

# Merton Council

## Budget/Council Tax Meeting Agenda

### Membership:

The Mayor, Councillor Gilli Lewis-Lavender

The Deputy Mayor, Councillor Chris Edge

Councillors Tariq Lord Ahmad of Wimbledon, Agatha Akyigyina, Stephen Alambritis, Mark Allison, Stan Anderson, Laxmi Attawar, Mark Betteridge, John Bowcott, Margaret Brierly, Richard Chellew, David Chung, David Dean, John Dehaney, Nick Draper, Iain Dysart, Suzanne Evans, Karin Forbes, Brenda Fraser, Samantha George, Suzanne Grocott, Maurice Groves, Gam Gurung, Jeff Hanna, Richard Hilton, James Holmes, Janice Howard, Mary-Jane Jeanes, Philip Jones, Andrew Judge, Linda Kirby, Logie Lohendran, Edith Macauley, Russell Makin, Maxi Martin, Peter McCabe, Krystal Miller, Ian Munn, Diane Neil Mills, Oonagh Moulton, Henry Nelles, Dennis Pearce, John Sargeant, Judy Saunders, Linda Scott, Rod Scott, Debbie Shears, David Simpson, Peter Southgate, Geraldine Stanford, Sam Thomas, Ray Tindle, Gregory Udeh, Peter Walker, Martin Whelton, David Williams, Richard Williams, Miles Windsor and Simon Withey.

### The Budget/Council Tax meeting of the Council will be held on:

**Date:** Wednesday 7 March 2012

**Start time:** 7.15pm

**Venue:** Merton Civic Centre, London Road, Morden, Surrey in the Council Chamber

This is a public meeting and attendance by the public is encouraged and welcomed. For more information about the agenda and the decision making process contact [democratic.services@merton.gov.uk](mailto:democratic.services@merton.gov.uk) or telephone 020 8545 3361.

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Dated this 28<sup>th</sup> Day of February 2012

# Budget/Council Tax Meeting Agenda

## 7 March 2012

1. Apologies for Absence
2. Declarations of Interest <sup>1</sup> -
3. To approve the Minutes of the Council Meeting held on 1 February 2012 3  
The appendices to these minutes comprising the public questions and answers, the priority member questions and answers and the themed questions and answers are appended to the web based version of the minutes found on the associated web page for the 1 February 2012 Council meeting. The non-priority member questions and answers are also available on the same page.  
[http://www.merton.gov.uk/council/decision-making/committee.htm?view=event&event\\_id=3556](http://www.merton.gov.uk/council/decision-making/committee.htm?view=event&event_id=3556)
4. Business Plan 2012-16 including Council Tax for 2012-13 (forward plan ref: 1084) 21  
**Order of Business – Part 4A, Paragraph 3.3 of the Constitution**
  - Receive a presentation of the Budget/Council Tax report from the relevant officers
  - Officers to respond to questions from members via the Mayor
  - To receive remarks from the Cabinet on the report
  - Council to debate the report and take any motions or amendments

### Note1: Declarations of Interest

Councillors and co-opted members who have a personal or prejudicial interest in relation to any item on this agenda are asked to complete a declaration form and hand it to the Democratic Services Officer. Forms, together with a summary of guidance on making declarations of interest, will be available around the meeting table. If further clarification is needed members are advised to refer to "The Code of Conduct – Guide for members May 2007" issued by Standards for England, which will be available at the meeting if needed.

COUNCIL

1 FEBRUARY 2012

(19:15 – 22:10)

PRESENT:

The Mayor, Councillor Gilli Lewis-Lavender

The Deputy Mayor, Councillor Chris Edge

Councillors Tariq Lord Ahmad of Wimbledon, Agatha Akyigyina, Stephen Alambritis, Mark Allison, Stan Anderson, Laxmi Attawar, Mark Betteridge, John Bowcott, Margaret Brierly, Richard Chellew, David Chung, David Dean, John Dehaney, Nick Draper, Iain Dysart, Suzanne Evans, Karin Forbes, Brenda Fraser, Samantha George, Suzanne Grocott, Maurice Groves, Gam Gurung, Jeff Hanna, Richard Hilton, James Holmes, Janice Howard, Mary-Jane Jeanes, Philip Jones, Andrew Judge, Linda Kirby, Logie Lohendran, Edith Macauley, Russell Makin, Maxi Martin, Peter McCabe, Krystal Miller, Ian Munn, Diane Neil Mills, Oonagh Moulton, Henry Nelles, Dennis Pearce, John Sargeant, Judy Saunders, Linda Scott, Rod Scott, Debbie Shears, David Simpson, Peter Southgate, Geraldine Stanford, Sam Thomas, Ray Tindle, Gregory Udeh, Peter Walker, Martin Whelton, David Williams, Richard Williams, Miles Windsor and Simon Withey.

1 APOLOGIES FOR ABSENCE (Agenda item 1)

Councillor Tariq Lord Ahmad of Wimbledon submitted apologies for lateness.

2 DECLARATIONS OF INTEREST (Agenda item 2)

None advised.

3 MINUTES (Agenda Item 3)

Amendments – to agenda item 2 ‘Declarations of Interest’

- delete “Councillor Dennis Pearce and replace with “Councillor Nick Draper”
- insert “Councillor Maurice Groves on the basis of his being a board member of Merton Priory Homes”

4 ANNOUNCEMENTS BY THE MAYOR, LEADER OF THE COUNCIL AND THE CHIEF EXECUTIVE (Agenda Item 4)

**The Mayor**

The Mayor drew Council’s attention to the death of Honorary Alderman Malcolm Mitchison who died on Christmas Eve. He served as a Councillor in two wards but most notably for Hillside until 1990. He was Deputy Mayor for the municipal year 1985/86.

On behalf of the Council the Mayor expressed sympathy to former employee Joan Hughes at the recent death of her partner. As a point of information it was noted

## COUNCIL

1 FEBRUARY 2012

that Joan was employed by the Council from August 1980 to September 2006 (26 years).

The Mayor welcomed Councillors David Chung and Gregory Udeh to the meeting following their periods of illness.

The Mayor made further announcements summarised as follows indicating that she had:

attended a number of pantomimes during the Christmas break;  
attended a fancy dress party held at the 'Mansion House' and attended by five hundred children;  
attended a number of carol services;  
attended the 'New Years day parade which, as part of Merton's presentation, included a large model horse. Merton succeeded in being joint winners and received £7k towards the Mayor's charities. The Mayor thanked all those who took part and advised that the horse would be on display in Merton Link. The horse is to be taken back to Wimbledon College and will be paraded through the streets to the benefit of those who did not have an opportunity to see it;  
attended the local government dinner which was an amazing experience; and together with the Leader and her consort, slept out overnight in aid of the homeless and this proved to be an eye-opener and quite an experience.

The Mayor confirmed that her 'Mayor's Ball' would be held on 17 March at the AELTC and that tickets were selling well.

### **The Leader**

None advised.

### **The Chief Executive**

The Chief Executive drew Council's attention to the fact that the borough commander, Dick Wolfenden is due to retire and that he is to be replaced by an acting borough commander, Darren Williams.

#### 5 PUBLIC QUESTIONS (Agenda Item 5)

The written questions and answers and oral supplementary questions and answers are attached as an appendix to these minutes.

#### 6 QUESTIONS FROM COUNCILLORS (Agenda Item 6)

The priority written questions and answers and oral supplementary questions and answers are attached as an appendix to these minutes.

#### 7 REPORT: CORPORATE CAPACITY WITH A FOCUS ON INFORMATION TECHNOLOGY AND TRANSPARENCY (Agenda Item 7)

The priority written questions and answers and oral supplementary questions and



## COUNCIL

1 FEBRUARY 2012

answers are attached as an appendix to these minutes.

The report was moved by Councillor Mark Allison and seconded by Councillor Mark Betteridge.

Report received.

### **Motion 1 (Lib/Dem)**

It was moved by Councillor Iain Dysart and seconded by Councillor Peter Southgate that

This Council notes that the inclusion of public questions at two full Council meetings per year provides a vital tool of democratic accountability. It is an opportunity to scrutinise those whose decisions affect and determine the use of Council monies, which is particularly important when resources are scarce; as such it must be clearly and widely advertised.

This Council also notes the limited public attendance at most Council meetings and believes that greater interest should be encouraged. Local councillors, as elected representatives, have a key role to play in engaging with their communities. Our borough is well-served by community groups and residents associations, but, whilst invaluable, they should not be taken as a substitute for the wider engagement of individuals, which should be an ongoing process. This Council additionally welcomes the continuation of community forums where residents wished to retain them.

This Council now resolves to;

- 1) Encourage public questions at every ordinary Council meeting until February 2013;
- 2) Review this arrangement at the February 2013 meeting, deciding in the light of resident, councillor and officer feedback whether to make it permanent
- 3) If opting to make it permanent, to subsequently commend this approach to other authorities

### **Conservative Amendment**

It was moved by councillor David Williams and seconded by Councillor David Simpson that the motion is amended by the inclusion at the end of the text:

- “4) To ask the General Purposes and Standards Committees to expedite consideration of the necessary changes to the Constitution, as found at Part 4A 2.3(f) and Paragraph 11, and to bring them back for approval by Full Council.”

The Mayor put the amendment to the meeting and, there being none to the contrary, declared it to be carried.

The Mayor put the motion as amended to the meeting and, there being none to the contrary, declared it to be carried.

It was, therefore

## COUNCIL

1 FEBRUARY 2012

RESOLVED: That

This Council notes that the inclusion of public questions at two full Council meetings per year provides a vital tool of democratic accountability. It is an opportunity to scrutinise those whose decisions affect and determine the use of Council monies, which is particularly important when resources are scarce; as such it must be clearly and widely advertised.

This Council also notes the limited public attendance at most Council meetings and believes that greater interest should be encouraged. Local councillors, as elected representatives, have a key role to play in engaging with their communities. Our borough is well-served by community groups and residents associations, but, whilst invaluable, they should not be taken as a substitute for the wider engagement of individuals, which should be an ongoing process. This Council additionally welcomes the continuation of community forums where residents wished to retain them.

This Council now resolves to;

- 1) Encourage public questions at every ordinary Council meeting until February 2013;
- 2) Review this arrangement at the February 2013 meeting, deciding in the light of resident, councillor and officer feedback whether to make it permanent
- 3) If opting to make it permanent, to subsequently commend this approach to other authorities
- 4) To ask the General Purposes and Standards Committees to expedite consideration of the necessary changes to the Constitution, as found at Part 4A 2.3(f) and Paragraph 11, and to bring them back for approval by Full Council.

### **Motion 2 (Labour)**

It was moved by Councillor Mark Betteridge and seconded by Councillor Richard Williams

This Council notes the results of this year's Annual Residents' Survey and pays tribute to all the staff of the London Borough of Merton who have worked so hard to achieve the increased levels of satisfaction from local people.

Our residents have said that Merton performs better than the London average in every category. 80% of residents believe Merton Council is doing a good job. There has been significant improvement in the number of residents who believe:

- Merton is efficient and well run
- We respond quickly when asked for help
- We are making the local area a better place to live

There was also a significant decrease in the number of residents who believe the council doesn't do enough for people like them.

In terms of services, there are seven areas where our residents say we are

## COUNCIL

1 FEBRUARY 2012

performing significantly above the London average, including libraries, parking, social services for children and families, leisure and sports facilities, and repair of roads and pavements. There has also been a significant improvement in satisfaction with street lighting.

Council acknowledges that this year's results are not a one off and that there has been continuing steady improvement at Merton under both the current and previous administrations.

Council also recognises the work of our partners, including those in the local community and voluntary sector, who have helped us to achieve these good results.

Nonetheless, council acknowledges that there remain areas for improvement.

- There has been a significant increase in the number of residents who believe we are difficult to get through to on the phone. A review of customer access has been undertaken and changes will be brought forward as a result.
- Although satisfaction with street cleaning has remained steady, it is just below the London average. This endorses Cabinet and Scrutiny's unwillingness to accept officers' suggested budget savings in street cleaning for 2012/13 and beyond.
- Satisfaction with recycling facilities has reduced by 6%, although it is still broadly in line with the London average. Council recognises that this change may be as a result of the difficult decision taken last year to close Weir Road in order to make the level of savings required to balance the budget. Like most other London boroughs, Merton now has one efficient recycling centre.

Council recognises that there will be more difficult decisions to make this year but congratulates our staff and our partners for the way in which they have continued to deliver the key services our residents need even in this time of funding reductions.

### **Amendment (Conservative)**

It was moved by Councillor Henry Nelles and seconded by Councillor David Simpson that the motion be amended to read as follows:

This Council notes the results of this year's Annual Residents' Survey and pays tribute to all the staff of the London Borough of Merton who have worked so hard to achieve the increased levels of satisfaction from local people.

80% of residents believe Merton Council is doing a good job. There has been significant improvement over recent years in the number of residents who believe:

- Merton is efficient and well run
- We respond quickly when asked for help
- We are making the local area a better place to live

There was also a significant decrease in the number of residents who believe the council doesn't do enough for people like them.

In terms of services, there are seven areas where our residents say we are

## COUNCIL

1 FEBRUARY 2012

performing significantly above the London average, including libraries, parking, social services for children and families, leisure and sports facilities, and repair of roads and pavements. There has also been a significant improvement in satisfaction with street lighting.

Council acknowledges that this year's results are not a one off and that there has been continuing steady improvement at Merton under both the current and previous administrations.

Council also recognises the work of our partners, including those in the local community and voluntary sector, who have helped us to achieve these good results.

Nonetheless, council acknowledges that there remain areas for improvement.

- There has been a significant increase in the number of residents who believe we are difficult to get through to on the phone. This had already been identified by a task group review of customer access undertaken in 2010 but the need for changes is now reinforced and will be brought forward as a result.
- Although satisfaction among adults with street cleaning has remained steady, it is 5% below the London average whilst among young people satisfaction rates are down 4% compared to last year. This endorses Cabinet and Scrutiny's unwillingness to accept suggested budget savings in street cleaning for 2012/13 and beyond.
- Satisfaction with recycling facilities has reduced by 6% among adults, and is now 3% below the London average. Among young people, satisfaction with recycling facilities is down 14% and is now 4% below the London average. Council recognises that this change may be as a result of the difficult decision taken last year to close Weir Road. Like most other London boroughs, Merton now has one efficient recycling centre but it is not centrally located within the borough nor is it easily accessible to some residents.

Council recognises that there will be more difficult decisions to make this year but congratulates our staff and our partners for the way in which they have continued to deliver the key services our residents need even in this time of funding reductions.

The Mayor put the amendment to the meeting and there voted for the amendment 28 and 28 against.

There being an equality of votes the Mayor used her casting vote in favour of the amendment.

The Mayor thereupon put the motion as amended to the meeting and, there being none to the contrary, declared the motion as amended to be carried.

It was, therefore,

RESOLVED: That the motion as amended and as identified in full under the foregoing amendment moved by the Conservative group is approved.

## COUNCIL

1 FEBRUARY 2012

### **Motion 3 (Conservative)**

It was moved by Councillor Debbie Shears and seconded by Councillor Suzanne Grocott that

This Council recognises that as part of the implementation of the Localism Act there is a need for greater consultation and engagement with local residents on the decisions that affect them. It is therefore essential that residents understand how the local democratic process operates and how they can play a full part in it.

This Council believes that:

- Residents in Merton increasingly like to access information in a number of different ways.
- The use of live web broadcasts and the availability of podcasts, from the Council Chamber, on the Council's website would encourage greater resident participation in local democracy.
- This would be particularly welcomed by residents for those committees dealing with planning, street management and budget decisions.
- This use of technology would also appeal to young people in the borough by enabling them to witness online Merton's elected representatives in action.

This Council therefore resolves a) to support in principle the use of web casting and b) to initiate a feasibility report into how this may be put into operation as soon as practicably possible in the Council Chamber for the meetings referred to above.

The Mayor put the motion to the meeting and, there being none to the contrary, declared the motion to be carried.

It was, therefore,

RESOLVED: That the motion as identified in full under the foregoing motion moved by the Conservative group is approved.

## 8 REPORTS OF COMMUNITY FORUMS (Agenda Item 8)

Reports received.

## 9 NOTICES OF MOTION (Agenda Item 9)

### **Motion 1 (Cross-Party)**

It was moved by Councillor Stephen Alambritis, seconded by Councillor Samantha George and, upon the Mayor putting the motion to the meeting

RESOLVED: That

This council salutes the achievements of AFC Wimbledon, a fan owned club which rose from the ashes of the old Wimbledon FC and was last year promoted to the football league.

This council notes that Wimbledon FC effectively ceased to exist in 2004 when the owners moved to Milton Keynes, renaming the club Milton Keynes Dons FC.

## COUNCIL

1 FEBRUARY 2012

Despite the history, Merton Council and Milton Keynes Council have built up a good relationship.

A landmark accord signed in 2006 saw all of the honours and trademarks won by Wimbledon FC returning to Merton, with Merton Council transferring the trademarks to AFC Wimbledon. The accord ensured Milton Keynes Dons FC would no longer claim to be Wimbledon FC and acknowledged that their history started in 2004, the year that they changed their name.

Merton Council now believes that it is appropriate that Milton Keynes Dons FC drop the "Dons" from their title. There is recent precedent to such a name change, with Stevenage dropping the "Borough" from their name in 2010. This is also needed because there is every possibility that AFC Wimbledon and Milton Keynes Dons FC will either be drawn against each other in a cup tie or meet in a scheduled league match at some stage. Dropping the "Dons" would assist in contributing towards better relations between the clubs.

Merton Council also notes that Milton Keynes has applied for City status and wishes them every success in this endeavour.

This council therefore calls on Milton Keynes Dons FC to apply to the Football Association for a change of name prior to the 1 April 2012 deadline, in time for the 2012-2013 football season and to coincide with the application for City status thus enabling the club to move seamlessly to being called Milton Keynes City FC.

### **Motion 2 (Conservative)**

It was moved by Councillor John Bowcott and seconded by Councillor Krystal Miller that

Merton Council understands the importance of encouraging people to support local businesses by visiting town centres and local parades, and furthermore recognises that the availability of affordable parking continues to be crucial to the health and prosperity of town centres here in Merton, particularly in the current economic climate.

This Council notes that:

- Merton is obliged to abide by the Secretary of State's guidance when setting its off-street parking charges. The Secretary of State has issued guidance that car park occupancy rates should be managed so that demand does not exceed 85% during peak periods;
- Recent occupancy rate figures for the borough's pay and display car parks show that the vast majority of council-owned car parks are operating well below this 85% figure, with some such as the Queen's Road car park in Wimbledon and the Kenley Road car park in Morden, showing an average occupancy rate over 6 months of less than 10%;



## COUNCIL

1 FEBRUARY 2012

- Following a review of occupancy rates and taking into consideration the difficult financial times, charges for car parks in Wimbledon town centre were significantly reduced with effect from 30 November 2009 in order to help encourage more shoppers into the borough during the run-up to Christmas and beyond. The cost of a season ticket for car parks in Morden town centre was also cut by half.
- The current administration temporarily reduced prices in Wimbledon's Broadway and Hartfield Road car parks by 5p per 30 minutes for the period between 1 December 2011 and 31 January 2012 inclusive; and
- Despite this temporary 5p price reduction at two of the borough's car parks over the festive season, interim figures suggest that footfall continued to be poor in December with a further deterioration during January.

This Council acknowledges that sustained underuse of town centre car parks is not delivering good value for money for Merton's residents from these important council resources, and believes that there is a powerful argument for more generous reductions in car park charges to encourage greater usage and thereby potentially generate increased income for the Council and the borough's council taxpayers.

This Council therefore resolves to:

- a) ask officers to undertake a review of Merton's current charging policy and the impact car park charges have on our residents and visitors, including the potential for reducing charges, and to report back on this to Cabinet and to the Sustainable Communities Overview and Scrutiny panel; and
- b) call on Cabinet to sustain the temporary reduction in charges, which expired on 31 January 2012, until this review is complete and roll out the reduction to other car parks in the borough that do not currently achieve the 85% occupancy rate.

### **Lib/Dem Amendment**

It was moved by Councillor Mary-Jane Jeanes and seconded by Councillor Iain Dysart that the motion is amended as follows:

Bullet point a), after "charges", add "as part of a full review of parking policy, including on-street parking and residents' parking permit costs". and after "panel" add, "this to be carried out with full engagement of businesses, residents and other stakeholders whilst also considering the relevant implications of the recently published Development Plan Document"

The Mayor put the amendment to the meeting and, there being none to the contrary, declared the amendment to be carried.

## COUNCIL

1 FEBRUARY 2012

The Mayor put the motion as amended to the meeting and there being none to the contrary, declared the motion as amended to be carried.

It was, therefore

RESOLVED: That

Merton Council understands the importance of encouraging people to support local businesses by visiting town centres and local parades, and furthermore recognises that the availability of affordable parking continues to be crucial to the health and prosperity of town centres here in Merton, particularly in the current economic climate.

This Council notes that:

- Merton is obliged to abide by the Secretary of State's guidance when setting its off-street parking charges. The Secretary of State has issued guidance that car park occupancy rates should be managed so that demand does not exceed 85% during peak periods;
- Recent occupancy rate figures for the borough's pay and display car parks show that the vast majority of council-owned car parks are operating well below this 85% figure, with some such as the Queen's Road car park in Wimbledon and the Kenley Road car park in Morden, showing an average occupancy rate over 6 months of less than 10%;
- Following a review of occupancy rates and taking into consideration the difficult financial times, charges for car parks in Wimbledon town centre were significantly reduced with effect from 30 November 2009 in order to help encourage more shoppers into the borough during the run-up to Christmas and beyond. The cost of a season ticket for car parks in Morden town centre was also cut by half.
- The current administration temporarily reduced prices in Wimbledon's Broadway and Hartfield Road car parks by 5p per 30 minutes for the period between 1 December 2011 and 31 January 2012 inclusive; and
- Despite this temporary 5p price reduction at two of the borough's car parks over the festive season, interim figures suggest that footfall continued to be poor in December with a further deterioration during January.

This Council acknowledges that sustained underuse of town centre car parks is not delivering good value for money for Merton's residents from these important council resources, and believes that there is a powerful argument for more generous reductions in car park charges to encourage greater usage and thereby potentially



## COUNCIL

1 FEBRUARY 2012

generate increased income for the Council and the borough's council taxpayers.

This Council therefore resolves to:

- a) ask officers to undertake a review of Merton's current charging policy and the impact car park charges have on our residents and visitors, including the potential for reducing charges as part of a full review of parking policy, including on-street parking and residents' parking permit costs, and to report back on this to Cabinet and to the Sustainable Communities Overview and Scrutiny panel, this to be carried out with full engagement of businesses, residents and other stakeholders whilst also considering the relevant implications of the recently published Development Plan Document; and
- b) call on Cabinet to sustain the temporary reduction in charges, which expired on 31 January 2012, until this review is complete and roll out the reduction to other car parks in the borough that do not currently achieve the 85% occupancy rate.

### **Motion 3 (Conservative)**

It was moved by Councillor Maurice Groves and seconded by Councillor Diane Neil Mills that

Merton Council welcomes the recent announcement of £4.45million of much needed funding from the Mayor of London's Regeneration Fund and Outer London Fund for the regeneration of South Wimbledon, Colliers Wood and Mitcham and thanks the Mayor of London for recognising the need for investment in these areas.

This Council understands the importance of making sustained improvements to the physical appearance of our town centres and local shopping parades, and believes that this money will make a real difference to residents in these parts of the borough.

This Council also recognises the need to listen to the views of local communities and businesses when developing the detailed rejuvenation plans for South Wimbledon, Colliers Wood and Mitcham, and therefore resolves to ensure that people living and working in these areas have a real say in shaping the way in which this money is spent for the benefit of their local neighbourhood.

### **Lib/Dem Amendment**

It was moved by Councillor Iain Dysart and seconded by Councillor Mary-Jane Jeanes that

Add new paragraph to read, "This Council further notes that regeneration projects often prove most successful when local residents, businesses and other stakeholders are able to actively participate in, and contribute to, regeneration plans. Therefore, this Council requests officers to draw up a series of ideas, utilising examples of best practice from across the country, which involve members of the local community as pro-active partners at all stages of the regeneration."

## COUNCIL

1 FEBRUARY 2012

The Mayor put the amendment to the meeting and, there being none to the contrary, declared the amendment to be carried.

### **Labour Amendment**

It was moved by Councillor Andrew Judge and seconded by Councillor Nick Draper that the motion is amended as follows:

Add:

*“The funding followed innovative and successful bids by the Future Merton team working with the Cabinet Member.”* to the end of the first paragraph.

Add:

*“Council wants to recognise particularly the hard work and vision of the Future Merton team in achieving this level of investment in the borough. Future Merton have developed a realistic and attainable regeneration strategy for Merton which, despite the challenging economic circumstances, includes achievable goals which promise to change the face of the borough for the better.”* as a new second paragraph.

The Mayor put the amendment to the meeting and there voted for the amendment 33, none against and 25 (conservative) not voting.

The Mayor declared the amendment to be carried.

The Mayor put the motion as amended by the amendments put by the Liberal Democrats and Labour to the meeting and there being none to the contrary, declared the motion as amended to be carried.

It was, therefore

RESOLVED: That

Merton Council welcomes the recent announcement of £4.45million of much needed funding from the Mayor of London’s Regeneration Fund and Outer London Fund for the regeneration of South Wimbledon, Colliers Wood and Mitcham and thanks the Mayor of London for recognising the need for investment in these areas. The funding followed innovative and successful bids by the Future Merton team working with the Cabinet Member.

Council wants to recognise particularly the hard work and vision of the Future Merton team in achieving this level of investment in the borough. Future Merton have developed a realistic and attainable regeneration strategy for Merton which, despite the challenging economic circumstances, includes achievable goals which promise to change the face of the borough for the better.

This Council understands the importance of making sustained improvements to the physical appearance of our town centres and local shopping parades, and believes that this money will make a real difference to residents in these parts of the borough.

This Council also recognises the need to listen to the views of local communities and businesses when developing the detailed rejuvenation plans for South Wimbledon,

## COUNCIL

1 FEBRUARY 2012

Colliers Wood and Mitcham, and therefore resolves to ensure that people living and working in these areas have a real say in shaping the way in which this money is spent for the benefit of their local neighbourhood.

This Council further notes that regeneration projects often prove most successful when local residents, businesses and other stakeholders are able to actively participate in, and contribute to, regeneration plans. Therefore, this Council requests officers to draw up a series of ideas, utilising examples of best practice from across the country, which involve members of the local community as pro-active partners at all stages of the regeneration.

### 10 BUSINESS PLAN 2012-16 (Agenda Item 10)

The recommendations detailed in the submitted report were moved by Councillor Mark Allison and seconded by Councillor Richard Williams.

#### **Conservative Amendment**

It was moved by Councillor Suzanne Grocott and seconded by Councillor Debbie Shears that the recommendations to the submitted report are amended to read:

1. That the Council notes, in light of the latest financial information presented to Cabinet at its January meeting, that the Budget gap for 2012/13 has now effectively been closed.
2. That the Council therefore approves only those savings contained in Appendix 1 which have been identified as efficiency savings where the Overview and Scrutiny Commission and panels have accepted the need for specific savings as agreed by Cabinet at its meeting on 12 December 2011 but delays until the Budget Council meeting on 7 March 2012 consideration of all those savings which are identified as service reductions, as listed in Appendix A

N.B. Appendix A detailed in resolution 2 of the Conservative amendment is attached to these minutes.

The Mayor put the amendment to the meeting and there voted for the amendment 25, against the amendment 31 and not voting 4.

The Mayor declared the amendment to be lost.

The Mayor put the recommendations to the meeting and there being none voting to the contrary, declared the recommendations to be carried.

It was, therefore

RESOLVED: That approval is given to those savings where the Overview and Scrutiny Commission and panels have accepted the need for specific savings as agreed by Cabinet at its meeting on 12 December 2011

### 11 ADOPTION OF THE SOUTH LONDON WASTE PLAN (Agenda Item 11)

It was moved by Councillor Andrew Judge, seconded by Councillor Mark Betteridge and upon the recommendation being put to the meeting

## COUNCIL

1 FEBRUARY 2012

RESOLVED: That, having regard to the recommendation arising from consideration by Cabinet (Cabinet concurred with the recommendation to Council), the South London Waste Plan is formally adopted as part of Merton's Local Development Framework and that the Director of Environment and Regeneration is authorised to deal with all the necessary adoption documentation and other consequential matters in accordance with the Planning Inspector's final report and the appropriate Regulations.

### 12 CALENDAR OF MEETINGS 2012/13 (Agenda Item 12)

It was moved by Councillor Stephen Alambritis, seconded by Councillor Mark Betteridge and upon the recommendation being put to the meeting

RESOLVED: That the calendar of meetings detailed at the Appendix to the submitted report is agreed.

### 13 CHANGES OF MEMBERSHIP TO COMMITTEES AND RELATED MATTERS (Agenda Item 13)

It was moved by Councillor Stephen Alambritis, seconded by Councillor Mark Betteridge and upon the recommendation being put to the meeting

RESOLVED: That

- A. That the changes to the membership of Committees approved under delegated powers since the last meeting of the Council are noted; and
- B. That Council approve a change of membership for the Overview and Scrutiny Commission (appointment of Councillor Suzanne Grocott as a member and the appointment of Councillor Krystal Miller as a substitute member)

### 14 PETITIONS (Agenda Item 14)

It was moved by Councillor Stephen Alambritis, seconded by Councillor Mark Betteridge and upon the recommendation being put to the meeting

RESOLVED: That

(1) those petitions presented by ward councillors are received (detailed below); and

(2) the advice provided to ward councillors in respect of the petition presented to the 23 November Council meeting is noted.

Petitions presented as follows:

Councillor Iain Dysart (Phyllis Gate Association Petition (Phyllis Avenue Shared Alleygate))

Councillor Mary-Jane Jeanes (Review of Parking Restrictions on Burlington Road)

Councillor Maurice Groves (Alley Gate Scheme, Aragon Road and Seymour Avenue)

COUNCIL

1 FEBRUARY 2012

Councillor Henry Nelles (Opposition to further cuts, Deen City Farm)  
Councillor Debbie Shears (Opposition to redevelopment plans for the Emma Hamilton site)

15 BUSINESS FOR THE NEXT ORDINARY MEETING (Agenda Item 15)

It was moved by Councillor Stephen Alambritis, seconded and

RESOLVED: That the business for the next ordinary meeting is agreed as being 'Sustainable Communities with a focus on the Olympics and the Diamond Jubilee.

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APPENDIX A  
Attachment to Conservative Amendment to Agenda Item 10

**SERVICE REVIEW OPTIONS**

Options pack	Service Items	Savings		
		12/13 £000s	13/14 £000s	14/15 £000s
Page 18	Housing	37	0	0
	<b>Community and Housing</b>	<b>37</b>	<b>0</b>	<b>0</b>
Page 64	Parks, Greenspaces and Cemeteries (deletion of cemetery supervisor and Wimbledon Park Development Manager posts only)	28.5	31.5	0
Page 79	Parking (increase in income for Hartfield Road bus lane only)	110	0	0
Page 83	Street cleansing – graffiti removal	70	0	0
Page 83	Street cleansing – restructure and staffing – enforcement team	50	0	0
	<b>Environment and Regeneration</b>	<b>258.5</b>	<b>31.5</b>	<b>0</b>
	<b>Options - Level 1</b>	<b>295.5</b>	<b>31.5</b>	<b>0</b>
Page 16	Libraries	0	0	0
Page 22	Merton Adult Education	0	0	0
	<b>Community and Housing</b>	<b>0</b>	<b>0</b>	<b>0</b>

	Service items	12/13 £000s	13/14 £000s	14/15 £000s
Page 91	Traffic and Highways	524	0	0
	<b>Environment and Regeneration</b>	<b>524</b>	<b>0</b>	<b>0</b>
	<b>Options - Level 2</b>	<b>524</b>	<b>0</b>	<b>0</b>
Page 93	Traffic and Highways	246	0	0
	<b>Environment and Regeneration</b>	<b>246</b>	<b>0</b>	<b>0</b>
	<b>Options - Level 3</b>	<b>246</b>	<b>0</b>	<b>0</b>
	<b>Options - Total</b>	<b>1,065.5</b>	<b>31.5</b>	<b>0</b>
	<b>Options - Cumulative</b>	<b>1,065.5</b>	<b>1097</b>	<b>1097</b>

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## **Committee: Council**

**Date: 7 March 2012**

**Agenda item:** 4  
**Wards:** All  
**Subject:** Business Plan 2012-16

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

**Lead member:** Councillor Mark Allison, 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

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### **Recommendations:**

1. That the Council agrees the Business Plan 2012-16 including:-
  - the General Fund Budget;
  - the Council Tax Strategy for 2012/13 equating to a Band D Council Tax of £1,102.99;
  - the Medium Term Financial Strategy (MTFS) for 2012-2016;
  - the Capital Investment Programme (as detailed in Annex 1 to the Capital Strategy);
  - the Capital Strategy (Appendix 11)
  - 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.

---

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

- 1.1 At its meeting on 20 February 2011, Cabinet, in light of the positive assurance statement given by the Director of Corporate Services, considered and agreed to recommend to Council:-

- the Business Plan 2012-16
- the proposals for setting a balanced budget and Council Tax for 2012/13
- the Council Tax Strategy for 2012/13
- the Medium Term Financial Strategy (MTFS) for 2012-2016;
- the Capital Investment Programme (as detailed in Annex 1 to the Capital Strategy);
- the Capital Strategy (Appendix 11)
- the Treasury Management Strategy (Section 5), including the detailed recommendations in that Section , incorporating the Prudential Indicators

## 2. Introduction

- 2.1 This report summarises the work that has been undertaken during 2011/12 towards formulating the Business Plan 2012/16 and in particular towards setting the Budget for 2012/13. It sets out details of how the Business Plan has been structured and the steps taken to ensure that a balanced budget is set. Separate sections are provided for: the Business Plan; the General Fund Revenue Budget and Council Tax strategy; Schools budgets – funded by Dedicated Schools Grant (DSG); the Capital Programme and the Capital Strategy; and the Treasury Management Strategy.
- 2.2. Each of the elements discussed in the report will be incorporated into the Council's Business Plan 2012-16.
- 2.3 The Cabinet considered the various responses from scrutiny bodies to the draft budget proposals. The approach to the budget process for 2012-2016 was presented to Cabinet on 17 October 2011 (with a budget options pack despatched to all councillors on 18<sup>th</sup> October 2011) and on 7 November 2011 Cabinet confirmed the preferred officer options to be forwarded to scrutiny. The proposals forwarded to the scrutiny panels and Commission were subject to scrutiny by the Overview and Scrutiny Commission on 24 November 2011. The Overview and Scrutiny Commission and Panels considered the budget options during the November 2011 cycle of meetings and feedback from this scrutiny process was considered by Cabinet on 12 December 2011. Further information on those remaining budget options not accepted by Cabinet in December 2011 was provided by Cabinet at its meeting on 16 January 2012 and this was scrutinised by the panels and Commission during the January/February 2012 cycle of meetings with the response from Cabinet set out in Appendix 2.
- 2.4 At this meeting, Members are presented with reports that provide a comprehensive presentation of all issues relevant to the formulation of the Council's Business Plan for the period 2012-2016.

2.5 The Council's Business Plan 2012-16 consists of a number of key elements and the report is structured into five sections for ease of reference :-

- Section 1: Business Plan 2012-16 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

## 2.6 The Scrutiny Function

2.6.1 During the January/February 2012 cycle of meetings the available details relating to the MTFS, revenue and capital budgets and the Business Plan have been considered by the Scrutiny Panels on the following dates:-

Children and Young People Overview & Scrutiny Panel	18 January 2012
Healthier Communities & Older People Overview & Scrutiny Panel	25 January 2012
Sustainable Communities Overview & Scrutiny Panel	26 January 2012
Overview and Scrutiny Commission	7 February 2012

## 2.7 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 2012-16 as a separate report to Cabinet on 20 February 2012. Appendix 2 to this report provides Cabinet's response to the Overview and Commission.

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

2.9 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.

2.10 The report provides a summary of those budget options that were considered but are not recommended for implementation in 2012/13.

### **3. Business Planning**

- 3.1 Further information about the Business Plan 2012-16 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 law on the setting of the budget for the Council and the determination of Council tax levels is contained in the Local Government Finance Act 1992.
- 5.2 The legal and statutory implications are contained within the report. The Council's processes for the development and adoption of its 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.
- 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 budget options. Within the officers' option pack issued on the 18 October 2011, Section B included

an equalities impact assessment of options and these were discussed at Scrutiny and Cabinet meetings.

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

- 7.1 Each budget option 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 17 October 2011, 7 November 2011, 12 December 2011, and 16 January 2012.
- 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;
  - The proposals have been discussed in detail with the voluntary sector;
  - Consultation with the Merton Partnership has taken place and a report outlining the Council's proposals has been presented to the Partnership Board;
  - The website had an area designated to update users/residents on the progress of the budget;
  - All the community forums had a presentation updating them on the Council's budget.
- 8.3 In accordance with statute, consultation took place with business ratepayers and a meeting was held on 13 February 2012. There was one attendee from the South West London Branch of the Federation of Small Businesses.

8.4 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 2012-16**

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

Appendix 1:	Draft Resolutions to Council
Appendix 2:	Response to Overview & Scrutiny Commission
Appendix 3:	Local Government Finance Settlement 2012-2013
Appendix 4:	Collection Fund
Appendix 5:	Other Corporate items in the MTFS
Appendix 6:	Summary Analysis and reconciliation of Savings
Appendix 7:	Analysis of the transition from £20m gap to balanced budget
Appendix 8:	Statement of Council Tax requirements and balances
Appendix 9:	Revised MTFS incorporating changes
Appendix 10:	Reserves

**SECTION 3: SCHOOLS BUDGET**

No appendices

**SECTION 4: CAPITAL BUDGET**

Appendix 11:	Draft Capital Strategy 2012-16
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**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  
Officer's Budget Options pack  
Equality Impact Assessments

# Business Plan

2012-2016



# **Merton Council**

## **Business Plan 2012 – 2016**



# CONTENTS

**Introduction** \_\_\_\_\_

**Community Plan** \_\_\_\_\_

**Corporate Strategies** \_\_\_\_\_

**About the council** \_\_\_\_\_

**Business Plan** \_\_\_\_\_

**A) Financial Resources** \_\_\_\_\_

Medium Term Financial Strategy \_\_\_\_\_

Capital Strategy – Appendix 11 of main report \_\_\_\_\_

Treasury Management Strategy – Section 5 of main report \_\_\_\_\_

**B) Other Key Resources** \_\_\_\_\_

Workforce Strategy and Planning \_\_\_\_\_

Procurement Plan \_\_\_\_\_

Information Technology Strategy \_\_\_\_\_

**C) Risk Management** \_\_\_\_\_

**D) Performance Management Framework** \_\_\_\_\_

**E) Service Planning** \_\_\_\_\_

**F) List of Proposed Savings 2012-15** \_\_\_\_\_

**G) Proposed Revenue Estimates 2012-13** \_\_\_\_\_

**Glossary of Terms** \_\_\_\_\_

**List of Acronyms** \_\_\_\_\_

If you have any comments or questions on the content of this plan please contact Zoe Church, Head of Business Planning (zoe.church@merton.gov.uk or 020 8545 3451).

## INTRODUCTION

Welcome to Merton Council's Business Plan for 2012-16. This document brings together all the key financing and planning information for the period up to 2015/16.

### VISION / TRANSFORMATION STATEMENT

By 2015 Merton Council will be smaller, reducing in size by up to a third. Our top priority will continue to be to provide the best possible quality and safe services to our residents. 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 finding innovative solutions to maximise future efficiency.

We will deliver services that customers want and need and involve our customers in service specification and design.

Delivering quality and value services in an era of significantly reduced resources will require strong and determined leadership. A single business view is essential to ensure a 'One Council' approach is followed in everything we do. Leaders at all levels will be visible and lead by example.

Change of this magnitude will only be achieved through a unified effort:

- **Get Involved!** – identify and implement improvements.
- **One team** - Directors, managers and staff have an equal part to play.
- **Learn from:** each other, our mistakes and from what our customers say.
- **Drive and determination** – to try out new ideas.

The strategic priorities and principles adopted by the council on 13 July 2011 were:

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 2012-16 should therefore be based on a set of guiding strategic priorities and principles:

- 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.

The Community Plan has been developed by the Merton Partnership and sets the overall direction and vision for the borough until 2019.

## COMMUNITY PLAN

Merton Partnership brings together a range of key players from the public, private voluntary sectors in Merton, including the council, Primary Care Trust (PCT) and Police, to co-ordinate the delivery of local services. Originally formed to deliver the stretching targets required to generate additional Local Area Agreement funding, the Partnership developed the Community Plan in 2009 setting out the overall direction and vision for the borough until 2019. The document sits above each partner's own business plan. The partnership consists of three main groups:

**The Merton Partnership** – this is the full partnership body that provides the governance, overall leadership and representation to ensure that the Partnership delivers the community's priorities. It is chaired by the Leader of the Council, the person with the clearest democratic authority in the borough. It receives reports and briefings on the strategic issues for the borough and co-ordinates the work of the Partnership.

**The Executive Board** – this is the decision making body for the Partnership. It is chaired by the Chief Executive of the council. The Executive Board meets every two months and brings together the organisations with the most significant budgets in the borough. It ensures the work of the Partnership is given the leadership and capacity it needs to do its job. The Executive Board is committed to sharing information and resources and implementing cross-cutting projects to achieve the aspirations set out in the Community Plan.

