

## Cabinet

**Date: 18 September 2017**

**Subject: Financial Report 2017/18 – July 2017**

Lead officer: Roger Kershaw

Lead member: Mark Allison

### Recommendations:

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- A. That Cabinet note the financial reporting data relating to revenue budgetary control, showing a forecast net overspend at year end of £1.4million, 0.3% of the gross budget.
- B. That Cabinet approve the adjustments to the Capital Programme contained in Appendix 5b  
That Cabinet approve the following adjustments to the Capital Programme

Scheme		2017/18 Budget	2018/19 Budget	Funding/Re-profiling
<b><u>Environment &amp; Regeneration</u></b>				
GPS Vehicle Tracking	(1)	22,000	0	Virement
Sports Facilities - Wim Pk Lke De-Silting	(1)	(143,500)	0	Virement
Tackling Traffic Congestion - ANPR Cmrs	(1)	110,000		Virement
Morden Pollution Monitoring	(1)	11,500	0	Virement
<b>Total</b>		<b>0</b>	<b>0</b>	

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## 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This is the financial monitoring report for period 4, 31<sup>st</sup> July 2017 presented in line with the financial reporting timetable.

This financial monitoring report provides:-

- The income and expenditure at period 4 and a full year forecast projection.
- An update on the capital programme and detailed monitoring information;
- An update on Corporate Items in the budget 2017/18;
- Progress on the delivery of the 2017/18 revenue savings

## 2. THE FINANCIAL REPORTING PROCESS

- 2.1 The budget monitoring process in 2017/18 will continue to focus on adult social care and children's social care as these areas overspent in 2016/17 and continue to have budget pressures.
- 2.2 Chief Officers, together with budget managers and Service Financial Advisers are responsible for keeping budgets under close scrutiny and ensuring that expenditure within budgets which are overspending is being actively and vigorously controlled and where budgets are underspent, these underspends are retained until year end. Any final overall

overspend on the General Fund will result in a call on balances as has been the case for the last two financial years, however this action is not sustainable longer term.

### 2.3 2017/18 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

**Executive summary** – At period 4 to 31<sup>st</sup> July 2017 the year end forecast is a net £1.4m overspend compared to the current budget or 0.3% of the gross budget.

#### Summary Position as at 31st July 2017

	Current Budget 2017/18 £000s	Full Year Forecast (July) £000s	Forecast Variance at year end (July) £000s	Forecast Variance at year end (June) £000s	Outturn variance 2016/17 £000s
<b>Department</b>					
3A. Corporate Services	26,507	26,138	(369)	(128)	(1,287)
3B. Children, Schools and Families	47,915	48,955	1,040	1,047	1,154
3C. Community and Housing	60,120	60,938	818	812	10,124
3D. Public Health	0	48	48	50	16
3E. Environment & Regeneration	17,952	18,003	51	(239)	1,011
Overheads	0	0	0	0	12
<b>NET SERVICE EXPENDITURE</b>	<b>152,495</b>	<b>154,082</b>	<b>1,587</b>	<b>1,542</b>	<b>11,030</b>
<b>3E. Corporate Items</b>					
Impact of Capital on revenue budget	13,415	13,265	(150)	42	193
Other Central budgets	(20,215)	(20,229)	(14)	190	(8,329)
Levies	933	933	0	0	0
<b>TOTAL CORPORATE PROVISIONS</b>	<b>(5,868)</b>	<b>(6,032)</b>	<b>(164)</b>	<b>232</b>	<b>(8,136)</b>
<b>Less corporate overheads</b>	<b>(556)</b>	<b>(556)</b>			
<b>TOTAL GENERAL FUND</b>	<b>146,071</b>	<b>147,495</b>	<b>1,423</b>	<b>1,774</b>	<b>2,894</b>
<b>FUNDING</b>					
Revenue Support Grant	(15,520)	(15,520)	0	0	0
Business Rates	(35,483)	(35,483)	0	0	0
Other Grants	(10,733)	(10,733)	0	0	(537)
Council Tax and Collection Fund	(84,329)	(84,329)	0	0	0
<b>FUNDING</b>	<b>(146,065)</b>	<b>(146,065)</b>	<b>0</b>	<b>0</b>	<b>(537)</b>
					<b>0</b>
<b>NET</b>	<b>6</b>	<b>1,429</b>	<b>1,423</b>	<b>1,774</b>	<b>2,357</b>

The current level of GF balances is £12.778m and the minimum level reported to Council for this is £12.27m. This means that another reserve or further savings will need to be found to offset the remaining £0.9m overspend.

### 3. DEPARTMENTAL SUMMARY OF CURRENT POSITION

#### Corporate Services

	2017/18 Current Budget	Full year Forecast July	Forecast variance at year end  July	Forecast variance at year end  June	2016/17 Outturn Variance
	£000	£000	£000	£000	£000
Business Improvement	2,973	2,839	-134	-92	-54
Infrastructure & Transactions	9,355	9,423	68	34	-431
Resources	6,430	6,590	160	113	-314
Human Resources	1,948	1,843	-105	0	-34
Corporate Governance	2,491	2,415	-76	-85	-330
Customer Services	2,308	2,116	-192	-9	-164
Corporate Items including redundancy costs	1002	912	-90	-90	40
<b>Total (controllable)</b>	<b>26,508</b>	<b>26,139</b>	<b>-369</b>	<b>-128</b>	<b>-1,287</b>

#### Overview

At the period 4 the Corporate Services (CS) department is forecasting an underspend of £368k at year end, a favourable movement of £240k from period 3 forecast.

#### Business Improvement - £134k under

The systems and projects team are forecasting an underspend on staffing. This is due to vacant posts and staff recharges to projects and CHAS 2013 Limited. This is offset by a projected shortfall on saving CSD42 which is not expected to be fully achieved in 17/18.

#### Infrastructure & Transactions - £68k over

There are budget pressures in several teams.

The professional development centre (Chaucer Centre) is expected to under-achieve on income by £130k. Bookings year to date are lower than previous years. As budgets are reduced, customers are choosing the Civic Centre non-chargeable rooms over the Chaucer Centre's chargeable rooms. Rental income is also lower and there is a delay with agreed office renters now not taking residence at the centre until November.

The transactional services team are forecasting an overspend of £70k mainly because saving CS70 which is to charge for paper copies of invoices is unachievable due to delays in the implementation of e5, SharePoint and EDRMS.

The Garth Road income target is forecast to under-achieve by approximately £60k and there is a projected overspend in the Commercial Services team on staffing costs of £50k. This team is essential in driving and delivering procurement savings across the Council.

These forecast overspends are partly offset by over-achievement of income on printing.

### **Resources - £161k over**

The division is forecasting to overspend due to staffing in two teams, one of which is due to long term sickness.

Some of the ongoing development costs of e5 are being funded within the division.

### **Human Resources – £105k under**

The reason for the underspend is a number of vacant posts within the division. This is partly offset by the expected shortfall on schools buy back income of £78k.

There are budget pressures on the payroll contract with Agilisys which are being reviewed.

### **Corporate Governance - £76k under**

The forecast underspend is partly due to a £27k underspend in Internal Audit and £23k in Benefits Investigation where a 18/19 saving has been captured early.

There are other forecast underspends on non salary budgets across the division.

The South London legal partnership (SLLp) has budget pressures on staffing costs. There are numerous agency staff as recruitment is becoming increasingly difficult in certain teams. This will be closely monitored and is reported to all partnership boroughs.

### **Customer Services - £191k under**

The Merton Bailiff Service is forecasting over-achieving income by £300k but this is offset by a forecast £70k under-achievement of income in the Shared Bailiff Service.

Translations services are forecasting to overachieve income by £65k.

The Communications Service is under-achieving on advertising the income target which is partially offset by underspends elsewhere in the service. The team are working to address the likely failure to achieve income targets through a review of the strategy. A task and finish group is being established to take this forward with the aim of a refreshed strategy and agreed targets being drafted by the autumn.

### **Corporate Items - £90k under**

Redundancy costs are forecast to be approximately £500k over budget based on year to date actuals.

This is being offset by a reduction in the housing benefit provision.

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

## Environment & Regeneration

Environment & Regeneration	2017/18 Current Budget	Full year Forecast (July)	Forecast Variance at year end (July)	Forecast Variance at year end (June)	2016/17 Outturn Variance
	£000	£000	£000	£000	£000
Public Protection	(10,514)	(11,552)	(1,038)	(963)	1,290
Public Space	15,232	15,899	667	437	510
Senior Management	1,015	984	(31)	(73)	(44)
Sustainable Communities	12,220	12,672	452	360	(745)
<b>Total (Controllable)</b>	<b>17,953</b>	<b>18,003</b>	<b>50</b>	<b>(239)</b>	<b>1,011</b>

Description	2016/17 Current Budget	Forecast Variance at year end (July)	Forecast Variance at year end (June)	2016/17 Variance at year end
	£000	£000	£000	£000
Overspend within Regulatory Services	627	207	203	(34)
Underspend within Parking & CCTV Services	(11,617)	(1,200)	(1,165)	1,442
Underspend within Safer Merton	476	(45)	(1)	(118)
<b>Total for Public Protection</b>	<b>(10,514)</b>	<b>(1,038)</b>	<b>(963)</b>	<b>1,290</b>
Overspend within Waste Services	14,066	224	142	168
Underspend within Leisure & Culture	898	(105)	(5)	(72)
Overspend within Greenspaces	1,220	373	230	206
Overspend within Transport Services	(952)	175	70	342
<b>Total for Public Space</b>	<b>15,232</b>	<b>667</b>	<b>437</b>	<b>510</b>
Underspend within Senior Management & Support	1,015	(31)	(73)	(44)
<b>Total for Senior Management</b>	<b>1,015</b>	<b>(31)</b>	<b>(73)</b>	<b>(44)</b>
Underspend within Property Management	(2,605)	(87)	(101)	(564)
Overspend within Building & Development Control	(332)	380	363	(157)
Overspend within Future Merton	15,157	159	98	(158)
<b>Total for Sustainable Communities</b>	<b>12,220</b>	<b>452</b>	<b>360</b>	<b>(789)</b>
<b>Total Excluding Overheads</b>	<b>17,953</b>	<b>50</b>	<b>(239)</b>	<b>1,011</b>

### Overview

The department is currently forecasting an overspend of £50k at year end. The main areas of variance are Regulatory Services, Parking Services, Waste Services, Greenspaces, Transport Services, and Building & Development Control.

## **Public Protection**

### **Regulatory Services overspend of £207k**

The forecast overspend is as a result of a few factors. Firstly, a 2017/18 saving (E&R14) of £100k relating to further expansion of the Regulatory Services Partnership will not be achieved this year, as it is expected that the expansion will not commence until April 2018/19. Secondly, the Partnership has utilised the services of a project manager in order to achieve the aforementioned saving, and Merton's share of this is expected to be around £46k. Thirdly, an underachievement of Licensing income of £56k is forecast, which is associated with a 2016/17 saving (E&R13) of £50k. Finally, the section is liable for any Mortuary costs, which is not within their control. An overspend of £27k related to this service is being forecast.

