury management function and in all of its functions.
- b. The Council has adopted the CIPFA Code of Practice on Treasury Management and implemented key recommendations on developing Treasury Management Practices, formulating a Treasury Management Policy Statement and implementing the other principles of the Code.



## APPENDIX 6

### PRUDENTIAL INDICATORS FOR 2016/17 TO 2019/20

PRUDENTIAL INDICATORS	2016/17 Probable Outturn £'000	2017/18 Forecast £'000	2018/19 Forecast £'000	2019/20 Forecast £'000
<b>1. CAPITAL EXPENDITURE</b>				
a) Capital Expenditure (includes expenditure funded by supported, unsupported borrowing and other sources)				
i) General Fund estimated as at 30/11/16 (Net of Leasing)	31,544	40,259	34,864	16,101
<b>Total as at 30/11/16</b>	<b>31,544</b>	<b>40,259</b>	<b>34,864</b>	<b>16,101</b>
b) In year Capital Financing Requirement (CFR)				
i) General Fund (Gross of MRP costs)	7,154	7,004	6,579	7,634
<b>Total in year CFR</b>	<b>7,154</b>	<b>7,004</b>	<b>6,579</b>	<b>7,634</b>
c) Capital Financing Requirement as at 31 March (Balance Sheet figures)				
i) General Fund (Net of MRP costs)	189,978	181,644	192,997	193,274
<b>Total</b>	<b>189,978</b>	<b>181,644</b>	<b>192,997</b>	<b>193,274</b>

<b>2. AFFORDABILITY</b>				
a) Ratio of Financing Costs to net Revenue Streams				
i) General Fund	11.29%	11.50%	11.51%	13.76%
b) General Fund Impact of Prudential (Unsupported) Borrowing on Band D Council Tax Levels (per annum)				
i) In year Increase	-£39.87	£0.84	-£9.85	£38.74
ii) Cumulative Increase (includes MRP costs)		-£39.03	-£48.88	-£10.14
<b>3. LONG-TERM EXTERNAL DEBT</b>				
a) Debt Brought Forward 1 April	116,976	113,010	113,010	113,010
Debt Carried Forward 31 March	116,976	113,010	113,010	113,010
<b>Additional Borrowing</b>	<b>0</b>	<b>(3,966)</b>	<b>0</b>	<b>0</b>
b) Operational Boundary for External Debt (Excludes Revenue Borrowing)				
i) Borrowing	148,989	143,500	142,073	139,792
ii) Other Long-term Liabilities	32,013	30,490	29,063	26,782
c) Total Operating Debt (Excludes Revenue Borrowing)	181,002	173,990	171,136	166,574
<b>Add</b> margin for cashflow contingency	37,987	49,510	50,937	53,218
Affordable Borrowing Limit (Includes Revenue Borrowing)	218,989	223,500	222,073	219,792
Authorised Limit for External Debt (Includes Revenue Borrowing)				
• Borrowing	148,989	143,500	142,073	139,792
• Other Long-term Liabilities	70,000	80,000	80,000	80,000

<b>Authorised Borrowing Limit</b>	<b>218,989</b>	<b>223,500</b>	<b>222,073</b>	<b>219,792</b>
<b>4. TREASURY MANAGEMENT</b>				
a) Borrowing Limit – Upper Limit for Fixed Interest Rate Exposure Expressed as: Net Principal re Fixed Rate Borrowing/Investments	218,989	223,500	222,073	219,792
b) Borrowing Limit – Upper Limit for Variable Interest Rate Exposure Expressed as a %: Net Principal re Variable Rate Borrowing/Investments	50%	50%	50%	50%
c) Lending Limit – Upper Limit for Total Principal Sums Invested for Over 364 Days Expressed as a % of Total Investments	50%	50%	50%	50%
d) Maturity Structure of new Fixed Rate Borrowing, if Taken During 2017/18	LOWER LIMIT		UPPER LIMIT	
i) Under 12 Months		0		10%
ii) 12 Months to 24 Months		0		20%
iii) 24 Months to 5 Years		0		30%
iv) 5 Years to 10 Years		0		40%
v) 10 Years and Above		0		100%