**Thematic Partnerships** – these partnerships co-ordinate the activities of relevant members of the Partnership to ensure that the strategy agreed by the Executive Board is carried out through the relevant Boards and Trusts. These thematic groups mirror the themes of the Community Plan:

### **Children and Young People**

- Improving health outcomes
- Maintaining robust safeguarding
- Improving educational outcomes
- Promoting the positive contribution
- Promoting the economic wellbeing

### **Health and Wellbeing (previously Healthier Citizens)**

- Healthy living
- Safeguarding
- Citizenship and inclusion
- Service delivery group

### **Sustainable Communities and Transport**

- Work to support economic growth, by increasing jobs and skills
- Work to increase the supply of housing
- Work towards carbon reduction
- Work to increase investment
- Work to improve sustainable transport provision

### **Safer and Stronger**

- Reduce the fear of crime
- Reduce alcohol related violence and support those who are effected by alcohol misuse
- Reduce anti-social behaviour and the effects of serious anti-social behaviour on communities as well as supporting individuals to find positive outcomes for local disputes
- Reduce acquisitive crime by working with our communities to ensure that they keep their valuables safe
- Reduce repeat victimisation of domestic violence victims
- Develop the council's local leadership role and the capacity of the community and voluntary sector
- Empower local people to have a greater choice and influence over local decision-making and a greater role in public service delivery
- Increase community cohesion and integration

In addition to the four themes above Merton Council has added the further theme of '**Corporate Capacity**' which encompasses:

- Our systems for ensuring sound financial management and high standards of governance
- The effective recruitment, development and management of staff
- Having the right information and communications technology infrastructure in place to support service delivery and efficiency
- Value for money and continual review to improve processes
- Customer access, customer services and customer care
- Equalities, diversity and community cohesion
- Transparent information and service provision

### **NATIONAL POLICIES**

The change of Government in 2010 has had, and will continue to have, a profound impact on the delivery of services at a local level. For example:

- The cuts to reduce the national budget deficit are being felt locally with Merton's funding from central Government to be reduced over the next four years.
- New legislation has the potential to radically transform service delivery and the responsibilities of local government. For example, the Localism and Decentralisation Act will give local people the right to run local services and the Health and Social Care Bill will transfer responsibility for improving public health from health authorities to local councils.
- The Government's drive to deliver the 'Big Society'.
- This Business Plan represents Merton's response to the challenges and opportunities over the next four years.

## CORPORATE STRATEGIES

The council has many corporate and service specific strategies and plans that support not only the work of the council, but also the Merton Partnership and 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.

- Adult Treatment Plan
- Air Quality Action Plan
- Anti Social Behaviour Strategy
- Asset Management Plan
- Capital Programme
- Children and Young Person's Plan
- Civil Contingencies Plan
- Climate Change Strategy
- Commercial and Trading Standards Delivery
- Community Plan
- Core Planning Strategy
- Corporate Equality Scheme
- Corporate Procurement Strategy
- Cultural Strategy
- Customer Services Strategy
- Crime and Disorder (partnership plan)
- East Merton and Mitcham Neighbourhood Renewal Strategy
- Economic Development Strategy
- Ethnic Minority Housing Strategy
- Gypsy and Traveller Strategy
- Homelessness Strategy
- Housing Strategy
- ICT Policy
- Information Governance Policy
- Local Development Framework
- Local Implementation Plan
- Local Transport Plan
- Looked After Children's Strategy
- Medium Term Financial Strategy
- Older People's Housing Strategy
- Open Spaces Strategy
- Performance Management Framework
- Risk Management Strategy
- Road Safety Plan
- Safeguarding Children's Board Annual Plan
- School Expansion Plans
- School Improvement Strategy
- Social Inclusion Strategy
- Special Educational Needs and Inclusion Strategy
- Treasury Management Strategy
- Unitary Development Plan
- Voluntary Sector Strategy
- Waste Management Plan
- Workforce Development Plan

## **ABOUT THE COUNCIL - An overview of the council**

### **KEY FACTS**

- The Council is comprised of 60 elected councillors, representing 20 wards and four political groups. The current political composition of the Council (as elected in May 2010) is:
  - Labour: 28 councillors
  - Conservative: 27 councillors
  - Merton Park Ward Independent Residents: three councillors
  - Liberal Democrats: two councillors
- Full Council usually meets five times a year, and is responsible for agreeing the council tax and setting the overall direction of the council.
- A cabinet of nine Labour councillors makes the majority of decisions throughout the year, with Overview and Scrutiny arrangements to hold cabinet to account.
- Regulatory committees are appointed by the council and carry out planning and licensing functions.
- The council has a revenue budget of £151m in 2011/12 with around 45% of this being spent on social care.
- 4,022 FTE or 6,199 headcount (as at Oct 11) council employees provide a range of public services, from street cleaners and town planners to teachers and social workers, who work in the four main departments and also in Merton's schools:
  - Children, Schools and Families (CSF)
  - Environment and Regeneration (E&R)
  - Community and Housing (C&H)
  - Corporate Services (CS)

### **ABOUT THE BOROUGH**

Merton is an outer London borough situated to the south west of central London. The demographics of the borough and some of its defining characteristics are listed below.

- Population of 201,400 (mid-year 2008 estimate) living in 78,884 households, projected to increase to 207,400 by 2015, 214,200 by 2020 and 220,300 by 2025.
- Three main town centres: Wimbledon, Mitcham and Morden.
- Predominantly suburban in character, with high levels of commuter flows in and out of central London.
- Good connections with the London transport network – the District and Northern lines both run through the borough, Tramlink provides connections between Wimbledon and Croydon via Mitcham and Morden, and numerous overground stations and bus routes provide easy access to central London and neighbouring boroughs.

### *Section 1 - Draft*

- Significant amounts of green space – 18% of the borough is open space, compared to a London average of 10%. This comprises over 65 parks and open spaces (including Wimbledon and Mitcham commons), 28 conservation areas, 11 nature reserves and 17 allotment sites.
- It is estimated that 37% of the population is from black and minority ethnic (BME) groups, with the range across schools being 35% to 92%.
- 160 languages are spoken in Merton's 43 primary schools, eight secondary schools (including two academies), three special schools, one Pupil Referral Unit and 11 children's centres.
- Increasing numbers of groups with particular needs, for example, older people, BME communities and increased number of young people with special educational needs and disability.
- Seven libraries provide internet access, summer reading schemes and homework clubs as well as traditional book, CD, DVD and video lending.
- Three leisure centres provide a wide range of facilities in Mitcham, Morden and Wimbledon.
- Merton plays host to one of the country's most famous sporting events – the Wimbledon fortnight held at the All England Lawn Tennis and Croquet Club.
- The top five areas of concern to residents are crime, the level of council tax, traffic congestion, street cleanliness and lack of jobs.
- Council tax is currently set at £1,412.81 (2011/12) for a band D property (including the Greater London Authority precept), the average level for outer London boroughs.
- Merton is consistently amongst the top four safest boroughs in London which is a tribute to the excellent partnerships between the council, Metropolitan Police Service, Safer Merton Partnership and the community.

According to the 2007 Index of Multiple Deprivation, Merton is the sixth least deprived London borough. Nationally the borough is ranked 222 out of 354, where one is the most deprived. This relative lack of deprivation does, however, hide stark inequalities in the borough with deprived wards in the east of the borough (Mitcham) and the more affluent wards in the west (Wimbledon). This is illustrated by the following facts:

- Average household income is £31,600 per annum, but the difference between the highest and lowest paid wards is £17,521 per annum.
- The east of the borough has much higher levels of serious illness and early deaths from illnesses such as cancer and heart disease.
- Male life expectancy in Figge's Marsh ward in the east of the borough, is only 74.3 years, compared with a borough average of 79.7 years.
- Four Super Output Areas (SOAs) are in the 10% most income deprived nationally, and 13 of Merton's SOAs are in the 20% most income deprived nationally, with all 13 located in the east of the borough.

*Section 1 - Draft*

- Although unemployment in the borough is below the national average, it rises significantly in some of the eastern wards, and 60% of all benefit claimants in the borough live in the east of the borough.
- In three wards in the east of the borough, over a third of the population have no qualifications.
- Free school meals eligibility is rising in Merton schools.

The data / figures from the 2011 national census will be released in September 2012 and this information will be utilised to aid service planning in subsequent years.



# **Section A**

# **Financial Resources**

## **A) MEDIUM TERM FINANCIAL STRATEGY**

Merton's Medium Term Financial Strategy (MTFS) has been developed to support a four year business planning horizon. It incorporates revenue and capital expenditure plans and illustrates the implications of the budget proposals over the planning period.

In a dynamic and volatile economic climate it is essential that forecasts of resources, expenditure commitments and potential pressures and demands are not only taken in to account but also are as accurate as possible in order to ensure that the council's financial outlook is robust.

The council's MTFS has been developed over a number of years and sets a number of strategic aims that ensure that no key elements are overlooked:-

### Strategic and financial objectives

- To review and interpret the latest legislative and technical information relating to local government services and to translate the financial implications over the medium term in order to aid financial planning.
- To ensure that balanced budgets are set for the General Fund with the objective to set a balanced budget over the MTFS period as a whole.
- To ensure that spending plans are closely aligned to the council's strategic aims and objectives as set out in the Business Plan.
- To ensure that revenue and capital budgets are fully integrated.
- To ensure that there is an agreed strategy to maintain levels of reserves.
- To include the revenue implications of a rolling four year affordable capital programme which is fully resourced and targeted towards meeting the council's strategic objectives.
- To provide the budget planning framework to facilitate council tax setting over a four year planning horizon.
- To take into account movements on the Collection Fund with the objective that no deficits should arise.
- To take into account the level of funding of liabilities in the Pension Fund and the agreed strategy for minimising and eliminating past service deficiency over an agreed term.
- To assess the key financial risks within the council's budget and make provision for those risks by taking the potential financial implications into account e.g. within a contingency fund.
- To ensure that the council complies with the requirements of the Prudential Code of Borrowing and incorporates the potential financial implications of the treasury management strategy into the MTFS over the plan period.

## *Section 1 - Draft*

### Development of the MTFS

- The economic climate and changes in demographic trends both nationally and at a local level mean that the MTFS has to be a flexible, financial tool. The ability to carry out sensitivity and scenario analysis has been a key development that has featured in the development of the budget for 2012/13 and the MTFS.
- The MTFS will continue to draw upon all of the council's plans to represent the financial position of the council over the medium term planning period.

Currently the MTFS is embodied within the covering report to this document.

## **A) CAPITAL STRATEGY**

This is Appendix 11 in the covering report

**A) TREASURY MANAGEMENT POLICY STATEMENT**

**This is section 5 in the covering report**

# **Section B**

# **Other Key Resources**

## **B) WORKFORCE PLANNING AND STRATEGY**

The five strategic priorities for workforce strategy and planning are:

- Organisational development - Addressing the workforce dimensions of organisational transformation to deliver citizen focused, efficient and effective services in partnership.
- Leadership development – Building visionary, ambitious and effective leadership to make the best use of political and managerial roles.
- Skills development - With partners, developing employees' skills and knowledge in an innovative, high performance, multi agency context.
- Recruitment and retention - With partners, taking action to: recruit and retain the right workforce, address key future occupational skills shortages; promote jobs and careers; identify, develop and motivate staff talent and address diversity.
- Pay and rewards – Implementing effective approaches to reward staff, while controlling employment costs to reflect budget and efficiency requirements, as well as new ways of working and innovative working patterns. Encouraging a total reward approach to high performance.

The service plans will identify key work streams for the development and transformation of the workforce, which will be mapped against the five strategic priorities, during the review to form the basis for the workforce strategy action plan for 2012-2016.

The Workforce Development Strategy and Plan will be progressed, consulted and agreed with the departmental workforce development leads. The final strategy and plan will be presented to cabinet in June 2012.

## **B) PROCUREMENT PLAN**

### **OUR APPROACH**

During 2012 the Commercial Services team will continue to build on the good working relationships with departments and establish an effective working partnership to deliver savings and improve services in response to the financial challenges.

In Children's, Schools and Families the team will continue to support commissioners throughout 2012 on the transformation of Youth Services, providing support, advice and guidance on potential service models and other commercial aspects.

In Adult Social Care, work continues on the procurement of domiciliary care services. A range of advice, guidance and support on inflation management and benchmarking will be provided during 2012 as well as support on the use of the new e-tendering system. Other important tender exercises that are underway in the wider department will continue to be supported.

In Transport Services, the tender exercise for the appointment of suppliers onto the Transport Framework Agreement has concluded and each taxi route will be tendered during the early part of 2012 to determine a price per route and deliver savings. During 2012 the Vehicle Maintenance services will be reviewed and a tender exercise undertaken to deliver savings and improve services. This will be carried out using the e-tendering system and the Procurement Board will retain oversight of the work.

During 2012 in Corporate Services the Commercial Services team will support the tendering of the virtual desktop infrastructure, the e-payments system and the print room digital equipment to ensure that the council is obtaining the best possible value for money from its suppliers.

During 2012 further improvements to procurement, governance and control will be achieved. The Procurement Board continues to grow in strength and the Procurement Gateway process is established and operating effectively. The Operational Procurement Groups that exist below the Procurement Board are managing commercial risk effectively, jointly with departments.

Work will continue in the area of training and development for Merton staff undertaking procurement activity. To complement the workshops that were delivered in July 2011, a further round of workshops will be delivered to cover topics such as contract management and supplier relationship management.



## Section 1 - Draft

Merton's new e-tendering system is now rolled out and continues to be adopted by departments. The system allows staff to conduct Request For Quotes and tenders online, much more quickly than before and also allows staff to automatically evaluate and allocate scores to the received quotes / tenders. The system also enables staff to undertake and co-ordinate a large majority of the contract management activities with key suppliers, online.

In the South West London region Merton continues to take the lead with neighbouring boroughs to seek out further opportunities for joint and collaborative procurement. An area under review is Facilities Management.

Relationships between the Commercial Services team and our partners, including MVSC and the Police, are being built upon. Merton's commitment to the voluntary and community sector and to the Compact has been reaffirmed in the new Compact with continued emphasis on the way in which Merton carries out commissioning and procurement activity.

### **CONTRACT ACTIVITY**

Major contract tender activity planned for 2012/13 includes:

<b>Service</b>	<b>Timescale</b>	<b>Annual value</b>
Domiciliary Care Services	Spring 2012	approx £5.0m
Youth Transformation	Summer 2012	approx £600k
School Catering Services	Summer 2012	approx £400k
Vehicle Maintenance Services	Spring 2012	approx £310k
Virtual Desktop Infrastructure	Spring 2012	approx £900k

Section 1 - Draft

Below is the provisional master schedule for procurement showing the areas of strategic focus for 2012/13. The Procurement Board is at present developing a procurement strategy document and also a work plan that will contain the specific priorities and order of work. This activity is due to complete by April 2012.

Area of Strategic Focus	April	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	March
<b>1. Improving Leadership &amp; Governance.</b>												
Build on existing governance processes - embed the implementation of Procurement Board Gateways, OPG's and good practice												
<b><u>Deliver Savings - For Direct Spend</u></b>												
Merton to report and analyse its spend data for 11/12 and categorise by end May 2012												
Deliver procurement / supply related aspects of 2012-16 Business Plan												
Deliver procurement / supply related aspects of previous & future Service Reviews												
Supplier & contract negotiation - review aggregation opportunities across council												
<b><u>Deliver Savings - For Indirect Spend</u></b>												
In CS support improved approach to commercial activity by developing a Category Management approach to Indirect Spend areas and put in place corporate contracts.												
Benchmarking quality /price with other boroughs												
<b>2. Developing People &amp; Improving Skills</b>												
Support embedding & development of CSF ART team and C&H Brokerage team where appropriate												
In conjunction with HR undertake a review of procurement/commercial skills in the organisation and plan a Workshop programme based on need												
Deliver a programme of Workshops to meet the identified L&D needs												
<b>3. Improving Processes &amp; Systems</b>												
Focus on Procurement Processes - communicate procurement gateway processes & improve documentation on intranet including Procurement Toolkit, templates, guidance documents & general intranet pages to support staff												
Embed use of Contract Register across council.												
Build upon use of E-tendering system for tenders and contract management processes												
Employ greater use of E-auctions where appropriate to deliver savings												
Develop policies for Purchase to Pay improvements												

## **B) INFORMATION TECHNOLOGY STRATEGY**

### **1. The strategy**

- 1.1 This strategy is designed around six strategic aims which are supported by objectives. The strategy will influence IT components (covering customer facing technologies, business governance support, corporate and departmental systems, infrastructure and IT governance). The strategy is linked to the layers in the target operating model (TOM).

There are six aims which reflect the transformations necessary to deliver the strategy. Each strategic aim is supported by a number of key objectives.

1. Services enabled by IT must be designed around the citizen, not the provider, and delivered through modern, co-ordinated delivery channels. This will improve the customer experience, achieve better policy outcomes, improve efficiency by reducing paperwork, duplication and routine processing, leveraging delivery capacity and streamlining processes.
2. Merton must move to a shared services culture – between the front-office and back-office, in information and in infrastructure, including partners. This will release efficiencies by standardisation, simplification and sharing.
3. There must be broadening and deepening of Merton's professionalism in terms of the planning, delivery, management, skills and governance of IT enabled change. This will result in more successful outcomes; fewer costly delivery failures; and increased confidence by citizens and councillors in the delivery of change through effective use of IT.
4. There must be a systematic focus on innovation to exploit opportunities not only of the installed technology, but also new and emerging products. This will lead to more effective introduction of newer technologies and enabling faster business change.
5. There must be a focus on processes and outcomes that are underpinned by appropriate technology and a move away from tactical solutions. This will assist in the deployment of end to end solutions that overcome departmental boundaries and focus on deliverables.
6. There must be effective management of ICT to support the delivery of services to meet the other five strategic aims.

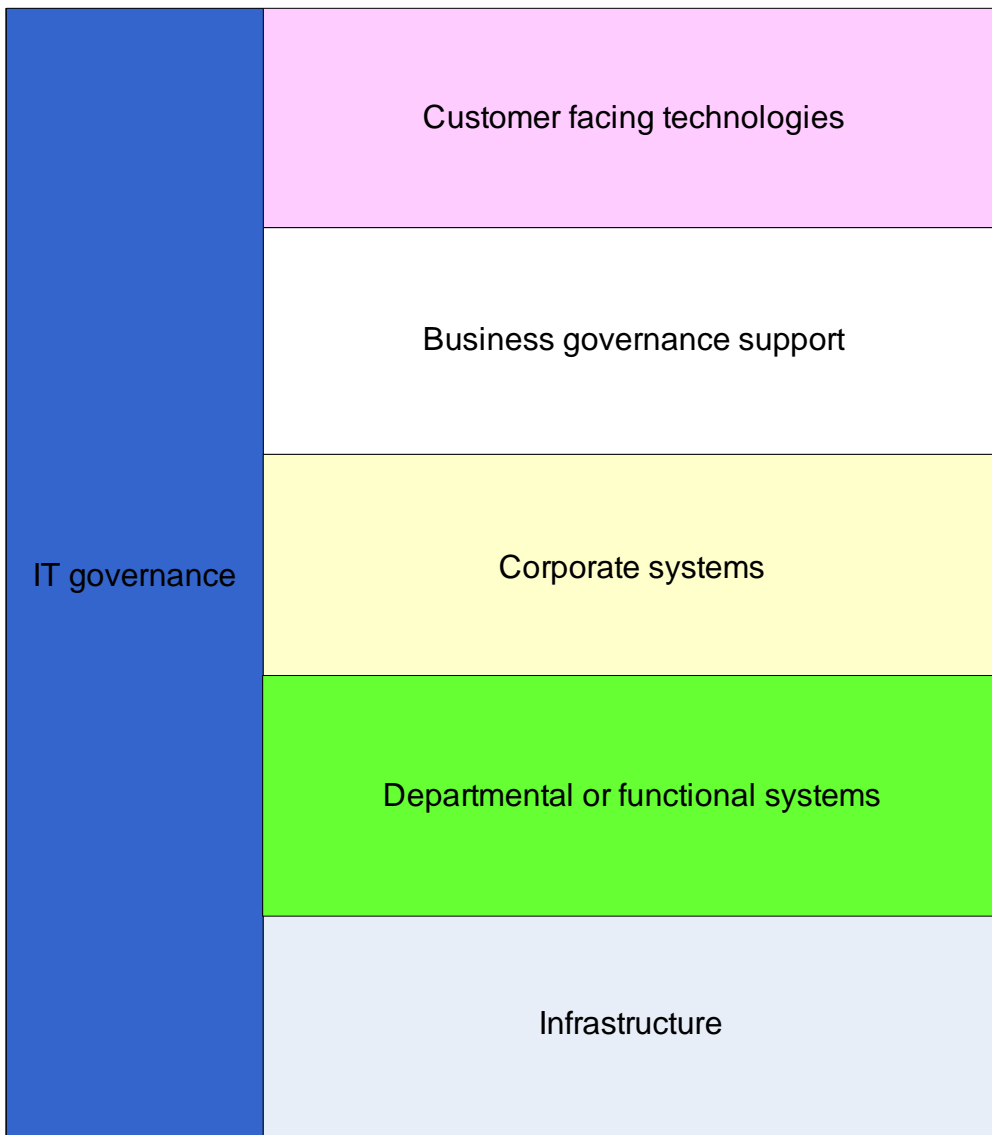
## 2. Design principles

2.1 In order to deliver the strategic aims and objectives, the following design principles will be deployed:

<b>Design principles</b>
Systems supporting services will be designed with customers in mind. They will be delivered via a customer interface with agreed standards. Regardless of the access channel chosen by the customer, they will get the same experience with consistent answers. Customer data will be stored consistently across various systems. The strategy will support the concept of 'tell us once'. Where possible, evidential items (such as proof of age or residence) will be re-used to reduce the burden on customers. This will also include citizen signing in and reviewing their own data by use of dual factor authentication.
Service delivery will be designed with shared service in mind. In particular, IT will support the move of service delivery to the front office (web, contact centre and Merton Link). The strategy will support the concept of developing shared services with other authorities.
The strategy will support the rationalisation of systems. Tasks such as systems administration will be streamlined.
The need for innovation will be understood, but more importantly, this will be linked to the potential benefits to the council. Risk of innovative ideas will be managed through careful planning and control.
Technology solutions will be in place to underpin automation of processes. It will be possible to model changes to processes before implementation.
Portals will be available on the intranet for each of these to access information for decision making without reference to skilled technical staff or time consuming searches for information.
Key data sources will be brought together systematically to provide a comprehensive but a trusted management information system that can be used by decision makers.
The strategy will support an infrastructure that is based on resilient services, shared infrastructure and a formal disaster recovery plan.
Documents will be available electronically at point of use. Paper records will be imaged. All incoming mail will only enter the processing systems electronically.
The strategy supports the mixed economy model of service delivery, namely in-house, shared services and outsourced.
Systems and infrastructure will be geared towards flexibility in methods of working. Staff will be able to move desk location or working style with minimum disruption. Telephone systems and printing will follow the worker. Secure systems will be in place to ensure data protection.
Data storage will be designed around the life of data and to comply with information governance policies. Duplication of data will be electronically managed to single instances. Data will be stored and deleted in line with retention policies.

### 3. IT strategy – components

- 3.1 The diagram below provides a high level view of the components making up this strategy. Details of each component are provided in the [detailed strategy document](#) as well as how the strategic aims and design principles are addressed.



# **Section C**

# **Risk Management Strategy**

## **C) RISK MANAGEMENT STRATEGY**

### **Context**

#### **What is risk management?**

All organisations exist to achieve their ambitions, aims and objectives. Risk management is the process for how we manage the risks that may prevent us from doing so, enabling us to anticipate and respond positively to change. A risk is simply a threat, obstacle, barrier, concern, problem or event that will stop us from achieving our ambitions, aims and objectives. Ultimately risk management is about creating a better understanding of the most important problems facing an organisation, so we can do something about them.

It is not practical to identify and manage every risk the council faces, therefore it is necessary to focus on the key risks to the council, department, division or team.

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

- Raise awareness of the need for risk management.
- Integrate risk management into the day to day activities of staff and the culture of the organisation.
- Establish and maintain a robust framework and procedures for the identification, analysis, assessment and management of risk, including reporting and recording.
- Ensure consistent application of our methodology across all of our activities, including partnerships and projects.
- Minimise injury, damage, loss and inconvenience to staff, residents and service users.
- Minimise the cost of risk.

#### **Benefits of risk management**

Successful risk management will produce many benefits for us, including:

- An increased chance of achieving 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
- Improved performance.

#### **National drivers behind risk management**

Risk management is something that the council is required to do, and forms part of the Annual Governance Statement, where we must demonstrate a systematic strategy, framework and processes for managing risk.

## Risk management awareness

Awareness of risk management will be undertaken on an on-going basis, through staff bulletins, briefings and training sessions. The [risk management intranet page](#) will be regularly reviewed and staff will be signposted to the information they need to pro-actively manage risk e.g. the risk management toolkit.

## Scope of risk management

Risk Area	Definition	Examples
Reputational	An incident or decision that could affect the 'brand' of the council	Negative media reports, external inspections etc.
Political	Failure to deliver local or central government policy or meet local administration's manifesto commitments	New political arrangements, political personalities, political make-up etc.
Legal	Possible breaches of legislation or statutory duties	Failure to comply with statutory requirements etc.
Social	Effects of socio-economic factors on ability to meet objectives	Staff levels from available workforce, ageing population, health statistics etc.
Technological	Capacity to deal with pace & scale of change & consequence of IT failures on ability to deliver objectives	e-government, IT infrastructure, staff & client needs, security standards etc.
Legislative	Current or potential changes in national or European law	Human rights, TUPE regulations etc.
Environmental	Environmental consequences of progressing strategic objectives	Land use, recycling, CO2 emissions etc.
Competitive	Competitiveness of the service and ability to deliver value for money	Fail to win quality accreditation, position in league tables etc.
Customer / Citizen	Failure to meet current & changing needs & expectations of customers and citizens	Managing expectations, extent of consultation etc.
Managerial / Professional	Associated with particular nature of each profession, internal protocols & managerial abilities	Staff restructure, key personalities, internal capacity etc.
Financial	Financial planning & control, budgetary pressures	Budget overspends, level of council tax, reserves etc.
Economic	Ability to meet our financial commitments	Cost of living, interest rates, inflation, poverty indicators etc.
Partnership / Contractual	Failure of contractors & partnerships to deliver to agreed cost & specification	Contractor fails to deliver, not to specification etc.
Physical	Related to fire, security, accident prevention and health & safety	Offices in poor state of repair, use of equipment etc.



## Links to other disciplines

Risk management links closely with Health and Safety, Business Continuity, Emergency Planning and Insurance. 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, the link with risk management is key in ensuring the continuous delivery of services that 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.

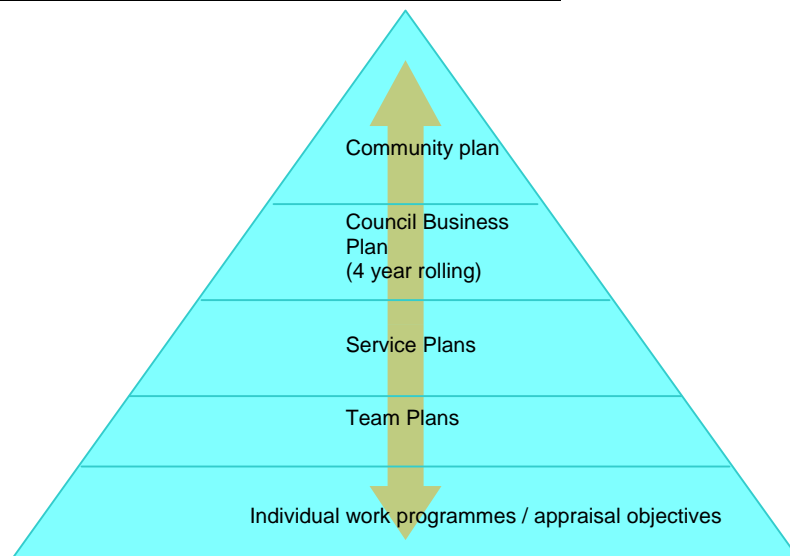
## Risk management and financial planning

Risk management is an important part of financial planning. As part of the budget setting process a robust risk assessment is completed and 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 between the business planning process and risk management. This is why responsibility for risk management now sits within the Business Planning team. The overall council Business Plan and service plans set out what a team, division, department, or the council as a whole, wants to achieve in a set 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 the corporate Key Strategic Risk (KSR) register.
- DMTs are responsible for their own service risk registers.
- Divisions or teams are responsible for their own risk registers, if applicable.

It is important that risks identified and assessed by managers at an operational level are able to be escalated to a departmental or corporate level. However, because a risk would have a great impact on a team it **does not** necessarily follow that it would have a great impact on the department. Ultimately it is the respective management team who decide if a risk is worthy of inclusion on their risk register.

For details of some examples of key strategic risks see Appendix 1 and for departmental risks, see Appendix 2.

## The risk management process

### Stage 1 – Identification of the risk

The first step is to identify any significant risk that could prevent the council, a department or team's, ambitions, aims and objectives being achieved. It is important that those involved in the process clearly understand the objectives in order to be able to identify the barriers to achievement. Risk can be identified by anyone and at any time e.g. at team or management meetings, project boards etc. Various techniques can be used to begin to identify key or significant business risks including, local knowledge and experience, inspection and audit reports, brainstorming sessions, management evaluation tools, learning from others and perceived areas of weakness.

### Stage 2 – Analysing the risk

The information gathered needs to be analysed into risk scenarios to provide a clear understanding of what the risk is. There are two parts to a risk scenario. The cause, describes the situation and event, real or perceived, that exposes us to a risk. The consequences are the events that follow in the wake of the risk, if it were to happen. This allows the potential impact of the risk to be assessed. Each risk is logged on the respective register.

Cause	Consequence
Statement of fact or perception about the organisation, department or project that exposes it to a risk. Include the event that could or has occurred that results in a negative impact on the objectives being achieved	The negative impact <ul style="list-style-type: none"> <li>• How big?</li> <li>• How bad?</li> <li>• How much?</li> <li>• Consider worst likely scenario</li> </ul>

### Stage 3 – Risk prioritisation

The risk will need to be evaluated, discussed and scored, by looking at the risk scenarios and decide the ranking according to the potential likelihood of the risk occurring and the impact if it did occur.

When assessing the potential likelihood and impact the risks must be compared to the appropriate objectives e.g. corporate risks should be scored against the business plan; departmental risks scored against service plans; project risks scored against the project objectives; and partnership risks scored against the aims and objectives of the partnership. Risks should be considered in line with any relevant timeframes e.g. as service plans are revised annually, the timeframe for the likelihood of the risk happening should be over the next 12 months and corporate risks would be assessed over the next four years. The likelihood and impact should also be considered as they stand at that moment in time, with existing controls in place – not taking future or planned actions into account.

**Once a risk has been scored, a ‘sense check’ should be undertaken to ensure the risk has been prioritised realistically.**

The current risk tolerance level is that Red risks are of greatest priority and require immediate attention. Amber risks should be reviewed, as further risk mitigation action may be required, and Green risks are likely to require no further action.

### Risk tolerance matrix

Likelihood	6				
	5				
	4				
	3				
	2				
	1				
		1	2	3	4

**Likelihood**

6 – Very high

5 – High

4 – Significant

3 – Possible

2 – Low

1 – Almost impossible

**Impact**

4 – Catastrophic

3 – Critical

2 – Significant

1 – Marginal

### Stage 4 – Action planning

This is the process of turning ‘knowing’ into ‘doing’ and assessing what to do with the risk.

**Controlled** – It may be possible to mitigate the risk by ‘managing down’ the likelihood, the impact, or both. The control measures should, however, be appropriate and proportionate to the potential frequency, severity and financial consequences of the risk event.

**Accepted** – Certain risks may be accepted as they form part of, or are inherent in, the activities of the council. The important point is that these risks have been identified and are clearly understood. Risks that are unlikely to happen or will have a negligible impact may also fall into this category.

**Terminated** – By ending all participation in a particular service, project or activity

**Transferred** – Risks may be handed off to another body or organisation, e.g. through insurance, contractual arrangements, outsourcing, partnerships etc.

Most risks are capable of being managed – either by managing down the likelihood, the impact, or both. Relatively few risks have to be transferred or terminated. In accordance with our risk tolerance levels, all Red risks **must**, and Amber risks **should**, have an action plan to clearly detail what steps are being taken to deal with and control the risk. It is also important to recognise that existing controls may be in place and so these should be considered before further action is taken. Ideally the actions for controlling the risks will be identified in the service plans. Existing controls, their adequacy, new mitigation measures and associated action planning information should be recorded on the risk register, and where possible hyperlinked to that document.

**Stage 5 – Monitoring risk management**

CMT is responsible for ensuring the key risks on the KSR are managed and monitored regularly. Directors are responsible for ensuring their departmental risk registers are managed and Assistant Directors, Heads of Service and team managers are responsible for managing their risk registers. Monitoring of any departmental Red risks, forms part of Directors Information Centre monitoring.

Low risks, rated Green, do not have to be included in the risk registers, to enable DMTs to focus on those risks likely to happen and that will have a major impact, but should still be monitored

**Reporting and escalating risks**

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. The reviews of risk registers should be managed by exception. The reporting cycle 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	Corporate Risk Management Group (CRMG) – review service risks and proposed KSRs	CMT – identify and review KSRs

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

**Roles and responsibilities**

**Individual Employees**

- To be aware of risk and risk management relevant to their role.
- To identify risks surrounding their everyday work, processes and environment.

## *Section 1 - Draft*

- To actively manage risks and complete risk actions, where appropriate.

### **Corporate Risk Management Group**

- To collate 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.
- To act as a forum for the sharing of best practice.
- To act as champions, facilitators and coordinators of risk management within the council.
- CRMG is made up of:
  - Director of Corporate Services;
  - Head of Business Planning;
  - Departmental risk champions;
  - Head of Audit;
  - Insurance Manager; and
  - Head of Safety Services and Head of Commercial and Procurement on an ad-hoc basis

### **Risk Champions**

- Liaise with DMTs on an ongoing basis, maintaining their risk registers.
- To maintain officer awareness of risks and feed them into the risk identification process.
- To ensure that risks and action plans are updated in the KSR and departmental risk registers.
- To attend and be an active member of CRMG.
- To share and exchange relevant information and knowledge with colleagues.

### **Business Planning team**

To ensure risk management is embedded throughout the council. In particular:

- To keep risk management documentation and intranet pages up to date and relevant.
- To ensure risk is part of the annual service planning process.
- To chair CRMG.
- To submit strategic updates and reports on risk management.
- To provide risk awareness sessions and training to officers and Councillors.

### **Service Managers**

- To maintain the awareness of risks and feeding them into the risk management process by identifying and assessing risks.
- To implement approved risk management action plans.

### **Directors**

## *Section 1 - Draft*

- 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.
- Be actively involved in the risk management process within their department and CMT, including nominating an appropriate Risk Champion for their department.
- Report quarterly, or at other agreed times, to CMT on corporate risks they own.

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

- To carry out independent review of the risk management strategy and processes.
- To provide assurance, giving an independent and objective opinion, to the council on the adequacy of risk management, control procedures and governance.
- To report to Councillors on the control environment.
- To provide an annual Audit Plan, based on a reasonable evaluation of risk, and to provide an annual assurance statement to the council based on work undertaken in the previous year.

### **Chief Executive and CMT**

- To take a leading role in the risk management process and to set an example and standard to all staff.
- To identify, analyse and score corporate and crosscutting risks.
- To advise on the management of corporate and other significant risks.
- To be ultimately accountable that risk management is communicated, understood and implemented by Councillors, managers and staff, and is fully embedded in the council's business planning and monitoring processes.
- To work with Councillors, when appropriate, on the management of risks that could affect the council achieving its ambitions.

### **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 the 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.

### **General Purposes Committee**

To provide an independent oversight of the adequacy of the risk management framework and the associated control environment. In particular:

- To receive the annual review of internal controls and be satisfied it properly reflects the risk environment and any actions required to improve it.
- To receive reports on the KSR to determine whether strategic risks are being actively managed.

## *Section 1 - Draft*

- To review and recommend adoption of the risk management strategy to cabinet on an annual basis, or if significant changes require a revision.

### **Cabinet**

- To receive reports on the risk management strategy to determine whether corporate risks are being actively managed.
- To agree the risk management strategy on an annual basis, or when significant changes are made.
- To report to full Council on the risk management framework.

### **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 recommend course of action. The risk assessment should follow the corporate procedure and scored using the risk matrix. The report should also give details of any controls proposed, or in place, to manage the significant risks identified. Where appropriate, reference should be made to any existing risk.

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 KSR.

For more information on risk management contact the Business Planning team or go to the [risk management intranet page](#).

# **Section D**

# **Performance Management Framework**



## D) PERFORMANCE MANAGEMENT FRAMEWORK

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

Merton launched its Performance Management Framework in 2004. While the main principles of performance management remain the same, the framework undergoes regular review and updating to ensure that it remains up to date with changes such as the new business planning arrangements launched in 2011/12. The Business Plan now brings together financial and service planning, presented as one comprehensive document to give a detailed picture of how the council will operate each year, over a four year period.

Performance management is really just good management. It is about how we consistently plan and manage improvements to our services to ensure continuous improvement in line with Lean principles. Sustainable improvements in services are unlikely to happen without it. Everyone in the organisation has a part to play in monitoring our services and achieving our ambition. Our framework will help all of us 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, how the plan fits together - the Golden Thread
2. The planning, monitoring and review cycle
3. Taking responsibility seriously

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

The performance management framework is represented by the performance triangle

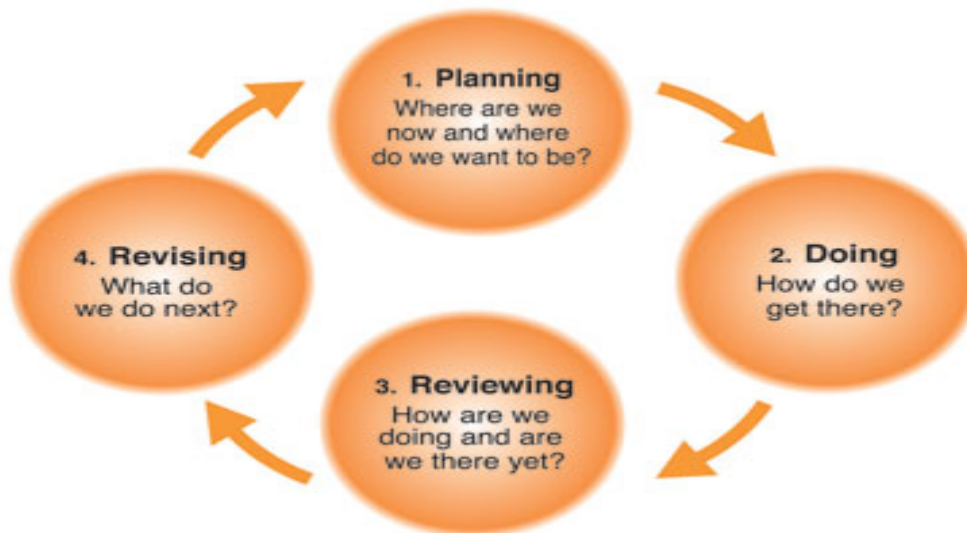


The key aspects of the Golden Thread are:

- [The Community Plan](#) sets out the priorities for the council and its partners.
- [The 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.
- [Individual appraisals](#) take place twice a year and are used to agree individual work programmes and targets.
- [The 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.
- [The Workforce Development Plan](#) is focused on making the best use of the skills of staff to deliver the services residents demand and deserve

### **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 reflected in performance 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 that describe where we want to be are laid out in the Community Plan and the Business Plan and reflected at a more local level in service plans and targets in annual appraisals.

**Doing - How do we get to where we want to be?**

To get 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.

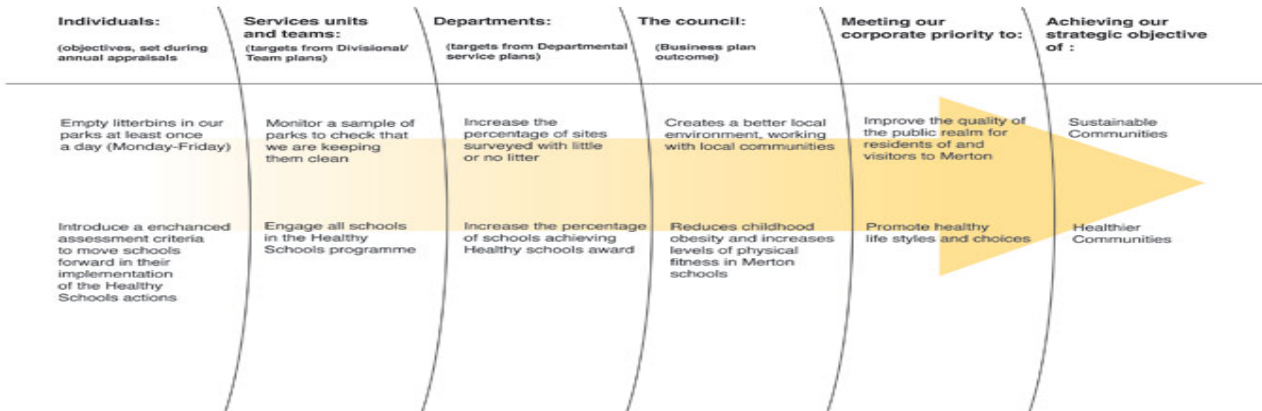
**Revising - What do we do next?**

It is important that our services evolve to meet the needs of our residents. Having reviewed our performance we may need to change what we are doing or 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 to improving Merton, working within and using the Performance Management Framework. This ensures that measurable activities at individual, team and service levels translate into outcomes.