### **Parking & CCTV Services underspend of £1,200k**

The underspend is mainly as a result of the protracted timeframe for the implementation of the ANPR system across the borough. The section did not have a fully functional system during 2016/17, but the necessary upgrades and camera performance reviews conducted by the contractor and officers from the team have now been completed. The positive effects of this e.g. improved traffic flow are expected to be realised during the year. The later start of the ANPR enforcement has resulted in a delay in motorist compliance with traffic regulations and the revenue generated reflecting this. It is difficult to predict when compliance will begin to set in and how this will affect revenue but this will be closely monitored and future forecasts amended accordingly.

Included within this forecast is an employee related overspend of c£470k due to a combination of savings not yet implemented and increased demand. Due to the implementation of the diesel surcharge and the delay in fully implementing ANPR the section has been forced to delay implementing certain savings, whilst needing to recruit additional agency staff to manage PCN and permit demands. This pressure is being offset by an over-recovery in permit revenue (£431k).

## **Public Space**

### **Waste Services overspend of £224k**

The forecast overspend relates mainly to the Phase C contract (£540k), which has been rolled out successfully delivering in excess of £1.3m savings. However, as part of the approved MTFs savings, the budget has been reduced by in excess of £1.9m. This budget pressure is mitigated next year when the new wheelie bin service is rolled out in October along with reduced frequency of collection, which will deliver additional savings in the contract cost for the service.

An update report was provided to Sustainable Communities O&S Panel on 4<sup>th</sup> July with a further update in November. The latter paper will include a summary of all the savings achieved through the procurement of these contracts. Robust contract management is in place ensuring full contractual compliance.

This overspend is being partially mitigated from in-year underspends on disposal costs (£379k).

### **Greenspaces overspend of £373k**

Although significant savings have already been realised, the section is forecasting to overspend on its Phase C contract by around £210k. This overspend is not expected to repeat next year.

Tree works are due to transfer to the Phase C contractor, IDVerde, from April 2018, which will bring lower contract rates for this work. This is forecast to remove a £50k pressure which is currently contributing towards the overspend this year.

The section is also currently forecasting to underachieve on its income expectations in the following areas. Firstly, on events related income (£155k), whereby related savings of £170k have

been implemented in the last two years, and although one event has been confirmed resulting in income of around £55k, work continues to identify how income from events in parks, including developing working partnerships with external event production companies, can be generated.

Secondly, due to a delay in the implementation of 2016/17 saving E&R26 (£60k) i.e. P&D within certain parks. This is due to be implemented this autumn leading to an expectation that only £15k of the associated saving will be achieved this year. Finally, the service is forecasting an underachievement of rental income of £30k. Work continues with reviewing current rental arrangements as well as identifying new letting opportunities to address this pressure.

These forecast overspends are being partially mitigated from other grants and contributions.

### **Transport services overspend of 175k**

The overspend relates to the Operations and Workshop side of the section. Within Transport Operations, an employee overspend of £75k is forecast mainly as a result of additional agency and overtime requirements due to covering sick leave and vacancies. This also causes a knock on effect for covering core routes, whereby, the only option on occasions is to utilise third party transport providers to cover the routes, which results in further unrecoverable costs (£57k).

Within the Workshop section, the overspend (£69k) relates to invoices which were not accrued for, for payment relating to good/services received prior to 1<sup>st</sup> April, at which point the workshop was transferred to Veolia.

## **Sustainable Communities**

### **Building & Development Control overspend of £380k**

The section is forecasting to underachieve on income by £483k, in particular within building Control. This reflects the continued reduction in the Authority's market share, which currently stands at around 49%. This downward trend has also impacted on the section's ability to meet some of its associated 2017/18 savings, notably ENV20 and D&BC 3 i.e. Increased income from building control services, and the commercialisation of the service.

The section is also forecasting a reduction in actuals, when compared to 2016/17, in development control income of around £420k due to a downturn of around 10% in planning applications so far this year. This results in an underachievement against budget of only £34k, but is a considerable decrease in expected income levels when compared to the levels achieved in 2016/17.

## Children Schools and Families

Children, Schools and Families	2017/18 Current Budget £000	Full year Forecast (Jul) £000	Forecast Variance at year end (Jul) £000	Forecast Variance at year end (Jun) £000	2016/17 Variance at year end £000
Cross Department budgets	2,027	1,930	(97)	(36)	(271)
Education	16,349	16,080	(269)	(438)	(874)
Social Care and Youth Inclusion	19,540	21,126	1,586	1,698	3,259
PFI	7,916	7,736	(180)	(177)	(549)
Redundancy costs	2,083	2,083	0	0	(411)
<b>Total (controllable)</b>	<b>47,915</b>	<b>48,955</b>	<b>1,040</b>	<b>1,047</b>	<b>1,154</b>

### Overview

At the end of July Children Schools and Families had a forecast overspend of £1.040m on local authority funded services. Although the department received £1m growth which was allocated against placement budgets, there were pressures over and above the growth allocated to the department some of which were offset by planned underspends and management action in year. Whilst some planned underspends will continue, the majority of the underspend used to offset cost pressures last year were either non-recurrent management action or one-off windfalls which are not guaranteed or expected in the current financial year.

The forecast overspend also includes the cost for agency staff which was funded from the Corporate Contingency for the last three years (£480k) to enable the department to maintain safe caseloads as part of our agreed approach and service model.

Due to the volatile nature of placement and SEN transport budgets, we are expecting the overspend to increase and will update our forecast with the latest information and the appropriate management action being taken to address this during the course of the year.

The assistance provided in support of Grenfell by Children, Schools and Families department was in the form of volunteers, with various officers across both divisions giving their time. Currently, it is not expected that the department will incur any direct additional costs as a result of the support provided.

### Local Authority Funded Services

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

Description	Budget £000	Jul £000	Jun £000	2016/17 £000
Small over and underspends	2,027	(97)	(36)	(271)
<b>Subtotal Cross Department budgets</b>	<b>2,027</b>	<b>(97)</b>	<b>(36)</b>	<b>(271)</b>
Procurement & School organisation	592	(342)	(290)	(448)
SEN transport	4,131	435	0	394
Early achievement of savings	200	(200)	0	0
Other small over and underspends	11,426	(162)	(148)	(820)
<b>Subtotal Education</b>	<b>16,349</b>	<b>(269)</b>	<b>(438)</b>	<b>(874)</b>
Fostering and residential placements (ART)	5,146	32	32	611
Supported lodgings/housing	1,645	169	(8)	1,110
Un-accompanied asylum seeking children (UASC)	61	655	705	579
No Recourse to Public Funds (NRPF)	21	379	379	484



Social Work staffing	4,173	446	541	282
Family and Adolescent Services	43	37	23	0
Other small over and underspends	8,451	(132)	26	288
<b>Subtotal Children's Social Care and Youth Inclusion</b>	<b>19,540</b>	<b>1,586</b>	<b>1,698</b>	<b>3,259</b>

### Cross Department budgets

This budget includes the departmental business support, senior management, joint commissioning and partnerships, and the Policy, Planning and Performance services.

There are various small over and underspends forecast across these services netting to a £97k underspend.

### Education Division

Procurement and school organisation budgets are forecast to underspend by £342k as a result of lower spend on re-venue budgets. This budget relates to construction projects that cannot be classified as capital. The majority of this is required for temporary classrooms due to rising pupil demand when it is not viable to provide permanent buildings.

The SEN transport budget is forecasting to overspend by £435k at the end of the financial year. Due to time required for the new ADAM system to be embedded, the expected cost reductions have not yet been realised. The annual review of new routes is being undertaken over the summer holidays and the process for re-procurement of existing routes will be accelerated in the autumn term. This forecast is therefore likely to change.

Education savings was brought forward by a year which will result in a one-off in-year underspend of £200k.

There are various other small over and underspends forecast across the division netting to a £162k underspend. These combine with the item described above to arrive at the total reported divisional underspend of £269k.

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

While the numbers of Looked After Children (LAC) remain relatively stable, and indeed Merton maintains relatively low levels of children in care, the complexity of a significant proportion of cases is causing cost pressures as detailed below. Placement costs are reviewed on a monthly basis and assumptions reviewed quarterly to ensure that projections of spend are as accurate as possible.

Service	Budget £000	Forecast spend £000	Variance		Placements	
			Jul £000	Jun £000	Jul Nr	Jun Nr
Residential Placements	2,239	2,046	(193)	(215)	13	12
Independent Agency Fostering	1,789	1,748	(41)	(39)	41	42
In-house Fostering	964	1,175	211	246	49	49
Secure accommodation	134	0	(134)	(134)	0	0
Mother and baby	100	274	174	174	2	4
<b>Total</b>	<b>5,226</b>	<b>5,243</b>	<b>17</b>	<b>32</b>	<b>105</b>	<b>107</b>

The ART service seeks to make placements with in-house foster carers wherever possible and in line with presenting needs, however, the needs of some looked after children mean that placements with residential care providers or independent fostering agencies are required. Some specific provision is mandated by the courts. **Page 63**

- The residential placement expenditure is forecast to underspend by £193k. This change is due to one new residential placement.
- The agency fostering placement expenditure is expected to underspend by £41k. One placement ended but one cost increased due to the identified additional needs of the young person placed. This is a very volatile budget and therefore subject to fluctuation during the year.
- The in-house foster carer expenditure is forecast to overspend by £211k at the end of July. We had 6 children leave and 6 new children placed. One placement cost was reduced.
- We are not aware of any secure accommodation placements at this stage and will review throughout the year.
- There are now two remaining Mother and Baby placements This overspend was estimated at the end of June and remains the same.

The budget for semi-independent and supported lodgings/housing placements are estimated to overspend by £148k at July 2017. This is due to 5 new placements being made. This budget is used to finance an increased number of placements for young people aged 16/17 and above. These are for young people who require semi-independent provision and for Care Leavers through to independence or, in some cases, through to the age of 21 (older in exceptional circumstances), as part of our statutory duties. There were 59 semi-independent placements for non-UASC young people at the end of July 2017.

The UASC supported lodgings/housing placements for post 18 children that became eligible for leaving care support is expected to overspend by £655k this year. This is lower than last month due to a reduction in caseload. At the end of July there were 28 placements for young people aged 18+ with no recourse to public funds in semi-independent accommodation- one less than last month.

The NRPF budget is expected to overspend by £379k in the current financial year. The NRPF worker is working closely with housing colleagues to manage cases as they arise and is also reviewing historic cases to identify ones where claimant circumstances has changed and can therefore be stepped down from services. We continue to use the Connect system to progress cases and have started a process of reviewing all open cases with the aim to limit the cost pressure on the council.

The Central Social Work, MASH, First Response, CASA and Bond Road team's staffing costs are expected to overspend by £446k. The majority of this is due to additional social work capacity required to manage safe caseloads, previously funded by the council's contingency, and are kept under regular review as they are covered by agency. On top of the additional staff, the team also has to cover vacancies with agency staff due to difficulty in recruiting permanent members of staff.

The Family and Adolescent Services staffing budget is expected to overspend by £37k. This is due to the head of service post which has been deleted as part of the 2017/18 savings is being covered by an agency member of staff due to short term service requirements. These arrangements will cease in the autumn.

There are various other small over and underspends forecast across the division netting to a £132k underspend. These combine with the item described above to arrive at the total reported divisional overspend of £1,586k.

### **Dedicated Schools Grant**

DSG funded services is forecast to overspend by £1.612m. These budgets are not within the council's general fund and cannot be offset against the local authority funded budgets. Any overspend will be funded from the DSG reserve and applied after consultation with Schools

Forum. Variances between individual subjectives have been shown in the overall departmental analyses.