## APPENDIX 7

### GLOSSARY OF TREASURY MANAGEMENT TERMS

#### Accrued Interest

Any interest that has accrued since the initial purchase or since the last coupon payment date, up to the date of sale/purchase

#### Basis Point

One hundredth of 1% e.g. 0.01%

#### Certificate of Deposit (CD)

A Tradable form of fixed deposit. They can be sold before maturity via the secondary market at a rate that is negotiable. Often issued by banks and Building Societies in any period from 1 month to 5 years.

#### Coupon

The total amount of interest a security will pay on a yearly basis. The coupon payment period depends on the security.

#### Covered Bond

Covered bonds are conventional bonds (fixed or floating) issued by financial institutions that are backed by a separate group of loans, usually prime residential mortgages or public sector loans.

#### Credit Rating

A measure of credit worthiness of a borrower. A credit rating can be assigned to a country, organisation or specific debt issue/ financial obligation. There are a number of credit ratings agencies but the main 3 are Standard & Poor's, Fitch and Moody's.

#### Credit risk

This is the risk that the issuer of a security becomes temporarily or permanently insolvent, resulting in its inability to repay the interest or to redeem the bond. The solvency of the issuer may change over time due to various factors.

#### Debt Management Office (DMO)

Debt Management Office is an executive agency of HM Treasury. They are responsible for debt management in the UK, in the form of issuing Treasury Bills and Gilts.

#### Financial Strength Rating

Rating criteria used by Moody's ratings agency to measure a bank's intrinsic safety and soundness.

### Floating Rate Note (FRN)

An instrument issued by Banks, Building Societies and Supranational organisations which has a coupon that re-sets usually every 3 months. The refix will often be set at a premium to 3 month LIBOR.

### Gilt

A UK Government Bond, sterling denominated, issued by HM Treasury

### Index Linked Gilts

A government bond issued by the DMO whose coupon and final redemption payment are related to movement in the RPI (Retail Price Index)

### Interest Rate Risk

The risk that an investment's value will change due to a change in the absolute level of interest rate. Interest rate risk affects the value of bonds more directly than stocks, and it's a major risk to all bond holders. As interest rates rise, bond prices fall and vice versa. The rationale is that as interest rates increase, the opportunity cost of holding a bond decreases since investors are able to realise greater yields by switching to other investments that reflect the higher interest rate

### LIBOR

London Interbank Offered Rate: set on a daily basis. The rate at which banks lend to each other for different periods

### Long Term

Duration in excess of 1 year

### Net Asset Value (NAV)

Often used when funds or investment assets are valued. This term generally means the total assets less total liabilities.

### Premium

The sale/purchase of an asset at a level that is above the par value or original price. If a security is trading at a premium, current market interest rates are likely to be below the coupon rate of the security.

### Short Term

Duration of up to 1 year

### Support Rating

Fitch Ratings Agency's assessment of extraordinary support given to a financial institution either by the parent and or sovereign.

### Supranational Bond

A bond issued by a Supranational organisation (multi-lateral development banks). They are AAA rated organisations in which the share capital is jointly owned and guaranteed by leading developed nations in their respective region.

### Treasury Bill (T-Bills)

A Treasury Bills is a short dated instrument issued by HM Treasury. They are issued at a discount, therefore they are not coupon bearing.

### Viability Ratings

Assessment of a bank's intrinsic creditworthiness applied by Fitch Ratings Agency. Its aim was to enhance visibility on benefits of support. This replaced the individual ratings.

### Yield Curve

The yield curve represents the relationship between yield and maturity. The conventional shape being that as the maturity lengthens, the yield will increase. Each security will have its own yield curve, depending on the yield in every time period available.