**Deciding what to measure and setting targets**

Performance measures and indicators describe how well a service is performing against its objectives. Targets are defined levels of performance for a particular performance measure or indicator. Setting targets is an important discipline and the [Business Planning](#) team are able to help with this.

**Data Quality**

Having set targets it is important that we report progress against these in a timely and accurate way, therefore good data quality is essential. The council adopted a [data quality](#)

## Section 1 - Draft

[strategy](#) in 2006 which outlines the principles and standards of data quality expected by the council.

The roles and responsibilities are outlined below:

### **Individuals**

All staff have a responsibility to deliver the tasks / actions that have been agreed in their appraisal and understand how their work contributes to the team, departmental and council goals.

### **Managers**

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.

### **Heads of Service**

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.

### **Departmental Management Teams**

DMTs monitor their department's performance information and are responsible for taking action to deal with under-performance. DMTs make sure that every manager in the department knows and understands the planning cycle and performance management framework.

### **Directors**

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 CMT.

### **Corporate Management Team**

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 DMTs to review areas of concern and agree management action to address under-performance.

### **Cabinet and Elected Councillors**

Ultimately, councillors are responsible for setting the direction of the council and developing priorities by developing policy, setting strategic targets, monitoring progress, and agreeing the framework for continuous improvement.

[Full Council](#) receive regular reports on progress against the strategic themes, including any relevant performance information and can use these meetings as an opportunity to ask questions of cabinet members about performance issues.

### **Overview and Scrutiny**

[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](#).

Revised Table of Corporate Performance indicators to be added

# **Section E**

# **Service Planning**

# **2012-16**

## SERVICE PLANNING

1. The following service plans have been compiled, they are displayed in the table below under their Scrutiny Panel:

<b>Children &amp; Young People</b>	<b>Healthier Communities &amp; Older People</b>	<b>Overview &amp; Scrutiny</b>	<b>Sustainable Communities</b>
Children's Social Care	Adult Social Care	Business Improvement	Commercial Waste
Commissioning, Strategy & Performance		Corporate Governance	Development & Building Control
Early Years		Customer Services	Environmental Health
Schools, Standards & Quality		Human Resources	Future Merton
Special Educational Needs		Infrastructure & Transactions	Housing Needs & Enabling
Youth and Inclusion		Resources	Leisure Development
		Safer Merton	Libraries
			Merton Adult Education
			Parks & Green Spaces
			Parking
			Property
			Street Cleaning
			Traffic & Highways
			Transport
			Waste Management

Individual service plans are now detailed on the following pages, they are displayed in the order of the table above:

# Children & Young People



**Councillor Maxi Martin, Cabinet Member for Children's Services**

Childrens Social Care		PLANNING ASSUMPTIONS										Corporate strategies		Workforce development
Anticipated demand	2011/12	2012/13	2013/14	2014/15	2015/16	Key drivers of demand	Polarity	Reporting cycle	Indicator type	Impact if not met				
Population Growth - Looked after children	n/a	5	5	5	5	Statutory / Government initiative	High	Quarterly	Business critical	Safeguarding issues	Children and Young person's Plan	Reliance on Learning & Dev.		
Population Growth - Child Protection Plans	n/a	5	5	5	5	Statutory / Government initiative	High	Quarterly	Business critical	Safeguarding issues	Anti Social Behaviour Strategy			
Population Growth - other open cases	n/a	50	50	50	50	Statutory / Government initiative	High	Quarterly	Quality	Safeguarding issues	Children and Young person's Plan			
Increased pressure on front line service due to Early Intervention Programme savings	n/a	reduced	more statutory interventions as later stage			Select demand driver	High	Quarterly	Outcome	Reduced customer service	Performance Management Framework			
<b>Anticipated supply</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>Key drivers of supply</b>								
Staff	186FTE	182FTE	182FTE	182FTE	182FTE	Economic					Social Inclusion Strategy			
Accommodation	n/a	planned move Worsfold to CC				Economic					Community Plan			
Adoption and Fostering	n/a	more children to be placed for permanency in a shorter time				Legal					Corporate Equality Scheme			
Select anticipated supply	n/a					Legal								
<b>Performance indicators</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>									
Initial assessments completed within 10 days	75%	75%	measures will change following Munro											
Core assessments completed within 35 days	75%	75%	Review											
CP visits completed on time (child seen)	94%	94%	95%	95%	95%									
Children in care adopted or receiving a Special Guardianship Order	n/a	12	12	14	14									
CYP on Child Protection Plan for 2nd or subsequent time	n/a	10%	10%	10%	10%									
<b>MAJOR WORK PROJECTS / PROCUREMENT</b>														
<b>2012/13</b>	<b>2013/14</b>										<b>2014/15</b>		<b>2015/16</b>	
Project 1	Administration and Support - Carefirst Improvement Project aligned to savings proposal of 125k in 2013-14	Project 1	Administration and Support - Business Support Review supported by move to Civic Centre and Carefirst Project										Project 1	
Project 2	Relocate Worsfold House staff to the Civic Centre in July 2012	Project 2											Project 2	
Project 3	Create fully permanent CSC workforce	Project 3											Project 3	
Project 4	Restructure Adoption & Fostering Service	Project 4											Project 4	
Project 5	Recommission some early intervention services - preparation & consultation	Project 5	Recommission some early intervention services - procurement & implementation										Project 5	
Project 6	Implement Munro recommendations	Project 6	Implement Munro recommendations - continued										Project 6	
Project 7		Project 7											Project 7	
Project 8		Project 8											Project 8	
Project 9		Project 9											Project 9	
Project 10		Project 10											Project 10	

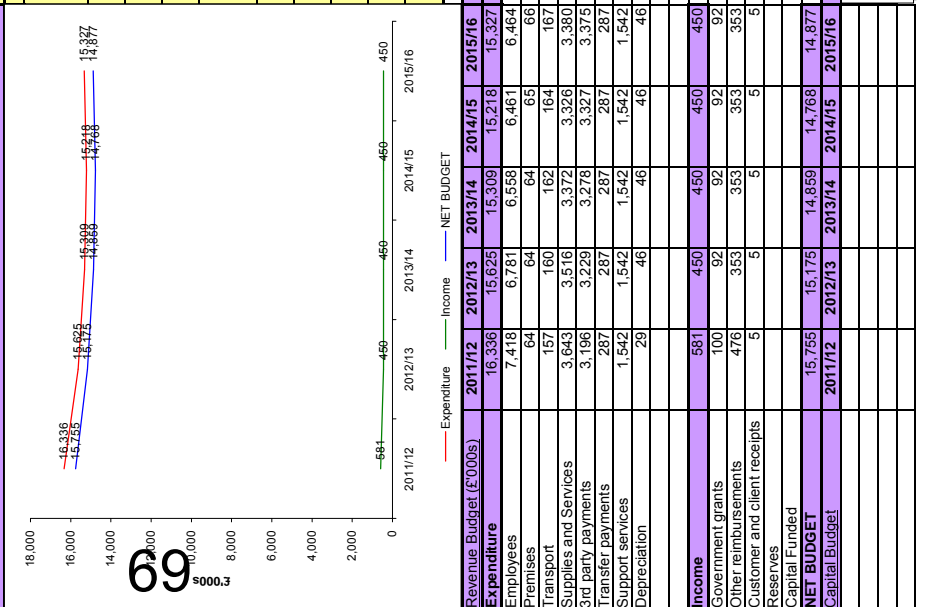
ACTIONS AND SAVINGS									
2012/13	2013/14	2014/15	2015/16	2016/17					
20	20	200	100						
20	20	200	100						
47	47	47	47						
30	30	30	30						
10	10	125	100						
		100	100						
		425	200						
227									
<b>Finance Comments (Capital Budget or otherwise)</b>									

**Childrens Social Care**

Children's Social Care (CSC) delivers a range of government prescribed and legislated functions to children at risk of harm, children in care and care leavers. CSC works within an integrated context co-ordinating multi agency support to those families and works at Levels 3, 4 and 5 of Merton's Child and Young Person (CYP) Well-being Model. The service works with approximately 1300 children at any one time who have the greatest needs in the borough across a range of outcomes: safety, well-being, health, education and life chances.

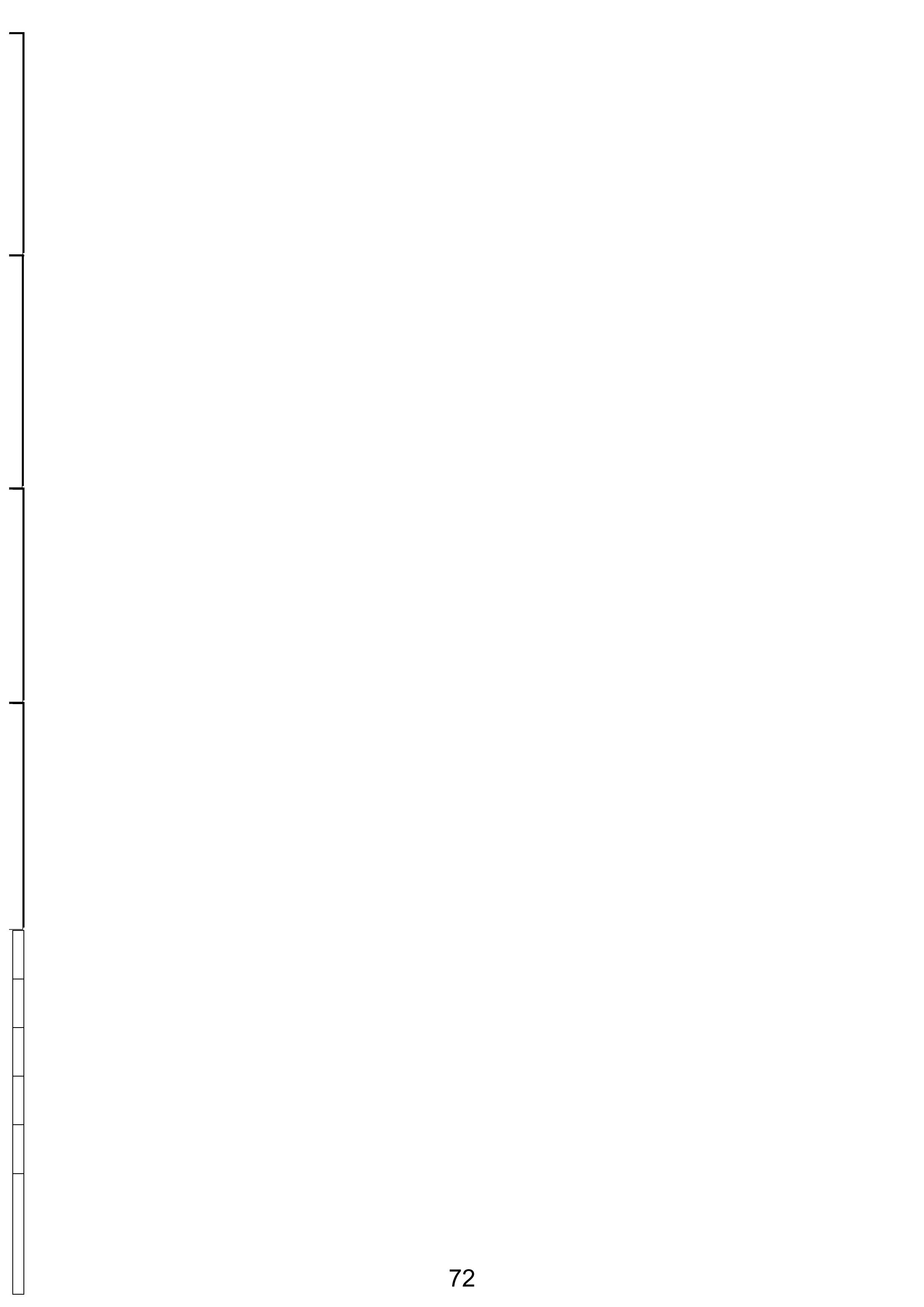
Merton's CYP Well-being Model sets out Merton's approach to supporting families which seeks to provide services at the time they are needed to prevent further need arising and escalation up the model. This is the most efficient use of resources and CSC undertakes a range of family support activity to prevent children entering either child protection or care systems at every age and stage of childhood. This necessitates a strong commitment to robust thresholds which requires a quality assurance function to ensure ongoing success of the Model.

Merton has lower numbers of children subject to child protection plans and in the care system than the majority of London boroughs and seeks to continue this approach, therefore ensuring that we minimise the use of costly high end interventions with our families and promoting families strengths to enable them to care for their own children. The CSC budget comprises general fund and areas of the Early Intervention Grant (Bond Road Family Support and commissioned Action for Children services).







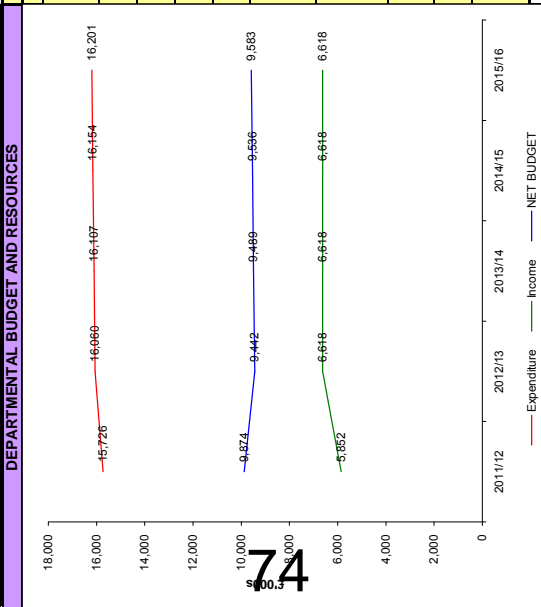


ACTION PLAN									
DETAILS OF YOUR MAJOR WORK PROJECTS AND THEIR IMPACT									
DESCRIPTION	MAJOR EXPECTED OUTCOME	Equalities	IMPACT ON:			Risk		Score	
			Other services (maximum of 3)	Sustainability	Likelihood	Impact			
Project 1 2012/15 Progress existing capital schemes & provide additional 1-3 forms of entry in primary schools	To meet legislative requirements	Equality analysis to be undertaken	Development and Building Control - negative impact	Impact on building emissions	4	3	12		
Project 2 2012/16 Develop and gain mandate for secondary school expansion strategy and progress capital schemes to provide additional 6 fe in secondary schools in 2015/16	To meet legislative requirements	Equality analysis to be undertaken	Development and Building Control - negative impact	Impact on building emissions	4	3	12		
Project 3 2012/13 Implement schools procurement hub	More efficient way of working	No impact	Commercial and Procurement - negative impact	Not applicable	2	2	4		
Project 4 2012/14 Complete retendering of schools catering contract and begin retendering of schools cleaning contract	Improved customer satisfaction	Equality analysis to be undertaken	Commercial and Procurement - negative impact	Not applicable	2	2	4		
Project 5 2012/13 Co-ordinate production of new 3 year Children & Young People's Plan	Improved resident well being	Equality analysis to be undertaken	No impact	Not applicable	2	1	2		
Project 6 2012/14 Implement new early intervention and prevention (EIP) strategy and procure new 3rd party EIP services in 2013/14	Improved resident well being	Equality analysis to be undertaken	Human Resources - negative impact Commercial and Procurement - negative impact	Not applicable	3	3	9		
Project 7 2012/14 Retendering of young people's substance misuse services	More efficient way of working	Equality analysis to be undertaken	Commercial and Procurement - negative impact	Not applicable	2	2	4		
Project 8 2012/13 Co-ordinate office moves to Civic Centre	More efficient way of working	No impact	Facilities Management - negative impact	Impact on building emissions	2	2	4		
Project 9 2013/14 Development & implement internal SLAs and strategies for income generation	To meet budget savings	No impact	No impact	Not applicable	2	2	4		
Project 10 2014/15 PFI 5 year review	To meet legislative requirements	Equality analysis to be undertaken	No impact	Not applicable	4	2	8		

Councillor Maxi Martin, Cabinet Member for Childrens Services		PLANNING ASSUMPTIONS										Corporate strategies		Workforce development						
Early Years		Anticipated demand		2011/12		2012/13		2013/14		2014/15		2015/16		Key drivers of demand		Corporate strategies		Workforce development		
Primary function is to deliver the duties in the Childcare Act 2006 to improve outcomes for all children aged 0-5 through multi agency partnership services.		Increase in population 0-5		n/a		600		1000		1100		900		Customer demand - external		Children and Young person's Plan		Learning & Dev.		
Services delivered are part of a universal, early help and targeted service through the commissioning and delivery of Children's Centres, family support, funded entitlement free nursery places for 2 to 4 year olds in a mixed market, ensuring and monitoring quality with OFSTED registered and funded entitlement settings, information for families (0-19) and childcare market management (sufficiency of childcare for 0 - 16s).		Increase in population 5-11		n/a		1000		1000						Customer demand - external		Community Plan				
The service will change in 2013 with the introduction of new statutory duties for the delivery of early years curriculum, 2 year old funded places, focus on targeting, early intervention and a move towards locally models of delivery for children's centre services.		Increase in 2 year old offer		n/a		1000								Statutory / Government initiative		Corporate Equality Scheme				
There will be a greater focus on: income generation, use of data to drive forwards performance management of commissioned services, market management for the growth required across the sector for up to 500 vulnerable 2 year olds.		Anticipated supply		2011/12		2012/13		2013/14		2014/15		2015/16		Key drivers of supply		Performance Management				
There will be fewer staff and fewer commissioned partners. Increased customer channelling through use of the web and social media.		Staff		151FTE		147FTE		depends on locally model reviewed						Legal		Social Inclusion Strategy				
		Commissioned Services		n/a		arrangements for some commissioned services to be reviewed								Economic		Performance Management				
		Voluntary Sector		n/a										Economic						
		Performance indicators		2011/12		2012/13		2013/14		2014/15		2015/16		Performance targets (Indicate if % target)		Reporting cycle		Indicator type		Impact if not met
		EY Foundation Stage Profile		n/a		63%		65%		67%		69%		High		Annual		Outcome		Increased costs
		Good or outstanding childminding per Ofsted		66%		67%		69%		71%		73%		High		Quarterly		Outcome		Increased costs
		Good or outstanding children's centres per Ofsted		60%		100%		100%		100%		100%		High		Quarterly		Quality		Inspection outcomes

MAJOR WORK PROJECTS / PROCUREMENT													
2012/13			2013/14			2014/15			2015/16				
Project 1	Children's Centres - locally model of delivery consultation, proposal & agreement	Project 1	Children's Centres - locally model of delivery - implementation	Project 1	Children's Centres - smarter commissioning with schools for CCs	Project 1	Children's Centres - smarter commissioning with schools for CCs	Project 1	Children's Centres - smarter commissioning with schools for CCs	Project 1	Children's Centres - smarter commissioning with schools for CCs	Project 1	Children's Centres - smarter commissioning with schools for CCs
Project 2	Review services & support for targeted families	Project 2	New commissioning arrangements new model for targeted work 0-12s	Project 2	Deliver 500 funded places for 2 year olds	Project 2	Deliver 500 funded places for 2 year olds	Project 2	Deliver 500 funded places for 2 year olds	Project 2	Deliver 500 funded places for 2 year olds	Project 2	Deliver 500 funded places for 2 year olds
Project 3	Introduce new requirements for PVI & funded places for 2 year olds	Project 3	Create capacity across sector for delivery of new places + funding	Project 3	Outsourced services	Project 3	Outsourced services	Project 3	Outsourced services	Project 3	Outsourced services	Project 3	Outsourced services
Project 4	Review direct delivery of some services for outsourcing	Project 4	Embedding PBR as part of commissioning/performance	Project 4	Evaluate & review local framework for PBR	Project 4	Evaluate & review local framework for PBR	Project 4	Evaluate & review local framework for PBR	Project 4	Evaluate & review local framework for PBR	Project 4	Evaluate & review local framework for PBR
Project 5	Preparation for Payment By Results (PBR) - improving EYFSP outcomes	Project 5	Embedding new solutions	Project 5	Review & evaluate	Project 5	Review & evaluate	Project 5	Review & evaluate	Project 5	Review & evaluate	Project 5	Review & evaluate
Project 6	Migration of ICT and facilities for school based children's centres from corporate to local solution	Project 6	Work in partnerships with HV across Sutton and Merton to develop shared working practices & roll out of universal 2 year health review	Project 6	Project 6	Project 6	Project 6	Project 6	Project 6	Project 6	Project 6	Project 6	Project 6
Project 7	Support childminders in improving the quality of provision	Project 7	Project 7	Project 7	Project 7	Project 7	Project 7	Project 7	Project 7	Project 7	Project 7	Project 7	Project 7
Project 8	Project 8	Project 8	Project 8	Project 8	Project 8	Project 8	Project 8	Project 8	Project 8	Project 8	Project 8	Project 8	Project 8
Project 9	Project 9	Project 9	Project 9	Project 9	Project 9	Project 9	Project 9	Project 9	Project 9	Project 9	Project 9	Project 9	Project 9
Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10

ACTIONS AND SAVINGS													
2012/13			2013/14			2014/15			2015/16				
25	Reduction in commissioning budget	25	Reduction in commissioning budget	25	Reduction in commissioning budget	25	Reduction in commissioning budget	25	Reduction in commissioning budget	25	Reduction in commissioning budget	25	Reduction in commissioning budget
48	Reduction in provision of CPD	48	Reduction in provision of CPD	48	Reduction in provision of CPD	48	Reduction in provision of CPD	48	Reduction in provision of CPD	48	Reduction in provision of CPD	48	Reduction in provision of CPD
6	Increase fees at Lavender CC	6	Increase fees at Lavender CC	6	Increase fees at Lavender CC	6	Increase fees at Lavender CC	6	Increase fees at Lavender CC	6	Increase fees at Lavender CC	6	Increase fees at Lavender CC
128	Back office and service efficiencies	128	Back office and service efficiencies	128	Back office and service efficiencies	128	Back office and service efficiencies	128	Back office and service efficiencies	128	Back office and service efficiencies	128	Back office and service efficiencies
100	Resr to reduce posts and streaml managem	100	Resr to reduce posts and streaml managem	100	Resr to reduce posts and streaml managem	100	Resr to reduce posts and streaml managem	100	Resr to reduce posts and streaml managem	100	Resr to reduce posts and streaml managem	100	Resr to reduce posts and streaml managem
809	Support services	809	Support services	809	Support services	809	Support services	809	Support services	809	Support services	809	Support services
181	Depreciation	181	Depreciation	181	Depreciation	181	Depreciation	181	Depreciation	181	Depreciation	181	Depreciation
6,618	Income	6,618	Income	6,618	Income	6,618	Income	6,618	Income	6,618	Income	6,618	Income
5,852	Government grants	5,852	Government grants	5,852	Government grants	5,852	Government grants	5,852	Government grants	5,852	Government grants	5,852	Government grants
4,985	Other reimbursements	4,985	Other reimbursements	4,985	Other reimbursements	4,985	Other reimbursements	4,985	Other reimbursements	4,985	Other reimbursements	4,985	Other reimbursements
27	Customer and client receipts	27	Customer and client receipts	27	Customer and client receipts	27	Customer and client receipts	27	Customer and client receipts	27	Customer and client receipts	27	Customer and client receipts
840	Reserves	840	Reserves	840	Reserves	840	Reserves	840	Reserves	840	Reserves	840	Reserves
9,874	Capital Funded	9,874	Capital Funded	9,874	Capital Funded	9,874	Capital Funded	9,874	Capital Funded	9,874	Capital Funded	9,874	Capital Funded
179	NET BUDGET	179	NET BUDGET	179	NET BUDGET	179	NET BUDGET	179	NET BUDGET	179	NET BUDGET	179	NET BUDGET
0	Capital Budget	0	Capital Budget	0	Capital Budget	0	Capital Budget	0	Capital Budget	0	Capital Budget	0	Capital Budget
0	Intergenerational Centre	0	Intergenerational Centre	0	Intergenerational Centre	0	Intergenerational Centre	0	Intergenerational Centre	0	Intergenerational Centre	0	Intergenerational Centre
0	Finance Comments (Capital Budget or otherwise)	0	Finance Comments (Capital Budget or otherwise)	0	Finance Comments (Capital Budget or otherwise)	0	Finance Comments (Capital Budget or otherwise)	0	Finance Comments (Capital Budget or otherwise)	0	Finance Comments (Capital Budget or otherwise)	0	Finance Comments (Capital Budget or otherwise)



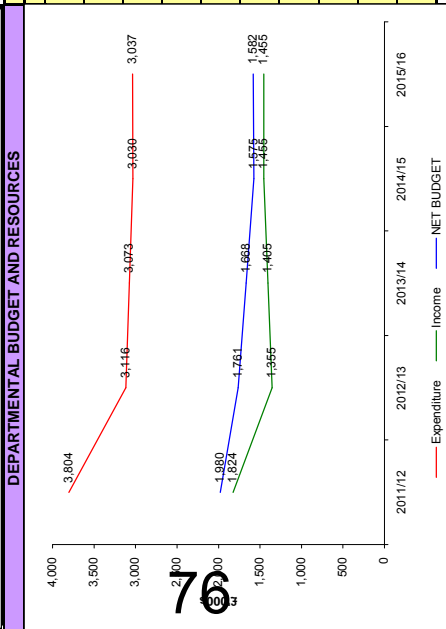


ACTION PLAN									
DETAILS OF YOUR MAJOR WORK PROJECTS AND THEIR IMPACT									
MAJOR EXPECTED OUTCOME	EQUALITIES	IMPACT ON:			RISK		SCORE		
		Other services (maximum of 3)	Sustainability	Likelihood	Impact				
Project 1 2012/15 Children's Centres locality model of delivery; 2012/13 consultation, proposal & agreement, 2013/14 implementation, 2014/15 smarter commissioning Currently out to consultation on a proposal to achieve greater alignment of service delivery at 3 or 4 locations in Merton.	Some work done but further analysis as proposals develop	Early Years - positive impact Schools, Standards and Quality - positive impact Special Educational Needs - positive impact	Community outreach	2	2	4			
Project 2 2012/13 Review services & support for targeted families 2013/14 New commissioning arrangements new model for targeted work 0-12s	Equality analysis to be undertaken	Early Years - positive impact Children's Social Care - positive impact Schools, Standards and Quality - positive impact	Not applicable	3	3	9			
Project 3 2012/13 Introduce new requirements for PVI & funded places for 2 year olds 2013/14 Create capacity across sector for delivery of new places + funding 2014/15 Deliver 500 funded places for 2 year olds	Some work done but further analysis as proposals develop	Early Years - positive impact Children's Social Care - positive impact Special Educational Needs - positive impact	Not applicable	4	3	12			
Project 4 2012/14 Review direct delivery of some services for outsourcing	Equality analysis to be undertaken	Early Years - positive impact Commercial and Procurement - negative impact Select a service	Not applicable	3	3	9			
Project 5 2012/13 Preparation for Payment By Results - improving EYFSP outcomes; 2013/14 embedding PBR, 2014/15 review and evaluate	Equality analysis to be undertaken	Early Years - positive impact Schools, Standards and Quality - positive impact Business Improvement - positive impact	Not applicable	4	2	8			
Project 6 2012/14 Migration of ICT and facilities for school based children's centres from corporate to local solution	No impact	Early Years - positive impact Business Improvement - positive impact Future Merton - positive impact	Not applicable	2	2	4			
Project 7 2012/13 Work in partnerships with HV across Sutton and Merton to develop shared working practices & roll out of universal 2 year health review	Equality analysis to be undertaken	Business Improvement - positive impact Communications - positive impact Early Years - positive impact Children's Social Care - positive impact	Not applicable	3	2	6			
Project 8 2012/13 Support childminders in improving the quality of provision	No impact	Early Years - positive impact Schools, Standards and Quality - positive impact	Not applicable	3	2	6			
Project 9									
Project 10									

Councillor Peter Walker, Cabinet Member for Education		PLANNING ASSUMPTIONS										Corporate strategies		Workforce development				
Schools Standards & Quality		Anticipated demand		2011/12		2012/13		2013/14		2014/15		2015/16		Key drivers of demand		Corporate strategies		Workforce development
To support and challenge Merton's schools in order to raise standards for all pupils by:		N number of Merton maintained schools		n/a		53		expansion plans ref pupil places req'd		Customer demand - external		Children and Young person's Plan		Learning & Dev.				
• monitoring, analysing and evaluating pupil and school performance		Increase in population 5-11		n/a		1000		1100		900		Community Plan						
• developing the skills of Merton's teachers in planning, teaching and assessment.		Increase in population 11-15		n/a		2000		50		200		Corporate Equality Scheme						
• developing school leadership and management skills at all levels.		Anticipated supply		2011/12		2012/13		2013/14		2014/15		2015/16		Performance Management				
• supporting curriculum development and innovation.		Staff		20FTE		25FTE		24FTE		23FTE		23FTE		Select Strategy delivery				
• offering consistent challenge to Merton schools to improve.		School to School support		n/a		Facilitate & encourage schools to support each other		Economic		Economic		Economic		Social Inclusion Strategy				
• directing school improvement strategies for schools in challenging circumstances.		Performance indicators		2011/12		2012/13		2013/14		2014/15		2015/16		Impact if not met				
• working with schools to reduce inequality and support the achievement of underperforming and vulnerable groups		5 GCSE A-C including English and maths		56%		62%		64%		66%		68%		Reputational risk				
Main changes:		All maintained school Ofsted inspections at good or outstanding		60%		75%		77%		79%		80%		Inspection outcomes				
• Respond to the changing relationship of Local Authorities with schools in response to new government policies		L4 English and maths at KS2		78%		78%		80%		82%		84%		Reputational risk				
• Respond to legislative/national changes - Education Act, Green Paper, assessment changes, new Ofsted framework																		
• Work with head teachers to develop structures for collaborative work																		

MAJOR WORK PROJECTS / PROCUREMENT									
2012/13		2013/14		2014/15		2015/16			
Project 1	Improving pupil outcomes at KS2 and KS4	Project 1	Improving pupil outcomes at KS2 and KS4	Project 1	Improving pupil outcomes at KS2 and KS4	Project 1	Improving pupil outcomes at KS2 and KS4	Project 1	Project 1
Project 2	Development of new primary & secondary schools partnership	Project 2	Development of primary & secondary schools partnership - ongoing	Project 2	Development of primary & secondary schools partnership - ongoing	Project 2	Development of primary & secondary schools partnership - ongoing	Project 2	Project 2
Project 3	Familiarising all schools with new Ofsted framework	Project 3	Embedding shared services with Sutton	Project 3	Embedding shared services with Sutton	Project 3	Embedding shared services with Sutton	Project 3	Project 3
Project 4	Embedding Merton Leaders of Education Programme	Project 4	Embedding shared services with Sutton	Project 4	Embedding shared services with Sutton	Project 4	Embedding shared services with Sutton	Project 4	Project 4
Project 5	Embedding shared services with Sutton	Project 5	Maximising income generation - ongoing	Project 5	Maximising income generation - ongoing	Project 5	Maximising income generation - ongoing	Project 5	Project 5
Project 6	Improving service to schools through development of Extranet	Project 6	Maximising income generation	Project 6	Maximising income generation	Project 6	Maximising income generation	Project 6	Project 6
Project 7	Maximising income generation	Project 7	Introduction of raising participation Age	Project 7	Introduction of raising participation Age	Project 7	Introduction of raising participation Age	Project 7	Project 7
Project 8	Embedding new Merton Education Partnership	Project 8		Project 8		Project 8		Project 8	Project 8
Project 9		Project 9		Project 9		Project 9		Project 9	Project 9
Project 10		Project 10		Project 10		Project 10		Project 10	Project 10

ACTIONS AND SAVINGS									
2012/13		2013/14		2014/15		2015/16			
Project 1	Deletion of post	Project 1	Deletion of post	Project 1	Deletion of post	Project 1	Deletion of post	Project 1	Project 1
Project 2	Increase income from PDC & ICT buy-back	Project 2	Increase income from PDC & ICT buy-back	Project 2	Increase income from PDC & ICT buy-back	Project 2	Increase income from PDC & ICT buy-back	Project 2	Project 2
Project 3		Project 3		Project 3		Project 3		Project 3	Project 3
Project 4		Project 4		Project 4		Project 4		Project 4	Project 4
Project 5		Project 5		Project 5		Project 5		Project 5	Project 5
Project 6		Project 6		Project 6		Project 6		Project 6	Project 6
Project 7		Project 7		Project 7		Project 7		Project 7	Project 7
Project 8		Project 8		Project 8		Project 8		Project 8	Project 8
Project 9		Project 9		Project 9		Project 9		Project 9	Project 9
Project 10		Project 10		Project 10		Project 10		Project 10	Project 10
Finance Comments (Capital Budget or otherwise)									
100									
0									



Revenue Budget (£'000s)	2011/12	2012/13	2013/14	2014/15	2015/16
Expenditure	3,804	3,116	3,073	3,030	3,037
Income	1,980	1,824	1,761	1,465	1,455
NET BUDGET	1,824	1,292	1,312	1,565	1,582
Government grants	548	59	59	59	59
Other reimbursements	634	693	718	743	743
Customer and client receipts	585	603	628	653	653
Reserves	57				
Capital Funded					
NET BUDGET	1,980	1,761	1,668	1,575	1,582
Capital Budget					



ACTION PLAN									
DETAILS OF YOUR MAJOR WORK PROJECTS AND THEIR IMPACT									
Project	DESCRIPTION	MAJOR EXPECTED OUTCOME	Equalities	IMPACT ON:			Risk		Score
				Other services (maximum of 3)	Sustainability	Likelihood	Impact		
Project 1	2012/15 Improving pupil outcomes at KS2 and KS4 Challenge and support for senior leadership in all Merton schools	Improved reputation	High level assessment done as part of service review, further monitoring of equalities issues reviewed termly	Whole organisation - positive impact Early Years - positive impact Special Educational Needs - positive impact	Not applicable	2	3	6	
Project 2	2012/15 Development of new primary and secondary schools partnership	Improved reputation	Equality analysis to be undertaken	Whole organisation - positive impact Early Years - positive impact Special Educational Needs - positive impact	Not applicable	3	3	9	
Project 3	2012/13 Familiarising all schools with new Ofsted framework Ongoing work on school self evaluation as part of understanding the new criteria.	Improved reputation	Equality analysis to be undertaken	Whole organisation - positive impact Early Years - positive impact Special Educational Needs - positive impact	Not applicable	2	3	6	
Project 4	2012/13 Embedding Merton Leaders of Education Programme Secondary Partnership agreed with Heads & Governors. Primary Partnership to be concluded on a similar basis by March 2012. Two "teaching school" bids live, with decision date in March. Ongoing commitment across the sector for increased school to school support.	Improved reputation	Equality analysis to be undertaken	Whole organisation - positive impact Early Years - positive impact Special Educational Needs - positive impact	Not applicable	2	2	4	
Project 5	2012/15 Embedding shared services with Sutton	More efficient way of working	Equality analysis to be undertaken	Whole organisation - positive impact Early Years - positive impact Special Educational Needs - positive impact	Not applicable	3	3	9	
Project 6	2012/13 Improving service to schools through development of Extranet	Improved customer satisfaction	Equality analysis to be undertaken	Whole organisation - positive impact Early Years - positive impact Special Educational Needs - positive impact	Not applicable	2	2	4	
Project 7	2012/15 Maximising income generation Maximising income generation through provision of services to OLAs and to schools on a buy-back basis.	Income generation	No impact	Whole organisation - positive impact Early Years - positive impact Special Educational Needs - positive impact	Not applicable	4	2	8	
Project 8	2012/13 Embedding new Merton Education Partnership Current work on Merton Education Partnership developing well. Broad agreement about key values. Further thought currently being given to strategic governance issues for the Partnership.	Improved reputation	Equality analysis to be undertaken	Whole organisation - positive impact Early Years - positive impact Special Educational Needs - positive impact	Not applicable	3	3	9	
Project 9	2013/14 Introduction of raising participation Age	To meet legislative requirements	Equality analysis to be undertaken	Special Educational Needs - positive impact Children's Social Care - positive impact	Not applicable	4	3	12	
Project 10									

**Cllr Maxi Martin, Cabinet Member for Childrens Services**

**Special Educational Needs**

Special Educational Needs and Disabilities Integrated Service:  
 1. Early intervention and prevention  
 2. Direct support for schools and families  
 3. Best value local provision  
 4. Secure best outcomes for pupils locally where possible  
 5. Quality Assurance existing and future provision

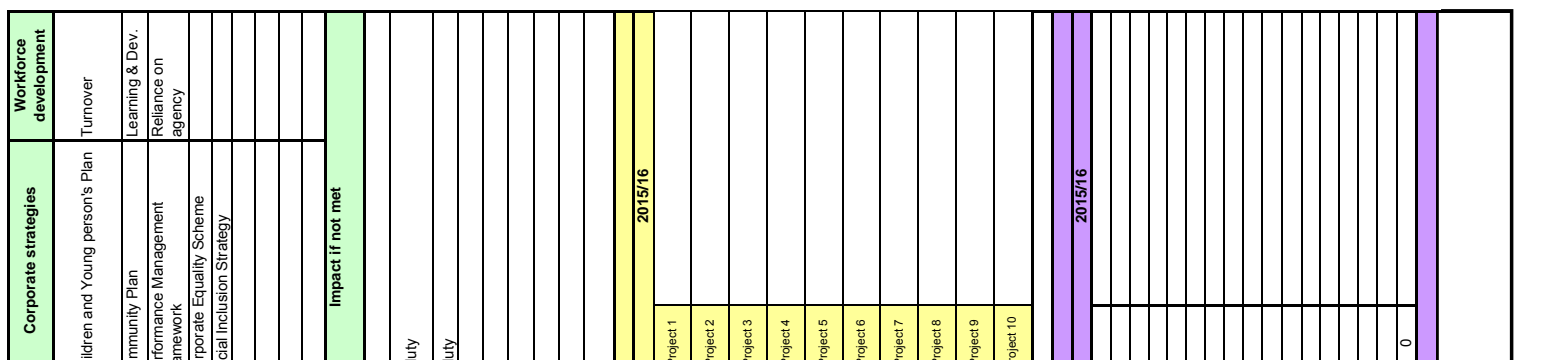
The purpose of this service is to adhere to ALL requirements of the  
 ● Children Act 1989, 2004, Sec 47, 17, 20 & 31,  
 ● The Special Educational Needs Code Of Practice,  
 ● Education Act 1996 &  
 ● Special Educational Needs Regulations 2001.  
 ● Build the capacity of schools and settings to meet the needs of children and young people with Special Educational Needs and Disabilities (SEND)  
 ● Use resources efficiently to further the capacity of the community and their families to meet the needs of children and young people with SEND.