The main reasons for the forecast relates to an estimated overspend of £874k on Independent Day School provision and £521k on additional school business rate adjustments primarily due to the revaluation of properties in the beginning of 2017.

There are various other smaller over and underspends forecast across the DSG netting to a £217k overspend which, combined with the items above, equates to the net overspend of £1.612m.

## Management Action

### New burdens

There are a number of duties placed on the Local Authority which have not been fully funded or not funded at all through additional burdens funding from Central Government. £1m growth was added by the council in 2017/18 to the supported housing/lodgings budget. Excluding the cost of these duties would leave a net departmental underspend of £163k, however that figure masks substantial once off windfalls and non-recurrent and recurrent management action. The table below highlights the continued estimated overspends relating to these unfunded duties:

Description	Budget £000	Jul overspend forecast £000	Jun overspend forecast £000
Supported lodgings/housing	1,645	169	(8)
Un-accompanied asylum seeking children (UASC)	61	655	705
No Recourse to Public Funds (NRPF)	21	379	379
<b>Total</b>	<b>1,727</b>	<b>1,203</b>	<b>1,076</b>

### Staffing

Agency cost continues to be a cost pressure for the department as permanent social worker recruitment continues to be challenging. We are operating, however at our lowest level of agency staff in 3 years. The continued recruitment drive including recruitment of NQSWs, temporary to permanent initiatives and retention payments will all have a positive impact on the current financial year and we will continue to take action to bring down anticipated overspends on agency/staffing costs.

### Placements

Our strong management oversight enables us to ensure that an appropriate entry to care threshold is well-maintained. The impact of increased numbers of UASC is in particular affecting our LAC and care leaver numbers and we remain in the lowest rate of care range in London.

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

Our ART Fostering Recruitment and Assessment team is continuing to recruit new foster carers who will offer locally based placements. This continues to enable a reduction in more expensive agency foster placements, but there is a time lag.

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

## General

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

## Community and Housing Current Summary Position

**Community and Housing is forecasting an over spend of £866k as at July 2017.**

The main known variances are in Housing £387k and Adult Social Care £494k. In Housing this is largely due to a shortfall in subsidy on temporary accommodation.

Adult Social Care received £9.3m in growth to support the identifiable pressures and challenges faced by the department. The service has allocated growth to the placements and deprivation of liberty budgets in line with the budget pressures identified in the budget setting report.

<b>Community and Housing</b>	<b>2017/18 Current Budget</b>	<b>Full Year Forecast (July)</b>	<b>Forecast Variance (July)</b>	<b>Forecast Variance (June)</b>	<b>2016/17 Outturn Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Access and Assessment</b>	46,870	47,402	532	157	9,432
<b>Commissioning</b>	4,162	4,130	(32)	(75)	67
<b>Direct Provision</b>	4,373	4,337	(36)	14	(169)
<b>Directorate</b>	755	785	30	11	(274)
<b>Adult Social Care</b>	<b>56,160</b>	<b>56,654</b>	<b>494</b>	<b>107</b>	<b>9,056</b>
<b>Libraries and Heritage</b>	1,975	2,008	33	44	(88)
<b>Merton Adult Education</b>	0	0	0	0	501
<b>Merton Adult Education- Commissioning Model</b>	2	(94)	(96)	(22)	0
<b>Housing General Fund</b>	1,937	2,324	387	683	655
<b>Total</b>	<b>60,074</b>	<b>60,892</b>	<b>818</b>	<b>812</b>	<b>10,124</b>
<b>Public Health</b>	<b>0</b>	<b>48</b>	<b>48</b>	<b>50</b>	<b>16</b>

## Adult Social Care

The pressures on social care nationally have started to be recognised by central government, although thus far the response has fallen short of the scale of the funding pressures. The service will continue to face challenges due to increasing demands for services from an ageing population, a population with an increased number of people living longer with complex physical and learning disabilities and growing demands on mental health services.

To date central government has not provided a definitive plan on how social care is to be funded in the future to meet these expected pressures. The response so far has largely reflected the NHS pre-occupation with older people in hospital and has not recognised the needs of older and disabled people in the community.

## **Access & Assessment - £532k Overspend**

This section is forecasting an over spend which made up of under and overspends as follows:-

<b>Access &amp; Assessment</b>	<b>Forecast Variances (July) £00</b>	<b>Forecast Variances (June) £000</b>
Underspend on Concessionary Fares	(71)	(68)
Overspend on Travel/ Transport	39	64
Overspend on Salaries- Includes £50k savings not met	46	34
Overspend on Better Care Fund Risk Share for 2016/17	275	275
Other	29	23
Placements*	2,034	1,649
Income*	(1,820)	(1,820)
<b>Total</b>	<b>532</b>	<b>157</b>

\*Based on estimated data.

The table above shows an increase in placement forecast since June this is due to additional Transitions clients.

As part of the 2016/17 Better Care Fund plan, Merton signed up to a risk share with the CCG. There was a requirement from NHS England for the CCG to either divert at least £1.1m of its £2m discretionary contribution to NHS providers or to enter into a risk share in relation to its QIPP savings plan. The latter option was agreed as the least bad option. MCCG achieved some, but not all, of its savings in relation to its plan and as a result its contribution to the BCF pot was reduced by £275k. As the CCG performance was not finalised until after the 2016/17 accounts were closed, this falls as a cost in 2017/18.

## **Commissioning - £32k underspend**

Current underspends are on salaries budget lines which has reduced by £44k since June 2017 forecast. This is partly due to the decision to fill a vacant post in the Business Intelligence Team and the additional cost to support Mosaic post go live.

## **Direct Provision - £36k underspend**

Direct Provision service is currently forecasting an under spend as at July 2017.

## **Directorate - £30k overspend**

The directors budget overspend is due to increased salary costs.

## **Adult Social Care: other management action 2017/18**

An action plan for 2017/18 has been developed which reflects the on-going pressures on this service and proposed actions to mitigate those pressures.

Key elements of the current financial year action plan:

- Weekly review of the plan and metrics
- Continued reduction in the use of agency staff
- Ensure that people are supported to regain their independence after a hospital stay
- To develop a South West London Borough residential care forum.
- To re-commission home care, with a single borough rate. Due to the level of interest this process is taking longer than expected.
- Continue structured reviews of placements to deliver savings.

There is also a weekly Adult Social Care Budgetary control meeting where savings, placement budgets and other day to day issues are raised and solutions discussed.

## **C&H-Other Services**

### **Libraries- £33k overspend**

This service is forecasting a £34k overspend as at July 2017. Libraries overspend has reduced but there is still an issue around income and staffing. The service is currently working to reduce overspend.

### **Merton Adult Education - £96k underspend**

Merton Adult Education Commissioning service under spend has increased since June 2017 by £74k due to the under-delivery on commissioned contracts.

### **Housing - £387k overspend**

This service overspend has reduced since period 3 (June) by £296k. This is due to the receipt of the homelessness support grant of £406k which was off-set by other overspends on staffing and temporary accommodation.

<b>Housing</b>	<b>Forecast Variances (July) £000</b>	<b>Forecast Variances (June) £000</b>
Temporary Accommodation-Expenditure	1,204	1,205
Temporary Accommodation-Client Contribution	(617)	(617)
Temporary Accommodation-Housing Benefit Income	(450)	(450)
Temporary Accommodation-Subsidy Shortfall	633	565
Temporary Accommodation- Grant	(406)	0
<b>Total Temporary Accommodation</b>	<b>364</b>	<b>703</b>
Housing Other- Over(under)spends	23	(20)
<b>Total</b>	<b>387</b>	<b>683</b>

### **Public Health - £48k overspend**

Public Health is currently forecasting an over spend of £48k. This is made up of savings yet to be achieved in 2017/18 and the cost for maternity cover.

## Corporate Items

The details comparing actual expenditure up to 31 July 2017 against budget are contained in Appendix 2. The main areas of variance as at 31 July 2017 are:-

Corporate Items	Current Budget 2017/18 £000s	Full Year Forecast (July) £000s	Forecast Variance at year end (July) £000s	Forecast Variance at year end (June) £000s	2016/17 Year end Variance £000s
<b>Impact of Capital on revenue budget</b>	<b>13,415</b>	<b>13,265</b>	<b>(150)</b>	<b>42</b>	<b>193</b>
<b>Investment Income</b>	<b>(1,186)</b>	<b>(596)</b>	590	590	<b>(176)</b>
<b>Pension Fund</b>	3,350	3,350	0	0	<b>(498)</b>
<b>Pay and Price Inflation</b>	736	736	0	0	<b>(739)</b>
<b>Contingencies and provisions</b>	5,246	4,596	<b>(650)</b>	<b>(400)</b>	<b>(3,495)</b>
<b>Income Items</b>	<b>(1,152)</b>	<b>(1,152)</b>	0	0	<b>(330)</b>
<b>Appropriations/Transfers</b>	<b>(4,845)</b>	<b>(4,845)</b>	0	0	<b>(3,091)</b>
<b>Central Items</b>	<b>2,149</b>	<b>2,089</b>	<b>(60)</b>	<b>190</b>	<b>(8,329)</b>
<b>Levies</b>	933	933	0	0	0
<b>Depreciation and Impairment</b>	<b>(22,318)</b>	<b>(22,318)</b>	0	0	0
<b>TOTAL CORPORATE PROVISIONS</b>	<b>(5,822)</b>	<b>(6,032)</b>	<b>(210)</b>	<b>232</b>	<b>(8,136)</b>

The June position was for a net overspend of £0.232m. This has been updated to a net underspend of £0.210m based on July. The reasons for the change in forecast are :-

- The Capital Programme has been updated and reprofiled to include slippage brought forward from previous years. It is forecast that borrowing costs will be £0.15m less than budget for 2017/18
- It is currently forecast that £0.250m of the contingency budget will not be required to support expenditure in 2017/18.

## Projects – for CMT only

### Social Care IT System

The Mosaic system went live on 15<sup>th</sup> May 2017 replacing the Carefirst system.

The forecast spend for 2017/18 reported to the Board is £960k. The Capital budget remaining for phase 1 is £198k. The balance of £762k will be funded from identified reserves.

The social care grant announced in the Chancellor's Budget was after the setting of the 2017/18 Council budget which included growth of £9.3m for adult social care. The £2.7m social care grant announced and received by the Council for 2017/18 is allocated against this growth which means £2.7m is added to general reserves from which the SCIS costs can be funded. The balance of this grant has now been applied to the MTFs revised gaps.

There are some technical issues being resolved for Mosaic with resource costs built into the £960k forecast. Any further costs will need to be reported and approved by the SCIS Board.

### Customer Contact/ EDRMS

The customer contact programme is in the final year of the GDIT contract. The forecast spend for 2017/18 is £1.8m. £1.2m of the original budget remains, together with £0.3m funding for annual support and maintenance leaving a shortfall of £0.3m.

The Council are in the dispute resolution stage with the provider due to delays in the delivery of the project. The Council are expecting reductions in the contract price and credits due to failed delivery which should substantially reduce the £0.3m shortfall.

## FIS

The financial information system e5 went live on 6<sup>th</sup> February 2017. The forecast costs for 2017/18 are £298k.

Additional funding of £68k was requested and approved by MIB. £140k is being funded by retaining vacant posts within the resources division leaving a shortfall of £90k for which resources will need to be identified and approved.