Description	2015/16 Actual £000	2016/17 Current Budget Forecast £000	2016/17 Year end Forecast as at December 2016 Forecast £000	Forecast Variance at year end (December forecast compared to "Budget") Forecast £000	2017/18 Forecast £000	2018/19 Forecast £000	2019/20 Forecast £000
<u>Payments</u>							
Payroll Related Payments (including payroll element of Schools' advances)-net pay	116,209	109,615	168,000	58,385	114,843	115,991	117,151
Payroll related-HMRC	41,600	37,642	39,240	1,598	39,459	39,853	40,252
Payroll related-Teachers Pensions Authority	14,502	8,678	13,805	5,127	13,828	13,966	14,106
Payroll related-pension fund and disbursements and including back funding and added years	22,712	15,752	20,127	4,375	21,796	22,014	22,234
Service payments- (Premises, Transport, Supplies and Services and Third Party payments)	299,145	359,642	216,143	-143,499	277,842	291,611	287,598
Transfer Payments-Housing Benefits	93,060	97,349	89,561	-7,788	94,589	97,427	100,349
Bank Charges & Related Expenditure	247	246	281	35	288	297	306
Precepts and Levies - CTAX (GLA) and NDR(GLA,CLG) and levies	80,113	84,250	84,088	-162	86,778	89,381	92,062
Business Rates and CTax Refunds	5,787	6,360	6,128	-232	6,176	6,361	6,552
Capital Payments	29,078	32,006	26,300	-5,706	46,459	47,853	49,289
<b>Total Payments</b>	<b>702,453</b>	<b>751,540</b>	<b>663,673</b>	<b>-87,867</b>	<b>702,057</b>	<b>724,755</b>	<b>729,899</b>
<u>Receipts</u>							
Business Rates Receipts	-90,733	-91,913	-95,439	-3,526	-99,641	-102,630	-105,709
Council Tax Receipts	-104,431	-105,028	-105,062	-34	-109,179	-112,454	-113,579
DWP - Housing Benefit Subsidy & Admin Grant & Discretionary Housing Payment grant&S31 Grant)	-93,310	-97,816	-90,983	6,833	-95,048	-97,900	-100,837
Grants (Including Capital Grants and Public Health Grants)	-240,758	-270,641	-216,230	54,411	-221,347	-225,774	-230,289
Other receipts-fees and charges	-72,025	-77,689	-55,931	21,758	-63,237	-65,134	-67,088
Payroll Recoupment	-83,440	-85,218	-76,064	9,154	-88,323	-90,972	-93,701
VAT Reimbursement	-21,830	-21,546	-21,281	266	-21,082	-21,715	-22,366
<b>Total Receipts</b>	<b>-706,527</b>	<b>-749,851</b>	<b>-660,989</b>	<b>88,862</b>	<b>-697,857</b>	<b>-716,579</b>	<b>-733,570</b>
<b>1. Net Cashflow (Revenue and Capital Cash)</b>	<b>-4,074</b>	<b>1,689</b>	<b>2,685</b>	<b>995</b>	<b>4,200</b>	<b>8,175</b>	<b>-3,671</b>
Interest Received on investments	-942	-580	-1,023	580	-947	-702	-543
Interest on Pooled Property Investment	-198	-284	-239	284	-239	-239	-239
Interest Paid on Debt inc DME	6,704	3,937	6,718	-3,937	6,437	6,173	6,173
<b>2. Interest-net (Net cash flow)</b>	<b>5,564</b>	<b>3,073</b>	<b>5,456</b>	<b>-3,073</b>	<b>5,251</b>	<b>5,232</b>	<b>5,391</b>
B/F Cash Deposits Balance (SoA Note 9 Financial Instruments)	86,100	58,538	85,400	-58,538	79,166	58,381	45,074
B/F ST Borrowing (SoA Note 9 Financial Instruments)	-11,910	0	0	0	0	0	0
Change in cash and investments	1,490	4,763	-6,234	-4,763	-20,785	-13,307	-1,770
C/Fwd Total	85,400	53,775	79,166	-53,775	58,381	45,074	43,304

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