PLANNING ASSUMPTIONS										Key drivers of demand		Corporate strategies		Workforce development	
Anticipated demand	2011/12	2012/13	2013/14	2014/15	2015/16	Customer demand - external	Children and Young person's Plan	Learning & Dev.	Reliance on agency	Corporate Equality Scheme	Social Inclusion Strategy	Community Plan	Performance Management Framework	Corporate Equality Scheme	Social Inclusion Strategy
Increase in demand for targeted & specialist services for children SEND, in accordance with 'Child Wellbeing Model'	n/a	200	200	200	200	200	200	25	25	25	25	25	25	25	25
Increase in requests for Statements of SEN	n/a	25	25	25	25	25	25	82FTE	82FTE	82FTE	82FTE	82FTE	82FTE	82FTE	82FTE
Anticipated supply	2011/12	2012/13	2013/14	2014/15	2015/16	Key drivers of supply	Economic								
Staff	85FTE	84FTE	83FTE	82FTE	82FTE										
Performance indicators	2011/12	2012/13	2013/14	2014/15	2015/16	Performance targets (Indicate if % target)									
Number of Short Breaks	430	430	440	450	460	Increased costs									
SEN statements issued in 26 weeks excluding exceptions	89%	100%	100%	100%	100%	Breach statutory duty									
All SEN statements issued in 26 weeks	89%	95%	95%	95%	95%	Breach statutory duty									

MAJOR WORK PROJECTS / PROCUREMENT										2014/15		2015/16		
2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Project 1	Changes to Statutory SEN process following Green Paper	Project 1	Changes to Statutory SEN process following Green Paper	Project 1	Changes to Statutory SEN process following Green Paper	Project 1	Changes to Statutory SEN process following Green Paper	Project 1	Changes to Statutory SEN process following Green Paper	Project 1	Changes to Statutory SEN process following Green Paper	Project 1	Changes to Statutory SEN process following Green Paper	Project 1
Project 2	Early Intervention Grant & implications for Aiming High & Short Breaks delivery.	Project 2	Early Intervention Grant & implications for Aiming High & Short Breaks delivery.	Project 2	Early Intervention Grant & implications for Aiming High & Short Breaks delivery.	Project 2	Early Intervention Grant & implications for Aiming High & Short Breaks delivery.	Project 2	Early Intervention Grant & implications for Aiming High & Short Breaks delivery.	Project 2	Early Intervention Grant & implications for Aiming High & Short Breaks delivery.	Project 2	Early Intervention Grant & implications for Aiming High & Short Breaks delivery.	Project 2
Project 3	Embed Short breaks strategy	Project 3	Embed Short breaks strategy	Project 3	Embed Short breaks strategy	Project 3	Embed Short breaks strategy	Project 3	Embed Short breaks strategy	Project 3	Embed Short breaks strategy	Project 3	Embed Short breaks strategy	Project 3
Project 4	SEN Transport	Project 4	SEN Transport	Project 4	SEN Transport	Project 4	SEN Transport	Project 4	SEN Transport	Project 4	SEN Transport	Project 4	SEN Transport	Project 4
Project 5	Plan for secondary/primary growth for SEND CYP	Project 5	Plan for secondary/primary growth for SEND CYP	Project 5	Plan for secondary/primary growth for SEND CYP	Project 5	Plan for secondary/primary growth for SEND CYP	Project 5	Plan for secondary/primary growth for SEND CYP	Project 5	Plan for secondary/primary growth for SEND CYP	Project 5	Plan for secondary/primary growth for SEND CYP	Project 5
Project 6	Speech and Language Secondary services	Project 6	Speech and Language Secondary services	Project 6	Speech and Language Secondary services	Project 6	Speech and Language Secondary services	Project 6	Speech and Language Secondary services	Project 6	Speech and Language Secondary services	Project 6	Speech and Language Secondary services	Project 6
Project 7	Staff Restructure as a result of savings proposals	Project 7	Staff Restructure as a result of savings proposals	Project 7	Staff Restructure as a result of savings proposals	Project 7	Staff Restructure as a result of savings proposals	Project 7	Staff Restructure as a result of savings proposals	Project 7	Staff Restructure as a result of savings proposals	Project 7	Staff Restructure as a result of savings proposals	Project 7
Project 8		Project 8		Project 8		Project 8		Project 8		Project 8		Project 8		Project 8
Project 9		Project 9		Project 9		Project 9		Project 9		Project 9		Project 9		Project 9
Project 10		Project 10		Project 10		Project 10		Project 10		Project 10		Project 10		Project 10

ACTIONS AND SAVINGS										2014/15		2015/16		
2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
70	Reduction of management posts	70	Reduction of management posts	70	Reduction of management posts	70	Reduction of management posts	70	Reduction of management posts	70	Reduction of management posts	70	Reduction of management posts	70
50	Implement new transport policy from April 201	50	Implement new transport policy from April 201	50	Implement new transport policy from April 201	50	Implement new transport policy from April 201	50	Implement new transport policy from April 201	50	Implement new transport policy from April 201	50	Implement new transport policy from April 201	50
100	New modes of fulfilling statutory duties	100	New modes of fulfilling statutory duties	100	New modes of fulfilling statutory duties	100	New modes of fulfilling statutory duties	100	New modes of fulfilling statutory duties	100	New modes of fulfilling statutory duties	100	New modes of fulfilling statutory duties	100
70	Reduction of management posts	70	Reduction of management posts	70	Reduction of management posts	70	Reduction of management posts	70	Reduction of management posts	70	Reduction of management posts	70	Reduction of management posts	70
170		170		170		170		170		170		170		170
120		120		120		120		120		120		120		120
15,889		15,889		15,889		15,889		15,889		15,889		15,889		15,889
15,889		15,889		15,889		15,889		15,889		15,889		15,889		15,889
730		730		730		730		730		730		730		730

DEPARTMENTAL BUDGET AND RESOURCES										2014/15		2015/16		
2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
19,055	19,122	19,018	18,913	18,978	18,978	18,978	18,978	18,978	18,978	18,978	18,978	18,978	18,978	18,978
3,587	3,703	3,634	3,565	3,565	3,565	3,565	3,565	3,565	3,565	3,565	3,565	3,565	3,565	3,565
2,932	3,076	3,020	2,964	3,008	3,008	3,008	3,008	3,008	3,008	3,008	3,008	3,008	3,008	3,008
11,019	10,892	10,910	10,927	10,945	10,945	10,945	10,945	10,945	10,945	10,945	10,945	10,945	10,945	10,945
765	699	699	699	699	699	699	699	699	699	699	699	699	699	699
12	10	10	10	10	10	10	10	10	10	10	10	10	10	10
2,987	3,089	3,089	3,089	3,089	3,089	3,089	3,089	3,089	3,089	3,089	3,089	3,089	3,089	3,089
1,216	1,216	1,216	1,216	1,216	1,216	1,216	1,216	1,216	1,216	1,216	1,216	1,216	1,216	1,216
1,548	1,613	1,613	1,613	1,613	1,613	1,613	1,613	1,613	1,613	1,613	1,613	1,613	1,613	1,613
223	260	260	260	260	260	260	260	260	260	260	260	260	260	260
16,068	16,033	15,929	15,924	15,989	15,989	15,989	15,989	15,989	15,989	15,989	15,989	15,989	15,989	15,989
730	730	730	730	730	730	730	730	730	730	730	730	730	730	730



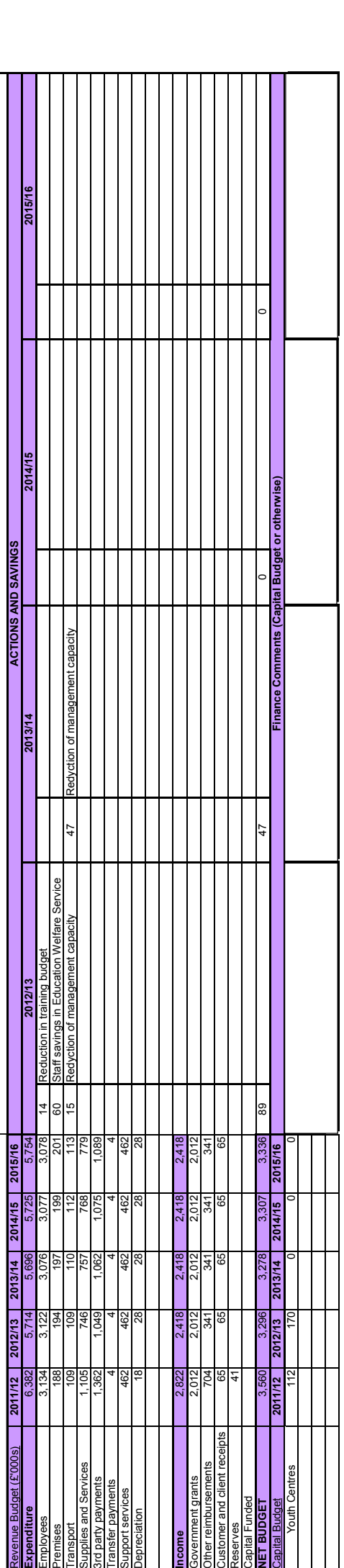
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Finance Comments (Capital Budget or otherwise)

ACTION PLAN									
DETAILS OF YOUR MAJOR WORK PROJECTS AND THEIR IMPACT									
DESCRIPTION	MAJOR EXPECTED OUTCOME	Equalities	IMPACT ON:			Risk		Score	
			Other services (maximum of 3)	Sustainability	Likelihood	Impact			
Project 1 2012/14 Changes to Statutory SEN process following Green Paper	To meet legislative requirements	Some work done but further required as proposals develop	Early Years - positive impact Schools, Standards and Quality - positive impact Adult Social Care - negative impact	Not applicable	3	4	12		
Project 2 2012/14 Early Intervention Grant & implications for Aiming High & Short Breaks delivery. Contingent on central government funding and local decisions about use of EIG.	To meet legislative requirements	Equality analysis undertaken	Early Years - positive impact Schools, Standards and Quality - positive impact Children's Social Care - positive impact	Not applicable	2	4	8		
Project 3 2012/14 Embed Short breaks strategy	Improved customer satisfaction	Equality analysis undertaken	Children's Social Care - positive impact Schools, Standards and Quality - positive impact Early Years - positive impact	Not applicable	1	3	3		
Project 4 2012/14 SEN Transport Review of entitlement with particular focus on journeys arising as a result of placement decisions. Also investigation of different forms of provision such as volunteers.	To meet budget savings	Equality analysis to be undertaken	Transport - positive impact Schools, Standards and Quality - positive impact	Impact on transport emissions	4	3	12		
Project 5 2012/14 Plan for secondary/primary growth for SEND CYP	To meet legislative requirements	Equality analysis to be undertaken	Schools, Standards and Quality - negative impact Early Years - negative impact	Impact on building emissions	4	2	8		
Project 6 2012/14 Speech and Language Secondary services	More efficient way of working	Equality analysis to be undertaken	Schools, Standards and Quality - positive impact Early Years - positive impact	Not applicable	2	2	4		
Project 7 2012/13 Staff Restructure as a result of savings proposals	To meet budget savings	Equality analysis undertaken	Schools, Standards and Quality - negative impact Early Years - negative impact	Not applicable	2	3	6		
Project 8									
Project 9									
Project 10									

Councillor Edith Joan Macauley, Cabinet Member for Community Safety, Engagement & Equalities	PLANNING ASSUMPTIONS										Corporate strategies	Workforce development																																																																																																																																
	Anticipated demand	2011/12	2012/13	2013/14	2014/15	2015/16	Key drivers of demand																																																																																																																																					
<p>The Youth Inclusion Service provides positive activities and support for vulnerable young people, their parents and schools to prevent bullying and offending, improve behaviour, support in schools for emotional and social development, improve school attendance, enable young people to stay in education, training or employment, prevent substance misuse and teenage pregnancy and reduce young people entering the criminal justice, care system or mental health pathways.</p> <p>Youth Inclusion also leads on the participation of young people in the decision making, planning and delivery of services within Merton Council and the Children's Trust.</p> <p>Services provided included direct provision, commissioned services and services delivered in partnership with other agencies for example police and voluntary sector organisations.</p> <p>Key partnerships are with schools, voluntary sector, police and Safer Merton. These partnerships include the Targeted Youth Support Panels based in schools; Hard to Place Process/Secondary Attendance and Behaviour Partnerships; and ensuring an effective Pupil Referral Unit.</p> <p>Youth Inclusion contributes and promotes the following positive outcomes for young people: being economically active now and into adulthood, achieving stable emotional and physical well-being, citizenship, academic and sporting achievement, and community safety and cohesion.</p>	Increase in 11 - 19 population represents a general increase in the population of young people who would potentially participate in and benefit from positive activities.	n/a			50	200	Customer demand - external	Children and Young person's Plan	Reliance on agency																																																																																																																																			
	<p><b>Anticipated supply</b></p> <p>Staff 67 FTE 9</p> <p>Accommodation 9 sites</p>	2011/12 67 FTE 9	2012/13 65 FTE 9 sites	2013/14 depends on transformation ↓	2014/15 ↓	2015/16 ↓	Key drivers of supply	Economic Economic	Community Plan Performance Management Social Inclusion Strategy Anti Social Behaviour Strategy Crime and Disorder (partnership plan)	Learning & Dev.																																																																																																																																		
<p><b>Performance indicators</b></p> <p>Performance targets (Indicate if % target)</p> <table border="1"> <thead> <tr> <th>2011/12</th> <th>2012/13</th> <th>2013/14</th> <th>2014/15</th> <th>2015/16</th> </tr> </thead> <tbody> <tr> <td>5.6%</td> <td>5%</td> <td>TBC - measure changing due to school leave age change</td> <td></td> <td></td> </tr> <tr> <td>n/a</td> <td>22</td> <td>19</td> <td>17</td> <td>15</td> </tr> <tr> <td>200</td> <td>125</td> <td>115</td> <td>105</td> <td>100</td> </tr> <tr> <td>1,700</td> <td>1,800</td> <td>2,000</td> <td>2,300</td> <td>2,300</td> </tr> </tbody> </table>												2011/12	2012/13	2013/14	2014/15	2015/16	5.6%	5%	TBC - measure changing due to school leave age change			n/a	22	19	17	15	200	125	115	105	100	1,700	1,800	2,000	2,300	2,300																																																																																																								
2011/12	2012/13	2013/14	2014/15	2015/16																																																																																																																																								
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1,700	1,800	2,000	2,300	2,300																																																																																																																																								
<p><b>MAJOR WORK PROJECTS / PROCUREMENT</b></p> <table border="1"> <thead> <tr> <th colspan="2">2012/13</th> <th colspan="3">2013/14</th> <th colspan="2">2014/15</th> <th colspan="2">2015/16</th> </tr> </thead> <tbody> <tr> <td>Project 1</td> <td>Youth Service Transformation</td> <td>Project 1</td> <td>Project 2</td> <td>Project 3</td> <td>Project 4</td> <td>Project 5</td> <td>Project 6</td> <td>Project 7</td> <td>Project 8</td> <td>Project 9</td> <td>Project 10</td> </tr> <tr> <td>Project 2</td> <td>Advice &amp; guidance realignment to meet new statutory obligations</td> <td></td> <td></td> <td></td> <td>Youth Service Transformation ongoing</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Project 3</td> <td>Threshold service development</td> <td></td> <td></td> <td></td> <td>Threshold service development</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Project 4</td> <td>Phipps Bridge community project</td> <td></td> <td></td> <td></td> <td>Phipps Bridge community project</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Project 5</td> <td>Maximisation of income re changes to school budgets</td> <td></td> <td></td> <td></td> <td>Project 5</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Project 6</td> <td>Implement Youth Justice Post Inspection action plan</td> <td></td> <td></td> <td></td> <td>Project 6</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Project 7</td> <td></td> <td></td> <td></td> <td></td> <td>Project 7</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Project 8</td> <td></td> <td></td> <td></td> <td></td> <td>Project 8</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Project 9</td> <td></td> <td></td> <td></td> <td></td> <td>Project 9</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Project 10</td> <td></td> <td></td> <td></td> <td></td> <td>Project 10</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>												2012/13		2013/14			2014/15		2015/16		Project 1	Youth Service Transformation	Project 1	Project 2	Project 3	Project 4	Project 5	Project 6	Project 7	Project 8	Project 9	Project 10	Project 2	Advice & guidance realignment to meet new statutory obligations				Youth Service Transformation ongoing							Project 3	Threshold service development				Threshold service development							Project 4	Phipps Bridge community project				Phipps Bridge community project							Project 5	Maximisation of income re changes to school budgets				Project 5							Project 6	Implement Youth Justice Post Inspection action plan				Project 6							Project 7					Project 7							Project 8					Project 8							Project 9					Project 9							Project 10					Project 10						
2012/13		2013/14			2014/15		2015/16																																																																																																																																					
Project 1	Youth Service Transformation	Project 1	Project 2	Project 3	Project 4	Project 5	Project 6	Project 7	Project 8	Project 9	Project 10																																																																																																																																	
Project 2	Advice & guidance realignment to meet new statutory obligations				Youth Service Transformation ongoing																																																																																																																																							
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DEPARTMENTAL BUDGET AND RESOURCES											
Revenue Budget (£'000s)	2011/12	2012/13	2013/14	2014/15	2015/16	ACTIONS AND SAVINGS					
<b>Expenditure</b>	6,382	5,714	5,696	5,725	5,754						
Employees	3,134	3,122	3,076	3,077	3,078						
Premises	188	194	197	199	201						
Transport	109	109	110	112	113						
Supplies and Services	1,105	746	757	768	779						
3rd party payments	1,362	1,043	1,062	1,075	1,089						
Transfer payments	4	4	4	4	4						
Support services	462	462	462	462	462						
Depreciation	18	28	28	28	28						
<b>Income</b>	2,822	2,418	2,418	2,418	2,418						
Government grants	2,012	2,012	2,012	2,012	2,012						
Other reimbursements	704	341	341	341	341						
Customer and client receipts	65	65	65	65	65						
Reserves	41										
Capital Funded	3,560	3,296	3,278	3,307	3,336						
<b>NET BUDGET</b>	112	170	0	0	0						
Youth Centres											



Finance Comments (Capital Budget or otherwise)

0

ACTION PLAN									
DETAILS OF YOUR MAJOR WORK PROJECTS AND THEIR IMPACT									
DESCRIPTION	MAJOR EXPECTED OUTCOME	Equalities	IMPACT ON:			Risk		Score	
			Other services (maximum of 3)	Sustainability	Likelihood	Impact			
Project 1 2012/15 Youth Service Transformation Project sets out the continued provision of some universal & targeted youth work across Merton while reducing spend & seek to develop more partnerships with voluntary sector youth agencies, registered providers (social landlords) & others to ensure service delivery using different models. This project is likely to include consideration of reducing the number of current Council run sites for youth work.	More efficient way of working	Equality analysis undertaken	Commercial and Procurement - positive impact Property - positive impact	District networks	3	3	9		
Project 2 2012/13 Advice & guidance realignment to meet new statutory obligations. Following ending of Connexions services and new statutory obligations on LAs and schools, to ensure we have right staff and services. Linked to raising participation age.	To meet legislative requirements	Initial EIA undertaken, to be revisited as new service model is developed.	Special Educational Needs - positive impact Schools, Standards and Quality - negative impact	Not applicable	2	3	6		
Project 3 2012/14 Threshold service development Realignment of Y1 with other services to develop threshold service.	More efficient way of working	Equality analysis to be undertaken	Children's Social Care - positive impact Schools, Standards and Quality - positive impact Special Educational Needs - positive impact	Not applicable	2	2	4		
Project 4 2012/15 Phipps Bridge community project Reward Grant project across Children's Trust to develop a community led access to services model.	Improved resident well being	Equality analysis to be undertaken	Whole organisation - positive impact Early Years - positive impact	Community outreach	2	3	6		
Project 5 2012/13 Maximisation of income re changes to school budgets	To meet budget savings	Equality analysis to be undertaken	Schools, Standards and Quality - positive impact	Not applicable	3	3	9		
Project 6 2012/13 Implement Youth Justice post inspection action plan	Improved resident well being	Equality analysis to be undertaken	Children's Social Care - positive impact Safer Merton - positive impact	Not applicable	2	3	6		
Project 7									
Project 8									
Project 9									
Project 10									

# Healthier Communities & Older People

**Adult Social Care**

Transformation Programme:

The service will focus on inputs that prevent people crossing the threshold into services and/or which prevent a longer term need for ongoing support. Where long-term support is required, the priority will be to enable individuals to access services that keep them safe & well and provide support for carers.

Underlying this will be a focus on minimising waste in processes. The service will work in partnership with the Sutton & Merton NHS to enable both organisations to meet good evidence-based outcomes. We will expect individuals to take responsibility for their own lives as much as possible and to maximise their own resources.

The purpose of this service plan is to enable access to care and support for people who require it as defined in legislation and Merton's eligibility criteria. The principle of self-directed support underpins this.

**PLANNING ASSUMPTIONS**

Anticipated demand	2011/12	2012/13	2013/14	2014/15	2015/16	Key drivers of demand
No. of people requiring services	5,891	5,510	5,570	5,648	5,750	Statutory / Government initiative
People aged 85-89	n/a	2,400	2,400	2,400	2,400	Statutory / Government initiative
People aged 90+	n/a	1,600	1,600	1,700	1,700	Statutory / Government initiative
No. of people aged 65+ with dementia	1,883	1,883	1,940	1,942	1,942	Statutory / Government initiative
<b>Anticipated supply</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>Key drivers of supply</b>
Staff	399.55	428	428	428	428	Economic

**MAJOR WORK PROJECTS / PROCUREMENT**

	2012/13	2013/14	2014/15	2015/16		
<b>Performance indicators (indicate if % target)</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>Indicator type</b>
Carers receiving services - NI.135	28.0%	28.0%	28.5%	29.0%	30.0%	High
People living at home after reablement NI.125	n/a	75%	77%	76%	80%	High
Average No. of people on the OT waiting list	n/a	85	80	75	70	Low
Customers supported in the community	n/a	80%	82%	84%	85%	High
People with personal budgets	n/a	42%	45%	50%	55%	High
Weekly rate of Delayed Transfers of Care from Hospital (both Merton & NHS responsible)	n/a	7	6.5	6	5.5	Low

**DEPARTMENTAL BUDGET AND RESOURCES**

	2011/12	2012/13	2013/14	2014/15	2015/16
<b>Revenue Budget (£'000s)</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
Expenditure	85,154	82,262	81,375	86,868	91,024
Income	27,253	27,125	27,351	27,125	27,125
<b>NET BUDGET</b>	<b>57,901</b>	<b>55,137</b>	<b>54,024</b>	<b>59,743</b>	<b>63,899</b>

ACTION PLAN									
DETAILS OF YOUR MAJOR WORK PROJECTS AND THEIR IMPACT									
Project	DESCRIPTION	MAJOR EXPECTED OUTCOME	Equalities	IMPACT ON:			Risk		Score
				Other services (maximum of 3)	Sustainability	Impact	Likelihood	Impact	
Project 1	2012/16 0% inflation uplift 0% inflation uplift to third party suppliers (successfully implemented over last two years). Will become more difficult to deliver the longer the period.	To meet budget savings	Equality analysis undertaken	Legal Services - negative impact	Not applicable	5	3	15	
Project 2	2012/15 De-registration of residential care; Ordinary Residence De-registration of residential care which would allow for the claim of housing benefits; There is national guidance, issued by the DfH that sets out the circumstances in which a host authority is responsible for the funding of an individual living in supported living in their area. An assessment of current funding arrangements in relation to these could yield substantial savings by transferring costs to the host authority.	To meet budget savings	Equality analysis undertaken	Legal Services - negative impact	Not applicable	4	3	12	
Project 3	2012/13 Remodel domiciliary care Remodelling and retendering the domiciliary care contract, achieving a reduction in unit cost and reducing the number of 'off contract' arrangements	To meet budget savings	Equality analysis undertaken	No impact	Not applicable	2	4	8	
Project 4	2012/15 Optimise use of Shared Lives; Restructuring Supporting People Maximising the use of Shared Lives & supported living will provide savings in relation to residential care, this includes for young people in transition to adult services. Funding for services provided under Supporting People arrangements is no longer ring-fenced & there are opportunities therefore to fundamentally restructure & refocus the use of SP services.	To meet budget savings	Equality analysis undertaken	Housing Needs and Enabling Services- positive impact Housing Benefits - negative impact Children's Social Care - negative impact	Not applicable	4	3	12	
Project 5	2012/15 Optimise telecare usage Optimise the use of telecare and assistive technologies to provide a more cost effective alternative to domiciliary care and other forms of intervention.	To meet budget savings	Equality analysis undertaken	No impact	Not applicable	4	3	12	
Project 6	2012/15 Optimise block and spot contracts Optimising the use of block and spot contracts	To meet budget savings	Equality analysis undertaken	No impact	Not applicable	3	3	9	
Project 7	2012/15 Care Fund Calculator The costs of some long-term placements for people with learning disabilities and physical disabilities are very high. There are now well-developed tools, such as the Care Funding Calculator, which can assist with the renegotiation or initial negotiation of these high cost packages.	To meet budget savings	Equality analysis undertaken	No impact	Not applicable	3	3	9	
Project 8	2012/15 Transport Reducing usage by implementing eligibility criteria for provision of council-funded transport, rationalisation of the number of vehicles for day services, and ensuring best market rates for services. As there are strong links to the transport service review, proposed savings levels may change following conclusion of that review.	To meet budget savings	Equality analysis undertaken	Transport - negative impact	Not applicable	4	3	12	
Project 9	2012/15 Transitions Reducing the cost of support for young people transitioning from Children's Social Care to Adult Social Care	To meet budget savings	Equality analysis undertaken	Children's Social Care - negative impact Housing Benefits - negative impact	Not applicable	3	3	9	
Project 10	2012/15 Monitoring high value (1-10-1) and high cost placements Reduction and monitoring of high value/high cost placements	To meet budget savings	Equality analysis undertaken	Legal Services - negative impact	Not applicable	4	3	12	



# Overview & Scrutiny

**Cllr Mark Betteridge - Cabinet Member for Performance and Implementation and**  
**Cllr Mark Allison - Cabinet Member for Finance**

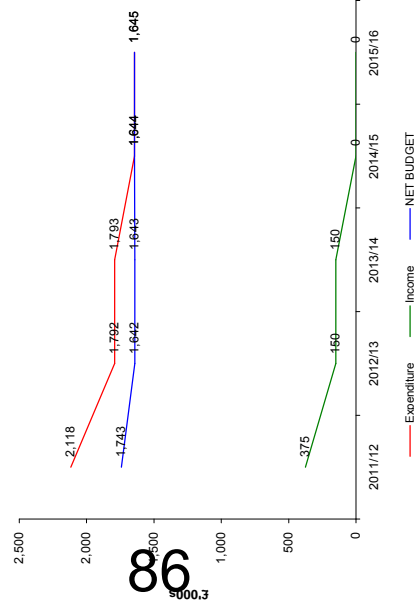
**Business Improvement**

Business Improvement (BI) provides resources and support to drive and deliver transformational change and business improvement across the council. It is responsible for:  
 Leading on the implementation of Lean and facilitating Lean interventions;  
 Providing project management and project support and advice;  
 Facilitation of and support to the annual service review process;  
 Co-ordinating and delivering elements of the Merton 2015 programme and Board;  
 Developing and implementing the IT plan in conjunction with I & T;  
 Implementing new and /or enhancements to IT systems and software;  
 Maintaining and providing fix or solution for the council's application systems.

PLANNING ASSUMPTIONS									
Anticipated demand	2011/12	2012/13	2013/14	2014/15	2015/16	Key drivers of demand			
Days required to deliver IT Projects	534	660	660	660	660	Customer demand - internal			
Days to deliver IT upgrades, fix on fail, SRF's	4,746	3,700	3,700	3,700	3,700	Customer demand - internal			
Days required to deliver Lean/BI interventions	1,068	1,100	1,100	500	500	Customer demand - internal			
Days required to deliver customer contact	N/A	TBC				Increase revenue			
Anticipated supply	2011/12	2012/13	2013/14	2014/15	2015/16	Key drivers of supply			
Staff - Programme Office	10	7	7	7	7	Economic			
Staff - Programme Analysis	N/A	21	21	21	21	Economic			

MAJOR WORK PROJECTS / PROCUREMENT									
Performance indicators	2012/13		2013/14		2014/15		2015/16		
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Lean & BI savings	N/A	361,000	361,000	215,000	215,000	215,000	215,000	215,000	215,000
Satisfaction - business applications & Satisfaction with Lean/BI interventions	80%	80%	80%	85%	85%	85%	85%	85%	85%
Projects/Reviews completed in time	80%	80%	80%	85%	85%	85%	85%	85%	85%
Responses to IT incidents - ABC priority rating	N/A	90%	90%	90%	90%	90%	90%	90%	90%
Service Requests (SRF) actioned in 3 working	N/A	80%	80%	85%	85%	85%	85%	85%	85%
SRF closed in agreed timescales	N/A	75%	75%	80%	80%	80%	80%	80%	80%
Projects/reviews completed in budget	80%	90%	90%	90%	90%	90%	90%	90%	90%

ACTIONS AND SAVINGS									
Performance indicators	2012/13		2013/14		2014/15		2015/16		
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Lean / Business Improvement (BI) work schedule		Project 1	Project 1	Lean / BI work schedule		Project 1	Project 1	Lean / BI work schedule	
IT Implementation Plan		Project 2	Project 2	IT Implementation Plan		Project 2	Project 2	IT Implementation Plan	
Merton 2015 Board & projects		Project 3	Project 3	Merton 2015 Board & projects		Project 3	Project 3	Merton 2015 Board & projects	
Contact Centre Options appraisal		Project 4	Project 4	Contact Centre Options appraisal		Project 4	Project 4	Contact Centre Options appraisal	
Service review process		Project 5	Project 5	Service review process		Project 5	Project 5	Service review process	
Deliver IT solutions to ensure business continuity		Project 6	Project 6	Deliver IT solutions to ensure business continuity		Project 6	Project 6	Deliver IT solutions to ensure business continuity	
Deliver Carefirst improvement plan		Project 7	Project 7	Deliver Carefirst improvement plan		Project 7	Project 7	Deliver Carefirst improvement plan	
Review of IT systems		Project 8	Project 8	Review of IT systems		Project 8	Project 8	Review of IT systems	
		Project 9	Project 9			Project 9	Project 9		
		Project 10	Project 10			Project 10	Project 10		



Revenue Budget (£000s)	2011/12	2012/13	2013/14	2014/15	2015/16
Expenditure	2,118	1,792	1,793	1,644	1,645
Employees	1,705	1,486	1,486	1,336	1,336
Premises	0	0	0	0	0
Transport	5	4	4	4	4
Supplies and Services	130	24	25	26	27
3rd party payments	0	0	0	0	0
Support services	278	278	278	278	278
Depreciation	0	0	0	0	0
<b>Income</b>	<b>375</b>	<b>150</b>	<b>150</b>	<b>150</b>	<b>150</b>
Government grants	0	0	0	0	0
Other reimbursements	0	0	0	0	0
Customer and client receipts	0	0	0	0	0
Reserves	375	150	150	150	150
Capital Funded	1,743	1,642	1,643	1,644	1,645
<b>NET BUDGET</b>	<b>1,743</b>	<b>1,642</b>	<b>1,643</b>	<b>1,644</b>	<b>1,645</b>
<b>Capital Budget £000s</b>	<b>1,011</b>	<b>1,545</b>	<b>615</b>	<b>545</b>	<b>500</b>

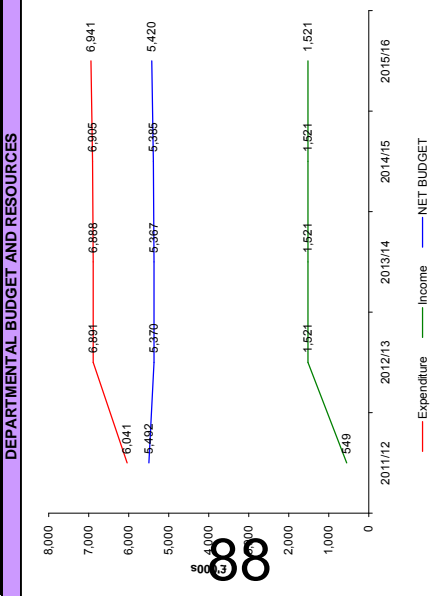
NOTE: Business Improvement is an overhead which will be allocated to services in line with CIPFA guidelines

ACTION PLAN									
DETAILS OF YOUR MAJOR WORK PROJECTS AND THEIR IMPACT									
Project	DESCRIPTION	MAJOR EXPECTED OUTCOME	IMPACT ON: Equalities	Other services (maximum of 3)	Sustainability	Risk		Score	
						Likelihood	Impact		
Project 1	2012-16 Lean / Business Improvement (BI) work schedule As agreed with DMTs each quarter	More efficient way of working	No impact	Whole organisation - positive impact	Not applicable	4	3	12	
Project 2	2012-16 IT Implementation Plan Deliver plan as agreed by CMT - see IT plan for full details	More efficient way of working	No impact	Whole organisation - positive impact Commercial and Procurement - negative impact IT Service delivery - negative impact	Not applicable	2	2	4	
Project 3	2012-16 Merton 2015 Board & projects Co-ordination & management of Merton 2015 Board and projects to ensure delivery of savings - see Merton 2015 Intranet page for further details	More efficient way of working	No impact	Whole organisation - positive impact Commercial and Procurement - negative impact IT Service delivery - negative impact	Not applicable	3	3	9	
Project 4	2012/13 Contact Centre Options appraisal May 12 - Complete Contact Centre Options appraisal for CMT and Cabinet & implement recommendations	More efficient way of working	Equality analysis to be undertaken	Whole organisation - positive impact Merton Link and Contact Centre - positive impact IT Service delivery - negative impact	Not applicable	2	2	4	
Project 5	2012-16 Service review process Implement new service review monitoring process & lead annual service review process	More efficient way of working	No impact	Whole organisation - positive impact	Not applicable	1	3	3	
Project 6	2012-16 Deliver IT solutions to ensure business continuity Deliver IT system upgrades, SRFs & fix on fail solutions to ensure business continuity	To meet budget savings	No impact	Whole organisation - positive impact IT Service delivery - negative impact Safety Services - positive impact	Not applicable	2	2	4	
Project 7	2012/13 Deliver Carefirst improvement plan Refer to Carefirst plan for details of project milestones & deadlines	More efficient way of working	No impact	Adult Social Care - positive impact Children's Social Care - positive impact	Not applicable	3	2	6	
Project 8	2012/13 Review of IT systems Review of number of IT systems to streamline number used. Phase 1 to identify systems to be moved to CRM	More efficient way of working	No impact	Whole organisation - positive impact IT Service delivery - negative impact	Other resource reduction	3	2	6	
Project 9									
Project 10									

CILR Mark Allison - Cabinet Member for Finance	PLANNING ASSUMPTIONS										Corporate strategies	Workforce development											
	Anticipated demand		2011/12		2012/13		2013/14		2014/15				2015/16		Key drivers of demand								
	Residents	Senior Officers	Staff - FTE	Councillors	Staff	Staff - LALO	Staff - Canvassers	Staff - Election staff	Performance targets (indicate if % target)	2011/12			2012/13	2013/14	2014/15	2015/16	Customer demand - external	Customer demand - internal	Customer demand - internal	Information Governance Policy	London wide strategy	Central Government strategy	
	210,300	25	4,027	60	91.9	6	800	800	90%	90%	90%	90%	90%	800	212,900	215,900	24	24	24	60	800	Customer demand - external	Civil Contingencies Plan
		60	91.5	8	800	90%	90%	90%	700	700	700	700	700	700	4,027	4,000	60	60	60	60	800	Customer demand - internal	Customer Services Strategy
		800	800	800	800	800	800	800	800	800	800	800	800	800	4,027	4,000	60	60	60	60	800	Customer demand - internal	Risk Management Strategy
		800	800	800	800	800	800	800	800	800	800	800	800	800	4,027	4,000	60	60	60	60	800	Customer demand - internal	Information Governance Policy
		800	800	800	800	800	800	800	800	800	800	800	800	800	4,027	4,000	60	60	60	60	800	Customer demand - internal	London wide strategy
		800	800	800	800	800	800	800	800	800	800	800	800	800	4,027	4,000	60	60	60	60	800	Customer demand - internal	Central Government strategy
		800	800	800	800	800	800	800	800	800	800	800	800	800	4,027	4,000	60	60	60	60	800	Customer demand - internal	Central Government strategy
		800	800	800	800	800	800	800	800	800	800	800	800	800	4,027	4,000	60	60	60	60	800	Customer demand - internal	Central Government strategy
		800	800	800	800	800	800	800	800	800	800	800	800	800	4,027	4,000	60	60	60	60	800	Customer demand - internal	Central Government strategy
		800	800	800	800	800	800	800	800	800	800	800	800	800	4,027	4,000	60	60	60	60	800	Customer demand - internal	Central Government strategy
		800	800	800	800	800	800	800	800	800	800	800	800	800	4,027	4,000	60	60	60	60	800	Customer demand - internal	Central Government strategy
		800	800	800	800	800	800	800	800	800	800	800	800	800	4,027	4,000	60	60	60	60	800	Customer demand - internal	Central Government strategy

Anticipated demand	2011/12		2012/13		2013/14		2014/15		2015/16		Key drivers of demand	Corporate strategies	Workforce development	
	2011/12	2012/13	2012/13	2013/14	2013/14	2014/15	2014/15	2015/16	2015/16					
Residents	210,300	212,900	212,900	215,900	215,900	215,900	215,900	215,900	215,900	215,900	Customer demand - external	Civil Contingencies Plan	N/A	
Senior Officers	25	24	24	24	24	24	24	24	24	24	Customer demand - internal	Customer Services Strategy		
Staff - FTE	4,027	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	Customer demand - internal	Risk Management Strategy		
Councillors	60	60	60	60	60	60	60	60	60	60	Customer demand - internal	Information Governance Policy		
Staff	91.9	91.5	91.5	91.5	91.5	91.5	91.5	91.5	91.5	91.5	Economic	London wide strategy		
Staff - LALO	6	8	8	8	8	8	8	8	8	8	Legal	Central Government strategy		
Staff - Canvassers	150	150	150	150	150	150	150	150	150	150				
Staff - Election staff	800	800	800	800	800	800	800	800	800	800				
<b>Performance indicators</b>														
	2011/12	2012/13	2012/13	2013/14	2013/14	2014/15	2014/15	2015/16	2015/16		Polarity	Reporting cycle	Indicator type	Impact if not met
FOI - dealt with in time	90%	90%	90%	90%	90%	90%	90%	90%	90%	High	Monthly	Outcome	Breach statutory duty	
Complaints - dealt with in time	95%	90%	90%	90%	90%	90%	90%	90%	90%	High	Monthly	Outcome	Reduced customer service	
Public participation in Scrutiny	700	700	700	500	500	700	700	700	700	High	Quarterly	Quality	Poor decision making	
No. of audits completed against plan	80%	80%	80%	80%	80%	80%	80%	80%	80%	High	Quarterly	Business critical	Increased fraud	
No. of agreed audit actions	90%	90%	90%	90%	90%	90%	90%	90%	90%	High	Quarterly	Business critical	Increased fraud	
Benefit investigation sanction target	65	70	72	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	High	Monthly	Outcome	Reputational risk	
Completed planned H&S inspection	60	60	60	60	60	60	60	60	60	High	Monthly	Outcome	Breach statutory duty	
Priority A H&S actions completed on time	N/A	75%	75%	85%	85%	90%	90%	90%	90%	High	Monthly	Outcome	Breach statutory duty	
No. supplementary agendas issued	32	30	30	28	28	26	24	24	24	Low	Quarterly	Unit cost	Rework	

MAJOR WORK PROJECTS / PROCUREMENT											
Project	2012/13		2013/14		2014/15		2015/16		Reporting cycle	Indicator type	Impact if not met
	2012/13	2013/14	2013/14	2014/15	2014/15	2015/16	2015/16	2015/16			
Project 1	Implementation of Localism Act	Project 1	Project 1	Project 1	Project 1	Project 1	Project 1	Project 1	Project 1	Project 1	Project 1
Project 2	Administer GLA elections	Project 2	Project 2	Project 2	Project 2	Project 2	Project 2	Project 2	Project 2	Project 2	Project 2
Project 3	Administer GLA elections	Project 3	Project 3	Project 3	Project 3	Project 3	Project 3	Project 3	Project 3	Project 3	Project 3
Project 4	Individual electoral registration	Project 4	Project 4	Project 4	Project 4	Project 4	Project 4	Project 4	Project 4	Project 4	Project 4
Project 5	Individual electoral registration	Project 5	Project 5	Project 5	Project 5	Project 5	Project 5	Project 5	Project 5	Project 5	Project 5
Project 6	Review of Land Charges charging policy	Project 6	Project 6	Project 6	Project 6	Project 6	Project 6	Project 6	Project 6	Project 6	Project 6
Project 7	Schools audit procedure	Project 7	Project 7	Project 7	Project 7	Project 7	Project 7	Project 7	Project 7	Project 7	Project 7
Project 8	Schools audit procedure	Project 8	Project 8	Project 8	Project 8	Project 8	Project 8	Project 8	Project 8	Project 8	Project 8
Project 9	Introduce web based accident reporting system	Project 9	Project 9	Project 9	Project 9	Project 9	Project 9	Project 9	Project 9	Project 9	Project 9
Project 10	Introduce web based accident reporting system	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10



DEPARTMENTAL BUDGET AND RESOURCES											
Revenue Budget (£'000s)	2011/12		2012/13		2013/14		2014/15		2015/16		Description
	2011/12	2012/13	2012/13	2013/14	2013/14	2014/15	2014/15	2015/16	2015/16		
<b>Expenditure</b>	6,041	6,991	6,888	6,888	6,888	6,905	6,941	6,941	6,941		
Employees	3,497	4,351	4,312	4,293	4,293	4,293	4,293	4,293	4,293		
Premises	6	9	9	9	9	9	9	9	9		
Transport	25	27	27	28	28	28	28	28	28		
Supplies and Services	1,561	1,560	1,596	1,632	1,667	1,667	1,667	1,667	1,667		
3rd party payments	0	0	0	0	0	0	0	0	0		
Support services	944	944	944	944	944	944	944	944	944		
Depreciation	8	0	0	0	0	0	0	0	0		
<b>Income</b>	549	1,521	1,521	1,521	1,521	1,521	1,521	1,521	1,521		
Government grants	70	1,317	1,317	1,317	1,317	1,317	1,317	1,317	1,317		
Other reimbursements	253	203	203	203	203	203	203	203	203		
Customer and client receipts	105	121	121	121	121	121	121	121	121		
Reserves	121	0	0	0	0	0	0	0	0		
Capital Funded	0	0	0	0	0	0	0	0	0		
<b>NET BUDGET</b>	5,492	5,370	5,367	5,367	5,367	5,385	5,420	5,420	5,420		
Capital Budget											
NOTE: The overhead element of Corporate Governance will be allocated to services in line with CIPFA guidelines											

ACTION PLAN							
DETAILS OF YOUR MAJOR WORK PROJECTS AND THEIR IMPACT							
MAJOR EXPECTED OUTCOME			EQUALITIES			IMPACT ON:	
			Other services (maximum of 3)			Sustainability	
			Likelihood			Risk	
			Score			Impact	