## 4. CAPITAL PROGRAMME 2017-21

4.1 The Table below shows the movement in the 2017/21 corporate capital programme since the last meeting of Cabinet:

Depts	Current Budget 17/18	Variance	Revised Budget 17/18	Current Budget 18/19	Variance	Revised Budget 18/19	Revised Budget 19/20	Variance	Revised Budget 19/20	Revised Budget 20/21	Variance	Revised Budget 20/21
CS	25,971	(81)	25,890	16,717	81	16,798	10,626	0	10,626	2,135	0	2,135
C&H	1,445	0	1,445	629	0	629	480	0	480	630	0	630
CSF	8,230	0	8,230	16,905	0	16,905	7,536	0	7,536	650	0	650
E&R	19,091	30	19,121	20,681	0	20,681	7,241	0	7,241	5,017	0	5,017
<b>TOTAL</b>	<b>54,736</b>	<b>(51)</b>	<b>54,686</b>	<b>55,028</b>	<b>81</b>	<b>55,013</b>	<b>25,883</b>	<b>0</b>	<b>25,883</b>	<b>8,432</b>	<b>0</b>	<b>8,432</b>

4.2 The table below summarises the position in respect of the Capital Programme as at July 2017. The detail is shown in Appendix 5a

### Merton Summary Capital Report – July 2017 Monitoring

Department	Year to Date			Annual Budget	Full Year Forecast	
	Actuals	Budget	Variance	Final Budget	Final Forecast	Full Year Variance
Corporate Services	417,158	309,901	107,257	25,890,050	18,502,902	(7,387,148)
Community and Housing	113,976	209,544	(95,568)	1,444,770	982,280	(462,490)
Children Schools & Families	682,086	3,278,000	(2,595,914)	8,230,360	7,930,431	(299,929)
Environment & Regeneration	2,641,593	5,871,602	(3,230,009)	19,121,140	18,959,195	(161,945)
<b>Total</b>	<b>3,854,813</b>	<b>9,669,047</b>	<b>(5,814,235)</b>	<b>54,686,320</b>	<b>46,374,808</b>	<b>(8,311,512)</b>

- Corporate Services – Currently officers are projecting an overspend on Customer Contact /EDRMS of £549k and Social Care IT System £242k, the split between capital and revenue budgets is currently being finalised. There are currently two projected underspends the Acquisitions Budget £6.4 million and the Bidding Fund £1.8 million. Officers have re-profiled £30k for Capita Housing and £51k for the Planning & Public Protection System have been re-profiled from 2017/18 to 2018/19.
- Community and Housing – All schemes are projecting full spend apart from Disabled Facilities Grants which are currently projecting a £462k underspend.



- c) Children, Schools and Families – Officers are currently projecting a £300k underspend on seven schemes (West Wimbledon £50k, Hatfeild £8k, Hillcross £50k, Joseph Hood £40k, Harris Academy Merton £22k Harris Academy Wimbledon £126k and School Equipment Loans £5k. It is currently envisaged that these variances are timing differences with the expenditure falling due in 2018/19.
- d) Environment and Regeneration – Officers are currently projecting net underspend of £162k, this variance is caused by three projected underspends (CCTV Investment £13k, Fleet Vehicles £208k and Sports Facilities £7k) and three projected overspends (GPS Vehicle Tracking £11k, Borough Regeneration – Brighter Businesses £46k and Morden Leisure Centre £9k). It is currently envisaged that these variances are timing differences with the expenditure either falling due in 2018/19 or being spent ahead of time. One budget has been increased for Singlegate School House £30k. In addition a number of virements are proposed and are shown in Appendix 5b.

4.3 Appendix 5b details the adjustments being made to the Capital Programme this month. The following adjustment will require Cabinet approval in September :

Scheme		2017/18 Budget	2018/19 Budget	Funding/Re-profiling
<b>Environment &amp; Regeneration</b>				
GPS Vehicle Tracking	(1)	22,000	0	Virement
Sports Facilities - Wim Pk Lke De-Silting	(1)	(143,500)	0	Virement
Tackling Traffic Congestion - ANPR Cmrs	(1)	110,000		Virement
Morden Pollution Monitoring	(1)	11,500	0	Virement
<b>Total</b>		<b>0</b>	<b>0</b>	

4.4 Appendix 5c details the impact of all the adjustments to the Capital Programme have on the funding of the programme in 2017/18 and 2018/19. The table below summarises the movement in 2017/18 funding since the June 2017 Monitoring Report:

Depts.	Approved Budget 17/18	Adjustments	New External Funding	New Internal Funding	Re-profiling	Revised Budget 17/18
Corporate Services	25,971		0	0	(81)	25,890
Community & Housing	1,445	0	0	0	0	1,445
Children Schools & Families	8,230	0	0	0	0	8,230
Environment and Regeneration	19,091	0	0	30	0	19,121
<b>Total</b>	<b>54,737</b>	<b>0</b>	<b>0</b>	<b>30</b>	<b>(81)</b>	<b>54,686</b>

4.5 The table below compares capital expenditure (£000s) to July 2017 to that achieved over the last few years:

Depts.	Spend To July 2014	Spend To July 2015	Spend To July 2016	Spend to July 2017	Variance 2014 to 2017	Variance 2015 to 2017	Variance 2016 to 2017
CS	192	221	242	417	225	196	175
C&H	107	23	65	114	7	91	49
CSF	3,993	4,109	1,167	682	(3,311)	(3,427)	(485)
E&R	1,068	767	3,074	2,642	1,574	1,874	(432)
<b>Total Capital</b>	<b>5,360</b>	<b>5,121</b>	<b>4,549</b>	<b>3,855</b>	<b>(1,730)</b>	<b>(1,461)</b>	<b>(869)</b>

Budget £000s				54,686
Projected Spend July 2017 £000s				46,375
Percentage Spend to Budget				7.05%
% Spend to Outturn/Projection	14.54%	17.46%	14.85%	8.31%
Monthly Spend to Achieve Projected Outturn £000s				4,724

4.6 The table shows that spend during June 2017 was considerably below this target. Officers will continue to encourage budget managers to re-profile their budgets appropriately:

Department	Spend To June 2017 £000s	Spend To July 2017 £000s	Increase £000s
CS	195	417	222
C&H	98	114	16
CSF	367	682	315
E&R	1,625	2,642	1,017
<b>Total Capital</b>	<b>2,285</b>	<b>3,855</b>	<b>1,570</b>

## 5. DELIVERY OF SAVINGS FOR 2017/18

Department	Target Savings 2017/18 £000	Projected Savings 2017/18 £000	Period 4 Forecast Shortfall £000	Period 3 Forecast Shortfall £000	Period Forecast Shortfall %
Corporate Services	1,484	1,366	118	118	8.0%
Children Schools and Families	1,110	1,073	37	23	3.3%
Community and Housing	2,673	2,031	642	619	24%
Environment and Regeneration	3,050	2,148	902	902	29.6%
<b>Total</b>	<b>8,317</b>	<b>6,618</b>	<b>1,699</b>	<b>1,662</b>	<b>20.4%</b>

Appendix 6 details the progress on savings for 2017/18 by department. Details of prior year savings shortfall and the full year effect in 17/18 will be reported next month.

## 6. CONSULTATION UNDERTAKEN OR PROPOSED

6.1 All relevant bodies have been consulted.

## 7. TIMETABLE

7.1 In accordance with current financial reporting timetables.

## 8. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

8.1 All relevant implications have been addressed in the report.

## **9. LEGAL AND STATUTORY IMPLICATIONS**

9.1 All relevant implications have been addressed in the report.

## **10. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

10.1 Not applicable

## **11. CRIME AND DISORDER IMPLICATIONS**

11.1 Not applicable

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

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

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

Appendix 1-	Detailed position table
Appendix 2 –	Detailed Corporate Items table
Appendix 3 –	Pay and Price Inflation
Appendix 4 –	Treasury Management: Outlook
Appendix 5a –	Current Capital Programme 2017/18
Appendix 5b –	Adjustments to the Current Capital Programme 2017/18
Appendix 5c –	Funding Current Capital Programme 2017/18 & 2018/19
Appendix 6 –	Progress on savings 2017/18

## **14. BACKGROUND PAPERS**

14.1 Budgetary Control files held in the Corporate Services department.

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## APPENDIX 1

### Summary Position as at 31st July 2017

	Original Budget 2017/18 £000s	Current Budget 2017/18 £000s	Year to Date Budget (July) £000s	Year to Date Actual (July) £000s	Full Year Forecast (July) £000s	Forecast Variance at year end (July) £000s	Forecast Variance at year end (June) £000s	Outturn variance 2016/17 £000
<b>Department</b>	-	-	-	-	-	-	-	-
3A. Corporate Services	10,866	26,507	9,138	10,209	26,138	(369)	(128)	(1,287)
3B. Children, Schools and Families	52,579	47,915	59,020	2,293	48,955	1,040	1,047	1,154
<b>3C. Community and Housing</b>	-	-	-	-	-	-	-	-
Adult Social Care	59,402	56,160	16,481	17,060	56,655	494	107	9,056
Libraries & Adult Education	2,691	2,023	760	860	1,960	(63)	23	413
Housing General Fund	2,224	1,937	493	(43)	2,324	387	682	655
3D. Public Health	0	0	(1,820)	(4,132)	48	48	50	16
3E. Environment & Regeneration	23,184	17,952	5,122	(5,170)	18,003	51	(239)	1,011
Overheads	0	0	0	0	0	0	0	12
<b>NET SERVICE EXPENDITURE</b>	<b>150,946</b>	<b>152,495</b>	<b>89,195</b>	<b>21,076</b>	<b>154,082</b>	<b>1,588</b>	<b>1,542</b>	<b>11,030</b>
<b>3E. Corporate Items</b>	-	-	-	-	-	-	-	-
Impact of Capital on revenue budget	13,415	13,415	2,234	992	13,265	(150)	42	193
Other Central items	(19,224)	(20,215)	(4,991)	149	(20,229)	(14)	190	(8,329)
Levies	933	933	319	319	933	0	0	0
<b>TOTAL CORPORATE PROVISIONS</b>	<b>(4,876)</b>	<b>(5,868)</b>	<b>(2,438)</b>	<b>1,460</b>	<b>(6,032)</b>	<b>(164)</b>	<b>232</b>	<b>(8,136)</b>
Less corporate overheads		(556)			(556)			
<b>TOTAL GENERAL FUND</b>	<b>146,070</b>	<b>146,071</b>	<b>86,757</b>	<b>22,537</b>	<b>147,495</b>	<b>1,424</b>	<b>1,774</b>	<b>2,894</b>
<b>Funding</b>	-	-	-	-	-	-	-	-
- Business Rates	(35,483)	(35,483)	0	(79)	(35,483)	0	0	0
- RSG	(15,520)	(15,520)	(2,115)	(2,115)	(15,520)	0	0	0
- Section 31 Grant	(1,035)	(1,035)	(464)	(464)	(1,035)	0	0	5
- New Homes Bonus	(4,150)	(4,150)	(2,114)	(2,114)	(4,150)	0	0	(542)
- PFI Grant	(4,797)	(4,797)	(1,199)	(1,199)	(4,797)	0	0	0
- Adult Social Care Grant 2017/18	(751)	(751)	0	0	(751)	0	0	0
<b>Grants</b>	<b>(61,736)</b>	<b>(61,736)</b>	<b>(5,892)</b>	<b>(5,971)</b>	<b>(61,736)</b>	<b>0</b>	<b>0</b>	<b>(537)</b>
Collection Fund - Council Tax Surplus(-)/Deficit	(1,386)	(1,386)	0	0	(1,386)	0	0	0
Collection Fund - Business Rates Surplus(-)/Deficit	(380)	(380)	0	0	(380)	0	0	0
<b>Council Tax</b>						0	0	0
- General	(82,244)	(82,244)	0	0	(82,244)	0	0	0
- WPCC	(318)	(318)	0	0	(318)	0	0	0
<b>Council Tax and Collection Fund</b>	<b>(84,329)</b>	<b>(84,329)</b>	<b>0</b>	<b>0</b>	<b>(84,329)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FUNDING</b>	<b>(146,065)</b>	<b>(146,065)</b>	<b>(5,892)</b>	<b>(5,971)</b>	<b>(146,065)</b>	<b>0</b>	<b>0</b>	<b>(537)</b>
<b>NET</b>	<b>5</b>	<b>6</b>	<b>80,865</b>	<b>16,566</b>	<b>1,430</b>	<b>1,424</b>	<b>1,774</b>	<b>2,357</b>