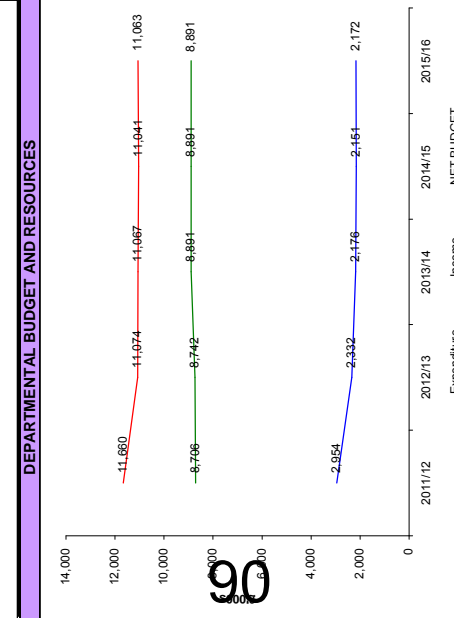
Project 1	12/13 Implementation of Localism Act Assist councillors with implementation of political decision making aspects of the Localism Act	To meet legislative requirements	No impact	Whole organisation - positive impact	Not applicable	1	1	1
Project 2	2012-14 New intake of councillors 12/13 - Prepare form new intake of councillors 13/14 - Support new intake of councillors following May 2014 elections	More efficient way of working	No impact	Whole organisation - positive impact	Not applicable	1	1	1
Project 3	12/13 Administer GLA elections	To meet legislative requirements	No impact	Communications - negative impact Democracy Services - negative impact Merton Link and Contact Centre - negative impact	Not applicable	1	4	4
Project 4	2013-15 Individual electoral registration 12/13 - Prepare for individual electoral registration 13/14 - Implement individual electoral registration	To meet legislative requirements	Equality analysis to be undertaken	Communications - negative impact Democracy Services - negative impact Merton Link and Contact Centre - negative impact	Not applicable	1	4	4
Project 5	14/15 Administer 2014 council and European parliamentary elections	To meet legislative requirements	No impact	Communications - negative impact Democracy Services - negative impact Merton Link and Contact Centre - negative impact	Not applicable	1	4	4
Project 6	12/13 Review of Land Charges charging policy	To meet legislative requirements	No impact	Development and Building Control - positive impact	Not applicable	2	2	4
Project 7	13/14 Information Security and Information Strategy review	To meet legislative requirements	No impact	Whole organisation - positive impact	Not applicable	2	3	6
Project 8	2012-15 Schools audit procedure 12/13 - Introduce new schools audit procedure 13/14 - Training for school officers and governors 14/15 - Standard policies and documentation for schools	More efficient way of working	No impact	Schools, Standards and Quality - positive impact	Not applicable	2	2	4
Project 9	2013-15 Single Fraud Investigations Service 13/14 - Prepare for Single Fraud Investigation Service 14/15 - Implement new Single Fraud Investigation Service	To meet legislative requirements	No impact	Whole organisation - positive impact	Not applicable	3	2	6
Project 10	12/13 Introduce web based accident reporting system Introduction of a web based accident reporting system to improve reporting and preventative measures implemented. This will also be shared with Sutton and Kingston as part of the trinity project outcomes and allow us to benchmark in the future.	More efficient way of working	No impact	Whole organisation - positive impact	Not applicable	3	3	9

Customer Services	PLANNING ASSUMPTIONS										Corporate strategies	Workforce development	
	Anticipated demand	2011/12	2012/13	2013/14	2014/15	2015/16	Key drivers of demand	Reporting cycle	Indicator type	Polarity			
Benefit claimants	16,000	16,000	14,000	14,000	→	→	Customer demand - external	Monthly	Business critical	High	Loss of income	Customer Services Strategy	Sickness
Telephone callers	400,000	400,000	500,000	600,000	600,000	600,000	Customer demand - external	Monthly	Business critical	High	Loss of income	Homelessness Strategy	
Face to face customers	170,000	130,000	115,000	100,000	90,000	90,000	Customer demand - external	Quarterly	Outcome	Low	Customer hardship	Medium Term Financial	
CTax properties	81,000	81,000	82,000	82,500	83,000	83,000	Customer demand - external	Monthly	Perception	High	Loss of Government grant	Social Inclusion Strategy	
Anticipated supply	157.93	148.06	↑	↑	↑	↑	Key drivers of supply	Monthly	Perception	High	Increased waiting times		
Staff	150	150	150	150	150	150	Economic	Monthly	Business critical	High	Reduced access to service		
Staff - CHAS Freelance Assessors	150	150	150	150	150	150	Economic	Monthly	Outcome	High	Reduced uptake of service		
Performance indicators	2011/12	2012/13	2013/14	2014/15	2015/16								Impact if not met
Business Rates collected	97%	97%	97%	97.25%	97.50%								
Merton Bailiff Service files paid in full	58%	58%	58%	58%	58%								
HB -COC & new claims processing days	16	16	16	9	9								
HB overpayments with no recovery action	15%	16%	15.50%	15%	14.50%								
Customers seen in 30 minutes	95%	90%	92%	95%	95%								
Calls answered by switchboard in 5 rings	85%	85%	85%	85%	85%								
Number of events (marriages, civil p's)	800	900	1000	1100	1200								
Successful website visits	83%	83%	83%	84%	84%								
No. of CHAS assessments	14,400	18,900	19,500	20,100	20,700								
<b>MAJOR WORK PROJECTS / PROCUREMENT</b>													
Project 1	Customer Service review	Project 1	Customer Service review	Project 1	Customer Service review	Project 1	Customer Service review	Project 1	Customer Service review	Project 1	Customer Service review	Project 1	Project 1
Project 2	Improve access to online services	Project 2	Improve access to online services	Project 2	Improve access to online services	Project 2	Improve access to online services	Project 2	Improve access to online services	Project 2	Improve access to online services	Project 2	Project 2
Project 3	First call resolution software	Project 3	First call resolution software	Project 3	First call resolution software	Project 3	First call resolution software	Project 3	First call resolution software	Project 3	First call resolution software	Project 3	Project 3
Project 4	Localism agenda for business rates	Project 4	Localism agenda for business rates	Project 4	Localism agenda for business rates	Project 4	Localism agenda for business rates	Project 4	Localism agenda for business rates	Project 4	Localism agenda for business rates	Project 4	Project 4
Project 5	Council Tax discounts/exemptions	Project 5	Council Tax discounts/exemptions	Project 5	Council Tax discounts/exemptions	Project 5	Council Tax discounts/exemptions	Project 5	Council Tax discounts/exemptions	Project 5	Council Tax discounts/exemptions	Project 5	Project 5
Project 6	Council tax support scheme	Project 6	Council tax support scheme	Project 6	Council tax support scheme	Project 6	Council tax support scheme	Project 6	Council tax support scheme	Project 6	Council tax support scheme	Project 6	Project 6
Project 7	DWP improvement plan	Project 7	DWP improvement plan	Project 7	DWP improvement plan	Project 7	DWP improvement plan	Project 7	DWP improvement plan	Project 7	DWP improvement plan	Project 7	Project 7
Project 8	Risk Based Verification	Project 8	Risk Based Verification	Project 8	Risk Based Verification	Project 8	Risk Based Verification	Project 8	Risk Based Verification	Project 8	Risk Based Verification	Project 8	Project 8
Project 9	Registrars Shared Service	Project 9	Registrars Shared Service	Project 9	Registrars Shared Service	Project 9	Registrars Shared Service	Project 9	Registrars Shared Service	Project 9	Registrars Shared Service	Project 9	Project 9
Project 10	Nationality checking service at Merton Link	Project 10	Nationality checking service at Merton Link	Project 10	Nationality checking service at Merton Link	Project 10	Nationality checking service at Merton Link	Project 10	Nationality checking service at Merton Link	Project 10	Nationality checking service at Merton Link	Project 10	Project 10

<b>ACTIONS AND SAVINGS</b>														
Revenue Budget (£'000s)	2013/14										2014/15		2015/16	
	2011/12	2012/13	2013/14	2013/14	2013/14	2013/14	2013/14	2013/14	2013/14	2013/14	2013/14	2014/15	2015/16	
Expenditure	11,660	11,074	11,067	11,041	11,063									
Employees	5,524	5,204	5,174	5,124	5,124									
Premises	82	63	63	65	65									
Transport	71	71	72	72	73									
Supplies and Services	3,440	3,416	3,438	3,460	3,481									
3rd party payments	117	106	106	106	106									
Transfer Payments	5	5	5	5	5									
Support services	2,206	2,206	2,206	2,206	2,206									
Depreciation	215	3	3	3	3									
Income	8,706	8,742	8,891	8,891	8,891									
Government grants	2,839	2,839	2,839	2,839	2,839									
Other reimbursements														
Customer and client receipts	5,867	5,903	6,052	6,052	6,052									
Reserves														
Capital Funded														
NET BUDGET	2,954	2,332	2,176	2,151	2,172									
Capital Budget														
Finance Comments (Capital Budget or otherwise)														
NOTE : The overhead element of Customer Services will be allocated to services in line with CIPFA guidelines														

There are 6 core services:

- Local Taxation** - responsible for Council Tax & Business Rates collection, Debt recovery & Bailiff collection services;
- 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;
- Registrars** - responsible for registration of births & deaths, marriages & civil partnerships, citizenship ceremonies & nationality services;
- Contractors Health and Safety Scheme (CHAS)** responsible for health and safety pre-qualification assessments to a nationally recognised and accepted threshold standard. It is a scheme available to suppliers (those who provide goods and services) and to organisations (buyers) looking for suitably competent suppliers;
- Communications** - responsible for protecting and enhancing the reputation of Merton Council; promoting Merton as a good place to live, work and learn; ensuring residents know about and have access to services; ensuring the community is able to have a say in the council decisions; and engaging council staff so they understand the direction of the council and are committed to putting customers at the heart of all they do.



DEPARTMENTAL BUDGET AND RESOURCES

NET BUDGET

ACTION PLAN									
DETAILS OF YOUR MAJOR WORK PROJECTS AND THEIR IMPACT									
Project	DESCRIPTION	MAJOR EXPECTED OUTCOME	IMPACT ON:			Risk		Score	
			Equalities	Other services (maximum of 3)	Sustainability	Likelihood	Impact		
Project 1	2012-15 Customer Services review Options appraisal available mid 2012 which will enable detailed decisions for implementation	More efficient way of working	Equality analysis to be undertaken	Whole organisation - positive impact	Not applicable	2	2	4	
Project 2	2012-16 Improve access to online services Maintain successful visits to the website at 83%, improve the look and feel of the website, implement the recommendations of the customer services review, increase uptake of online transactions.	More efficient way of working	No impact	Whole organisation - positive impact	Not applicable	2	2	4	
Project 3	2012-14 First call resolution software 12/13 - Phase 1 - investigate enhancing current software; 13/14 - Phase 2 - review software against aims/objectives; Phase 3 - implement	Improved customer satisfaction	Equality analysis to be undertaken	Whole organisation - positive impact	Not applicable	2	2	4	
Project 4	2012-14 Localism agenda for business rates 12/13 - Phase 1 Prepare for review of business rates inc. discretionary reliefs; 13/14 - Phase 2 Implement new legislation & review working practices & collection targets	To meet legislative requirements	No impact	Whole organisation - positive impact	Not applicable	2	4	8	
Project 5	2012-14 Council Tax discounts / exemptions 12/13 Prepare for changes to CTax discounts & exemptions & get Member decisions on revised levels of discounts/exemptions for empty properties; 13/14 Implement changes	To meet legislative requirements	No impact	Accountancy - negative impact Housing Benefits - negative impact	Not applicable	2	2	4	
Project 6	12-16 Council Tax support scheme 12/13 Devise new scheme, consult with community, Councillors etc.; 13/14 Secure new software & implement in line with government framework & legislation; 14/15 & 15/16 Review and revise scheme	To meet legislative requirements	Equality analysis to be undertaken	Housing Needs and Enabling Services - negative impact Local taxation - negative impact	Not applicable	3	3	9	
Project 7	12/13 - DWP improvement plan First recommendations due in early 2012 - DWP to work with staff group to gradually implement changes	Improved customer satisfaction	No impact	Merton Link and Contact Centre - positive impact	Not applicable	2	2	4	
Project 8	12/13 - Risk Based Verification Review & implement RBV, build business case and secure funding - if agreement reached implement new software and working procedures	Improved customer satisfaction	No impact	Local Taxation - positive impact Merton Link and Contact Centre - positive impact Internal Audit - positive impact	Not applicable	2	2	4	
Project 9	12/13 - Registrars shared service Consultancy report to be available early 2012 re. shared service with Sutton	To meet budget savings	Equality analysis undertaken	No impact	Not applicable	2	1	2	
Project 10	2012/13 Nationality checking service at Merton Link, 2013/14, 2014/15, 2015/16 Investigate possibility of providing Nationality Checking service at Merton Link. To be informed by Consultants review with neighbouring borough	More efficient way of working	Equality analysis to be undertaken	Merton Link and Contact Centre - negative impact	Not applicable	2	2	4	



**Cllr Mark Allison - Cabinet Member for Finance**

**Human Resources**

The HR shared service provides strategic and operational support to the Council including: i) HR business partners, ii) learning, development and diversity, iii) employment relations and iv) HR transactions (four arm delivery model).

The shared service has undertaken a transformation journey where economies of scale and shared expertise are developing and improving the quality of the service at reduced cost. In the coming year we will implement the new i-Trent HR and payroll system, re-engineering our systems and delivering HR self-service through web-enable technology to managers and staff from 1 April 2012). As well as business process transformation, this represents a culture change and channel migration across the Council and how HR services are provided.

The HR delivery model will change from the current four-arm service (see above) to the Institute of Employment Studies three-legged stool model, with consolidation of central expert functions into one team.

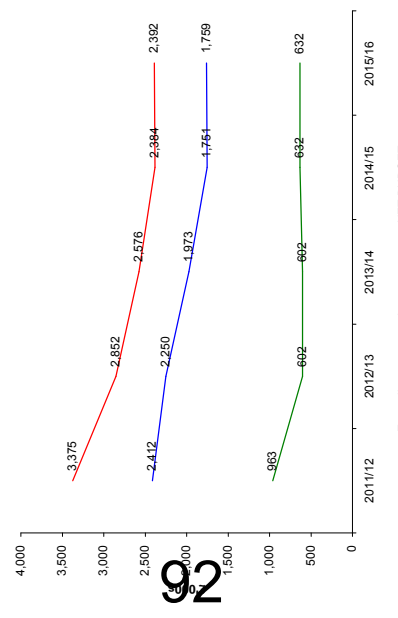
The HR business partner teams will be shared across both Councils with the creation of single delivery teams for: adult services, children's services, environmental services and corporate services

We are in the process of negotiating a new terms and conditions package with the unions and we hope this will be achieved through collective agreement and in place for 1 April 2012. Beyond this we are developing work on our pay and rewards strategy and talent management for 2012/13

Anticipated demand	PLANNING ASSUMPTIONS					Key drivers of demand	Corporate strategies	Workforce development
	2011/12	2012/13	2013/14	2014/15	2015/16			
Staff - headcount	5,813	5,700	↓	↓	↓	Customer demand - internal	Workforce Development Plan	N/A
Members	60	60	60	60	60	Customer demand - internal		
Schools	37	37	37	37	37	Customer demand - internal		
No. of training courses	165	250	→	→	→	Customer demand - internal		
Anticipated supply	2011/12	2012/13	2013/14	2014/15	2015/16	Key drivers of supply		
Staff - shared service	109	102	100	95	90	Economic		
Accommodation	N/A	Co-locate HR				Economic		
Equipment	N/A	TBA				Technological		
Performance indicators	2011/12	2012/13	2013/14	2014/15	2015/16	Indicator type	Impact if not met	
Time to hire - days	141	90	80	70	60	Low	Business critical	Reduced service delivery
Completed performance appraisals	N/A	95%	95%	95%	95%	High	Outcome	Reputational risk
HR shared service to come in on budget	100%	100%	100%	100%	100%	High	Unit cost	Increased costs
Councillors who agree L&D is good	90%	90%	91%	92%	93%	High	Perception	Poor decision making
Councillors with an agreed PDP	50%	50%	52%	55%	60%	High	Perception	Poor decision making
No. of upheld complaints	0	0	0	0	0	Low	Perception	Reputational risk
Customer satisfaction	78%	80%	81%	82%	83%	High	Perception	Reputational risk

MAJOR WORK PROJECTS / PROCUREMENT										
2012/13		2013/14		2014/15		2015/16				
Project 1	HR Business Partner review	Project 1	HR Business Partner review	Project 1	HR Business Partner review	Project 1	HR Business Partner review	Project 1	HR Business Partner review	2015/16
Project 2	i-Trent project	Project 2	i-Trent project	Project 2	i-Trent project	Project 2	i-Trent project	Project 2	i-Trent project	
Project 3	Terms and conditions review	Project 3	Terms and conditions review	Project 3	Terms and conditions review	Project 3	Terms and conditions review	Project 3	Terms and conditions review	
Project 4		Project 4		Project 4		Project 4		Project 4		
Project 5		Project 5		Project 5		Project 5		Project 5		
Project 6	Co-location of shared services	Project 6	Co-location of shared services	Project 6	Co-location of shared services	Project 6	Co-location of shared services	Project 6	Co-location of shared services	
Project 7	Connectivity for co-location	Project 7	Connectivity for co-location	Project 7	Connectivity for co-location	Project 7	Connectivity for co-location	Project 7	Connectivity for co-location	
Project 8	Safe recruitment practices	Project 8	Agency workers contract	Project 8	Agency workers contract	Project 8	Agency workers contract	Project 8	Agency workers contract	
Project 9		Project 9		Project 9		Project 9		Project 9		
Project 10		Project 10		Project 10		Project 10		Project 10		

ACTIONS AND SAVINGS										
2012/13		2013/14		2014/15		2015/16				
Project 1 and project 2	-285	centralisation of L&D/ employee relation	Project 1, project 6,	-200						
Project 1	-139									
Project 2	-17									
Project 3	6									
Project 4	238									
Project 5	257									
Project 6	453									
Project 7	0									
Project 8	0									
Project 9	0									
Project 10	-139									
NET BUDGET	2,412	2,250	1,973	1,751	1,759	-139				
Capital Budget						-230				
Income	963	602	602	632	632					
Government grants	0	0	0	0	0					
Other reimbursements	0	0	0	0	0					
Customer and client receipts	602	602	602	632	632					
Reserves	360	0	0	0	0					
Capital Funded	0	0	0	0	0					
NET BUDGET	2,412	2,250	1,973	1,751	1,759	-139				
Capital Budget						-230				
Finance Comments (Capital Budget or otherwise)										



NOTE: HR is an overhead which will be allocated to services in line with CIPFA guidelines



ACTION PLAN									
DETAILS OF YOUR MAJOR WORK PROJECTS AND THEIR IMPACT									
Project	DESCRIPTION	MAJOR EXPECTED OUTCOME	Equalities	IMPACT ON:		Sustainability	Risk		Score
				Other services (maximum of 3)	Other services (maximum of 3)		Likelihood	Impact	
Project 1	2012-16 Business Partner review 12/13 - develop teams across Merton & Sutton; 13/14 - embed & evaluate phase one of review; 14/15 - review function further to maximise efficiencies; 15/16 - phase two inc. evaluating impact on efficiencies, delivery of services, strategic impact, operational support & management info. 2012-14 - iTrent project	To meet budget savings	Equality analysis undertaken	Whole organisation - positive impact	Whole organisation - positive impact	Not applicable	3	3	9
Project 2	12/13 - implement wef 1.4.12, including auto enrolment of Pensions 13/14 - evaluate to review if fulfils customers' needs & delivers efficiency savings	To meet budget savings	Equality analysis undertaken	Whole organisation - positive impact	Whole organisation - positive impact	Other resource reduction	3	2	6
Project 3	2012-15 - Terms and conditions review 12/13 - changes wef 1.4.12 13/14 - review & design secure agreement to modernise rewards 14/15 - evaluate & review rewards re. recruitment & retention & delivery of councils outcomes 14/15 - investigate partners for shared service	To meet budget savings	Equality analysis undertaken	Whole organisation - positive impact Some staff - negative impact	Whole organisation - positive impact	Not applicable	4	3	12
Project 4	Evaluate possibility of other partners being provided services from shared service - especially re. benefits of web-based systems & improved efficiency	Income generation	No impact	No impact	No impact	Not applicable	4	1	4
Project 5	13/14 Recruitment, retention and performance management metrics Evaluate and review recruitment retention metrics & performance management metrics to ensure right model in place & operating correctly. This to include our ability to recruit and retain hard to fill roles e.g. child care social workers (see corporate risk register)	More efficient way of working	No impact	Whole organisation - positive impact	Whole organisation - positive impact	Not applicable	3	1	3
Project 6	2012-14 - Co-location of service Phase 1 - move Merton based staff to 5th floor; Phase 2 - bring Sutton based staff to civic centre	To meet budget savings	No impact	Whole organisation - positive impact	Whole organisation - positive impact	Not applicable	3	2	6
Project 7	2012-14 - Connectivity for co-location Project to implement IT connectivity to enable access to Sutton IT system & ensure current system for Merton working effectively	More efficient way of working	No impact	Human Resources - positive impact IT Service delivery - negative impact	Human Resources - positive impact IT Service delivery - negative impact	Not applicable	4	3	12
Project 8	12/13 Safe recruitment practices Address safer recruitment. An extensive review of files and employment gaps is being undertaken, and to be completed. The safer recruitment policy has also been reviewed recently, as has training for managers in safeguarding. Further review will be undertaken in light of the January 2012 Ofsted inspection	Improved resident well being	No impact	Whole organisation - positive impact	Whole organisation - positive impact	Select one	3	4	12
Project 9	13/14 Agency Workers contract Re-tender for agency worker contract	More efficient way of working	No impact	Whole organisation - positive impact	Whole organisation - positive impact	Not applicable	2	3	6
Project 10	14/15 Occupational Health service contract Retender for OHS contract	Improved customer satisfaction	No impact	Whole organisation - positive impact	Whole organisation - positive impact	Not applicable	2	3	6

	PLANNING ASSUMPTIONS										Key drivers of demand	Corporate strategies	Workforce development			
	Anticipated demand		Performance targets (indicate if % target)						Key drivers of supply					Reporting cycle	Indicator type	Impact if not met
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21						
Repairs & maintenance - corporate buildings	600k	600k	630k	661k	661k	661k	661k	661k	661k	661k	Customer demand - internal	ICT Policy	Learning & Dev.			
Fix on Fall Calls	15,000	13,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	Customer demand - internal	Corporate Procurement Strategy	Ageing workforce			
Statutory work requests (hours)	1820	1820	1,820	1,820	1,820	1,820	1,820	1,820	1,820	1,820	Customer demand - internal	Asset Management Plan				
Transactions requested by departments	90,000	90,000	80,000	75,000	70,000	70,000	70,000	70,000	70,000	70,000	Customer demand - internal					
Anticipated supply	87.36	82.7	79.7	78.7	78.7	78.7	78.7	78.7	78.7	78.7	Economic					
Staff																
Performance indicators																
Repairs & Maintenance Reactive v planned	50/50	60/40	50/50	40/60	30/70	30/70	30/70	30/70	30/70	30/70	Low	Outcome	Increased costs			
No. of staff working from civic centre	1,200	1,250	1,275	1,300	1,400	1,400	1,400	1,400	1,400	1,400	High	Quarterly	Increased costs			
Total external fee income	100,000	150,000	175,000	200,000	225,000	225,000	225,000	225,000	225,000	225,000	High	Quarterly	Loss of income			
Calls logged through Self Service	50%	40%	50%	65%	80%	80%	80%	80%	80%	80%	High	Monthly	Reduced update of service			
Measure & improve first time fix rates for fault	58%	62%	65%	69%	75%	75%	75%	75%	75%	75%	High	Monthly	Reduced customer service			
Improve customer satisfaction results - SRF	N/A	93%	93%	94%	94%	94%	94%	94%	94%	94%	High	Monthly	Reduced customer service			
Proactis payment requests paid within 30 days	87%	94%	95%	96%	97%	97%	97%	97%	97%	97%	High	Monthly	Reduced service delivery			
Proactis invoices paid in 30 days of receipt by LBM	N/A	89%	91%	93%	95%	95%	95%	95%	95%	95%	High	Monthly	Reduced service delivery			
Carefirst invoices paid in 30 days from invoice	87%	87%	88%	89%	90%	90%	90%	90%	90%	90%	High	Monthly	Increased waiting times			

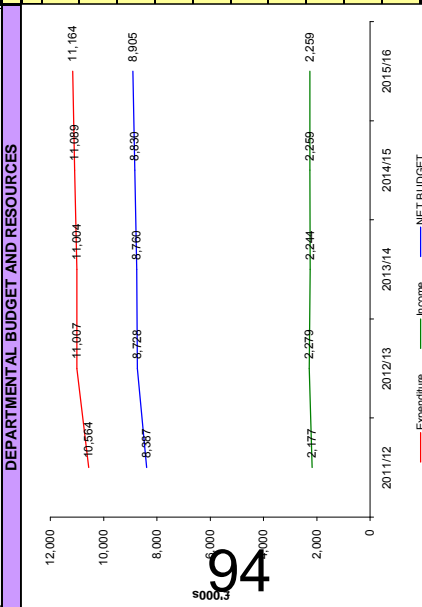
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**Infrastructure and Transactions**

Infrastructure and Transactions (I&T) is made up of three functions:

- IT and telecommunication services** to support the councils operations using infrastructure, assets, service desk facilities, IT governance and ensuring data security.
- Facilities Management** provide the infrastructure to deliver services through accommodation, building maintenance, energy management, cleaning, catering, print room and post room services, security and other associated FM services. Carry out development projects and generate external income through service provision to external clients (LBM schools, other authority schools and other authorities).
- Transactional Services** incorporates Accounts Payable, Accounts Receivable, Carefirst Admin and Vendor Maintenance. Ensure prompt and accurate payment for all goods and services provided to LBM. Raise and issue invoices promptly and accurately to maximise revenue received. Maintain accurate records re. client contributions on Carefirst to enhance correct invoicing and reduce queries. Vendor Maintenance database is controlled, accurate and cleansed. Providing training and support for all users of the systems required for payments or invoicing.

DEPARTMENTAL BUDGET AND RESOURCES													
	2012/13		2013/14		2014/15		2015/16		2016/17		2017/18		2015/16
	Project 1	Project 2	Project 3	Project 4	Project 5	Project 6	Project 7	Project 8	Project 9	Project 10	Project 1	Project 2	
Replacement of desktop equipment.	Project 1	Project 2	Project 3	Project 4	Project 5	Project 6	Project 7	Project 8	Project 9	Project 10	Project 1	Project 2	Project 1
Externally hosted payment service.	Project 1	Project 2	Project 3	Project 4	Project 5	Project 6	Project 7	Project 8	Project 9	Project 10	Project 1	Project 2	Project 2
Disaster Recovery & Business Continuity arrangements	Project 1	Project 2	Project 3	Project 4	Project 5	Project 6	Project 7	Project 8	Project 9	Project 10	Project 1	Project 2	Project 3
Cloud Computing Project	Project 1	Project 2	Project 3	Project 4	Project 5	Project 6	Project 7	Project 8	Project 9	Project 10	Project 1	Project 2	Project 4
Replacement of email archiving	Project 1	Project 2	Project 3	Project 4	Project 5	Project 6	Project 7	Project 8	Project 9	Project 10	Project 1	Project 2	Project 5
Replacement of Network Switches & Servers	Project 1	Project 2	Project 3	Project 4	Project 5	Project 6	Project 7	Project 8	Project 9	Project 10	Project 1	Project 2	Project 6
Replacement of civic centre PABX	Project 1	Project 2	Project 3	Project 4	Project 5	Project 6	Project 7	Project 8	Project 9	Project 10	Project 1	Project 2	Project 7
Consolidation of operational buildings	Project 1	Project 2	Project 3	Project 4	Project 5	Project 6	Project 7	Project 8	Project 9	Project 10	Project 1	Project 2	Project 8
Civic centre refurbishment project	Project 1	Project 2	Project 3	Project 4	Project 5	Project 6	Project 7	Project 8	Project 9	Project 10	Project 1	Project 2	Project 9
Centralising ASH functions into Transactional Services team	Project 1	Project 2	Project 3	Project 4	Project 5	Project 6	Project 7	Project 8	Project 9	Project 10	Project 1	Project 2	Project 10



	ACTIONS AND SAVINGS										2015/16
	2012/13		2013/14		2014/15		2015/16		2016/17		
Self financing / vacant posts/ redundancy/overtime	-220	-72	-72	Reduction of 2 fees	-72	-72	-72	-72	-72	-72	0
Close YOT in Athena House	-62	-13	-13	Closures/relocate Workfold	-13	-13	-13	-13	-13	-13	0
Consolidation of contracts. Re-tender high volume p	-214	-56	-56	Equipment hire savings	-56	-56	-56	-56	-56	-56	0
Support services	817	1,674	1,674								
Depreciation											
<b>Income</b>	<b>2,177</b>	<b>2,279</b>	<b>2,244</b>	<b>2,259</b>	<b>2,259</b>	<b>2,259</b>	<b>2,259</b>	<b>2,259</b>	<b>2,259</b>	<b>2,259</b>	<b>2,259</b>
Government grants											
Other reimbursements											
Customer and client receipts	2,177	2,279	2,244	2,259	2,259	2,259	2,259	2,259	2,259	2,259	2,259
Reserves											
Capital Funded											
<b>NET BUDGET</b>	<b>8,387</b>	<b>8,728</b>	<b>8,760</b>	<b>8,830</b>	<b>8,830</b>	<b>8,830</b>	<b>8,830</b>	<b>8,830</b>	<b>8,830</b>	<b>8,830</b>	<b>8,830</b>
IT	2,823	1,741	1,741	1,741	1,741	1,741	1,741	1,741	1,741	1,741	1,741
Facilities	1,654	510	510	510	510	510	510	510	510	510	510
NOTE: I&T is an overhead which will be allocated to services in line with CIPFA guidelines											

ACTION PLAN		
DETAILS OF YOUR MAJOR WORK PROJECTS AND THEIR IMPACT	IMPACT ON: Other services (maximum of 3)	Risk
MAJOR EXPECTED OUTCOME	Equalities	Likelihood
DESCRIPTION	Sustainability	Impact
	Other services (maximum of 3)	Score

Project 1	2012-15 Replacement of desktop equipment Replacement of desktop equipment to standardise operating systems and office to enable hot desking, mobile and flexible working through the use of the Virtualised Desktop Infrastructure and Unified Communications	More efficient way of working	No impact	Whole organisation - positive impact	Impact on building emissions	3	2	6
Project 2	12/13 - Externally hosted payment service Procurement and implementation of externally hosted payment service in order to achieve PCIDSS compliance	To meet legislative requirements	No impact	Whole organisation - positive impact	Not applicable	3	2	6
Project 3	12/13 - Disaster Recovery & Business Continuity arrangements Part of the larger Cloud project to improve and develop Disaster Recovery & Business Continuity arrangements by working with LB Wardsworth to share equipment	To meet legislative requirements	No impact	Whole organisation - positive impact	Not applicable	3	3	9
Project 4	2012-14 - Cloud computing project Implementation of cloud computing project	More efficient way of working	No impact	Whole organisation - positive impact	Impact on building emissions	3	2	6
Project 5	12/13 - Replacement of email archiving Replacement of email archiving servers and systems	More efficient way of working	No impact	Whole organisation - positive impact	Not applicable	2	2	4
Project 6	12/13 - Replacement of Network Switches & Servers Replacement of network switches and servers	More efficient way of working	No impact	Whole organisation - positive impact	Impact on building emissions	2	2	4
Project 7	2012-14 - Replacement of civic centre PABX Replacement of PABX system	More efficient way of working	No impact	Whole organisation - positive impact	Not applicable	3	2	6
Project 8	2012-16 Consolidation of operational buildings Consolidation of operational buildings	To meet budget savings	Equality analysis to be undertaken	Children's Social Care - positive impact Property - positive impact	Impact on building emissions	2	3	6
Project 9	2012-16 Civic centre refurbishment project 12/13 staff from Worsfold House and Athena House to be relocated at the civic centre 2012-14 - Centralising ASH functions into Transactional Services team	To meet budget savings	Equality analysis to be undertaken	Children's Social Care - positive impact Youth and Inclusion - positive impact	Impact on building emissions	2	3	6
Project 10	Replacement of desktop equipment	More efficient way of working	No impact	Whole organisation - positive impact	Not applicable	3	2	6

Anticipated demand		PLANNING ASSUMPTIONS			Key drivers of demand			Corporate strategies		Workforce development
2011/12	2012/13	2013/14	2014/15	2015/16	2011/12	2012/13	2013/14	2014/15	2015/16	
Budget managers	200	200	200	200	Customer demand - internal	Customer demand - internal	Customer demand - internal	Customer demand - internal	Customer demand - internal	Capital Programme
Senior officers	50	50	50	50	Customer demand - internal	Customer demand - internal	Customer demand - internal	Customer demand - internal	Customer demand - internal	Medium Term Financial Strategy
Members	60	60	60	60	Customer demand - internal	Customer demand - internal	Customer demand - internal	Customer demand - internal	Customer demand - internal	Risk Management Strategy
Voluntary sector	150+	150+	150+	150+	Customer demand - external	Customer demand - external	Customer demand - external	Customer demand - external	Customer demand - external	Treasury Management Strategy
Anticipated supply	74.23	65.4	64.4	63.4	Key drivers of supply	Key drivers of supply	Key drivers of supply	Key drivers of supply	Key drivers of supply	Corporate Procurement Strategy
	74.23	65.4	64.4	63.4						Corporate Equality Scheme
										Voluntary Sector Strategy
										Central Government strategy
										Asset Management Plan
<b>Performance indicators</b>										
										<b>Impact if not met</b>
Spend overseen by Procurement Board	50%	25%	30%	35%	High	High	High	High	High	Poor decision making
No. of adjustments to audited accounts	0	0	0	0	High	High	High	High	High	Government intervention
Managers budget forecast rec'd	80%	75%	80%	85%	High	High	High	High	High	Poor decision making
Capital spend forecast variance at end of year	10%	5%	5%	5%	Low	Low	Low	Low	Low	Poor decision making
Risk action plans in place	77%	90%	100%	100%	High	High	High	High	High	Poor decision making
Compliance with corporate PM timetable	100%	100%	100%	100%	High	High	High	High	High	Poor decision making
Residents agree people get on well together	90%	89%	90%	91%	High	High	High	High	High	Reputational risk
Unallocated identified balances over 3 days old	0	0	0	0	Low	Low	Low	Low	Low	Loss of income
Satisfaction with Procurement training	New	80%	85%	90%	High	High	High	High	High	Poor decision making
<b>MAJOR WORK PROJECTS / PROCUREMENT</b>										
Project 1	Governance - Improve strategic & operational governance.	Project 1			Project 1					Project 1
Project 2	Implement new hosted Pension system	Project 2			Project 2					Project 2
Project 3	Implement new Pension arrangements arising from Hutton inquiry	Project 3			Project 3					Project 3
Project 4	Implementation of upgrade to Civica ICON	Project 4			Project 4					Project 4
Project 5	New PMF / risk management system	Project 5			Project 5					Project 5
Project 6	Evaluation of Localism & future funding levels	Project 6			Project 6					Project 6
Project 7	Review performance indicators	Project 7			Project 7					Project 7
Project 8	Joint Finance and Business plan monitoring Corporate Equality Scheme	Project 8			Project 8					Project 8
Project 9	Strategic Voluntary Sector F funding	Project 9			Project 9					Project 9
Project 10	Strategic Voluntary Sector F funding	Project 10			Project 10					Project 10

2012/13		2013/14			2014/15			2015/16	
2011/12	2012/13	2013/14	2014/15	2015/16	2011/12	2012/13	2013/14	2014/15	2015/16
Revenue Budget (£'000s)	9,631	8,798	8,862	8,927	8,993	8,993	8,993	8,993	8,993
Expenditure	3,919	3,944	3,944	3,944	3,946	3,946	3,946	3,946	3,947
Employees	90	91	92	92	94	94	94	94	95
Premises	4	4	4	4	4	4	4	4	4
Transport	4,701	3,839	3,898	3,956	4,016	4,016	4,016	4,016	4,016
Supplies and Services	227	230	233	237	240	240	240	240	240
3rd party payments	9	9	9	10	10	10	10	10	10
Transfer Payments	681	681	681	681	681	681	681	681	681
Support services									
Depreciation									
<b>Income</b>	874	856	856	856	856	856	856	856	856
Government grants									
Other reimbursements									
Customer and client receipts	856	856	856	856	856	856	856	856	856
Reserves	18	0	0	0	0	0	0	0	0
Capital Funded									
<b>NET BUDGET</b>	8,757	7,942	8,007	8,071	8,137	8,137	8,137	8,137	8,137
<b>Capital Budget</b>	0	0	0	0	0	0	0	0	0

2012/13		2013/14			2014/15			2015/16	
2011/12	2012/13	2013/14	2014/15	2015/16	2011/12	2012/13	2013/14	2014/15	2015/16
Revenue Budget (£'000s)	9,631	8,798	8,862	8,927	8,993	8,993	8,993	8,993	8,993
Expenditure	3,919	3,944	3,944	3,944	3,946	3,946	3,946	3,946	3,947
Employees	90	91	92	92	94	94	94	94	95
Premises	4	4	4	4	4	4	4	4	4
Transport	4,701	3,839	3,898	3,956	4,016	4,016	4,016	4,016	4,016
Supplies and Services	227	230	233	237	240	240	240	240	240
3rd party payments	9	9	9	10	10	10	10	10	10
Transfer Payments	681	681	681	681	681	681	681	681	681
Support services									
Depreciation									
<b>Income</b>	874	856	856	856	856	856	856	856	856
Government grants									
Other reimbursements									
Customer and client receipts	856	856	856	856	856	856	856	856	856
Reserves	18	0	0	0	0	0	0	0	0
Capital Funded									
<b>NET BUDGET</b>	8,757	7,942	8,007	8,071	8,137	8,137	8,137	8,137	8,137
<b>Capital Budget</b>	0	0	0	0	0	0	0	0	0

NOTE: Resources is an overhead which will be allocated to services in line with CIPFA guidelines

Finance Comments (Capital Budget or otherwise)

ACTION PLAN									
DETAILS OF YOUR MAJOR WORK PROJECTS AND THEIR IMPACT									
Project	DESCRIPTION	MAJOR EXPECTED OUTCOME	IMPACT ON:			Risk		Score	
			Equalities	Other services (maximum of 3)	Sustainability	Likelihood	Impact		
Project 1	12/13 - Improve strategic and operational governance Develop and embed the Procurement Board, Operational Procurement Groups, Spend Data analysis, Contract Register and E-tendering systems	To meet budget savings	No impact	Whole organisation - positive impact	Not applicable	2	1	2	
Project 2	12/13 - Implement new hosted Pension system Migration will take place in early 12/13 with disaster recovery arrangements implemented as a secondary issue	More efficient way of working	No impact	No impact	Not applicable	2	2	4	
Project 3	12/13 - Implement new Pension arrangements arising from Hutton inquiry Implications from Hutton inquiry still under consultation	To meet legislative requirements	No impact	No impact	Not applicable	2	2	4	
Project 4	12/13 - Implementation of upgrade to Civica ICON 12/13 - Testing in mid April & phase 1 (PCIDSS compliance) will be delivered mid May. Further phases will follow.	More efficient way of working	No impact	Whole organisation - positive impact Business Improvement - negative impact IT Service delivery - negative impact	Not applicable	2	2	4	
Project 5	2012-14 New PMF / risk management system 12/13 - Look at external providers / Business Improvement to develop streamlined system 13/14 - Implement any new system	More efficient way of working	No impact	Whole organisation - positive impact	Not applicable	2	2	4	
Project 6	2012-16 Localism and future funding levels Including Local Government Resource review and Localisation of Council Tax Benefit	To meet budget savings	No impact	Whole organisation - positive impact	Not applicable	2	2	4	
Project 7	12/13 - Review performance indicators BP team to work with departments and Business Improvement and undertake an audit of PIs on Lean information centres to inform future years service planning and organisational change.	More efficient way of working	No impact	Whole organisation - positive impact	Not applicable	3	2	6	
Project 8	2012-14 - Joint Finance and Business Plan monitoring 12/13 - Develop joint monitoring 13/14 - Improve joint monitoring	More efficient way of working	No impact	Whole organisation - positive impact	Not applicable	2	2	4	
Project 9	2012-16 Corporate Equality Scheme (CES) 12/13 - Refresh CES 13/14 - Support for departments to implement CES 14/15 - Support for departments to implement CES 15/16 - Support for departments to implement CES & refresh CES for 16/19	Improved reputation	No impact	Whole organisation - positive impact	Not applicable	1	2	2	
Project 10	2012-16 Strategic Voluntary Sector Funding 12/13 & 13/14 - 2012-15 allocated and monitoring 14/15 - 2012-15 allocated and monitoring plus allocation & monitoring process for 2015-18 15/16 - 2015-18 monitoring	Improved customer satisfaction	Equality analysis to be undertaken	Whole organisation - positive impact	Community outreach	1	2	2	

CLIR Edith MacCauley - Community Safety, Engagement & Equalities											
Safer Merton											
Anticipated demand		2011/12		2012/13		2013/14		2014/15		2015/16	
Key drivers of demand		2011/12		2012/13		2013/14		2014/15		2015/16	
Increase in MARAC referrals		83 aprx	240	300	300	400	Customer demand - external				
N number of clients at one stop shop		TBC	120	150	170	190	Customer demand - external				
Increase in ASB referrals		TBC	20%	30%	30%	30%	Customer demand - external				
Increase in crime		TBC	1%	5%	7%	9%	Customer demand - external				
Anticipated supply		2011/12		2012/13		2013/14		2014/15		2015/16	
Staff		26	26	26	25	25	Social				
Performance indicators		2011/12		2012/13		2013/14		2014/15		2015/16	
Performance targets (indicate if % target)		2011/12		2012/13		2013/14		2014/15		2015/16	
Number of new ASB cases		560 aprx	95%	95%	95%	95%	600	600	600	Business critical	Anti social behaviour
CCTV cameras operational		TBC	30%	33%	37%	42%	47%	47%	47%	High	Reputation risk
Improve in successful completion in drugs treatment		TBC	35	35	35	35	35	35	35	High	Safeguarding issues
Prolific and Priority Offender cohort		TBC	1000	700	700	700	700	700	700	Business critical	Increased costs
Strategic Assessment responses		TBC	1%	↔	↔	↔	↔	↔	↔	High	Breach statutory duty
Improve Annual Resident Survey responses		TBC	93 approx	105	117	129	141	141	141	High	Reputation risk
No of Multi Agency Risk Assessment Cases (domestic abuse)		TBC	46	46	46	46	46	46	46	High	Breach statutory duty
Number of One Stop shops		TBC								High	Reduced access to service

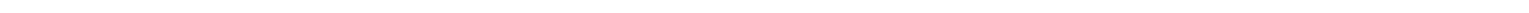
CORPORATE STRATEGIES											
Impact if not met											
Adult Treatment Plan											
Corporate Equality Scheme											
Corporate Procurement Strategy											
Crime and Behaviour Partnership											
Community Plan											
Information Governance Policy											
Local Development Framework											
Risk Management Strategy											
Central Government strategy											

PLANNING ASSUMPTIONS											
MAJOR WORK PROJECTS / PROCUREMENT											
2012/13		2013/14		2014/15		2015/16					
2012/13		2013/14		2014/15		2015/16					
Project 1	Efficiency Review on Drug Services	Project 1	CCTV development growth (under parking)	Project 2	CCTV development growth (under parking)	Project 3	Drugs Needs Assessment (NHS)	Project 4	Adult Treatment Plan Refresh (NHS)	Project 5	Adult Treatment Plan Refresh (NHS)
Project 2	CCTV Reterending Repairs & Maintenance	Project 2	Drugs Needs Assessment (NHS)	Project 3	Adult Treatment Plan Refresh (NHS)	Project 4	Implementation of ASB Legislation	Project 5	Strategic Assessment	Project 6	MARAC Quality Assurance
Project 3	Drugs Needs Assessment	Project 3	Strategic Assessment	Project 4	MARAC Quality Assurance	Project 5	Purple Flag	Project 6	Partnership Plan	Project 7	Alcohol treatment plan
Project 4	Adult Treatment Plan Refresh	Project 4	Partnership Plan	Project 5	Alcohol treatment plan	Project 6	Partnership Plan	Project 7	Alcohol treatment plan	Project 8	Partnership Plan
Project 5	Implementation of ASB Legislation	Project 5	Alcohol treatment plan	Project 6	Partnership Plan	Project 7	Alcohol treatment plan	Project 8	Partnership Plan	Project 9	Partnership Plan
Project 6	Strategic Assessment	Project 6	Partnership Plan	Project 7	Alcohol treatment plan	Project 8	Partnership Plan	Project 9	Partnership Plan	Project 10	Alcohol treatment plan
Project 7	MARAC Quality Assurance	Project 7	Partnership Plan	Project 8	Partnership Plan	Project 9	Partnership Plan	Project 10	Alcohol treatment plan	Project 10	Alcohol treatment plan
Project 8	Purple Flag	Project 8	Partnership Plan	Project 9	Partnership Plan	Project 10	Alcohol treatment plan	Project 10	Alcohol treatment plan	Project 10	Alcohol treatment plan
Project 9	Partnership Plan	Project 9	Alcohol treatment plan	Project 10	Alcohol treatment plan	Project 10	Alcohol treatment plan	Project 10	Alcohol treatment plan	Project 10	Alcohol treatment plan
Project 10	Alcohol treatment plan	Project 10	Alcohol treatment plan	Project 10	Alcohol treatment plan	Project 10	Alcohol treatment plan	Project 10	Alcohol treatment plan	Project 10	Alcohol treatment plan

ACTIONS AND SAVINGS											
2013/14											
2014/15											
2015/16											
Revenue Budget (£'000s)											
Expenditure											
Income											
Government grants											
Other reimbursements											
Customer and client receipts											
Reserves											
NET BUDGET											
Capital Budget £'000s											
CCTV											

MARAC = Multi Agency Risk Assessment Conference

Finance Comments (Capital Budget or otherwise)



Operationally delivers partnership interventions in the areas of Domestic Violence (DV), Integrated Offender Management (IOM), Prolific & Priority Offenders (PPO), Closed Circuit TV (CCTV) and Anti Social Behaviour (ASB). To commission all drug and alcohol services for the partnership and to manage and monitor these to National Standards (within the confines of the ringfenced budget). To manage all partnership plans and spend according to the rules and regulations of the various partners. To strategically lead all partners in a co-ordinated approach to delivering all community safety initiatives and fulfill all partnership statutory responsibilities in line with the Crime and Disorder Act 1998 (and subsequent amending acts). To be the lead entity on dissemination and delivery of Government legislation and guidance on a variety of issues including: counter terrorism, tension monitoring, problem solving, sexual violence, organised crime, business crime and community confidence.