3E. Corporate Items	Council 2017/18 £000s	Original Budget 2017/18 £000s	Current Budget 2017/18 £000s	Year to Date Budget (July) £000s	Year to Date Actual (July) £000s	Full Year Forecast (July) £000s	Forecast Variance at year end (July) £000s	Forecast Variance at year end (June) £000s	Outturn Variance 2016/17 £000s
Cost of Borrowing	13,415	13,415	13,415	2,234	992	13,265	(150)	42	193
<b>Impact of Capital on revenue budget</b>	<b>13,415</b>	<b>13,415</b>	<b>13,415</b>	<b>2,234</b>	<b>992</b>	<b>13,265</b>	<b>(150)</b>	<b>42</b>	<b>193</b>
<b>Investment Income</b>	<b>(1,186)</b>	<b>(1,186)</b>	<b>(1,186)</b>	<b>(297)</b>	<b>(86)</b>	<b>(596)</b>	<b>590</b>	<b>590</b>	<b>(176)</b>
<b>Pension Fund</b>	<b>3,350</b>	<b>3,350</b>	<b>3,350</b>	<b>0</b>	<b>0</b>	<b>3,350</b>	<b>0</b>	<b>0</b>	<b>(498)</b>
Provision for excess inflation	451	451	436		0	436	0	0	(439)
Utilities Inflation Provision	300	300	300		0	300	0	0	(300)
<b>Pay and Price Inflation</b>	<b>751</b>	<b>751</b>	<b>736</b>	<b>0</b>	<b>0</b>	<b>736</b>	<b>0</b>	<b>0</b>	<b>(739)</b>
Contingency	1,500	1,500	1,500		0	1,250	(250)	0	(821)
Single Status/Equal Pay	100	100	100		0	100	0	0	(60)
Bad Debt Provision	500	500	500		0	500	0	0	(271)
Loss of income arising from P3/P4	400	400	400		0	0	(400)	(400)	(400)
Loss of HB Admin grant	200	200	200		0	200	0	0	(200)
Reduction in Education Services Grant	819	819	819		0	819	0	0	0
Apprenticeship Levy	450	450	450	150	192	450	0	0	0
Revenuisation and miscellaneous	889	889	1,276		585	1,276	0	0	(1,743)
<b>Contingencies and provisions</b>	<b>4,858</b>	<b>4,858</b>	<b>5,246</b>	<b>150</b>	<b>777</b>	<b>4,596</b>	<b>(650)</b>	<b>(400)</b>	<b>(3,495)</b>
Other income	0	0	0	0	0	0	0	0	(280)
CHAS IP/Dividend	(1,152)	(1,152)	(1,152)		0	(1,152)	0	0	(50)
<b>Income items</b>	<b>(1,152)</b>	<b>(1,152)</b>	<b>(1,152)</b>	<b>0</b>	<b>0</b>	<b>(1,152)</b>	<b>0</b>	<b>0</b>	<b>(330)</b>
Appropriations: CS Reserves	(667)	(667)	(915)	(915)	(248)	(915)	0	0	0
Appropriations: E&R Reserves	4	4	(450)	(450)	(143)	(450)	0	0	2
Appropriations: CSF Reserves	283	283	117	117	300	117	0	0	0
Appropriations: C&H Reserves	(104)	(104)	(104)	(104)	0	(104)	0	0	0
Appropriations:Public Health Reserves	(600)	(600)	(600)	(600)	0	(600)			0
Appropriations:Corporate Reserves	(2,443)	(2,443)	(2,893)	(2,893)	(450)	(2,893)	0	0	(3,093)
<b>Appropriations/Transfers</b>	<b>(3,528)</b>	<b>(3,528)</b>	<b>(4,845)</b>	<b>(4,845)</b>	<b>(542)</b>	<b>(4,845)</b>	<b>0</b>	<b>0</b>	<b>(3,091)</b>
<b>Depreciation and Impairment</b>	<b>(22,318)</b>	<b>(22,318)</b>	<b>(22,318)</b>	<b>0</b>	<b>0</b>	<b>(22,318)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Central Items</b>	<b>(5,809)</b>	<b>(5,809)</b>	<b>(6,754)</b>	<b>(2,757)</b>	<b>1,141</b>	<b>(6,964)</b>	<b>(210)</b>	<b>232</b>	<b>(8,136)</b>
<b>Levies</b>	<b>933</b>	<b>933</b>	<b>933</b>	<b>319</b>	<b>319</b>	<b>933</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL CORPORATE PROVISIONS</b>	<b>(4,876)</b>	<b>(4,876)</b>	<b>(5,822)</b>	<b>(2,438)</b>	<b>1,460</b>	<b>(6,032)</b>	<b>(210)</b>	<b>232</b>	<b>(8,136)</b>

### Pay and Price Inflation as at July 2017

In 2017/18, the budget includes 1% for increases in pay and 1.5% for increases in general prices, with an additional amount of £0.451m which is held to assist services that may experience price increases greatly in excess of the inflation allowance provided when setting the budget. At present it is not anticipated that there will be a significant call on this budget and it will only be released when it is certain that it will not be required.

#### Pay:

The local government pay award for 2017/18 was agreed last year covering 2016/17 and 2017/18. For the lowest paid (those on spinal points 6-17) this agreed a pay rise of between 6.6% and 1.01% in the first year, and between 3.4% and 1.3% in 2017/18. Those on spinal points 18-49 received 1% in year one and the same again in 2017/18. The offer also included a joint review of the NJC pay spine and term-time working for school support staff. Departmental budgets include provision for the 2017/18 pay award.

#### Prices:

The Consumer Prices Index (CPI) 12-month rate was 2.6% in July 2017, unchanged from June. The price of motor fuel continued to fall and provided the largest downward contribution to change in the rate between June 2017 and July 2017.

This was offset by smaller upward contributions from a range of goods and services, including clothing, household goods, gas and electricity, and food and non-alcoholic beverages.

CPIH, a measure of UK consumer price inflation that includes owner occupiers' housing costs, 12-month inflation rate was 2.6% in July 2017, unchanged from June.

The RPI 12-month rate for July 2017 stood at 3.6%, up from 3.5% in June 2017.

#### 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 2 August 2017, the Committee voted by a majority of 6-2 to maintain Bank Rate at 0.25%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion. The Committee also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion. The August 2017 Inflation Report was published on the 3 August 2017.

In the minutes to its meeting, the MPC noted that "CPI inflation rose to 2.6% in June from 2.3% in March, as expected. The MPC expects inflation to rise further in coming months and to peak around 3% in October, as the past depreciation of sterling continues to pass through to consumer prices. Conditional on the current market yield curve, inflation is projected to remain above the MPC's target throughout the forecast period. This overshoot reflects entirely the effects of the referendum-related falls in sterling. As the effect of rising import prices on inflation diminishes, domestic inflationary pressures gradually pick up over the forecast period. As slack is absorbed, wage growth is projected to recover. In addition, margins in the consumer sector, having been squeezed by the pickup in import prices, are projected to be rebuilt. Consequently, inflation remains at a level slightly above the 2% target."

In the August 2017 quarterly Inflation Report, the MPC sets out its view on the prospects for inflation and the report notes that "Although CPI inflation has been volatile, it has risen over 2017 and was

2.6% in June. It is expected to remain around 2¾% in the near term, boosted by higher import prices as a result of the depreciation in sterling, before easing back towards the 2% target during 2018. Growth in firms' imported costs appears to have started moderating. Domestically generated inflation appears to have remained relatively subdued and inflation expectations remain consistent with the MPC's 2% target.”

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 (August 2017)			
	Lowest %	Highest %	Average %
2017 (Quarter 4)			
CPI	2.2	3.4	2.9
RPI	2.5	4.3	3.7
LFS Unemployment Rate	4.2	5.2	4.7
2018 (Quarter 4)			
CPI	1.8	3.0	2.5
RPI	2.2	4.0	3.2
LFS Unemployment Rate	4.0	5.5	4.9

Clearly where the level of inflation during the year exceeds the amount provided for in the budget, this will put pressure on services to stay within budget and will require effective monitoring and control.

Independent medium-term projections for the calendar years 2017 to 2021 are summarised in the following table:-

Source: HM Treasury - Forecasts for the UK Economy (August 2017)					
	2017	2018	2019	2020	2021
	%	%	%	%	%
CPI	2.7	2.6	2.2	1.9	1.9
RPI	3.5	3.5	3.0	3.0	3.0
LFS Unemployment Rate	4.5	4.7	4.8	4.8	4.8

## Treasury Management: Outlook

At its meeting ending on 2 August 2017, the Committee voted by a majority of 6-2 to maintain Bank Rate at 0.25%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion. The Committee also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion.

In the Bank of England's quarterly Inflation report for August 2017, the MPC set out its most recent assessment of the outlook for inflation and activity and outlined its view on the long-term outlook for interest rates. The MPC noted that "CPI inflation has remained above the 2% target as rises in import prices following the steep fall in the sterling exchange rate last year continue to pass through to consumer prices. That has weighed on households' real incomes and consumption, contributing to the slowdown in GDP growth in the first half of 2017. Over the forecast period, growth in real income and consumption is projected to remain subdued. The effect of that on overall GDP growth is offset to some extent by UK exports and investment, which are supported by strong growth in the rest of the world and the lower exchange rate. Overall, given a market-implied path for Bank Rate that rises by around ½ percentage point over the next three years, growth is projected to be modest and unemployment to stay close to its current rate. Import price pressures begin to fade in the second half of the forecast period, but are still keeping inflation above the 2% target at the end. On the market path for Bank Rate, the small degree of slack remaining in the economy is absorbed and domestic inflationary pressures are judged likely to increase over the forecast period."