The 3 year phased reduction in the Community Safety Fund totaling £390,850 between 2012/13 and 2014/15 has been partly met through securing Performance Reward Grant of £353,250 reducing the gap to be met in 2014/15 to £37,600.

**Objectives:**

- To work in partnership to deliver the strategic assessment objectives of:
  - reducing alcohol related crime
  - reducing Anti Social Behaviour (ASB)
  - reducing Domestic Violence (DV)
  - reducing robbery & burglary

ACTION PLAN									
DETAILS OF YOUR MAJOR WORK PROJECTS AND THEIR IMPACT									
DESCRIPTION	MAJOR EXPECTED OUTCOME	Equalities	IMPACT ON:			Sustainability - no suitable box	How to grade this - risks of what? Which box		Score
			Other services (maximum of 3)	Children's Social Care - positive impact	Adult Social Care - positive impact		Housing Needs and Enabling Services - negative impact	Likelihood	
Project 1 2012/13 Efficiency review on drug services, 2013/14 Alcohol treatment plan Efficiency management of contracts to maintain service provision within anticipated funding reductions (Department of Health PTB)	To meet budget savings	Equality analysis undertaken	Children's Social Care - positive impact Adult Social Care - positive impact Housing Needs and Enabling Services - negative impact	Not applicable	1	3	3		
Project 2 2012/13 CCTV Retendering Repairs & Maintenance, 2013-2015 CCTV development growth (under parking), 2015/16 CCTV Tender renewal Retendering to improve service provision but also to implement possible service efficiencies and reduce price increase impacts. Looking at extending the service.	Improved reputation	Equality analysis undertaken	Parking - positive impact	Not applicable	1	2	2		
Project 3 2012/13 Drugs Needs Assessment, 2013-2015 Drugs Needs Assessment (NHS), 2015/16 Drugs Needs Assessment legislative requirement	To meet legislative requirements	Equality analysis undertaken	Adult Social Care - positive impact Children's Social Care - positive impact Housing Needs and Enabling Services- positive impact	Not applicable	1	4	4		
Project 4 2012/13 Adult Treatment Plan Refresh, 2013-2015 Adult Treatment Plan Refresh (NHS), 2015/16 Adult Treatment Plan Refresh legislative requirement	To meet legislative requirements	Equality analysis undertaken	Adult Social Care - positive impact Children's Social Care - positive impact Housing Needs and Enabling Services- positive impact	Not applicable	1	4	4		
Project 5 2012/13 Implementation of ASB legislation New legislation - big changes	To meet legislative requirements	Equality analysis undertaken	Children's Social Care - positive impact Housing Needs and Enabling Services- positive impact Adult Social Care - positive impact	Not applicable	1	2	2		
Project 6 2012-2016 Strategic Assessment legislative requirement	To meet legislative requirements	Equality analysis undertaken	Business Improvement - positive impact Commissioning, Strategy and Performance - positive impact	Not applicable	1	2	2		
Project 7 2012/13 MARAC Quality Assessment, 2013-2015 MARAC Quality Assurance, 2015/16 MARAC legislative requirements	To meet legislative requirements	Equality analysis undertaken	Select a service Select a service Select a service	Not applicable	1	4	4		
Project 8 2012-2016 Purple Flag Major project year one, unquantifiable in future years	More efficient way of working	Equality analysis undertaken	Select a service Select a service Select a service	Not applicable	1	1	1		
Project 9 2012-2016 Partnership Plan legislative requirement	To meet legislative requirements	Equality analysis undertaken	Select a service Select a service Select a service	Not applicable	1	2	2		
Project 10 2012-2016 Alcohol treatment plan legislative requirement	To meet legislative requirements	Equality analysis undertaken	Select a service Select a service Select a service	Not applicable	1	1	1		

# Sustainable



CLIP Mark Betteridge - Cabinet Member for Performance and Implementation		PLANNING ASSUMPTIONS										Corporate strategies		Workforce development		
Commercial Waste		Anticipated demand		2011/12		2012/13		2013/14		2014/15		2015/16		Key drivers of demand		Impact if not met
Increase of residual contracts		250		250		250		250		250		250		Customer demand - external		Loss of income
Increase of dry recycling contracts		250		250		250		250		250		250		Customer demand - external		Environmental issues
Increase commercial pest control work		N/A		15		15		15		15		15		Customer demand - external		Loss of income
Anticipated supply		2011/12		2012/13		2013/14		2014/15		2015/16		2015/16		Key drivers of supply		Increased costs
Staff		8		8		8		8		8		8		Economic		
Transport		6		6		6		6		6		6		Economic		
Performance indicators		2011/12		2012/13		2013/14		2014/15		2015/16		2015/16		Reporting cycle		Indicator type
Total Income from commercial waste		£1.5m		£1.6m		£1.75m		£2m		£2.1m		£2.1m		Monthly		Business critical
Contracts with a recycling element		40%		40%		45%		50%		55%		55%		Monthly		Perception
Pest Control income		N/A		£110,000		£110,000		£110,000		£110,000		£110,000		Quarterly		Outcome
Municipal solid waste landfilled		62%		60%		58%		55%		53%		53%		Monthly		Outcome

MAJOR WORK PROJECTS / PROCUREMENT											
2012/13			2013/14			2014/15			2015/16		
Project 1	Double shifting vehicles	Project 1	Project 1	Project 1	Project 1	Project 1	Project 1	Project 1	Project 1	Project 1	Project 1
Project 2	Review pricing structure	Project 2	Project 2	Project 2	Project 2	Project 2	Project 2	Project 2	Project 2	Project 2	Project 2
Project 3	Amalgamate evening resources	Project 3	Project 3	Project 3	Project 3	Project 3	Project 3	Project 3	Project 3	Project 3	Project 3
Project 4	Encourage recycling	Project 4	Project 4	Project 4	Project 4	Project 4	Project 4	Project 4	Project 4	Project 4	Project 4
Project 5	Improve customer account management	Project 5	Project 5	Project 5	Project 5	Project 5	Project 5	Project 5	Project 5	Project 5	Project 5
Project 6	Potential Partnership working with Sutton	Project 6	Project 6	Project 6	Project 6	Project 6	Project 6	Project 6	Project 6	Project 6	Project 6
Project 7		Project 7	Project 7	Project 7	Project 7	Project 7	Project 7	Project 7	Project 7	Project 7	Project 7
Project 8		Project 8	Project 8	Project 8	Project 8	Project 8	Project 8	Project 8	Project 8	Project 8	Project 8
Project 9		Project 9	Project 9	Project 9	Project 9	Project 9	Project 9	Project 9	Project 9	Project 9	Project 9
Project 10		Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10

ACTIONS AND SAVINGS											
2012/13			2013/14			2014/15			2015/16		
Expenditure	1,417	1,423	1,429	1,433	1,439	1,433	1,433	1,433	1,439	1,439	1,439
Income	405	405	405	405	405	405	405	405	405	405	405
NET BUDGET	1,012	1,018	1,024	1,028	1,034	1,028	1,028	1,028	1,034	1,034	1,034
Employees	6	6	6	6	6	6	6	6	6	6	6
Premises	302	307	312	316	321	316	316	316	321	321	321
Transport	61	62	63	63	64	63	63	63	64	64	64
Supplies and Services	592	592	592	592	592	592	592	592	592	592	592
3rd party payments	50	50	50	50	50	50	50	50	50	50	50
Support services	1	1	1	1	1	1	1	1	1	1	1
Depreciation											
Income	1,855	1,855	1,855	1,855	1,855	1,855	1,855	1,855	1,855	1,855	1,855
Government grants	0	0	0	0	0	0	0	0	0	0	0
Other reimbursements	0	0	0	0	0	0	0	0	0	0	0
Customer and client receipts	1,855	1,855	1,855	1,855	1,855	1,855	1,855	1,855	1,855	1,855	1,855
Reserves	0	0	0	0	0	0	0	0	0	0	0
NET BUDGET	-438	-432	-432	-432	-432	-432	-432	-432	-432	-432	-432
Capital Budget											
Finance Comments (Capital Budget or otherwise)											

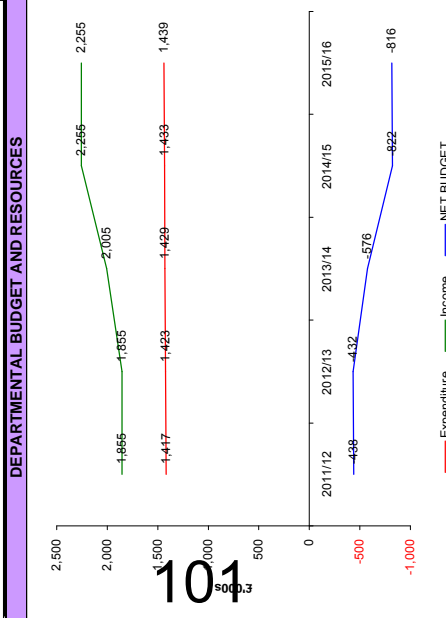
**Commercial Waste**

**Commercial Waste & Recycling Collection & Disposal** directly from local businesses. Under government legislation the council has a duty to arrange for the collection of commercial waste when requested to do so. The Act defines commercial waste as: "waste from premises used wholly or mainly for the purposes of a trade or business or the purposes of sport, recreation or entertainment".

**Pest Control Service:** Legislation requires that local authorities undertake enforcement for the purposes of controlling rats and mice. Owners/tenants have discretion on pest control providers. Merton is able to offer its residents and businesses a good quality, competitively priced service using fully qualified officers.

**Objectives**

- to make both services more efficient, cost effective and competitive in the commercial market
- be more reactive to seasonal demands
- become competitive in both commercial waste and pest control, looking at the marketing of the services and pricing structure.



ACTION PLAN						
DETAILS OF YOUR MAJOR WORK PROJECTS AND THEIR IMPACT						
MAJOR EXPECTED OUTCOME	IMPACT ON:			Risk		Score
	Equalities	Other services (maximum of 3)	Sustainability	Likelihood	Impact	
Project 1 2012/13 Introduction of double shifting vehicles in Commercial Waste service By moving remaining 2 Commercial Waste services to 2pm - 10pm this should reduce costs on vehicles required during core hours 6am - 2pm.	No impact	No impact	Waste	1	2	2
Project 2 2012/13 Review pricing structure Review pricing structure and introduce charge by weight for heavier businesses	No impact	No impact	Waste	1	2	2
Project 3 2012/13 Amalgamate evening resources Amalgamate evening resources to increase capacity	No impact	No impact	Waste	1	2	2
Project 4 2012/13 Encourage recycling Encourage and support existing customers that do not recycle to recycle (800 customers)	No impact	No impact	Waste	1	2	2
Project 5 2012/13 Improve customer account management Improve customer account management lifecycle in order to grow, manage and retain customers	No impact	No impact	Waste	1	2	2
Project 6 2012/13 Potential partnership working with Sutton Potential Partnership working with Sutton	No impact	No impact	Waste	1	2	2
Project 7						
Project 8						
Project 9						
Project 10						

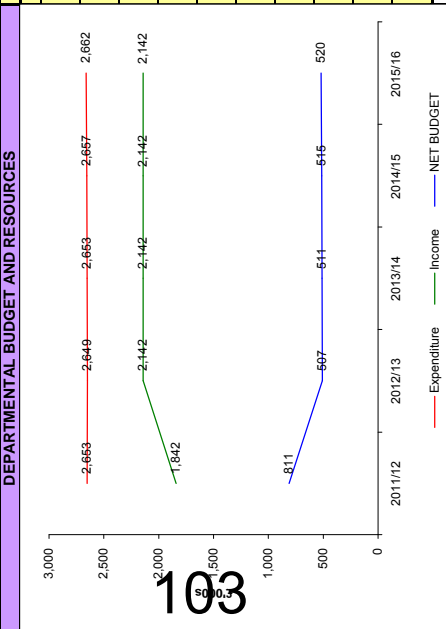
CLR Andrew Judge - Cabinet Member for Environmental Sustainability & Regeneration									
Development and Building Control									
Anticipated demand		2011/12	2012/13	2013/14	2014/15	2015/16	Key drivers of demand		
Increased enforcement cases		700	700	↑	↑	↑	Customer demand - external		
planning applications economy dependant		N/A	2000	↑	↑	↑	Statutory / Government initiative		
BC applications economy dependant		1,650	1650	↑	↑	↑	Core Planning Strategy		
free applications		N/A	600	↑	↑	↑	East Merton and Mitcham		
Anticipated supply		2011/12	2012/13	2013/14	2014/15	2015/16	Key drivers of supply		
Staff		36	36	31	26	26	Local Development Framework		
							Unitary Development Plan		
							Central Government strategy		
							London wide strategy		
							Capital Programme		
Performance indicators		2011/12	2012/13	2013/14	2014/15	2015/16	Reporting cycle	Indicator type	Impact if not met
Major applications processed within 13 wks		60%	60%	60%	50%	50%	Monthly	Quality	Reduced service delivery
Minor applications processed within 8 wks		65%	80%	65%	60%	60%	Monthly	Quality	Reduced service delivery
Other applications processed within 8 wks		35%	35%	40%	40%	45%	Quarterly	Perception	Reduced service delivery
appeals lost		£1.5m	1.56m	↑	↑	↑	Monthly	Business critical	Reputational risk
Income (Development and Building Control)		85%	85%	80%	75%	75%	Quarterly	Perception	Increased costs
Market share retained by LA (BC)		60%	60%	60%	50%	50%	Quarterly	Perception	Reduced uptake of service
Projects completed		600	600	600	500	500	Quarterly	Outcome	Reputational risk
Number of enforcement cases closed									

**Objectives**

- concentrate on the commercialisation of the Building Control (BC) service and maintain or improve the market share
- review the pre-application charging regime for Development Control (DC) and to investigate whether additional income generation is possible
- to set up and implement the Mayoral, Community Infrastructure Levy (CIL) charging regime.

Building regulations regulate the Built Environment to add to the sustainability initiative, and safety at sports grounds to ensure that they are safe for occupation by spectators 24/7. Dangerous Structures service is provided to protect the residents. Development control assesses and determine planning applications against the adopted policies for the built environment contained within the council's Core Strategy.

MAJOR WORK PROJECTS / PROCUREMENT									
		2012/13		2013/14		2014/15		2015/16	
Project 1	Planning application fees	Project 1	Project 1	Project 1	Project 1	Project 1	Project 1	Project 1	Project 1
Project 2	Handle more major planning applications	Project 2	Project 2	Project 2	Project 2	Project 2	Project 2	Project 2	Project 2
Project 3	Localism Bill	Project 3	Project 3	Project 3	Project 3	Project 3	Project 3	Project 3	Project 3
Project 4	Commercialisation of Building Control	Project 4	Project 4	Project 4	Project 4	Project 4	Project 4	Project 4	Project 4
Project 5		Project 5	Project 5	Project 5	Project 5	Project 5	Project 5	Project 5	Project 5
Project 6		Project 6	Project 6	Project 6	Project 6	Project 6	Project 6	Project 6	Project 6
Project 7		Project 7	Project 7	Project 7	Project 7	Project 7	Project 7	Project 7	Project 7
Project 8		Project 8	Project 8	Project 8	Project 8	Project 8	Project 8	Project 8	Project 8
Project 9		Project 9	Project 9	Project 9	Project 9	Project 9	Project 9	Project 9	Project 9
Project 10		Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10



ACTIONS AND SAVINGS									
		2012/13		2013/14		2014/15		2015/16	
Employees									
Premises									
Transport									
Supplies and Services									
3rd party payments									
Transfer payments									
Support services									
Depreciation									
Income									
Government grants									
Other reimbursements									
Customer and client receipts									
Reserves									
Capital Funded									
NET BUDGET	811	507	511	515	520	0	0	0	0
Capital Budget									
Finance Comments (Capital Budget or otherwise)									

ACTION PLAN									
DETAILS OF YOUR MAJOR WORK PROJECTS AND THEIR IMPACT									
Project	DESCRIPTION	MAJOR EXPECTED OUTCOME			IMPACT ON: Other services (maximum of 3)			Risk	
		Equalities	Sustainability	Score	Likelihood	Impact	Score		
Project 1	2012/13 Planning application fees This is looking at the pricing structure for all planning applications received by the team.	Income generation	No impact	Accountancy - positive impact	Not applicable	2	2	4	4
Project 2	2012-2016 Handle more major planning applications This is working more closely with developers of major planning applications by managing the whole process through planning agreements.	Income generation	No impact	Business Improvement - positive impact	Not applicable	2	2	4	4
Project 3	2012-2016 Localism Bill Review the Localism Bill that has just gone through Parliament which contains various planning legislation which includes more resident involvement in planning issues and stream lining of planning procedures. There is other planning legislation which is being released over the next few months by the coalition government	To meet legislative requirements	Equality analysis to be undertaken	No impact	Not applicable	4	2	8	8
Project 4	2012-2015 Commercialisation of Building Control This project is aimed at making the council more competitive in the Building Control market by resolving the current staffing issues within the Building Control team.	Income generation	No impact	Accountancy - positive impact	Not applicable	3	2	6	6
Project 5									
Project 6									
Project 7									
Project 8									
Project 9									
Project 10									

Provide a proportionate, risk-based approach to the council's statutory duty to enforce Environmental Health, Trading Standards & Licensing legislation that meets national/local priorities. Ensuring a healthy, safe and fair trading environment by:-

- reducing workplace accidents/fatalities
- maintaining food safety/hygiene/quality
- controlling infectious disease
- improving public health
- minimising illegitimate, nuisance/anti-social behaviour associated with the quality of housing and energy usage therein
- consider and grant licences/permits to trade through statutory premises inspection regimes; complaint investigation, testing/ sampling/monitoring activities
- formal legal action for persistent/serious offenders, remove rogue traders and unfair trading practices.

- Objectives**
- reducing the number of accidents, the level of ill-health, illegitimate and anti-social behaviour associated with the commercial work environment
  - improved housing conditions, air quality and reducing pollution
  - provision of grant assistance programme for improvements and adaptations to properties including where occupied by those with a disability
  - develop partnerships with local businesses to help them comply with legal obligations

**DEPARTMENTAL BUDGET AND RESOURCES**

	2011/12	2012/13	2013/14	2014/15	2015/16
<b>Revenue Budget (£'000s)</b>	<b>2,423</b>	<b>2,412</b>	<b>2,016</b>	<b>2,019</b>	<b>2,021</b>
<b>Expenditure</b>	1,503	1,503	1,203	1,203	1,203
Employees	0	0	0	0	0
Premises	46	47	23	24	24
Transport	73	62	13	14	14
Supplies and Services	96	97	74	75	77
3rd party payments	698	698	698	698	698
Support services	7	5	5	5	5
Depreciation	373	359	360	360	360
<b>Income</b>	8	8	8	8	8
Government grants	35	35	35	35	35
Other reimbursements	317	316	317	317	317
Customer and client receipts	13	0	0	0	0
Reserves	2,050	2,053	1,656	1,659	1,661
<b>NET BUDGET</b>	<b>2,050</b>	<b>2,053</b>	<b>1,656</b>	<b>1,659</b>	<b>1,661</b>
<b>Capital Budget £'000s</b>	<b>2,036</b>	<b>764</b>	<b>764</b>	<b>764</b>	<b>764</b>
Disabled Facilities Grant					

PLANNING ASSUMPTIONS												Corporate strategies		Workforce development	
Anticipated demand	2011/12	2012/13	2013/14	2014/15	2015/16	Key drivers of demand	2014/15	2015/16	Key drivers of supply		Impact if not met	2015/16	2015/16		
Total number of food premises	1500	1575	1600	1625	1650	Customer demand - external	1650	1650	Economic					Reduced customer service	Central Government strategy
Total number of service requests	7300	7500	7750	8000	8250	Customer demand - external	8250	8250	Economic		Loss of income	Performance Management Framework			
Licence/permit applications	1700	1800	1750	1700	1750	Customer demand - external	1750	1750	Economic		Government intervention	Crime and Disorder (partnership)			
DF/PSH/EP grant enquiries/applications	525	550	575	600	625	Customer demand - external	625	625	Economic		Anti social behaviour	Housing Strategy			
Staff	37	36	↔	↔	↔	Key drivers of supply	↔	↔	Economic		Reduced enforcement				
<b>Performance indicators</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>Performance targets (indicate if %, target)</b>	<b>2014/15</b>	<b>2015/16</b>	<b>Reporting cycle</b>	<b>Indicator type</b>	<b>Polarity</b>	<b>2014/15</b>	<b>2015/16</b>		
Reply to service request in 5 working days	95%	95%	95%	95%	95%	100%	95%	95%	Monthly	Perception	High	Monthly	High		
Income generation by EHTSL	£325,000	£325,000	£325,000	£325,000	£325,000	100%	100%	100%	Monthly	Outcome	High	Monthly	High		
Inspect category A,B & C food premises	N/A	100%	100%	100%	100%	300	300	300	Quarterly	Business critical	High	Quarterly	High		
No. of underage sales test purchases	N/A	300	300	300	300	90%	90%	90%	Quarterly	Business critical	High	Quarterly	High		
Data capture from air pollution monitoring site	N/A	150	200	200	200	90%	90%	90%	Quarterly	Business critical	High	Quarterly	High		
No. of enforcement/improvement notices	150	200	200	200	200	100%	100%	100%	Quarterly	Quality	High	Quarterly	High		
Process licensing applications within 21day	N/A	100%	100%	100%	100%	75	75	75	Quarterly	Business critical	High	Quarterly	High		
Minimum number of DF/SR Grants approved	N/A	75	75	75	75	100%	100%	100%	Quarterly	Outcome	High	Quarterly	High		
Determination of grant apps. within 1 month	N/A	100%	100%	100%	100%	100%	100%	100%	Quarterly	Quality	High	Quarterly	High		
<b>MAJOR WORK PROJECTS / PROCUREMENT</b>												<b>2014/15</b>	<b>2015/16</b>		
Project 1	Shared service	Project 1	Project 2	Project 3	Project 4	Project 5	Project 6	Project 7	Project 8	Project 9	Project 10	Project 1	Project 10		
Project 2	Olympic Games	Project 2	Project 3	Project 4	Project 5	Project 6	Project 7	Project 8	Project 9	Project 10	Project 10	Project 2	Project 10		
Project 3	National Food Hygiene Rating System	Project 3	Project 4	Project 5	Project 6	Project 7	Project 8	Project 9	Project 10	Project 10	Project 10	Project 3	Project 10		
Project 4	Primary Authority agreement	Project 4	Project 5	Project 6	Project 7	Project 8	Project 9	Project 10	Project 10	Project 10	Project 10	Project 4	Project 10		
Project 5	Operation of loan fund	Project 5	Project 6	Project 7	Project 8	Project 9	Project 10	Project 10	Project 10	Project 10	Project 10	Project 5	Project 10		
Project 6	Accredited Financial Investigations	Project 6	Project 7	Project 8	Project 9	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 6	Project 10		
Project 7	Doorstep crime rogue trader	Project 7	Project 8	Project 9	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 7	Project 10		
Project 8	On-line application and payment facility	Project 8	Project 9	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 8	Project 10		
Project 9	Air Quality projects	Project 9	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 9	Project 10		
Project 10		Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10		
<b>ACTIONS AND SAVINGS</b>												<b>2014/15</b>	<b>2015/16</b>		
Project 1	Shared service	Project 1	Project 2	Project 3	Project 4	Project 5	Project 6	Project 7	Project 8	Project 9	Project 10	Project 1	Project 10		
Project 2	Olympic Games	Project 2	Project 3	Project 4	Project 5	Project 6	Project 7	Project 8	Project 9	Project 10	Project 10	Project 2	Project 10		
Project 3	National Food Hygiene Rating System	Project 3	Project 4	Project 5	Project 6	Project 7	Project 8	Project 9	Project 10	Project 10	Project 10	Project 3	Project 10		
Project 4	Primary Authority agreement	Project 4	Project 5	Project 6	Project 7	Project 8	Project 9	Project 10	Project 10	Project 10	Project 10	Project 4	Project 10		
Project 5	Operation of loan fund	Project 5	Project 6	Project 7	Project 8	Project 9	Project 10	Project 10	Project 10	Project 10	Project 10	Project 5	Project 10		
Project 6	Accredited Financial Investigations	Project 6	Project 7	Project 8	Project 9	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 6	Project 10		
Project 7	Doorstep crime rogue trader	Project 7	Project 8	Project 9	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 7	Project 10		
Project 8	On-line application and payment facility	Project 8	Project 9	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 8	Project 10		
Project 9	Air Quality projects	Project 9	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 9	Project 10		
Project 10		Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10	Project 10		
<b>Finance Comments (Capital Budget or otherwise)</b>												<b>0</b>	<b>0</b>		

ACTION PLAN									
DETAILS OF YOUR MAJOR WORK PROJECTS AND THEIR IMPACT									
Project	DESCRIPTION	MAJOR EXPECTED OUTCOME	IMPACT ON:			Risk		Score	
			Equalities	Other services (maximum of 3)	Sustainability	Likelihood	Impact		
Project 1	2012-2014 Shared service This is a project involving Sutton, Kingston, Croydon and Richmond looking at sharing regulatory services or one authority becoming the lead authority.	To meet budget savings	Equality analysis undertaken	No impact	Not applicable	2	3	6	
Project 2	2012/13 Olympic games Ensuring a safe Olympics for residents and visitors by ensuring street traders are legal and food outlets meet the required standard.	Improved reputation	No impact	No impact	Not applicable	2	4	8	
Project 3	2012/13 National food hygiene rating system This system measures how hygienic an establishment is when preparing and cooking food for public consumption. The establishment is inspected by the team and the results sent to the Food Standard Agency which are then reported on the Food Standard Agency website.	Improved resident well being	No impact	No impact	Not applicable	2	3	6	
Project 4	2012/13 Primary Authority agreement The team would be providing advice etc. to Lidl regarding food standards and would cover all operations in the UK through a Primary Authority agreement.	Improved customer satisfaction	No impact	No impact	Not applicable	2	2	4	
Project 5	2012/13 Operation of loan fund Assistance to residents in the borough that are unable to access grant funding and that require domestic repairs, home insulation etc. to reduce energy usage and cost.	Improved resident well being	Equality analysis undertaken	No impact	Not applicable	3	2	6	
Project 6	2012/13 Accredited Financial Investigations Covered by the Proceeds of Crime Act 2002 and allows the authority to investigate financial transactions associated with criminal activity and potential for allow the seizure of assets.	Income generation	No impact	No impact	Not applicable	2	2	4	
Project 7	2012/13 Doorstep crime rogue trader Development of joint working with the Police Safer Neighbourhood teams with regards to doorstep rogue traders.	Improved resident well being	Equality analysis undertaken	No impact	Not applicable	3	2	6	
Project 8	2012/13 On-line application and payment facility Introduction of on line application and payment for all licences which will be a more efficient way of working	More efficient way of working	No impact	No impact	Not applicable	4	1	4	
Project 9	2012/13 Air Quality projects Improvements to Air Quality throughout the borough through a number of initiatives e.g. 'Smarter Driving' and a new south London pollution website.	Improved resident well being	No impact	No impact	Impact on transport emissions	2	2	4	
Project 10	2013/2014 Transfer of Public Health responsibilities Based upon the Healthy Living white paper where most health responsibilities will be transferred to the local authorities and assessing the impacts this will have on the service delivery.	Improved resident well being	No impact	No impact	Not applicable	6	1	6	

**Future Merton**

To deliver the council's regeneration plans, prioritising areas for regeneration and investment. To develop new spatial planning policies to support regeneration objectives, site assembly requirements to support regeneration and development objectives, sustainable development policies to support Merton's commitment to carbon reduction, urban design frameworks to support regeneration and increase design quality in the borough. Deliver projects as set out in our Economic Development and Climate Change Strategies and the Regeneration Delivery Plan. Attract developer and inward investment, public sector funding and support to deliver our regeneration.

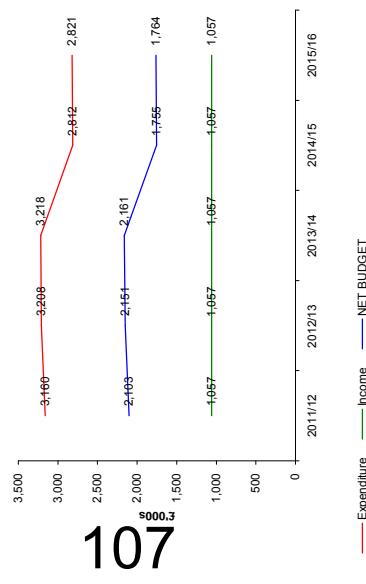
**Objectives**

- to develop transport policies and secure external funding from Transport for London (TfL) to deliver improvements to Merton's public realm
- deliver regeneration projects in Mitcham and Colliers Wood using the Mayor's Funding
- adopt Planning Briefs to aid marketing and disposal of Hartfield Road and Broadway car park, Wimbledon, Morden Station Planning Brief (1MO).
- complete the Destination Wimbledon scheme for 2012 Olympics.
- Morden Town Centre Masterplan to be drafted by the end of 2012/13 following on from 1MO Planning Brief.

Anticipated demand	PLANNING ASSUMPTIONS							Key drivers of demand	Corporate strategies	Workforce development
	2011/12	2012/13	2013/14	2014/15	2015/16	2013/14	2014/15			
Number of Residents	205,900	212,900	215,500	↑	↑	↑	Customer demand - external	Unitary Development Plan	Learning & Dev.	
Actual businesses in borough	N/A	2200	↑	↑	↑	↑	Customer demand - external	Local Development Framework		
Anticipated supply	2011/12	2012/13	2013/14	2014/15	2015/16		Key drivers of supply	Local Implementation Plan		
Staff	24	32	32	32	32		Technological	Economic Development Strategy		
<b>Performance indicators (indicate if % target)</b>										
Housing supply targets	370	370	370	370	370	High	Annual	Outcome	Loss of Government grant	
Town centre vacancy rates	N/A	12%	12%	12%	12%	Low	Quarterly	Outcome	Political risk	
Increase the modal share for walking and cycling in the borough	35.1%	35.4%	35.8%	↑	↑	High	Annual	Outcome	Environmental impact	
Emissions reduction from buildings	1.5%	4.0%	6.5%	9.0%	11.5%	High	Annual	Outcome	Reputational risk	
Reduce total no. killed or seriously injured in road traffic accidents	58	56	54	↑	↑	Low	Annual	Outcome	Reputational risk	
Reduce CO2 emissions by councils fleet transport (kilo tonnes)	159	155	150	↑	↑	High	Annual	Outcome	Environmental impact	

MAJOR WORK PROJECTS / PROCUREMENT											
2013/14											
2014/15											
2015/16											
Project 1	Morden Master plan	Project 1	Morden station	Mitcham public Realm	Mitcham Planning Framework	Hartfield Road - Wimbledon	Broadway Car Park	Wimbledon - Gap Road planning brief	Central Business district - Wimbledon Bridge/Dundonald Yard	Colliers Wood / South Wimbledon Planning Framework	Raynes Park - Rainbow Estate
Project 2	Morden station	Project 2	Morden station	Mitcham public Realm	Mitcham Planning Framework	Hartfield Road - Wimbledon	Broadway Car Park	Wimbledon - Gap Road planning brief	Central Business district - Wimbledon Bridge/Dundonald Yard	Colliers Wood / South Wimbledon Planning Framework	Raynes Park - Rainbow Estate
Project 3	Mitcham public Realm	Project 3	Mitcham public Realm	Mitcham public Realm	Mitcham Planning Framework	Hartfield Road - Wimbledon	Broadway Car Park	Wimbledon - Gap Road planning brief	Central Business district - Wimbledon Bridge/Dundonald Yard	Colliers Wood / South Wimbledon Planning Framework	Raynes Park - Rainbow Estate
Project 4	Mitcham Planning Framework	Project 4	Mitcham Planning Framework	Mitcham Planning Framework	Mitcham Planning Framework	Hartfield Road - Wimbledon	Broadway Car Park	Wimbledon - Gap Road planning brief	Central Business district - Wimbledon Bridge/Dundonald Yard	Colliers Wood / South Wimbledon Planning Framework	Raynes Park - Rainbow Estate
Project 5	Hartfield Road - Wimbledon	Project 5	Hartfield Road - Wimbledon	Hartfield Road - Wimbledon	Hartfield Road - Wimbledon	Hartfield Road - Wimbledon	Broadway Car Park	Wimbledon - Gap Road planning brief	Central Business district - Wimbledon Bridge/Dundonald Yard	Colliers Wood / South Wimbledon Planning Framework	Raynes Park - Rainbow Estate
Project 6	Broadway Car Park	Project 6	Broadway Car Park	Broadway Car Park	Broadway Car Park	Broadway Car Park	Broadway Car Park	Wimbledon - Gap Road planning brief	Central Business district - Wimbledon Bridge/Dundonald Yard	Colliers Wood / South Wimbledon Planning Framework	Raynes Park - Rainbow Estate
Project 7	Wimbledon - Gap Road planning brief	Project 7	Wimbledon - Gap Road planning brief	Wimbledon - Gap Road planning brief	Wimbledon - Gap Road planning brief	Wimbledon - Gap Road planning brief	Wimbledon - Gap Road planning brief	Central Business district - Wimbledon Bridge/Dundonald Yard	Colliers Wood / South Wimbledon Planning Framework	Raynes Park - Rainbow Estate	Raynes Park - Rainbow Estate
Project 8	Central Business district - Wimbledon Bridge/Dundonald Yard	Project 8	Central Business district - Wimbledon Bridge/Dundonald Yard	Central Business district - Wimbledon Bridge/Dundonald Yard	Central Business district - Wimbledon Bridge/Dundonald Yard	Central Business district - Wimbledon Bridge/Dundonald Yard	Central Business district - Wimbledon Bridge/Dundonald Yard	Colliers Wood / South Wimbledon Planning Framework	Colliers Wood / South Wimbledon Planning Framework	Raynes Park - Rainbow Estate	Raynes Park - Rainbow Estate
Project 9	Colliers Wood / South Wimbledon Planning Framework	Project 9	Colliers Wood / South Wimbledon Planning Framework	Colliers Wood / South Wimbledon Planning Framework	Colliers Wood / South Wimbledon Planning Framework	Colliers Wood / South Wimbledon Planning Framework	Colliers Wood / South Wimbledon Planning Framework	Raynes Park - Rainbow Estate	Raynes Park - Rainbow Estate	Raynes Park - Rainbow Estate	Raynes Park - Rainbow Estate
Project 10	Raynes Park - Rainbow Estate	Project 10	Raynes Park - Rainbow Estate	Raynes Park - Rainbow Estate	Raynes Park - Rainbow Estate	Raynes Park - Rainbow Estate	Raynes Park - Rainbow Estate	Raynes Park - Rainbow Estate	Raynes Park - Rainbow Estate	Raynes Park - Rainbow Estate	Raynes Park - Rainbow Estate

ACTIONS AND SAVINGS											
2013/14											
2014/15											
2015/16											
								414	ER23		
0											
414											
Finance Comments (Capital Budget or otherwise)											





ACTION PLAN									
DETAILS OF YOUR MAJOR WORK PROJECTS AND THEIR IMPACT									
MAJOR EXPECTED OUTCOME	EQUALITIES	IMPACT ON:			RISK		SCORE		
		Other services (maximum of 3)	Sustainability	Likelihood	Impact				
Project 1 2012/13 Morden master plan Preparation, consultation and adoption of a masterplan to guide new development and housing growth in Morden. Opens up additional funding sources from London Government / Transport for London (TfL).	Equality analysis undertaken	Highways - positive impact Development and Building Control - positive impact Housing Needs and Enabling Services- positive impact	Impact on transport emissions	2	3	6			
Project 2 2012-2015 Morden Station Work in Partnership with TfL to bring forward the redevelopment of Morden Station for a mixed use, retail led scheme to reinvigorate Morden Town Centre	No impact	Development and Building Control - positive impact Parking - negative impact Local Taxation - positive impact	District networks	3	3	9			
Project 3 2012-2014 Mitcham Public Realm Use TfL Local Implementation Plan (LIP) allocation to improve the public realm, look and feel of Mitcham Town Centre	Equality analysis to be undertaken	Development and Building Control - positive impact Highways - positive impact Parking - positive impact	Impact on transport emissions	2	3	6			
Project 4 2012-2016 Mitcham Planning Framework Work with stakeholders to facilitate the regeneration of Mitcham Planning Framework (through the preparation of a masterplan, development control and delivery of new, more sustainable homes)	Equality analysis to be undertaken	Development and Building Control - positive impact Housing Needs and Enabling Services- positive impact Housing Needs and Enabling Services - negative impact	Impact on building emissions	4	2	8			
Project 5 2012-2016 Hatfield Road - Wimbledon Produce a new Planning Brief for the redevelopment of Hatfield Road car park for mixed town centre uses. Follow through to procurement and planning with IPT Property Team	No impact	Development and Building Control - positive impact Parking - negative impact Local Taxation - positive impact	Other resource reduction	4	2	8			
Project 6 2012-2016 Broadway car park Produce a new Planning Brief for the redevelopment of Broadway car park for mixed town centre uses. Follow through to procurement and planning with IPT Property Team	No impact	Development and Building Control - positive impact Parking - negative impact Local Taxation - positive impact	Other resource reduction	4	2	8			
Project 7 2012-2016 Wimbledon - Gap Road planning brief Work with the site owners to prepare a planning brief to guide the redevelopment of the site for employment led uses.	Equality analysis to be undertaken	Development and Building Control - positive impact Housing Needs and Enabling Services- positive impact Local Taxation - positive impact	Not applicable	3	2	6			
Project 8 2012-2016 Central Business district - Wimbledon Bridge/Dunonald Yard Conduct research into the viability of a new central business district in Wimbledon. Site viability, market demand, logistics, planning and place branding	No impact	Local Taxation - positive impact Highways - positive impact Development and Building Control - positive impact	Impact on building emissions	3	2	6			
Project 9 2012-2016 Colliers Wood / South Wimbledon Planning Framework Work with stakeholders to facilitate the regeneration of Colliers Wood / South Wimbledon Development Framework (through the preparation of a masterplan, development control and delivery of new, more sustainable homes)	Equality analysis to be undertaken	Development and Building Control - positive impact Housing Needs and Enabling Services- positive impact	Not applicable	3	3	9			
Project 10 2012-2015 Raynes Park - Rainbow Estate Work with the site owners to prepare a planning brief to guide the redevelopment of the site for employment led uses and secure public realm enhancements to Raynes Park Southside and provision of a station drop-off area.	Equality analysis undertaken	Highways - positive impact Local Taxation - positive impact Housing Needs and Enabling Services- positive impact	Other resource reduction	3	2	6			



Councillor Martin Whelton, Cabinet Member for Community and Culture				PLANNING ASSUMPTIONS									
Anticipated demand		2011/12	2012/13	2013/14	2014/15	2015/16	Key drivers of demand		Corporate strategies		Workforce development		
Housing Advice, Options, Private Tenants & Landlords advice.		11000	11250	11400	11525	11650	Customer demand - external		Homelessness Strategy		N/A		
Housing Register Applicants		8000	10500	12000	13500	15000	Customer demand - external		Housing Strategy				
Housing Options Casework		1200	1260	1320	1390	1460	Customer demand - external						
Demand for Temporary Accommodation		180	190	190	190	190	Customer demand - external						
<b>Anticipated supply</b>		<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>Key drivers of supply</b>						
Staff		n/a	25.5	24.5	24.5	24.5	Legal						
Performance indicators		Performance targets (indicate if % target)					Indicator type		Impact if not met				
No. of Homelessness Preventions		500	525	550	575	600	Business critical		Increased costs				
No. of Households in Temporary Accommodation		87	87	87	87	87	Business critical		Increased costs				
Highest no. of families in B&B		10	10	10	10	10	Business critical		Increased costs				
Highest no. of adults in B&B		7	7	7	7	7	Business critical		Increased costs				
Affordable Homes delivered		n/a	120	100	50	30	Outcome		Reputational risk				
Social Housing Lets		n/a	420	420	350	340	Outcome		Increased waiting times				
Rent deposit - new tenancies		n/a	125	125	125	125	Outcome		Increased waiting times				

MAJOR WORK PROJECTS / PROCUREMENT										
2012/13			2013/14			2014/15		2015/16		
Project 1	Respond to changes in Homelessness Law	Project 1					Project 1			Project 1
Project 2	Housing Strategy 2011-15	Project 2					Project 2			Project 2
Project 3	Allocations and Nominations Policy	Project 3					Project 3			Project 3
Project 4	Shared Lives Optimisation	Project 4		Shared Lives Optimisation			Project 4		Shared Lives Optimisation	Project 4
Project 5	Tenancy Strategic Policy	Project 5					Project 5			Project 5
Project 6	Maximise use of Private Rented Sector (PRS)	Project 6					Project 6		Maximise use of PRS	Project 6
Project 7	Social rented model for older and vulnerable owner-occupiers	Project 7					Project 7			Project 7
Project 8	Review Homelessness Prevention Strategy	Project 8					Project 8		Social enterprise for the PRS	Project 8
Project 9		Project 9					Project 9			Project 9
Project 10		Project 10					Project 10			Project 10

Revenue Budget (£000s)		2011/12	2012/13	2013/14	2014/15	2015/16
Expenditure		2,877	2,854	2,840	2,896	2,910
Employees		1,045	1,009	968	1,010	1,010
Premises		37	37	38	39	40
Transport		18	18	19	19	19
Supplies and Services		265	277	285	289	293
3rd party payments		595	604	621	630	639
Transfer payments		480	480	480	480	480
Support services		429	429	429	429	429
Depreciation		0	0	0	0	0
<b>Income</b>		<b>1,162</b>	<b>1,161</b>	<b>1,161</b>	<b>1,161</b>	<b>1,161</b>
Government grants		1,001	1,001	1,001	1,001	1,001
Other reimbursements		0	0	0	0	0
Customer and client receipts		30	30	30	30	30
Balances		130	130	130	130	130
Capital Funded						
<b>NET BUDGET</b>		<b>1,715</b>	<b>1,693</b>	<b>1,679</b>	<b>1,735</b>	<b>1,749</b>
<b>Capital Budget £000s</b>		<b>2,294</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

ACTIONS AND SAVINGS

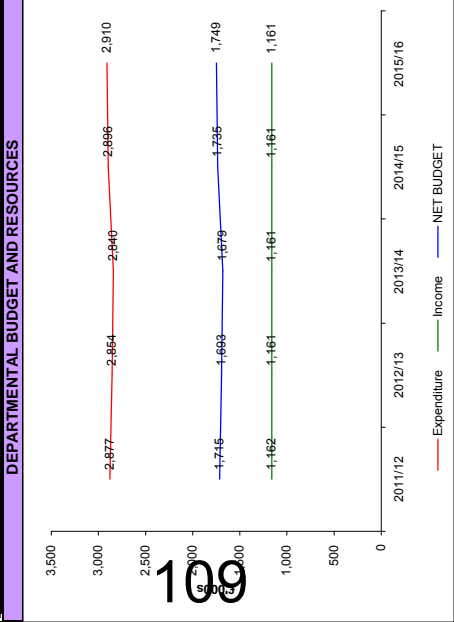
2012/13

2013/14

-42  
Deletion of 1x Post

2014/15

2015/16



DEPARTMENTAL BUDGET AND RESOURCES



**Leisure and Culture Development**

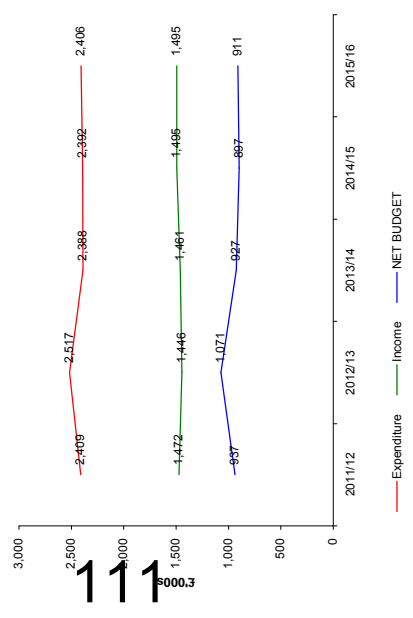
Engage local people in healthy living and lifestyle changes through increased involvement in sports, arts and physical activity. Working with partners to increase the number, scope and quality of facilities and programmes available on offer in the borough. Leading on and delivering two key events in Merton in 2012 - the Queen's Diamond Jubilee and the Olympic & Paralympic Games. Managing three Leisure Centres, two public halls, a water sports centre, Wimbledon Theatre and all of the booking functions (pitch hire; cemeteries; allotments; activity programmes; pavilions; halls; memorials; etc) We will also contribute towards the new Health and Well-being duties.

We anticipate that leisure services will be expected to meet shortfalls by government savings in other areas; population growth & impact of 2012 activities.

**Objectives**

- Over the next four years we will transform our services by
  - using technology especially in the area of online bookings
  - working to support the councils customer contact centre proposals and relocate contacts appropriately there
  - reviewing the future delivery of the arts, sports & physical activity development functions and move to the preferred solution
  - working in partnership to increase income; raise external funding and inward investment to deliver our key objectives.
  - reducing costs; increase income and be more cost effective.

**DEPARTMENTAL BUDGET AND RESOURCES**



Anticipated demand	PLANNING ASSUMPTIONS					Key drivers of demand	Corporate strategies	Workforce development
	2011/12	2012/13	2013/14	2014/15	2015/16			
Population (+ London 2012 & Queens Diamond Jubilee)	205,900	212,900	215,500	↑	↑	Customer demand - external	Children and Young person's Plan	Learning & Dev.
<b>Anticipated supply</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>Key drivers of supply</b>		
Staff	17fte	17.77fte	13.77fte	13.77fte	13.77fte	Economic	Community Plan	
Staff seasonal	30	30	30	30	30	Economic	Cultural Strategy	
Accommodation	7	7	7	7	7	Economic	Open Spaces Strategy	
Voluntary Sector	10	20	10	10	10	Social	Social Inclusion Strategy	
<b>Performance indicators</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>Reporting cycle</b>	<b>Indicator type</b>	<b>Impact if not met</b>
Income generated - Merton Active Plus	52,000	52,000	52,000	67,000	67,000	High	Business critical	Reduced service delivery
No. of people engaged in Leisure & Arts Dev Merton Active Plus sessions per year	1,750	1,750	1,850	1,925	2,000	High	Outcome	Loss of income
External funding and internal investment	100,000	250,000	↔	↔	↔	High	Quarterly	Loss of income
Income from Morden Assembly Hall	13,000	13,930	15,430	16,930	16,930	High	Monthly	Loss of income
Income from Watersports Centre	380,000	395,000	410,000	425,000	425,000	High	Monthly	Loss of income
No. of participants engaged at Watersports Centre per annum	115,000	120,000	125,000	130,000	135,000	High	Monthly	Loss of income
% of residents satisfied with sport and Leisure	1	↑	↑	↑	↑	High	Annual	Reduced customer service

MAJOR WORK PROJECTS / PROCUREMENT									
2012/13		2013/14			2014/15			2015/16	
Project 1	2012 Olympic and Paralympic Games	Project 1	Project 2	Project 3	Project 4	Project 5	Project 6	Project 7	Project 8
Project 2	Multi-Use Games Area	Project 2	Project 3	Project 4	Project 5	Project 6	Project 7	Project 8	Project 9
Project 3	Refurbish Tennis courts	Project 3	Project 4	Project 5	Project 6	Project 7	Project 8	Project 9	Project 10
Project 4	Online Booking System	Project 4	Project 5	Project 6	Project 7	Project 8	Project 9	Project 10	
Project 5	Lean review of Utilities	Project 5	Project 6	Project 7	Project 8	Project 9	Project 10		
Project 6	Morden Park Pool	Project 6	Project 7	Project 8	Project 9	Project 10			
Project 7	Wimbledon Park Watersports Centre	Project 7	Project 8	Project 9	Project 10				
Project 8	Future delivery of the service	Project 8	Project 9	Project 10					
Project 9	Improvements in Cemeteries bookings	Project 9	Project 10						
Project 10	Queen's Diamond Jubilee	Project 10							

ACTIONS AND SAVINGS									
2012/13		2013/14			2014/15			2015/16	
ER04	16	ER04 & ER05	90	ER04	3	ER05	10	ER04	10
ER04	14	ER04 & ER05	3	ER04	30	ER04 & ER05	20	ER04	34
ER04	11	ER04 & ER05	20	ER04	19	ER04	45	ER04	44
ER05	182	ER05	158	ER04	45	ER05	158	ER04	45
ER05	8	ER04	45	ER04	45	ER05	45	ER04	45
ER05	248	ER04	45	ER04	45	ER05	45	ER04	45
ER05	313	ER04	45	ER04	45	ER05	45	ER04	45
Income	1,472	1,446	1,461	1,495	1,495	1,495	1,495	1,495	1,495
Government grants	11	11	10	10	10	10	10	10	10
Other reimbursements	563	543	540	540	540	540	540	540	540
Customer and client receipts	439	433	452	486	486	486	486	486	486
Recharges	459	459	459	459	459	459	459	459	459
<b>NET BUDGET</b>	<b>937</b>	<b>1,071</b>	<b>927</b>	<b>897</b>	<b>911</b>	<b>911</b>	<b>911</b>	<b>911</b>	<b>911</b>
<b>Capital Budget £000s</b>	<b>905</b>	<b>350</b>	<b>300</b>	<b>1,300</b>	<b>1,300</b>	<b>1,300</b>	<b>1,300</b>	<b>1,300</b>	<b>1,300</b>
<b>Finance Comments (Capital Budget or otherwise)</b>									
Morden Park Pool Major Capital Scheme									



ACTION PLAN									
DETAILS OF YOUR MAJOR WORK PROJECTS AND THEIR IMPACT									
Project	DESCRIPTION	MAJOR EXPECTED OUTCOME	Equalities	IMPACT ON:			Risk		Score
				Other services (maximum of 3)	Sustainability	Likelihood	Impact		
Project 1	2012/13 - 2012 Olympic and Paralympic Games To ensure that Merton's plans and activities are delivered so that residents, businesses and visitors to the borough have a successful and enjoyable 2012 Olympic and Paralympic Games. Recoup costs for the council accordingly and support, engage across London as required	Improved reputation	No impact	Communications - positive impact Highways - negative impact Parking - negative impact	Community outreach	1	3	3	
Project 2	2012/13 Multi use games area To raise external funds to construct a 3G floodlit five-a-side soccer area to generate additional income and provide community sport opportunities adjacent to the Canons Leisure Centre	Income generation	No impact	Parks and Green Spaces - positive impact	Community outreach	1	2	2	
Project 3	2012/13 Refurbish tennis courts To raise external funds and refurbish and floodlight two existing tennis courts to generate additional income and provide community sport opportunities adjacent to the Canons Leisure Centre	Income generation	No impact	Parks and Green Spaces - positive impact	Community outreach	1	2	2	
Project 4	2012/13 Online booking system Install and embed into the council's IT systems a new online booking system, making it fit for purpose, increasing online bookings; improving refunding and reporting abilities, reducing debt.	More efficient way of working	No impact	Business Improvement - positive impact IT Service delivery - positive impact	Community outreach	2	2	4	
Project 5	2012/13 Lean review of utilities Having completed the review and reconciliation of the utilities in Leisure and Greenspaces teams, establish process maps and responsibilities for utility budget processing to be implemented within their standard working practices.	More efficient way of working	Equality analysis to be undertaken	Parks and Green Spaces - positive impact Accountancy - positive impact	Other resource reduction	1	2	2	
Project 6	2012-2016 Morden Park pool The future of Morden Park Pool will need to be resolved in 2012-13 and from that decision the detail of the project will be determined	Improved reputation	No impact	Facilities Management - positive impact	Community outreach	4	2	8	
Project 7	2013-2016 Wimbledon Park watersports centre The existing Watersports Centre is an aging building set in the middle of a Capability Brown landscape. Initially we will explore the potential replacement of this building with something more fit for purpose and one that provides increased leisure opportunities in this part of the borough	Income generation	Equality analysis to be undertaken	Parks and Green Spaces - positive impact Facilities Management - positive impact	Community outreach	3	2	6	
Project 8	2012-2016 Future delivery of the service An options paper is being developed as to a range of alternatives to provide this service at lower cost. From the findings of this report we will take forward the council's preferred solution	To meet budget savings	Equality analysis to be undertaken	Parks and Green Spaces - negative impact	Community outreach	4	2	8	
Project 9	2012/13 Improvements in cemeteries bookings We are moving to increasing online bookings in leisure services and as such are seeking to rationalise the processes within the cemetery service to move as much to online as possible whilst still complying with the legislation.	More efficient way of working	Equality analysis to be undertaken	Parks and Green Spaces - positive impact	Not applicable	2	2	4	
Project 10	2012/13 Queens Diamond Jubilee To ensure that Merton's plans and activities are delivered so that residents, businesses and visitors to the borough have a successful and enjoyable 2012 Queen's Diamond Jubilee celebrations. Engage across London as required	Improved reputation	Equality analysis to be undertaken	Parks and Green Spaces - positive impact	Community outreach	1	3	3	

**Cllr Martin Whelton, Cabinet Member for Community & Culture**

**Libraries**

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.

Local authorities have a statutory duty to make provision for a library service but may decide on how this is delivered.

Certain aspects of the service must be provided for free:

- \* Free lending of books
- \* Free access to information
- \* Free library membership

The Library Service aims to provide a modern, high quality and cost effective service that is responsive to the needs of customers.

**PLANNING ASSUMPTIONS**

Anticipated demand	2011/12	2012/13	2013/14	2014/15	2015/16	Key drivers of demand	Corporate strategies	Workforce development
Active users	56,000	54,000	54,500	55,000	55,000	Customer demand - external	Community Plan	Learning & Dev.
Stock issues	n/a	1,000,000	1,050,000	1,100,000	1,150,000	Customer demand - external	Corporate Equality Scheme	Sickness
Visitor figures	n/a	1,100,000	1,150,000	1,200,000	1,250,000	Customer demand - external	Cultural Strategy	Turnover
Registered members	154,000	120,000	125,000	125,000	125,000	Customer demand - external	Customer Services Strategy	
<b>Anticipated supply</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>Key drivers of supply</b>	<b>Voluntary Sector Strategy</b>	
Staff	49	47	46	46	46	Social	Risk Management Strategy	
Accommodation	7	7 (libraries)	7 (libraries)	7 (libraries)	7 (libraries)	Political	ICT Policy	
Equipment	n/a	144 (PC's)	129 (PC's)	117 (PC's)	117 (PC's)	Technological	Performance Management	

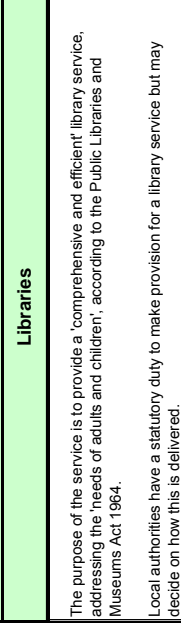
Performance indicators	2011/12	2012/13	2013/14	2014/15	2015/16	Indicator type	Impact if not met
No. of visitors accessing the library service	n/a	95,000	100,000	110,000	115,000	High	Reduced uptake of service
Active users	54,000	54,000	54,500	55,000	55,000	High	Reduced uptake of service
Self-service usage for stock transactions	n/a	95%	95%	95%	95%	High	Increased costs
Active volunteering numbers in libraries	n/a	143	155	165	180	High	Customer hardship
Wi-Fi usage in libraries (as a % of PN usage)	n/a	25%	40%	40%	40%	High	Reduced service delivery
Increase income generation to	n/a	£282,570	£292,570	£292,570	£292,570	High	Increased costs
Partnership numbers	n/a	20	20	20	20	High	Customer hardship
Customer satisfaction (Annual Resident	n/a	78%	78%	78%	78%	High	Reduced customer service

**MAJOR WORK PROJECTS / PROCUREMENT**

	2012/13	2013/14	2014/15	2015/16
Project 1	Project 1	Project 1	Project 1	Project 1
Project 2	Project 2	Project 2	Project 2	Project 2
Project 3	Project 3	Project 3	Project 3	Project 3
Project 4	Project 4	Project 4	Project 4	Project 4
Project 5	Project 5	Project 5	Project 5	Project 5
Project 6	Project 6	Project 6	Project 6	Project 6
Project 7	Project 7	Project 7	Project 7	Project 7
Project 8	Project 8	Project 8	Project 8	Project 8
Project 9	Project 9	Project 9	Project 9	Project 9
Project 10	Project 10	Project 10	Project 10	Project 10

**ACTIONS AND SAVINGS**

	2012/13	2013/14	2014/15	2015/16
Project 1	Project 1	Project 1	Project 1	Project 1
Project 2	Project 2	Project 2	Project 2	Project 2
Project 3	Project 3	Project 3	Project 3	Project 3
Project 4	Project 4	Project 4	Project 4	Project 4
Project 5	Project 5	Project 5	Project 5	Project 5
Project 6	Project 6	Project 6	Project 6	Project 6
Project 7	Project 7	Project 7	Project 7	Project 7
Project 8	Project 8	Project 8	Project 8	Project 8
Project 9	Project 9	Project 9	Project 9	Project 9
Project 10	Project 10	Project 10	Project 10	Project 10



Revenue Budget (£000s)	2011/12	2012/13	2013/14	2014/15	2015/16
<b>Expenditure</b>	<b>3,414</b>	<b>3,521</b>	<b>3,541</b>	<b>3,569</b>	<b>3,585</b>
Employees	1,362	1,275	1,262	1,275	1,275
Premises	385	342	353	359	365
Transport	3	2	2	2	2
Supplies and Services	551	506	522	531	539
3rd party payments	131	127	131	133	135
Support services	698	698	698	698	698
Depreciation	294	294	294	294	294
<b>Income</b>	<b>672</b>	<b>608</b>	<b>608</b>	<b>608</b>	<b>608</b>
Government grants	0	0	0	0	0
Other reimbursements	87	2	2	2	2
Customer and client receipts	585	606	606	606	606
Reserves	0	0	0	0	0
Capital Funded	0	0	0	0	0
<b>NET BUDGET</b>	<b>2,742</b>	<b>2,913</b>	<b>2,933</b>	<b>2,961</b>	<b>2,977</b>
<b>Capital Budget £000s</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
Media fund	74	0	0	0	0

Finance Comments (Capital Budget or otherwise)

ACTION PLAN									
DETAILS OF YOUR MAJOR WORK PROJECTS AND THEIR IMPACT									
Project	DESCRIPTION	MAJOR EXPECTED OUTCOME	Equalities	IMPACT ON:			Risk		Score
				Other services (maximum of 3)	Sustainability	Likelihood	Impact		
Project 1	2012/14 Wi-Fi in libraries (provided bid is approved) Install Wi-Fi access in all libraries for customers (based on assumption that Wi-Fi funding bid is approved).	Improved customer satisfaction	No impact	IT Service delivery - positive impact Business Improvement - positive impact	Opportunity for sustainable education	2	1	2	
Project 2	2012/16 Heritage Projects Monitor the Heritage Strategy and deliver expected outcomes. Deliver a digitisation project for the Heritage Centre (provided funding bid to Heritage Lottery Fund is approved). Improve income generation.	Improved customer satisfaction	No impact	Future Merton - positive impact	Opportunity for sustainable education	2	2	4	
Project 3	2012/13 Complete Pollards Hill Library Big Lottery project Complete Pollards Hill Library Big Lottery Project and ensure that legacy arrangements are in place	Improved resident well being	No impact	Housing Needs and Enabling Services- positive impact	Community outreach	1	1	1	
Project 4	2012/16 Stock Efficiency Programme Implement Electronic Data Exchange (EDI) ordering for stock & direct delivery to library sites. Work with the LLC to identify potential for shared services across the consortium & make effective use of technological tools to enhance the stock choice for customers and deliver efficiencies. Retender LLC stock contracts in 2015/16.	More efficient way of working	No impact	Business Improvement - positive impact	Other resource reduction	2	2	4	
Project 5	2012/14 Investigate Forming a Charitable Trust for Libraries Undertake initial feasibility and implement following Cabinet decisions	More efficient way of working	No impact	Human Resources - positive impact Human Resources - negative impact Legal Services - positive impact	Not applicable	2	4	8	
Project 6	2012/14 Volunteering Strategy & pan London volunteering project Maintain volunteering numbers and continue to implement best practice principles whilst delivering efficiencies through contractual arrangements. Lead on a pan-London project funded by the GLA to improve volunteering numbers in libraries. Deliver training & project administration.	More efficient way of working	No impact	No impact	District networks	2	2	4	
Project 7	2012/16 Events & Outreach campaigns Continue to devise and implement yearly event and outreach plans to increase usage of libraries. Work with volunteers and partners to ensure that a full calendar is in place & increase targeted work such as My Voice and Youth Panels in libraries. Conduct annual PLUS surveys & any other consultation on major changes to service delivery	Improved customer satisfaction	No impact	No impact	Community outreach	1	1	1	
Project 8	2012/14 London Libraries Consortium (library management system) contract Work with LLC to improve systems and drive through efficiencies. Launch and review new libraries website; re-tendering of LLC contracts during 2013/14.	More efficient way of working	No impact	Business Improvement - positive impact IT Service delivery - positive impact	District networks	2	2	4	
Project 9	2012/13, Schools Library Service review. Implement actions agreed from Lean Rapid Improvement Event. Improve marketing structure and seek to grow business to ensure that at a minimum the service is cost neutral.	Income generation	No impact	No impact	Other resource reduction	2	1	2	
Project 10	2015/16 Security services contract Re-tendering of contract and ongoing monitoring of performance against current contract	More efficient way of working	No impact	No impact	Not applicable	1	2	2	



**Cllr Peter Walker, Cabinet Member for Education**  
**Merton Adult Education**

Enriching your life through learning.

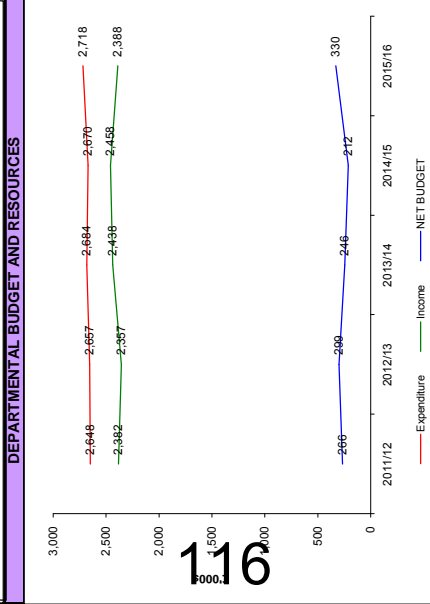
Our mission is to provide high quality accredited and non accredited learning responsive to the diverse needs of our learners and community. It is our ambition for Merton Adult Education to become an innovator and the college of choice.

We are committed to providing the best learning experience for our students, deliver an excellent service to our customers, maximise partnership opportunities, remain financially viable, achieve our contractual targets and develop a range of commercial products.

The priority strategic objective is to increase the skills, knowledge and educational attainment of adults through the provision of a range of accredited and non accredited courses. The curriculum is developed in response to both government priority targets and local need.

Service contracts with the Skills Funding Agency focus on the following areas:

- \* Further Education (accredited courses)
- \* Personal Community Learning Development (non accredited)
- \* Family Learning
- \* Neighbourhood Learning for Deprived Communities
- \* 16 - 18 NEET Programme



**DEPARTMENTAL BUDGET AND RESOURCES**

	2012/13	MAJOR WORK PROJECTS / PROCUREMENT					
		2013/14		2014/15		2015/16	
		2013/14	2014/15	2014/15	2015/16	2015/16	2015/16
Project 1	Commercial option appraisal and business plan produced	Project 1	Project 1	Project 1	Project 1	Project 1	Project 1
Project 2	Administrative review	Project 2	Administrative review	Project 2	Project 2	Project 2	Project 2
Project 3		Project 3		Project 3	Project 3	Project 3	Project 3
Project 4		Project 4		Project 4	Project 4	Project 4	Project 4
Project 5		Project 5		Project 5	Project 5	Project 5	Project 5
Project 6		Project 6		Project 6	Project 6	Project 6	Project 6
Project 7		Project 7		Project 7	Project 7	Project 7	Project 7
Project 8		Project 8		Project 8	Project 8	Project 8	Project 8
Project 9		Project 9		Project 9	Project 9	Project 9	Project 9
Project 10		Project 10		Project 10	Project 10	Project 10	Project 10

**ACTIONS AND SAVINGS**

	2012/13	2013/14		2014/15		2015/16	
		2013/14	2014/15	2014/15	2015/16	2015/16	2015/16
Revenue Budget (£'000s)	2,648	2,657	2,684	2,670	2,716		
Expenditure	1,793	1,739	1,751	1,730	1,770	30,000	30,000
Employees	154	158	163	168	168		
Premises	3	3	3	3	4		
Transport	343	348	358	363	368		
Supplies and Services	322	322	322	322	322	18,160	10,000
3rd party payments	33	86	86	86	86		
Support services							
Depreciation							
<b>Income</b>	2,382	2,357	2,438	2,458	2,388		
Government grants	37	22	22	22	22		
Other reimbursements	552	543	623	643	673		
Customer and client receipts	0	0	0	0	0		
Reserves	0	0	0	0	0		
Capital Funded	286	299	246	212	330		
<b>NET BUDGET £000s</b>	222	0	0	0	0	68,160	110,000
Various Schemes							

Finance Comments (Capital Budget or otherwise)



ACTION PLAN									
DETAILS OF YOUR MAJOR WORK PROJECTS AND THEIR IMPACT									
MAJOR EXPECTED OUTCOME	IMPACT ON:			Risk			Score		
	Equalities	Other services (maximum of 3)	Sustainability	Likelihood	Impact				
2012/13 Commercial option appraisal and business plan produced Produce and implement a commercial business plan focused on generating additional income through a new full cost adult education model utilising the MAE Wimbledon venue.	No impact	No impact	Not applicable	1	1	1			
2012/14 Administrative review Undertake an efficiency review and assessment of central administrative and curriculum processes with an administrative staff re-structure in year 2.	No impact	No impact	Not applicable	1	1	1			
Project 3									
Project 4									
Project 5									
Project 6									
Project 7									
Project 8									
Project 9									
Project 10									



ACTION PLAN									
DETAILS OF FOUR MAJOR WORK PROJECTS AND THEIR IMPACT									
Project	DESCRIPTION	MAJOR EXPECTED OUTCOME	IMPACT ON:			Risk		Score	
			Equalities	Other services (maximum of 3)	Sustainability	Likelihood	Impact		
Project 1	2012-2016 Management of parks and open spaces This is to investigate the future management of parks and open spaces by either friends groups or community groups.	More efficient way of working	Equality analysis undertaken	No impact	Impact on green sector / jobs / skills	4	2	8	
Project 2	2012-2015 Management of paddling pools This is to investigate the future management of paddling pools by either friends groups or community groups.	More efficient way of working	Equality analysis undertaken	No impact	Community outreach	4	2	8	
Project 3	2012-2015 Management of allotments To look at allotments being managed by users rather than by the council	More efficient way of working	Equality analysis undertaken	No impact	Impact on green sector / jobs / skills	3	1	3	
Project 4	2012-2016 Management of bowling greens To ascertain whether local clubs would manage the bowling greens themselves rather than the council	More efficient way of working	Equality analysis undertaken	No impact	Impact on green sector / jobs / skills	3	1	3	
Project 5	2012-2014 Morley Park To review the management arrangements for the new Morley Park.	Income generation	Equality analysis to be undertaken	No impact	Community outreach	3	2	6	
Project 6	2012-2014 Car parking fees in car parks Introduction of car parking fees in certain car parks	Income generation	Equality analysis undertaken	Parking - positive impact	Impact on transport emissions	4	1	4	
Project 7	2012-2014 Commercialisation of services, 2014/15 Commercialisation of grounds and sports services This is a project to commercialise the grounds and sports services that are currently supplied by the council	Income generation	Equality analysis to be undertaken	No impact	Not applicable	2	1	2	
Project 8	2012-2014 New cemetery extension Commissioning of a new cemetery extension at Merton and Sutton Cemetery	Income generation	Equality analysis to be undertaken	Facilities Management - negative impact	Impact on flood plains / drainage systems	3	2	6	
Project 9									
Project 10									



ACTION PLAN									
DETAILS OF YOUR MAJOR WORK PROJECTS AND THEIR IMPACT									
Project	DESCRIPTION	MAJOR EXPECTED OUTCOME	IMPACT ON:			Risk		Score	
			Equalities	Other services (maximum of 3)	Sustainability	Likelihood	Impact		
Project 1	2013/14 Invest in the Introduction of Bus Lanes To evaluate options for possible bus lanes where they would alleviate traffic congestion	Improved resident well being	No impact	No impact	No impact	Not applicable	2	2	4
Project 2	2012-2014 Movement traffic orders This will be the enforcement of the box junctions in the borough	Improved resident well being	No impact	No impact	No impact	Not applicable	2	2	4
Project 3	2013/14 payment by phone This is by introducing a facility to accept payment over the phone.	More efficient way of working	Equality analysis to be undertaken	No impact	No impact	Not applicable	2	1	2
Project 4	2013/14 Customer Relationship Management (CRM)	More efficient way of working	No impact	No impact	No impact	Not applicable	2	1	2
Project 5									
Project 6									
Project 7									
Project 8									
Project 9									
Project 10									



ACTION PLAN									
DETAILS OF YOUR MAJOR WORK PROJECTS AND THEIR IMPACT									
Project	DESCRIPTION	MAJOR EXPECTED OUTCOME	EQUALITIES		IMPACT ON: Other services (maximum of 3)		RISK		Score
			Equalities	Other services (maximum of 3)	Sustainability	Likelihood	Impact		
Project 1	2012/13 Digital mapping This is to convert all paper based maps currently held over to digital media.	Income generation	Equality analysis to be undertaken	Future Merton - positive impact	Other resource reduction	2	2	4	
Project 2	2012-2016 Integrated Project Team This is to create a team which covers all aspects of the council which will allow better use of council properties and maximise capital receipts through either selling or rental.	Income generation	Equality analysis to be undertaken	Future Merton - positive impact	Other resource reduction	2	2	4	
Project 3	2012-2016 Asset Management Plan This is the creation of a plan which will help to maximise all the property held by the council.	Income generation	Equality analysis to be undertaken	Future Merton - positive impact	Other resource reduction	1	2	2	
Project 4									
Project 5									
Project 6									
Project 7									
Project 8									
Project 9									
Project 10									

CLIR MARK BETTERIDGE - CABINET MEMBER FOR PERFORMANCE AND IMPLEMENTATION														
Street Cleaning														
PLANNING ASSUMPTIONS														
Anticipated demand		2011/12	2012/13	2013/14	2014/15	2015/16	Key drivers of demand		Corporate strategies					Workforce development
Increased population		205,900	212,900	215,500	↑	↑	Customer demand - external		Community Plan					Sickness
Increased housing density		80,890	80,890	↑	↑	↑	Customer demand - external		Customer Services Strategy					Learning & Dev.
Anticipated supply		2011/12	2012/13	2013/14	2014/15	2015/16	Key drivers of supply							
Staff		102	102	102	102	102	Economic							
Transport		26	30	30	30	30	Economic							
Performance indicators		2011/12		2012/13		2013/14		2014/15		2015/16		Impact if not met		
Residents satisfied with street cleanliness		57%	56%	56%	57%	57%	57%	57%	57%	57%	57%	Reputational risk		
Sites surveyed below standard for litter		10%	9%	9%	9%	9%	9%	9%	9%	9%	9%	Reputational risk		
Sites surveyed below standard for Debris		15%	13%	13%	13%	13%	13%	13%	13%	13%	13%	Reputational risk		
Sites surveyed below standard for graffiti		6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	Reputational risk		
Sites surveyed below standard for weeds		NA	15%	15%	15%	15%	15%	15%	15%	15%	15%	Reputational risk		
Number of fly tips		3500	3500	3300	3200	3100	3200	3200	3200	3100	3100	Reduced customer service		
Days lost through sickness		14	15	14	13	12	13	13	12	12	12	Increased costs		

MAJOR WORK PROJECTS / PROCUREMENT																	
2012/13		2013/14		2014/15		2015/16		2016/17									
Project 1	Mobile Working	Project 1	Mobile Working	Project 1	Mobile Working	Project 1	Mobile Working	Project 1	Project 2	Project 3	Project 4	Project 5	Project 6	Project 7	Project 8	Project 9	Project 10
Project 2		Project 2		Project 2		Project 2		Project 2	Project 3	Project 4	Project 5	Project 6	Project 7	Project 8	Project 9	Project 10	
Project 3		Project 3		Project 3		Project 3		Project 3	Project 4	Project 5	Project 6	Project 7	Project 8	Project 9	Project 10		
Project 4		Project 4		Project 4		Project 4		Project 4	Project 5	Project 6	Project 7	Project 8	Project 9	Project 10			
Project 5		Project 5		Project 5		Project 5		Project 5	Project 6	Project 7	Project 8	Project 9	Project 10				
Project 6		Project 6		Project 6		Project 6		Project 6	Project 7	Project 8	Project 9	Project 10					
Project 7		Project 7		Project 7		Project 7		Project 7	Project 8	Project 9	Project 10						
Project 8		Project 8		Project 8		Project 8		Project 8	Project 9	Project 10							
Project 9		Project 9		Project 9		Project 9		Project 9	Project 10								
Project 10		Project 10		Project 10		Project 10		Project 10									

ACTIONS AND SAVINGS													
2012/13		2013/14		2014/15		2015/16		2016/17					
ER15 & ER17		ER15 & ER17		ER15 & ER17		ER15 & ER17		ER15 & ER17					
114	114	114	114	114	114	114	114	114	114	114	114	114	114
15	15	15	15	15	15	15	15	15	15	15	15	15	15
22	22	22	22	22	22	22	22	22	22	22	22	22	22
175	175	175	175	175	175	175	175	175	175	175	175	175	175
157	157	157	157	157	157	157	157	157	157	157	157	157	157
500	500	500	500	500	500	500	500	500	500	500	500	500	500
5	5	5	5	5	5	5	5	5	5	5	5	5	5
328	328	328	328	328	328	328	328	328	328	328	328	328	328
0	0	0	0	0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0	0	0	0	0
230	230	230	230	230	230	230	230	230	230	230	230	230	230
98	98	98	98	98	98	98	98	98	98	98	98	98	98
4,840	4,698	4,715	4,732	4,749	4,766	4,783	4,799	4,816	4,833	4,850	4,867	4,884	4,901
2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25

**Street Cleaning**

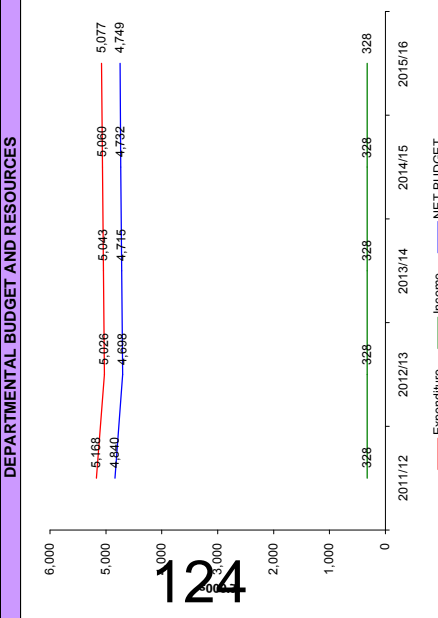
improve the street scene by maintaining the public highway, collecting fly tips and removing litter, debris, graffiti and fly posting. Keeping gullies cleaned.

improve the street scene by education, advice and enforcement, reducing fly tipping, litter, dog fouling, abandoned vehicles, graffiti and fly posting, and collecting stray dogs.

delivering an efficient service in accordance with Highways Section priorities.

**Objectives**

- fulfill the Council's statutory responsibilities in respect of street cleansing
- maximise efficiencies through co-ordinated and partnership working
- provide value for money services that meet the needs of residents and businesses
- champion the needs of the service users
- improve our customer information and improve feedback
- protect and care for the welfare and development of our employees, the environment, our customers and the local community in which we operate
- provide a safe and supportive environment for all our employees and strive for outstanding health and safety performance
- provide a customer focussed approach to service design and improvement
- improve levels of satisfaction with services provided.



Revenue Budget (£'000s)	2011/12	2012/13	2013/14	2014/15	2015/16
Expenditure	5,168	5,026	5,043	5,060	5,077
Employees	3,550	3,436	3,436	3,437	3,437
Premises	15	15	15	15	15
Transport	764	753	765	776	788
Supplies and Services	186	170	170	175	175
3rd party payments	148	150	152	155	157
Support services	500	500	500	500	500
Depreciation	5	5	5	5	5
Income	328	328	328	328	328
Government grants	0	0	0	0	0
Other reimbursements	0	0	0	0	0
Customer and client receipts	230	230	230	230	230
Recharges	98	98	98	98	98
NET BUDGET	4,840	4,698	4,715	4,732	4,749
Capital Budget					

Finance Comments (Capital Budget or otherwise)



ACTION PLAN									
DETAILS OF YOUR MAJOR WORK PROJECTS AND THEIR IMPACT									
DESCRIPTION	MAJOR EXPECTED OUTCOME	Equalities	IMPACT ON:		Sustainability	Risk		Impact	Score
			Other services (maximum of 3)	Environmental Health - negative impact		Likelihood	Score		
2012-2014 Mobile working This to introduce the use of handheld devices for all operators enabling receiving of reports from residents and also to report any to the office.	More efficient way of working	No impact	Environmental Health - negative impact Highways - negative impact		Not applicable	2	2	2	4
Project 1									
Project 2									
Project 3									
Project 4									
Project 5									
Project 6									
Project 7									
Project 8									
Project 9									
Project 10									

### Traffic and Highways

The service discharges the council's responsibilities as a Highway, Traffic and Parking Authority, assists with its responsibilities as a Local Planning Authority and assists in the delivery of the Community Plan vision. It maintains 12,673 street lights, 363.5 kms of road network and 16,500 trees on the public highway with an anticipated additional 70 new trees planted per year.

- The main aims of the service are:
- ensure the safe and expeditious movement of all traffic on the Highway Network.
  - improve the Public Realm.
  - improve the quality of life of local residents

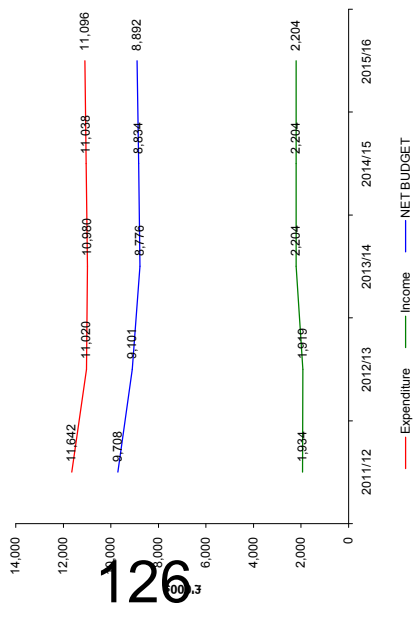
**Objectives**  
 The Council will be joining the London Permit Scheme from 1st September 2012 to manage road work activities on the public highway. 5,600 permits are expected to be granted between September 2012 and March 2013, and 16,000 permits are expected to be granted per year thereafter. The Streetwork and Network Co-ordination team will grow by an additional 6 staff as a result.