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

	End Q.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	End Q.2 2020	End Q.3 2020
Aug.'17	0.2	0.3	0.4	0.4	0.5	0.5	0.5	0.6	0.6	0.7	0.7	0.7	0.8
May '17	0.2	0.2	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.5	0.5	0.5	
Feb'17	0.3	0.3	0.3	0.4	0.4	0.4	0.5	0.5	0.6	0.6	0.7		
Nov.'16	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.4	0.4			
Aug.'16	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2				
May '16	0.5	0.5	0.6	0.6	0.6	0.7	0.7	0.8					
Feb. '16	0.7	0.8	0.8	0.9	1.0	1.0	1.1						
Nov '15	0.9	1.0	1.1	1.1	1.2	1.3							
Aug.'15	1.4	1.5	1.6	1.7	1.7								
May '15	1.2	1.3	1.3	1.4									
Feb.'15	1.0	1.1	1.1										
Nov '14	1.7	1.7											
Aug.'14	2.3												

Source: Bank of England Inflation Reports

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

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

- The MPC sets policy to achieve the 2% inflation target, and, subject to that, to support the Government's economic policies, including those for growth and employment.



- Despite the sharp fall in unemployment, there remains scope to absorb spare capacity further before raising Bank Rate.
- When Bank Rate does begin to rise, the appropriate path so as to eliminate slack over the next two to three years and keep inflation close to the target is expected to be gradual.
- The actual path of Bank Rate over the next few years will, however, depend on economic developments.
- Even when the economy has returned to normal levels of capacity and inflation is close to the target, the appropriate level of Bank Rate is likely to be materially below the 5% level set on average by the Committee prior to the financial crisis.
- The MPC intends to maintain the stock of purchased assets at least until the first rise in Bank Rate.
- Monetary policy may have a role to play in mitigating risks to financial stability, but only as a last line of defence if those risks cannot be contained by the substantial range of policy actions available to the Financial Policy Committee and other regulatory authorities.

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

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

## Capital Budget Monitoring July 2017

Please note totals are now at the top of activity rather than the bottom

Narrative	2017/18 Year to Date			2017-18	Full Year Forecast	
	Actuals	Profiled Budget	Variance	Final Budget	Final Forecast	Full Year Variance
<b>Capital</b>	<b>3,854,813</b>	<b>9,669,047</b>	<b>(5,814,235)</b>	<b>54,686,320</b>	<b>46,374,808</b>	<b>(8,311,512)</b>
<b>Corporate Services</b>	<b>417,158</b>	<b>309,901</b>	<b>107,257</b>	<b>25,890,050</b>	<b>18,502,902</b>	<b>(7,387,148)</b>
<b>Business Improvement</b>	<b>33,727</b>	<b>254,901</b>	<b>(221,174)</b>	<b>1,810,280</b>	<b>2,601,812</b>	<b>791,532</b>
Customer Contact Programme	240	0	240	1,006,420	1,556,032	549,612
IT Systems Projects	3,795	148,516	(144,721)	405,460	405,460	0
Social Care IT System	29,692	106,385	(76,693)	398,400	640,320	241,920
<b>Facilities Management Total</b>	<b>10,148</b>	<b>(52,500)</b>	<b>62,648</b>	<b>4,243,030</b>	<b>4,243,030</b>	<b>0</b>
Works to other buildings	(1,385)	92,500	(93,885)	332,500	332,500	0
Civic Centre	(47,546)	25,000	(72,546)	275,000	275,000	0
Invest to Save schemes	112,616	(250,000)	362,616	3,188,720	3,188,720	0
Water Safety Works	(34,511)	30,000	(64,511)	153,990	153,990	0
Asbestos Safety Works	(19,026)	50,000	(69,026)	292,820	292,820	0
<b>Infrastructure &amp; Transactions</b>	<b>418,920</b>	<b>140,000</b>	<b>278,920</b>	<b>2,268,190</b>	<b>2,268,190</b>	<b>0</b>
Disaster recovery site	90,952	140,000	(49,048)	513,790	513,790	0
Planned Replacement Programme	327,968	0	327,968	1,754,400	1,754,400	0
Room and Space Management	0	0	0	0	0	0
<b>Resources</b>	<b>(45,637)</b>	<b>0</b>	<b>(45,637)</b>	<b>165,870</b>	<b>165,870</b>	<b>0</b>
Financial System	(45,637)	0	(45,637)	18,070	18,070	0
ePayments System	0	0	0	106,800	106,800	0
Invoice Scanning SCIS/FIS	0	0	0	41,000	41,000	0
<b>Corporate Items</b>	<b>0</b>	<b>(32,500)</b>	<b>32,500</b>	<b>17,402,680</b>	<b>9,224,000</b>	<b>(8,178,680)</b>
Acquisitions Budget	0	0	0	6,372,180	0	(6,372,180)
Capital Bidding Fund	0	(32,500)	32,500	1,806,500	0	(1,806,500)
Multi Functioning Device (MFD)	0	0	0	36,000	36,000	0
Housing Company	0	0	0	9,188,000	9,188,000	0
<b>Community and Housing</b>	<b>113,976</b>	<b>209,544</b>	<b>(95,568)</b>	<b>1,444,770</b>	<b>982,280</b>	<b>(462,490)</b>
<b>Adult Social Care</b>	<b>7,464</b>	<b>26,358</b>	<b>(18,894)</b>	<b>83,600</b>	<b>83,600</b>	<b>0</b>
ASC IT Equipment	7,464	11,778	(4,314)	39,850	39,850	0
Telehealth	0	14,580	(14,580)	43,750	43,750	0
<b>Housing</b>	<b>118,155</b>	<b>74,746</b>	<b>43,409</b>	<b>962,490</b>	<b>500,000</b>	<b>(462,490)</b>
Disabled Facilities Grant	136,124	74,746	61,378	962,490	500,000	(462,490)
Major Projects - Affordable Ho	0	0	0	0	0	0
Major Projects - Social Care H	(17,969)	0	(17,969)	0	0	0
<b>Libraries</b>	<b>(11,642)</b>	<b>108,440</b>	<b>(120,082)</b>	<b>398,680</b>	<b>398,680</b>	<b>0</b>
Library Enhancement Works	0	100,000	(100,000)	200,000	200,000	0
Major Library Projects	(11,922)	8,440	(20,362)	98,680	98,680	0
Libraries IT	280	0	280	100,000	100,000	0

\* Loan to Housing Company

# Capital Budget Monitoring July 2017

Please note totals are now at the top of activity rather than the bottom

Narrative	Year to Date			Annual Budget	Full Year Forecast	
	Actuals	Profiled Budget	Variance	Final Budget	Final Forecast	Full Year Variance
<b>Children Schools &amp; Families</b>	<b>682,086</b>	<b>3,278,000</b>	<b>(2,595,914)</b>	<b>8,230,360</b>	<b>7,930,431</b>	<b>(299,929)</b>
<b>Primary Schools</b>	<b>(567,731)</b>	<b>678,500</b>	<b>(1,246,231)</b>	<b>1,030,120</b>	<b>882,120</b>	<b>(148,000)</b>
West Wimbledon	0	50,000	(50,000)	56,090	6,090	(50,000)
Hatfeild	(798)	8,000	(8,798)	21,330	13,330	(8,000)
Hillcross	(1,250)	50,000	(51,250)	50,000	0	(50,000)
Joseph Hood	0	40,000	(40,000)	42,720	2,720	(40,000)
Dundonald	(186,039)	0	(186,039)	96,070	96,070	0
Merton Abbey	(1,595)	0	(1,595)	0	0	0
Merton Park	0	20,000	(20,000)	20,000	20,000	0
Pelham	(18,780)	65,000	(83,780)	65,000	65,000	0
Poplar	(8,569)	0	(8,569)	1,000	1,000	0
Wimbledon Chase	0	60,000	(60,000)	60,000	60,000	0
Wimbledon Park	0	20,000	(20,000)	20,000	20,000	0
Abbotsbury	0	0	0	0	0	0
Malmesbury	0	27,000	(27,000)	27,000	27,000	0
Morden	0	100,000	(100,000)	100,000	100,000	0
Liberty	0	20,000	(20,000)	20,000	20,000	0
Links	0	20,000	(20,000)	20,000	20,000	0
Singlegate	(11,613)	45,000	(56,613)	194,290	194,290	0
St Marks	0	70,000	(70,000)	70,000	70,000	0
Lonesome	17,074	0	17,074	61,500	61,500	0
Stanford	0	50,000	(50,000)	50,000	50,000	0
William Morris	0	25,000	(25,000)	26,620	26,620	0
Unlocated Primary School Proj	(316,535)	0	(316,535)	0	0	0
St Mary's (RC)	(39,626)	8,500	(48,126)	28,500	28,500	0
<b>Secondary School</b>	<b>1,067,702</b>	<b>2,017,500</b>	<b>(949,798)</b>	<b>5,076,630</b>	<b>4,929,604</b>	<b>(147,026)</b>
Harris Academy Morden	0	0	0	50,060	50,060	0
Harris Academy Merton	916,008	1,337,500	(421,492)	3,127,020	3,105,520	(21,500)
Rutlish	0	0	0	88,000	88,000	0
Harris Academy Wimbledon	151,694	680,000	(528,306)	1,811,550	1,686,024	(125,526)
<b>SEN</b>	<b>77,701</b>	<b>541,570</b>	<b>(463,869)</b>	<b>1,654,830</b>	<b>1,654,830</b>	<b>0</b>
Perseid	58,655	440,500	(381,845)	1,273,760	1,273,760	0
Cricket Green	0	1,070	(1,070)	1,070	1,070	0
Secondary School Autism Unit	0	0	0	30,000	30,000	0
Unlocated SEN	19,046	100,000	(80,954)	350,000	350,000	0
<b>CSF Schemes</b>	<b>104,413</b>	<b>40,430</b>	<b>63,983</b>	<b>468,780</b>	<b>463,877</b>	<b>(4,903)</b>
School Equipment Loans	0	0	0	104,900	100,000	(4,900)
Devolved Formula Capital	121,301	40,430	80,871	363,880	363,877	(3)
Capital Maintenance	(16,888)	0	(16,888)	0	0	0

## Capital Budget Monitoring July 2017

Please note totals are now at the top of activity rather than the bottom

Narrative	Year to Date			Annual Budget	Full Year Forecast	
	Actuals	Profiled Budget	Variance	Final Budget	Final Forecast	Full Year Variance
<b>Environment and Regeneration</b>	<b>2,641,593</b>	<b>5,871,602</b>	<b>(3,230,009)</b>	<b>19,121,140</b>	<b>18,959,195</b>	<b>(161,945)</b>
<b>Public Protection and Developm</b>	<b>128,066</b>	<b>38,348</b>	<b>89,718</b>	<b>203,240</b>	<b>190,560</b>	<b>(12,680)</b>
CCTV Investment	128,066	38,348	89,718	191,740	179,060	(12,680)
<b>Street Scene &amp; Waste</b>	<b>(142,568)</b>	<b>1,182,580</b>	<b>(1,325,148)</b>	<b>1,640,080</b>	<b>1,442,892</b>	<b>(197,188)</b>
Fleet Vehicles	142,302	80,000	62,302	350,000	142,302	(207,698)
GPS Vehicle Tracking Equipment	13,146	7,990	5,156	159,990	170,500	10,510
Alley Gating Scheme	18,395	10,000	8,395	40,000	40,000	0
Smart Bin Leases - Street Scen	0	0	0	5,500	5,500	0
Waste SLWP	(316,412)	1,084,590	(1,401,002)	1,084,590	1,084,590	(0)
<b>Sustainable Communities</b>	<b>2,656,095</b>	<b>4,650,674</b>	<b>(1,994,579)</b>	<b>17,277,820</b>	<b>17,325,744</b>	<b>47,923</b>
Street Trees	7,656	33,300	(25,644)	60,000	60,000	0
Unallocated Roads Budget (unsp	(33,311)	0	(33,311)	0	0	0
Highways & Footways	1,080,157	1,570,344	(490,188)	4,394,750	4,394,736	(14)
Cycle Route Improvements	273,286	208,334	64,952	859,740	859,730	(10)
Mitcham Transport Improvements	(491)	112,880	(113,371)	307,880	307,890	10
Electric Vehicle Infrastructur	0	15,000	(15,000)	15,000	15,000	0
Tackling Traffic Congestion	239,032	67,216	171,816	410,950	410,950	0
Industrial Estates	0	26,880	(26,880)	452,750	452,750	0
Colliers Wood Area Regeneratio	124,699	158,610	(33,911)	188,610	188,610	0
Mitcham Area Regeneration	607,517	188,262	419,255	1,443,480	1,443,490	10
Morden Area Regeneration	8,408	0	8,408	200,000	200,000	0
Borough Regeneration	107,857	79,870	27,987	79,870	125,682	45,812
Morden Leisure Centre	153,659	2,349,688	(2,196,029)	8,029,540	8,038,295	8,755
Sports Facilities	27,334	20,000	7,334	530,960	524,460	(6,500)
Parks	60,293	(233,600)	293,893	250,400	250,260	(140)
Mortuary Provision	0	53,890	(53,890)	53,890	53,890	0

## Virement, Re-profiling and New Funding - July 2017

Appendix 5b

		2017/18 Budget	Virements	Adjusted & New Funding	Reprofiling	Revised 2017/18 Budget	2018/19 Budget	Reprofiling	Revised 2018/19 Budget	Narrative
-	-	£	£	£	£	£	£		£	
<b>Corporate Services</b>	-									
Capita Housing		30,000			(30,000)	0	70000	30,000	100,000	Re-profiled to match expected spend
Planning & Public protection System		205,580			(50,580)	155,000	344,420	50,580	395,000	Re-profiled to match expected spend
<b>Children, Schools and Families</b>	-									
St Mary's - Capital Maintenance		8,500	20,000			28,500	0	0	0	Works to provide sufficient Disabled Access
Harris Merton Expansion		3,147,020	(20,000)			3,127,020	100,000	0	100,000	Virement to St Mary's for essential works
<b>Environment &amp; Regeneration</b>	-									
Fleet Vehicles		400,000	(50,000)			350,000	400,000	0	400,000	Virement to other schemes
Singlegate School House		0		30,000		30,000	0		0	Invest to Save Scheme
GPS Vehicle Tracking	(1)	87,990	72,000			159,990	0	0	0	Virement from other schemes
Sports Facilities - Wim Pk Lke De-Silting	(1)	250,000	(143,500)			106,500	1,250,000	0	1,250,000	Virement to other schemes
Tackling Traffic Congestion - ANPR Cameras	(1)	300,950	110,000			410,950	0	0	0	Virement from other schemes
Morden Pollution Monitoring	(1)	0	11,500			11,500	0	0	0	Virement from other schemes
<b>Total</b>		<b>4,430,040</b>	<b>0</b>	<b>30,000</b>	<b>(80,580)</b>	<b>4,379,460</b>	<b>2,164,420</b>	<b>80,580</b>	<b>2,245,000</b>	

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### Capital Programme Funding Summary 2017/18

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
<b>Revised Funding - June 2017 Monitoring</b>	<b>41,082</b>	<b>13,655</b>	<b>54,737</b>
<b><u>Corporate Services</u></b>			
Capita Housing	(30)	0	(30)
Planning & Public protection System	(51)	0	(51)
<b><u>Environment and Regeneration</u></b>			
Singlegate School House	30	0	30
<b>Revised Funding - July 2017 Monitoring</b>	<b>41,031</b>	<b>13,655</b>	<b>54,686</b>

### Capital Programme Funding Summary 2018/19

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
<b>Approved Programme - June Monitoring</b>	<b>36,999</b>	<b>17,933</b>	<b>54,932</b>
<b><u>Corporate Services</u></b>			
Capita Housing	30	0	30
Planning & Public protection System	51	0	51
<b>Proposed Programme - July Monitoring</b>	<b>37,080</b>	<b>17,933</b>	<b>55,013</b>

## DEPARTMENT: COMMUNITY &amp; HOUSING SAVINGS PROGRESS 2017/18-July 2017

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Expected Savings £000	Shortfall £000	RAG	2017/18 Mitigated by Growth £000	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend ? Y/N
	<b>Adult Social Care</b>								
CH38, CH1	<b>Placements</b> (replaces three original savings proposals). Given ongoing market pressures and extensive work already undertaken to review OP packages, the savings can only be achieved by more targeted work to manage demand. There will be a focus on three areas: 1) demand coming through transition into adulthood, 2) maximising reablement opportunities to reduce long term needs, 3) Reviewing equity of access and resource in areas such as 1:1 care, night cover, double-up care, 15 min daytime visits and multiple provisions.	827	827	0	A		Richard Ellis	There is a focus on learning disabilities where package costs tend to be much higher and direct payments. £401k has been achieved to date.	Y
CH20, CH58, CH54, CH 37, CH59	<b>Staff savings:</b> most were brought forward to 2016/17. These represent the residual savings in Direct provision	100	100	0	G		Andy Ottaway-Searle	Management capacity will be thinly spread, and there will need to be some changes at Senior level across the services. Residential savings should be achievable by flexible working across the two sites but some care assistant posts will need to be changed to Support Worker to help enable this.	Y
CH57	<b>Staff savings:</b> transfer of savings from housing	50	0	50	R		Richard Ellis	Need to identify salary underspends	Y
CH2, CH3	<b>Contracts:</b> re-commissioning of home care contracts. Moving packages from high cost spot purchased care to contract rate.	215	215	0	G		Richard Ellis	The new contracts will be in place by November 2017. The ability to transfer current spot purchased packages depends on the ability of the new providers to recruit carers. Bulk transfers of care are highly risky as TUPE is hard to enforce in a sector with a fluid workforce and disruption of care can cause harm to service users and significant reputational damage to the authority.	Y

## DEPARTMENT: COMMUNITY &amp; HOUSING SAVINGS PROGRESS 2017/18-July 2017

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Expected Savings £000	Shortfall £000	RAG	2017/18 Mitigated by Growth £000	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend ? Y/N
CH35, CH36, CH52	<b>Supporting People:</b> re-commissioning of former Supporting People contracts. Savings can be achieved by removing funding from community alarms and reducing the capacity for housing support (including single homeless, mental health and young people at risk)	100	0	100	A		Richard Ellis	Removing the current subsidy may be politically contentious and is likely to require consultation with current beneficiaries and stakeholders. All beneficiaries are in receipt of housing benefit, although only 10% have a current eligible social care need. Possible member resistance. Possible legal challenge. £50k of the spend is recycled back to MASCOT from MPH, although that is at risk in any case.	Y
CH35, CH36, CH52	<b>Supporting People:</b> re-commissioning of former Supporting People contracts. Savings can be achieved by removing funding from community alarms and reducing the capacity for housing support (including single homeless, mental health and young people at risk)	356	0	356	A	(356)	Richard Ellis	Contracts do not end until the end of November 2017. This is a challenging sector with a reducing number of providers. Two contracts have been handed back in the last year. The Homelessness Prevention Bill may result in more people coming forward for support, whilst existing provision is already fully utilised. The optimal procurement route means that the process will now take longer than expected and savings will not accrue until 2018/19.	Y
CH53	<b>Vol orgs Grant</b>	600	600	0	G		Richard Ellis	The risks sit in Public Health who have already identified difficulty in achieving their consequential savings in 2017/18.	Y
	<b>Subtotal Adult Social Care</b>	<b>2,248</b>	<b>1,742</b>	<b>506</b>		<b>(356)</b>			
	<b><u>Library &amp; Heritage Service</u></b>								
CH7	Introduce self-serve libraries at off peak times:Smaller libraries to be self-service and supported only by a security guard during off peak times (nb. Saving would be reduced to £45k if Donald Hope and West Barnes libraries are closed). 3.5FTE at risk	90	90	0	A		Anthony Hopkins	These savings were delivered as part of a full organisational review, which has reduced the workforce by approx. 33%. The new delivery model has been in place since 1 May 2017.	Y
CH49	Additional staff savings (Deletion of 1.5xFTE)	38	38	0	A		Anthony Hopkins		Y



## DEPARTMENT: COMMUNITY &amp; HOUSING SAVINGS PROGRESS 2017/18-July 2017

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Expected Savings £000	Shortfall £000	RAG	2017/18 Mitigated by Growth £000	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend ? Y/N
CH50	Deletion of Projects & Procurement Manager post (Deletion of 0.6xFTE)	22	22	0	A		Anthony Hopkins	Current issue with agency spend but working to deliver savings	Y
CH70	Additional staffing efficiencies and consolidation of branch managers	63	63		A		Anthony Hopkins		
CH71	Reduction in People's Network costs	40	40	0	G		Anthony Hopkins		Y
	<b>Housing Needs &amp; Enabling</b>								
CH9	Rationalisation of admin budget :	36	36	0	G		Steve Langley	Service currently restructuring to achieve savings.	Y
CH10	Deletion of one staffing post	36		36	G		Steve Langley		Y
CH43	Further Staff reductions. This will represent a reduction in staff from any areas of the HNES & EHH :	100		100	G		Steve Langley		Y
	<b>Total C &amp; H Savings for 2017/18</b>	<b>2,673</b>	<b>2,031</b>	<b>642</b>		<b>(356)</b>			

## DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 17-18

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Savings Expected £000	Shortfall	17/18 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	<b><u>Cross cutting</u></b>							
CSF2016-01	Deletion of Assistant Director, Service Manager and half an admin support posts as part of phased restructure of the department.	224	187	37	A	Paul Angeli	Due to the number of management changes affecting social care and the preparation required for the OFSTED inspection, it is required to provide cover for the Service Manager reduction in the short term. Quantification of this shortfall will be reviewed during the year.	Y
	<b><u>Contracts and School Organisation</u></b>							
CSF2015-05	property and contracts 1 FTE.	65	65	0	G	Jane McSherry		
	<b><u>Early Years</u></b>							
CSF2013-01	Substantial reduction in EY budgets whilst retaining existing Children's Centres targeted work in areas of higher deprivation (up to 10% reduction overall to Children's Centre services). Reduction in funding and in kind contributions to voluntary sector organisations	250	250	0	G	Jane McSherry		
CSF2014-09	We are working on the detailed proposals which will in essence reduce the service to paid-for childcare (parents and DSG) with a very limited targeted service for highly vulnerable families.	296	296	0	G	Jane McSherry		
	<b><u>School Standards and Quality</u></b>							
CSF2013-02	Reduced service offer from School improvement service.	75	75	0	G	Jane McSherry		
	<b><u>Schools</u></b>							
CSF2015-03	Increased income from schools and/or reduced LA service offer to schools.	200	200	0	G	Jane McSherry		
	<b>Total Children, Schools and Families Department Savings for 2015/16</b>	<b>1,110</b>	<b>1,073</b>	<b>37</b>				

## DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 17-18

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Savings Expected £000	Shortfall	17/18 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
<b>Customer Services</b>								
CS60	Deletion of Assistant Director post	109	109		G	Caroline Holland		N
CSD17	Reduce Marketing budget - Increase self service by using Panacea - marketing solution software in order to reduce designer costs for smaller marketing jobs	73	73		G	Sophie Poole		N
CS2015-04	Increase in Registrars income	25	25		G	Sean Cunniffe/Tomas Dyson		N
CS2016 -04	Increase income through Registrars service	15	15		G	Sean Cunniffe/Tomas Dyson		N
<b>Business Improvement</b>								
CS63	Reorganisation of systems development and support arrangements.	74	74		G	Clive Cooke		N
CSD42	Restructure functions, delete 1 AD and other elements of management	170	100	70	A	Sophie Ellis		Y
CS2015-08	Staffing support savings	13	0	13	A	Sophie Ellis		N
<b>I &amp; T</b>								
CS70	Apply a £3 administration charge to customers requesting a hard copy paper invoice for services administered by Transactional Services team	35	0	35	A	Pam Lamb	Due to delays in implementation of e5, Sharepoint and EDRMS there will be a delay in achieving this. Alternative to be identified within the division.	N
CS71	Delete two in house trainers posts	42	42		G	Richard Warren		N
CS72	Consolidation of Infrastructure & Transactions revenue budgets	34	34		G	Tina Dullaway		N
CS2015-09	Restructure of Safety Services & Emergency Planning team	18	18		G	Adam Vicarri		N
CS2016-08	Potential income derived from letting two floors of vacant office space within the Civic centre to external/partner organisations.	90	90		G	Mark Humphries		N
<b>CEX</b>								
CS2015-07	Reduction in running cost budgets	28	28		G	Sophie Jones		N
<b>Resources</b>								
CS46	Resources -Deletion of 3 Posts within the Division	78	78		G	R Kershaw		N
CS66	Review recharges of Resources support function to pension fund	47	47		G	R Kershaw/Paul Audu		N
CSD20	Increased income	16	16		G	R Kershaw		N
CSD23	Cut running costs budgets	3	3		G	Bindi Lakhani		N
CSD26	Delete 1 Business Partner	78	78		A	Caroline Holland		N
CSD46	Reduce budget for LCGS to match actual contribution	81	81		G	John Dimmer		N
CS2016-01	Reduction in contribution to insurance fund	100	100		G	R Kershaw/Paul Audu		N
<b>Human Resources</b>								
CSD34	Learning and Development admin support	18	18		G	Kim Brown		N
CSD35	Learning and Development Budget	134	134		G	Kim Brown		N

## DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 17-18

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Savings Expected £000	Shortfall	17/18 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	<b><u>Corporate Governance</u></b>							
CS73	Saving from 4 borough shared legal service	20	20		G	Fiona Thomsen		N
CSD43	Share FOI and information governance policy with another Council	40	40		A	Graham Owen		N
CSD45	Share audit and investigation service	20	20		G	Margaret Culleton		N
<b>CS2015-13</b>	Reduction in capacity and service efficiency in Investigation service	40	40		G	Margaret Culleton		
<b>CS2015-14</b>	Reduction in capacity and service efficiency in Audit service	33	33		G	Margaret Culleton		
<b>CS2016-03</b>	Supplies & Services	50	50		G	Julia Regan		
	<b>Total Corporate Services Department Savings for 2016/17</b>	<b>1,484</b>	<b>1,366</b>	<b>118</b>				

## DEPARTMENT: ENVIRONMENT &amp; REGENERATION SAVINGS PROGRESS: 2017-18

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Savings Expected £000	Shortfall	17/18 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Unders pend? Y/N
<b>SUSTAINABLE COMMUNITIES</b>								
ER23	Restructure of team to provide more focus on property management and resilience within the team.	18	18	0	A	James McGinlay	Business Case for restructure in progress, but expecting to achieve this saving once implemented.	Y
E&R5	Team transformation and asset review	82	82	0	A	James McGinlay	Business Case for restructure in progress, but expecting to achieve this saving once implemented.	Y
D&BC1	Fast track of householder planning applications	55	0	55	R	James McGinlay	This saving is not currently being achieved. The team is	Y
D&BC2	Growth in PPA and Pre-app income	50	50	0	G	James McGinlay		N
D&BC3	Commercialisation of building control	50	0	50	R	James McGinlay	This saving is not currently being achieved. The shared service discussions with Sutton and Kingston are still underway and a future direction decision is awaited at Director level.	Y
D&BC4	Deletion of 1 FTE (manager or deputy) within D&BC	45	45	0	G	James McGinlay		N
D&BC5	Eliminate the Planning Duty service (both face to face and dedicated phone line) within D&BC	35	35	0	G	James McGinlay		N
D&BC6	Stop sending consultation letters on applications and erect site notices only	10	10	0	G	James McGinlay		N
E&R32	Income from wifi concessionary contract to be let from 2015/16	5	5	0	G	James McGinlay		N
ENV20	Increased income from building control services.	35	0	35	R	James McGinlay		Y
ENV24	Cease subscription to Urban London and Future London Leaders	10	10	0	G	James McGinlay		N
ENV34	Increased income from the non-operational portfolio.	8	8	0	G	James McGinlay		N
<b>PUBLIC PROTECTION</b>								
EV11	Increase all pay and display charges for on and off street parking by 10%. It should be noted that no allowance has been made for elasticity of demand this figure could reduce by 25%	125	125	0	G	John Hill		N
E&R7	Due to additional requests from residents, the budget will be adjusted to reflect the demand for and ongoing expansion of Controlled Parking Zone coverage in the borough.	163	163	0	A	John Hill	The 2017/18 saving is expected to be achieved based on the latest CPZ forecast.	N
E&R8	In response to residents concerns about traffic congestion, enforcement of moving traffic contraventions, following the Implementation of ANPR.	-1,540	-1,540	0	G	John Hill		N
E&R14	Further expansion of the Regulatory shared service.	100	0	100	R	John Hill	New partner expected to join in April 2018.	Y
E&R43	Reprofiling how Safer Merton will achieve savings of £70,000 in 2017-18. The reprofiling will see staff levels maintained and budget reductions met through cutting back on non statutory budgetary spend.	70	40	30	R	John Hill	Due to the delay in recruiting the Integrated Offender Management co-ordinator this saving will not be met in full during 2017/18.	Y
ENV02	Review the current CEO structure, shift patterns and hours of operation with the intention of moving toward a two shift arrangement based on 5 days on/2 days off.	190	0	190	R	John Hill	This saving is not currently being achieved as the there has been slippage in the timetable for the restructure.	Y
ENV03	Reduction number of CEO team leader posts from 4 to 3	45	0	45	R	John Hill	This saving is not currently being achieved for the same reasons as those given in respect of ENV02 .	Y
ENV04	Improved management of traffic flows/congestion and availability of parking space through Increase compliance	250	250	0	A	John Hill	Saving expected to be achieved but too early in the year to certain.	N
ENV05	Review the back office structure based upon the anticipated tailing off of ANPR activity and the movement of CCTV into parking services.	70	0	70	R	John Hill	The implementation of this saving has been delayed by the slower than anticipated implementation of ANPR and its effect on the back office function. The review can take place when a full year's ANPR impact can be measured (which will be after August 2017)	Y
ENV06	Reduction in transport related budgets	46	0	46	R	John Hill	This saving has not yet been achieved as a number of options are being considered as the best way to meet this target.	Y

ENV09	Investigate potential commercial opportunities to generate income	50	25	25	R	John Hill	Although early in the process, there may be difficulty in achieving the full year effect.	Y
ENV10	Reduction in Transport/Supplies and Services budget through greater efficiency	10	10	0	G	John Hill		N
ENV33	Development of emissions based charging policy for resident/business permits recognising the damage particularly from diesel engine motor vehicles	250	250	0	G	John Hill		N
ENR3	Increase the cost of existing Town Centre Season Tickets in Morden, Mitcham and Wimbledon.	16	16	0	G	John Hill		N
<b>SENIOR MANAGEMENT</b>								
ENV01	Reduce the level of PA support to Heads of Service by 0.6fte.	19	19	0	G	Chris Lee		N
<b>PUBLIC SPACE</b>								
E&R1	Arts Development - further reduce Polka Theatre core grant	5	5	0	G	Graeme Kane		N
E&R2	Water sports Centre - Additional income from new business - Marine College & educational activities.	10	10	0	G	Graeme Kane		N
E&R3	Various Budgets - Reduction in supplies & services &/or increased income over expenditure	16	16	0	G	Graeme Kane		N
E&R16	joint procurement of waste, street cleansing, winter maintenance and fleet maintenance services (Phase C)	1,500	1,500	0	G	Graeme Kane	Completed April 2017. Actual savings delivered are being monitored closely	N
E&R20	To contribute to a cleaner borough, enforcement of litter dropping under EPA/ ASB legislation with FPN fines for contraventions.	-3	-3	0	G	Graeme Kane	Completed - FPN continue to be issued for littering offences.	N
E&R25	Joint procurement of greenspace services as part 2 of the Phase C SLWP procurement contract with LB Sutton	160	160	0	G	Graeme Kane		N
ENV11	Outsource leisure and sports activities	59	59	0	G	Graeme Kane		N
ENV12	Loss of head of section/amalgamated with head of Greenspaces	70	0	70	R	Graeme Kane	Expected to be achieved in 2018/19.	Y
ENV13	Staff savings through the reorganisation of the back office through channel shift from phone and face to face contact.	70	70	0	G	Graeme Kane		N
ENV18	Increased income from events in parks	100	0	100	R	Graeme Kane	This saving is not currently being achieved. Work continues to identify how income from events in parks, including developing working partnerships with external event production companies, can be generated.	Y
ENV19	Planned re-distribution of North East Surrey Crematorium funds	90	90	0	G	Graeme Kane		N
ENV21	Reduction in the grant to Wandle Valley Parks Trust	6	6	0	G	Graeme Kane		N
ENV22	Reduction in grant to Mitcham Common Conservators.	24	24	0	G	Graeme Kane		N
ENV23	Further savings from the phase C procurement of Lot 2.	160	160	0	G	Graeme Kane		N
ENV25	Department restructure of the waste section	191	191	0	G	Graeme Kane		N
ENV26	Re-balancing of rounds	20	0	20	R	Graeme Kane	Saving forms part of Phase C, but may not be achieved this financial year.	Y
ENV27	Remove free provision of food waste liners	66	0	66	R	Graeme Kane	Saving forms part of Phase C, but may not be achieved this financial year.	Y
ENV28	Divert gully waste and mechanical Street sweepings from landfill through pre-treatment and recycling	37	37	0	A	Graeme Kane	Working closely with SLWP to prioritise this project.	N
ENV29	Realign budget to reflect actual income achieved through sale of textiles	20	20	0	A	Graeme Kane	Price of textiles continue to fall. Income levels to be monitored closely.	N
ENV30	Increase annual Garden Waste subscription fees by £5 p.a.	30	30	0	G	Graeme Kane	Completed - Now part of Phase C service	N
ENV31	Commencing charging schools for recyclable waste (17/18) and food waste (18/19) collection	102	102	0	G	Graeme Kane	Completed - Now part of Phase C service	N
ENV36	Review and removal of NRCs	50	50	0	G	Graeme Kane		N
<b>Total Environment and Regeneration Savings 2016/17</b>		<b>3,050</b>	<b>2,148</b>	<b>902</b>				