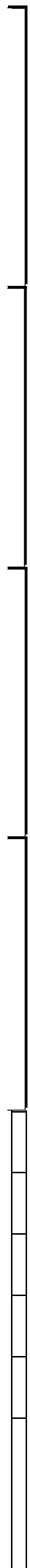
PLANNING ASSUMPTIONS											
Anticipated demand	2011/12	2012/13	2013/14	2014/15	2015/16	Key drivers of demand	Corporate strategies	Workforce development			
Street lights	12,673	12,673	12,673	12,673	12,673	Customer demand - external	Road Safety Plan	Ageing workforce			
Maintenance of trees	16,500	16,500	16,570	16,640	16,710	Customer demand - external	Local Transport Plan	Learning & Dev.			
Network Maintenance and Improvement	363.5	363.5	363.5	363.5	363.5	Statutory / Government initiative	Local Implementation Plan	Reliance on agency			
Permits	N/A	5,600	↑	↑	↑	Customer demand - external	Climate Change Strategy				
<b>Anticipated supply</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>Key drivers of supply</b>	Capital Programme				
Staff	42	42.1	41.3	40.3	40.3	Economic	Local Development Framework				

MAJOR WORK PROJECTS / PROCUREMENT											
Performance indicators	Performance targets (indicate if % target)					Polarity	Reporting cycle	Indicator type	Impact if not met		
	2011/12	2012/13	2013/14	2014/15	2015/16						
Street light faults rectified in 3 working days of inspection	N/A	TBC	TBC	TBC	TBC	High	Quarterly	Quality	Reduced customer service		
Number of insurance claims	N/A	TBC	TBC	TBC	TBC	Low	Monthly	Quality	Increased costs		
Streetworks permitting income	N/A	£320,000	↑	↑	↑	High	Quarterly	Perception	Loss of income		
Streetworks inspections completed	N/A	TBC	TBC	TBC	TBC	High	Quarterly	Unit cost	Inspection outcomes		
Principal roads defective	N/A	9%	9%	9%	9%	Low	Quarterly	Outcome	Reduced customer service		
Non principal roads defective	N/A	4%	4%	4%	4%	Low	Quarterly	Quality	Reduced customer service		
Income from Fixed Penalty Notices (FPN)	N/A	£16,300	£16,300	↔	↔	High	Annual	Business critical	Loss of income		

MAJOR WORK PROJECTS / PROCUREMENT																					
Project	2012/13					2013/14					2014/15					2015/16					
	Project 1	Maintenance schemes	Project 1	Maintenance schemes	Project 1	Maintenance schemes	Project 1	Maintenance schemes	Project 1	Maintenance schemes	Project 1	Maintenance schemes	Project 1	Maintenance schemes	Project 1	Maintenance schemes	Project 1	Maintenance schemes	Project 1	Maintenance schemes	Project 1
Project 2	Network Improvement Schemes	Project 2	Network Improvement Schemes	Project 2	Network Improvement Schemes	Project 2	Network Improvement Schemes	Project 2	Network Improvement Schemes	Project 2	Network Improvement Schemes	Project 2	Network Improvement Schemes	Project 2	Network Improvement Schemes	Project 2	Network Improvement Schemes	Project 2	Network Improvement Schemes	Project 2	Network Improvement Schemes
Project 3	Capital Network Improvement Scheme	Project 3	Capital Network Improvement Scheme	Project 3	Capital Network Improvement Scheme	Project 3	Capital Network Improvement Scheme	Project 3	Capital Network Improvement Scheme	Project 3	Capital Network Improvement Scheme	Project 3	Capital Network Improvement Scheme	Project 3	Capital Network Improvement Scheme	Project 3	Capital Network Improvement Scheme	Project 3	Capital Network Improvement Scheme	Project 3	Capital Network Improvement Scheme
Project 4	Controlled Parking Zone schemes	Project 4	Controlled Parking Zone schemes	Project 4	Controlled Parking Zone schemes	Project 4	Controlled Parking Zone schemes	Project 4	Controlled Parking Zone schemes	Project 4	Controlled Parking Zone schemes	Project 4	Controlled Parking Zone schemes	Project 4	Controlled Parking Zone schemes	Project 4	Controlled Parking Zone schemes	Project 4	Controlled Parking Zone schemes	Project 4	Controlled Parking Zone schemes
Project 5	Section 106, 278, 38 Schemes	Project 5	Section 106, 278, 38 Schemes	Project 5	Section 106, 278, 38 Schemes	Project 5	Section 106, 278, 38 Schemes	Project 5	Section 106, 278, 38 Schemes	Project 5	Section 106, 278, 38 Schemes	Project 5	Section 106, 278, 38 Schemes	Project 5	Section 106, 278, 38 Schemes	Project 5	Section 106, 278, 38 Schemes	Project 5	Section 106, 278, 38 Schemes	Project 5	Section 106, 278, 38 Schemes
Project 6	Highways Term contract	Project 6	Highways Term contract	Project 6	Highways Term contract	Project 6	Highways Term contract	Project 6	Highways Term contract	Project 6	Highways Term contract	Project 6	Highways Term contract	Project 6	Highways Term contract	Project 6	Highways Term contract	Project 6	Highways Term contract	Project 6	Highways Term contract
Project 7	Flood and Water Management Schemes	Project 7	Flood and Water Management Schemes	Project 7	Flood and Water Management Schemes	Project 7	Flood and Water Management Schemes	Project 7	Flood and Water Management Schemes	Project 7	Flood and Water Management Schemes	Project 7	Flood and Water Management Schemes	Project 7	Flood and Water Management Schemes	Project 7	Flood and Water Management Schemes	Project 7	Flood and Water Management Schemes	Project 7	Flood and Water Management Schemes
Project 8	20mph Zones Schemes	Project 8	20mph Zones Schemes	Project 8	20mph Zones Schemes	Project 8	20mph Zones Schemes	Project 8	20mph Zones Schemes	Project 8	20mph Zones Schemes	Project 8	20mph Zones Schemes	Project 8	20mph Zones Schemes	Project 8	20mph Zones Schemes	Project 8	20mph Zones Schemes	Project 8	20mph Zones Schemes
Project 9	Grounds Maintenance Contract	Project 9	Grounds Maintenance Contract	Project 9	Grounds Maintenance Contract	Project 9	Grounds Maintenance Contract	Project 9	Grounds Maintenance Contract	Project 9	Grounds Maintenance Contract	Project 9	Grounds Maintenance Contract	Project 9	Grounds Maintenance Contract	Project 9	Grounds Maintenance Contract	Project 9	Grounds Maintenance Contract	Project 9	Grounds Maintenance Contract
Project 10	Permit scheme	Project 10	Permit scheme	Project 10	Permit scheme	Project 10	Permit scheme	Project 10	Permit scheme	Project 10	Permit scheme	Project 10	Permit scheme	Project 10	Permit scheme	Project 10	Permit scheme	Project 10	Permit scheme	Project 10	Permit scheme

REVENUE BUDGET (£'000s)																					
Expenditure	2011/12	2012/13	2013/14	2014/15	2015/16	ACTIONS AND SAVINGS															
Employees	1,748	1,186	1,186	1,186	1,186																
Premises	1,245	1,210	1,228	1,247	1,265	ER21 & ER22															
Transport	104	105	107	108	110	ER20															
Supplies and Services	270	274	278	282	285																
3rd party payments	2,451	2,115	2,051	2,085	2,120	ER20 & ER21															
Support services	1,194	1,194	1,194	1,194	1,194																
Depreciation	4,630	4,936	4,936	4,936	4,936																
<b>Income</b>	<b>1,934</b>	<b>1,919</b>	<b>2,204</b>	<b>2,204</b>	<b>2,204</b>																
Government grants	125	125	125	125	125																
Other reimbursements	718	718	718	718	718																
Customer and client receipts	843	876	1,161	1,161	1,161	ER20															
Recharges	200	200	200	200	200																
Reserves	48	0	0	0	0																
<b>NET BUDGET</b>	<b>9,708</b>	<b>9,101</b>	<b>8,776</b>	<b>8,776</b>	<b>8,834</b>																
<b>Capital Budget £000s</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>Finance Comments (Capital Budget or otherwise)</b>															
Other	6,591	4,857	6,227	6,117	3,517																
TFL	3,540	3,245	1,816	0	0																





ACTION PLAN									
DETAILS OF YOUR MAJOR WORK PROJECTS AND THEIR IMPACT									
Project	DESCRIPTION	MAJOR EXPECTED OUTCOME	Equalities	IMPACT ON:			Risk		Score
				Other services (maximum of 3)	Sustainability	Impact	Likelihood	Impact	
Project 1	2012-2015 Maintenance schemes This is the maintenance of the network carried out annually and covers highways and structures (bridges).	Improved customer satisfaction	Equality analysis to be undertaken	Parking - positive impact Highways - positive impact Parks and Green Spaces - positive impact	Impact on transport emissions	1	1	1	1
Project 2	2012-2015 Network improvement schemes This is work funded through the Local Implementation Plan which has been agreed by the Department of Transport.	Improved customer satisfaction	Equality analysis to be undertaken	Highways - positive impact Parking - positive impact	Impact on transport emissions	2	3	6	6
Project 3	2012-2015 Capital network improvement scheme This is specific capital works which is to be carried out in the borough	Improved customer satisfaction	Equality analysis to be undertaken	Highways - positive impact	Impact on transport emissions	1	3	3	3
Project 4	2012-2015 Controlled Parking Zone schemes This is the introduction of controlled parking zones which have been consulted upon and then agreed.	Improved customer satisfaction	Equality analysis to be undertaken	Highways - positive impact Parking - positive impact	Not applicable	4	3	12	12
Project 5	2012-2015 Section 106, 278, 38 schemes These are highways schemes that have come out from Section 106, 278 and 38 agreements which are separate to any other schemes.	Improved customer satisfaction	Equality analysis to be undertaken	Development and Building Control - positive impact Highways - positive impact	Impact on transport emissions	2	2	4	4
Project 6	2012/13 Highways term contract This is the procurement of the new Highways term Contract	Improved customer satisfaction	Equality analysis to be undertaken	Highways - positive impact	Not applicable	1	1	1	1
Project 7	2012-2014 Flood and Water management schemes This is work covered by the Flood Action Plan which has to be approved by the Environment agency.	To meet legislative requirements	Equality analysis to be undertaken	Highways - positive impact	Impact on flood plains / drainage systems	1	3	3	3
Project 8	2012-2015 20 mph Zone Schemes The introduction of 20 mph zones where required within the borough	To meet legislative requirements	Equality analysis to be undertaken	Highways - positive impact	Impact on transport emissions	2	2	4	4
Project 9	2012/13 Grounds maintenance contract Tendering and procuring of a new Grounds Maintenance contract	Improved customer satisfaction	Equality analysis to be undertaken	Highways - positive impact Parks and Green Spaces - positive impact	Other resource reduction	1	3	3	3
Project 10	2012-2015 Permit scheme Introduction of a permit scheme for all utility works carried out in the borough	Improved reputation	Equality analysis to be undertaken	Highways - positive impact	Impact on transport emissions	1	4	4	4

SERVICE:	FURTHER PLANNING ASSUMPTIONS			
	2012/13	2013/14	2014/15	2015/16
Traffic & Highways	Project 11	Street Lighting Contract	Project 11	Project 11
	Project 12	Professional Services Contract	Project 12	Project 12
	Project 13		Project 13	Project 13
	Project 14		Project 14	Project 14
	Project 15		Project 15	Project 15
	Project 16		Project 16	Project 16
	Project 17		Project 17	Project 17
	Project 18		Project 18	Project 18
	Project 19		Project 19	Project 19
	Project 20		Project 20	Project 20

ACTION PLAN						
DESCRIPTION	MAJOR EXPECTED OUTCOME		IMPACT ON:			Score
	Equalities	Other services (maximum of 3)	Sustainability	Likelihood	Risk Impact	
2013/14 Street Lighting contract This is decided upon whether the Street lighting Contract should be extended	More efficient way of working	Equality analysis to be undertaken	Not applicable	1	2	2
2013/14 Professional services contract This is the procuring of professional services e.g. engineers for specific projects which are to be carried out in the borough	More efficient way of working	Equality analysis to be undertaken	Not applicable	2	2	4
Project 13						
Project 14						
Project 15						
Project 16						
Project 17						
Project 18						
Project 19						
Project 20						



ACTION PLAN									
DETAILS OF YOUR MAJOR WORK PROJECTS AND THEIR IMPACT									
Project	DESCRIPTION	MAJOR EXPECTED OUTCOME	Equalities	IMPACT ON:		Sustainability	Risk		Score
				Other services (maximum of 3)	Waste Management - positive impact		Likelihood	Impact	
Project 1	2012-2016 Vehicle procurement To replace council vehicles as per schedule replacement	Improved customer satisfaction	No impact	Waste Management - positive impact Transport - positive impact	Impact on transport emissions	4	2	8	
Project 2	2012/13 Workshop extension To extend the workshop area, increasing by 3 extra hard standing bays.	Improved customer satisfaction	No impact	Transport - positive impact	Impact on transport emissions	3	1	3	
Project 3	2012/13 TAS implementation plan Implementation of action from transport review	More efficient way of working	No impact	No impact	Not applicable	4	2	8	
Project 4									
Project 5									
Project 6									
Project 7									
Project 8									
Project 9									
Project 10									

PLANNING ASSUMPTIONS										
Anticipated demand	2011/12	2012/13	2013/14	2014/15	2015/16	Key drivers of demand		Corporate strategies		Workforce development
Increased population	205,900	212,900	215,500	↑	↑	Customer demand - external		Climate Change Strategy		Sickness
Increased housing density	80,890	80,890	↑	↑	↑	Customer demand - external		Local Development Framework		Reliance on agency
Household waste tonnage	71,000	71,000	↑	↔	↔	Customer demand - external		Waste Management Plan		Learning & Dev.
<b>Anticipated supply</b>										
Staff	97	97	97	97	97	Economic		Key drivers of supply		
Transport	31	31	31	31	31	Economic				
<b>Performance indicators (indicate if % target)</b>										
Household waste recycled	36%	40%	↔	↔	↔	High	Monthly	Business critical	Reputational risk	
Residents satisfied with refuse collection	70%	72%	74%	76%	78%	High	Annual	Perception	Reputational risk	
Residual waste per household per annum	600	590	580	570	560	Low	Monthly	Outcome	Increased costs	
Municipal solid waste landfilled	64%	61	60	59	58	Low	Monthly	Outcome	Increased costs	
Number of missed bins per 100,000	70	70	65	65	65	Low	Monthly	Outcome	Reduced customer service	
Kg of food waste per household per week	1.15	1.15	1.15	1.15	1.15	High	Monthly	Outcome	Select impact	
Days lost from through sickness per FTE	14	15	14	13	12	Low	Quarterly	Outcome	Increased costs	
Residents satisfied with recycling facilities	67%	70%	73%	76%	79%	High	Annual	Perception	Reputational risk	

MAJOR WORK PROJECTS / PROCUREMENT										
2012/13		2013/14			2014/15			2015/16		
Project 1	South London waste partnership (phase B)	Project 1	South London waste partnership (phase B)	Project 1	South London waste partnership (phase B)	Project 1	South London waste partnership (phase B)	Project 1	South London waste partnership (phase B)	Project 1
Project 2		Project 2		Project 2		Project 2		Project 2		Project 2
Project 3		Project 3		Project 3		Project 3		Project 3		Project 3
Project 4		Project 4		Project 4		Project 4		Project 4		Project 4
Project 5		Project 5		Project 5		Project 5		Project 5		Project 5
Project 6		Project 6		Project 6		Project 6		Project 6		Project 6
Project 7		Project 7		Project 7		Project 7		Project 7		Project 7
Project 8		Project 8		Project 8		Project 8		Project 8		Project 8
Project 9		Project 9		Project 9		Project 9		Project 9		Project 9
Project 10		Project 10		Project 10		Project 10		Project 10		Project 10

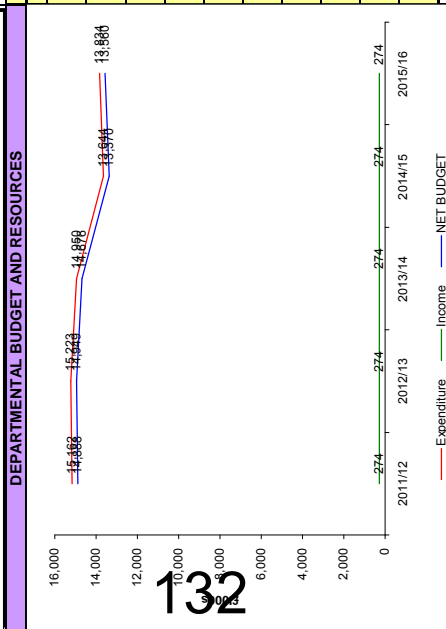
**Waste Management**

**Waste Collection & Disposal directly from Household**  
 As a unitary authority, Merton is responsible for both household waste collection and disposal.

**Household Reuse & Recycling Centres**  
 Merton is required to provide facilities for the disposal of excess household and garden waste free of charge.

**Objectives**

- provide efficient and accessible services to all of our customers, including those with specific needs.
- to advise our customers on the services provided and to keep improving our services in line with customer needs.
- promote public awareness of waste minimisation and encourage re-use and recycling through information, education and empowerment.



ACTIONS AND SAVINGS										
2012/13		2013/14			2014/15			2015/16		
Revenue Budget (£'000s)	2011/12	2012/13	2013/14	2014/15	2015/16	ER17 & ER18		ER17		0
Expenditure	15,162	15,223	14,950	13,644	13,834	329	329	1,489	1,489	0
Employees	3,659	3,330	3,060	3,061	3,061					
Premises	192	194	197	201	202					
Transport	2,104	2,136	2,168	2,199	2,231					
Supplies and Services	506	513	521	528	536					
3rd party payments	7,960	7,965	7,919	6,570	6,719	123	123			
Transfer Payments	2	2	2	2	2					
Support services	642	642	642	642	642					
Depreciation	97	441	441	441	441					
Income	274	274	274	274	274					
Government grants	0	0	0	0	0					
Other reimbursements	0	0	0	0	0					
Customer and client receipts	274	274	274	274	274					
<b>NET BUDGET</b>	<b>14,888</b>	<b>14,949</b>	<b>14,676</b>	<b>13,370</b>	<b>13,560</b>	<b>452</b>	<b>452</b>	<b>1,489</b>	<b>1,489</b>	<b>0</b>
<b>Capital Budget £000s</b>	<b>2,903</b>	<b>1,236</b>	<b>90</b>	<b>90</b>	<b>90</b>	<b>Finance Comments (Capital Budget or otherwise)</b>				



**ACTION PLAN**

**DETAILS OF YOUR MAJOR WORK PROJECTS AND THEIR IMPACT**

DESCRIPTION	MAJOR EXPECTED OUTCOME	IMPACT ON:			Risk		Score
		Equalities	Other services (maximum of 3)	Sustainability	Likelihood	Impact	
2012-2014 South West London Waste Partnership phase B The partnership manages the waste disposal for Merton, Kingston, Croydon and Sutton. Management consists of disposing waste in a sustainable manner and to ensure cost effectiveness.	More efficient way of working	Equality analysis undertaken	No impact	Recycling	2	4	8
Project 1							
Project 2							
Project 3							
Project 4							
Project 5							
Project 6							
Project 7							
Project 8							
Project 9							
Project 10							

# **Section F**

## **List of Proposed Revenue Savings 2012-15**

**BUSINESS PLAN 2012-16**

<b>SUMMARY SCHEDULE OF SAVINGS INCORPORATED INTO MTFS AT CABINET 20/2/12</b>	<b>SAVINGS</b>		
	<b>2012/13 £000s</b>	<b>2013/14 £000s</b>	<b>2014/15 £000s</b>
<b>Service Review / Corporate Services Options Agreed by Overview and Panels in November 2011 and Approved by Council 01/02/2012 (with proposed amendments)</b>	7,613	6,248	1,241
<b>Budget Options Agreed by Overview and Scrutiny Commission in January / February 2012 Cycle of Meetings</b>	2,780	2,757	2,939
<b>Service Review options Supported by Cabinet</b>	836	712	666
<b>Total Savings</b>	11,229	9,717	4,846
<b>Total Cumulative Savings</b>	11,229	20,946	25,792

<b>SUMMARY SAVINGS BY DEPARTMENT</b>	<b>SAVINGS</b>		
	<b>2012/13 £000s</b>	<b>2013/14 £000s</b>	<b>2014/15 £000s</b>
Community and Housing	4,250	6,317	1,625
Children, Schools and Families	1,003	822	710
Environment and Regeneration	3,562	2,023	2,197
Corporate Services	2,414	555	314
<b>Total Savings</b>	11,229	9,717	4,846
<b>Total Cumulative Savings</b>	11,229	20,946	25,792

SERVICE REVIEW OPTIONS AGREED BY OVERVIEW AND SCRUTINY PANELS IN NOVEMBER 2011 AND APPROVED BY COUNCIL  
01/02/2012 (with proposed amendments)

Community and Housing		Savings			Scrutiny Panel
		2012/13 £000s	2013/14 £000s	2014/15 £000s	
<b>Options Pack - Level 1 Savings</b>					
	<b>Service Items</b>				
Page 9	Adult Social Care Commissioning	162	0	23	HC&OP
Page 15	Libraries	84	13	10	SC
Page 18	Housing	37	0	0	SC
Page 22	Merton Adult Education	30	68	110	SC
	<b>Total Community and Housing - Level 1 Savings</b>	<b>313</b>	<b>81</b>	<b>143</b>	
<b>Options Pack - Level 2 Savings</b>					
Page 10	Adult Social Care Commissioning	300	300	300	HC&OP
Page 10	Optimising the use of block and spot contracts	1,250	0	0	HC&OP
Page 10	Remodelling and re-tendering the domiciliary care contract	0	500	500	HC&OP
Page 10	Funding an individual in supported living	200	100	100	HC&OP
Page 10	Reducing costs of long term placements for people with disabilities	3,000	(2,000)	(1,000)	HC&OP
Page 10	Social care funding	(3,000)	5,000	(1,000)	HC&OP
Page 10	Social care funding - Adjustment	0	0	0	SC
Page 16	Libraries	0	42	0	SC
Page 19	Housing	0	0	0	SC
Page 22	Merton Adult Education	0	0	0	SC
	<b>Total Community and Housing - Level 2 Savings</b>	<b>1,750</b>	<b>3,942</b>	<b>(1,100)</b>	
<b>Total Community and Housing - Level 1, 2 and 3 Savings</b>		<b>2,063</b>	<b>4,023</b>	<b>(957)</b>	
<b>Children, Schools and Families</b>					
			<b>Savings</b>		
<b>Total Children, Schools and Families - Level 1, 2 and 3 Savings</b>		<b>0</b>	<b>0</b>	<b>0</b>	

SERVICE REVIEW OPTIONS AGREED BY OVERVIEW AND SCRUTINY PANELS IN NOVEMBER 2011 AND APPROVED BY COUNCIL  
01/02/2012 (with proposed amendments)

Environment and Regeneration	Savings			Scrutiny Panel
	2012/13 £000s	2013/14 £000s	2014/15 £000s	
<b>Options Pack - Level 1 Savings</b>				
<b>Service Items</b>				
Page 64 Parks, Greenspaces and Cemeteries (excluding self-management of allotments)	442	89	0	SC
Page 70 Development Control and Building Control	300	0	0	SC
Page 73 Environment Health/Trading Standards/Licensing(Regulatory)	0	400	0	SC
Page 79 Parking	720	0	0	SC
Page 83 Street cleansing – graffiti removal	70	0	0	SC
Page 83 Street cleansing – restructure and staffing – enforcement team	50	0	0	SC
Page 87 Waste & Recycling	219	191	1,489	SC
Page 91 Traffic and Highways	185	327	0	SC
Page 95 Future Merton and Property	0	0	414	SC
Page 97 Transport	129	0	0	SC
<b>Total Environment and Regeneration - Level 1 Savings</b>	<b>2,115</b>	<b>1,007</b>	<b>1,903</b>	
<b>Options Pack - Level 2 Savings</b>				
Page 80 Parking	532	248	0	SC
Page 80 Parking - Amendment	(132)	132	0	SC
Page 88 Waste & Recycling (Part)	271	271	0	SC
Page 91 Traffic and Highways	524	0	0	SC
Page 91 Traffic and Highways	(57)	57	0	SC
<b>Total Environment and Regeneration - Level 2 Savings</b>	<b>1,138</b>	<b>708</b>	<b>0</b>	
<b>Options Pack - Level 3 Savings</b>				
Page 93 Traffic and Highways	246	0	0	SC
Page 104 Safer Merton	0	0	0	SC
<b>Total Environment and Regeneration - Level 3 Savings</b>	<b>246</b>	<b>0</b>	<b>0</b>	
<b>Total Environment and Regeneration - Level 1, 2 and 3 Savings</b>	<b>3,499</b>	<b>1,715</b>	<b>1,903</b>	
<b>Total Service Review - Level 1, 2 and 3 Savings</b>	<b>5,562</b>	<b>5,738</b>	<b>946</b>	

SERVICE REVIEW OPTIONS AGREED BY OVERVIEW AND SCRUTINY PANELS IN NOVEMBER 2011 AND APPROVED BY COUNCIL  
 01/02/2012 (with proposed amendments)  
 CORPORATE SERVICES OPTIONS AGREED BY CABINET AND SCRUTINY

Corporate Services	Savings			Scrutiny Panel
	Dec-13 £000s	13/14 £000s	14/15 £000s	
<b>Options pack</b>				
<b>Service Items</b>				
<u>Customer Services – Revenues and Benefits</u>				
Page 113 CS1 - Reduction in postage budget	30	0	0	O&S
Page 113 CS2 - Reduction in building work budget	10	0	0	O&S
Page 113 CS3 - Reduction in recruitment budget	7	0	0	O&S
Page 114 CS4 - Reduction in agency staff and translation budgets	5	0	0	O&S
<u>Customer Services – Business Rates</u>				
Page 114 CS5 - Reduction of valuation assistant post	19	0	0	O&S
<u>Customer Services – Benefits</u>				
Page 114 CS6 - Reduce benefits officer posts by 1.5 f.t.e.s	45	0	0	O&S
Page 115 CS7 - Potential joint service	0	150	0	O&S
Page 115 CS8 - Reduction of 1 f.t.e bailiff post and 0.4 f.t.e admin. Officer post	70	0	0	O&S
<u>Customer Services – Council Tax collection</u>				
Page 116 CS10 - Reduce Revenue Officers by 1 f.t.e	31	0	0	O&S
Page 117 CS11 - Delete one manager post	40	0	0	O&S
<u>Customer Services – Support Service</u>				
Page 117 CS12 - Delete 1 f.t.e manager post	0	0	50	O&S
<u>Customer Services – Recovery/Bailiffs</u>				
Page 118 CS13 - Reduce Debt recovery/bailiff admin. By 1 f.t.e	0	31	0	O&S
<u>Customer Services – Support Team</u>				
Page 118 CS14 - Reduce system support officers by 0.5 f.t.e	20	0	0	O&S
<u>Customer Services – Merton Link</u>				
Page 118 CS15 - Reduction of 1 f.t.e. arising from CRM	28	0	0	O&S
Page 119 CS16 - Reduction of 1 f.t.e arising from introduction of menu option on switchboard	21	0	0	O&S
<u>Customer Services – Registrars</u>				
Page 119 CS18 - Net impact of increased demand for weddings	32	0	0	O&S

**SERVICE REVIEW OPTIONS AGREED BY OVERVIEW AND SCRUTINY PANELS IN NOVEMBER 2011 AND APPROVED BY COUNCIL  
01/02/2012 (with proposed amendments)**

Corporate Services	Savings			Scrutiny Panel
	Dec-13 £000s	13/14 £000s	14/15 £000s	
<b>Options pack</b>				
<b>Service Items</b>				
Infrastructure and Transactions – IT Service delivery				
Page 120 CS20 - Reduction/deletion of various budgets	8	0	0	O&S
Page 120 CS21 - Deletion of training budget for specialised IT	21	0	0	O&S
Page 121, CS22 - Reduction of 2 f.t.es	0	72	0	O&S
Page 121, CS23 - Reduction/deletion of various budgets	2	0	0	O&S
Page 121, CS24 - Reduction/deletion of various budgets	9	0	0	O&S
Page 122 CS25 - Reduction arising from consolidation of budgets	30	0	0	O&S
Page 122 CS26 - Reduction in budgets	6	0	0	O&S
Page 122 CS27 - Reduction in budget due to cancellation of contracts	72	0	0	O&S
Page 123 CS28 - Reduction due to consolidation of maintenance contracts	30	0	0	O&S
Page 123 CS29 - Reduction in leasing costs for the corporate printing strategy	60	0	0	O&S
Infrastructure and Transactions – Facilities Management				
Page 123 CS30 - Reduction of 2 f.t.es	63	0	0	O&S
Page 124, CS31 - Change Energy Admin. Post to self financing	37	0	0	O&S
Page 124 CS32 - Reduce 1 f.t.e. postal and scanning assistant	23	0	0	O&S
Page 124, CS33 - Restructure of Building services and Security Team (delete Shift Team Leaders posts)	10	0	0	O&S
Page 125 CS34 - Reduction in number of vans	5	0	0	O&S
Page 125, CS36 - Councillor courier run – reduce from 2 to 1 per week	5	0	0	O&S
Page 126 CS37 - Introduce a charge for the archive service facility	15	15	15	O&S
Page 126 CS38 - Savings on print room copy equipment	50	0	0	O&S
Page 126 CS39 - Close Worsfold House and relocate to Civic Centre	12	13	0	O&S
Page 127 CS40 - Close the YOT office in Athena House and relocate to Civic Centre	51	0	0	O&S
Infrastructure and Transactions – Transactional Services				
Page 127 CS41 - Delete 1 f.t.e vacant Assistant Vendor Maintenance Officer post	10	0	0	O&S
Page 128 CS42 - Delete 1 Transactional Officer post	28	0	0	O&S
Page 128 CS43 - Recovery of overpayments and other VAT recovery	50	(50)	0	O&S
Human Resources				
Page 128, Human Resources – Learning and Development	0	230	0	O&S
Page 129 CS45 - HR Transactions – reorganise payroll team – link to i-Trent	59	0	0	O&S
Page 129 CS46 - HR Transactions: co-locate all recruitment jobs	0	0	60	O&S
Page 130 CS47 - HR Transactions – CRB income generation	0	0	30	O&S
Page 130 CS48 - HR Business Partners – Review of function with integration with Sutton	40	0	0	O&S
Page 130 CS49 - HR Business Partners – further consolidation of advisory work	0	0	140	O&S
Page 131 CS50 - HR Employee Relations – reduce senior management	40	0	0	O&S
Page 131 CS52 - HR Employee Relations – review employee relations team	0	35	0	O&S

**SERVICE REVIEW OPTIONS AGREED BY OVERVIEW AND SCRUTINY PANELS IN NOVEMBER 2011 AND APPROVED BY COUNCIL  
01/02/2012 (with proposed amendments)**

Corporate Services Options pack	Savings			Scrutiny Panel
	Dec-13 £000s	13/14 £000s	14/15 £000s	
<b>Service Items</b>				
<u>Corporate Governance</u>				
Page 133 CS55 - Democracy Services – Reduce Scrutiny Support Fund	6	0	0	O&S
Page 134 CS57 - Reduction in supplies and inflation budget	20	0	0	O&S
Page 135 CS59 - Reduce contingencies budget	0	14	0	O&S
Page 136 CS61 - Information Team – fund direct LLC costs from LLC income	49	0	0	O&S
Page 136 CS62 - Legal Services restructure	127	0	0	O&S
<u>Resources</u>				
Page 136 CS63 - Review of insurance arrangements	300	0	0	O&S
Page 137 CS64 - Reduce the contribution to the Local Strategic Partnership	24	0	0	O&S
Page 139 CS67 - Energy Procurement	300	0	0	O&S
Page 140 CS68 - Centralise policy development resource	0	TBC	0	O&S
<u>Business Improvement</u>				
Page 140 CS69 - Delete Director of Transformation's post	105	0	0	O&S
<u>Communications Team</u>				
Page 141 CS71 - Delete vacant communications assistant post	26	0	0	O&S
<b>Total Corporate Services - Supported Options</b>	<b>2,051</b>	<b>510</b>	<b>295</b>	
<b>Total Supported Options Round 1</b>	<b>7,613</b>	<b>6,248</b>	<b>1,241</b>	
<b>Total Cumulative Supported Options Round 1</b>	<b>7,613</b>	<b>13,861</b>	<b>8,854</b>	

**Key**

Page Reference is to Options Pack released on Tuesday 18th October 2011

- C&YP Children and Young People Panel
- HC&OP Healthier Communities and Older People Panel
- O&S Overview and Scrutiny Commission
- SC Sustainable Communities



BUDGET OPTIONS AGREED BY OVERVIEW AND SCRUTINY COMMISSION IN JANUARY/FEBRUARY 2012 CYCLE OF MEETINGS

Community and Housing	Savings			Scrutiny Panel
	2012/13 £000s	2013/14 £000s	2014/15 £000s	
<b>Options Pack - Level 2 Savings</b>				
<b>Service Items</b>				
Page 10 Reduction and monitoring of high value/high cost placements	50	50	100	HC&OP
Page 10 Optimise the use of telecare and assistive technology	300	300	350	HC&OP
Page 10 Reducing the cost of support for young people (Transitions)	0	100	100	HC&OP
Page 10 Restructure and refocus the use of Supporting People services	50	350	350	HC&OP
Page 22 Close Canons House site and seek alternative venues	0	32	0	SC
Page 22 Close the advice and guidance service	0	0	26	SC
<b>Total Community and Housing - Level 2 Savings</b>	<b>400</b>	<b>832</b>	<b>926</b>	
<b>Options Pack - Level 3 Savings</b>				
Page 13 De-registration of residential care	400	400	400	HC&OP
Page 13 Seek alternatives to residential care	350	350	350	HC&OP
Page 13 Staffing savings in direct provision	201	0	0	HC&OP
Page 24 Transfer Whatley Avenue accommodation - agreed by O&S commission	0	0	240	SC
<b>Total Community and Housing - Level 3 Savings</b>	<b>951</b>	<b>750</b>	<b>990</b>	
<b>Total Community and Housing - Level 2 and 3 Savings</b>	<b>1,351</b>	<b>1,582</b>	<b>1,916</b>	

**BUDGET OPTIONS AGREED BY OVERVIEW AND SCRUTINY COMMISSION IN JANUARY/FEBRUARY 2012 CYCLE OF MEETINGS**

Children, Schools and Families		Savings			Scrutiny Panel
		2012/13 £000s	2013/14 £000s	2014/15 £000s	
<b>Options Pack - Level 1 Savings</b>					
	<b>Service Items</b>				
Page 28	Early Years - Reduction in commissioning budget	25	0	0	C&YP
Page 28	Early Years - Reduction in provision of CPD	48	0	0	C&YP
Page 28	Early Years - Increase fees at Lavender CC	6	0	0	C&YP
Page 28	Early Years - Back office and service efficiencies	128	0	0	C&YP
Page 31	CSC - Business Support Team	30	125	0	C&YP
Page 31	Daycare budget for children	20	0	0	C&YP
Page 31	Fostering and Adoption Panel expenses	20	0	0	C&YP
Page 38	School Improvement - School Standards and Quality	50	0	0	C&YP
Page 41	Children with Disabilities and Special Educational Needs	70	0	0	C&YP
Page 44	Additional capitalisation of capital project management staff	30	0	0	C&YP
Page 47	Youth service training budget	14	0	0	C&YP
Page 47	Education Welfare services	60	0	0	C&YP
Page 53	Reduce ex LSC commissioning capacity	100	0	0	C&YP
Page 53	Reduce overall commissioning capacity by further 1fte	0	40	0	C&YP
Page 53	Reduce expenditure on LAC and SEN placements	100	200	100	C&YP
Page 57	Policy, Planning and Performance	0	0	40	C&YP
Page 58	New modes of fulfilling statutory responsibilities - SEN transport	0	100	100	C&YP
Page 58	Implement new transport policy from April 2012	50	0	0	C&YP
	Management Efficiencies	0	0	200	C&YP
	<b>Total Children, Schools and Families - Level 1 Savings</b>	<b>751</b>	<b>465</b>	<b>440</b>	
<b>Options Pack - Level 2 Savings</b>					
Page 28	Early Years - Restructuring of teams to reduce posts and streamline management	100	0	0	C&YP
Page 32	Team Manager post in Court Assessment Team	47			C&YP
Page 32	Reduce budget available for commissioning expert witnesses within care proceedings	30			C&YP
Page 33	Further consideration of management and staff restructuring		100	100	C&YP
Page 38	School Improvement - School Standards and Quality	50	0	0	C&YP
Page 44	Reduction of 1fte contracts post	0	40	0	C&YP
Page 49	Youth Service manager	15	47	0	C&YP
	<b>Total Children, Schools and Families - Level 2 Savings</b>	<b>242</b>	<b>187</b>	<b>100</b>	
<b>Options Pack - Level 3 Savings</b>					
Page 35	Reduce the travel budget available for parents' expenses to attend contact sessions with children in care	10	0		C&YP
Page 39	School Improvement - School Standards and Quality - Deletion of Posts	0	100	100	C&YP
Page 41	Children with Disabilities and Special Educational Needs	0	70	70	C&YP
	<b>Total Children, Schools and Families - Level 3 Savings</b>	<b>10</b>	<b>170</b>	<b>170</b>	
	<b>Total Children, Schools and Families - Levels 1, 2 &amp; 3 Savings</b>	<b>1,003</b>	<b>822</b>	<b>710</b>	

**BUDGET OPTIONS AGREED BY OVERVIEW AND SCRUTINY COMMISSION IN JANUARY/FEBRUARY 2012 CYCLE OF MEETINGS**

Environment and Regeneration		Savings				Scrutiny Panel
		2012/13 £000s	2013/14 £000s	2014/15 £000s		
<b>Options Pack - Level 1 Savings</b>						
	<b>Service Items</b>					
Page 66	Encouraging self-management of some allotment sites	18	0	0		SC
Page 67	Leisure and Culture	35	55	29		SC
Page 100	Pest Control - staffing costs	0	0	0		SC
Page 100	Commercial Services - Waste and Recycling	0	150	250		SC
<b>Total Environment and Regeneration - Level 1 Savings</b>		<b>53</b>	<b>205</b>	<b>279</b>		
<b>Options Pack - Level 2 Savings</b>						
Page 68	Leisure and Culture	10	103	15		SC
Page 74	Regulatory Services (EHTS/Licensing) - If level 1 Saving not feasible	0	0	0		SC
<b>Total Environment and Regeneration - Level 2 Savings</b>		<b>10</b>	<b>103</b>	<b>15</b>		
<b>Total Environment and Regeneration - Levels 1 and 2 Savings</b>		<b>63</b>	<b>308</b>	<b>294</b>		

Corporate Services		Savings				Scrutiny Panel
		Dec-13 £000s	13/14 £000s	14/15 £000s		
<b>Options pack</b>						
	<b>Service Items</b>					
Page 119	CS17 - Customer services - Merton Link: reduction in level of cleaning in public areas	10	0	0		O&S
Page 120	CS19 - Customer services - Translation Services: Increase in income	10	0	0		O&S
Page 125	CS35 - Infrastructure and Transactions - Facilities Management: Close Civic Centre on Saturdays	63	0	0		O&S
Page 131	CS51 - Human Resources - Employee relations: Staff Side	0	20	0		O&S
Page 132	CS53 - Corporate Governance - Democracy Services: Stop overtime payments to Democratic Services officers	24	0	0		O&S
Page 132	CS54 - Corporate Governance - Democracy Services: Delete Deputy Head of Service or one Democratic Services Officer post	0	24	18		O&S
Page 133	CS56 - Corporate Governance - Democracy Services: Reduction in overtime payments to staff in the Mayor's Office - Mayor visits could be restricted to borough only (as per Epsom and Ewell). Attendand's services could be used for driving only.	4	1	1		O&S
Page 138	CS65 - Resources: Utilise London councils Grants Scheme repatriated funding to avoid cut to Strategic Voluntary Sector Funding	280	0	0		O&S
Page 141	CS70 - Communications - Graphic Design Team: Delete the in-house Graphics team	(28)	0	0		O&S
<b>Total Corporate Services - Supported Options</b>		<b>363</b>	<b>45</b>	<b>19</b>		
<b>Total Savings Options Supported by Scrutiny - Round 2</b>		<b>2,780</b>	<b>2,757</b>	<b>2,939</b>		
<b>Total Cumulative Savings Options Supported by Scrutiny - Round 2</b>		<b>2,780</b>	<b>5,537</b>	<b>8,476</b>		

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O&S Overview and Scrutiny Commission  
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**SERVICE REVIEW OPTIONS SUPPORTED BY CABINET**

Community and Housing Options Pack - Level 2 Savings	Savings			Scrutiny Panel
	2012/13 £000s	2013/14 £000s	2014/15 £000s	
<b>Service Items</b>				
Page 10 0% inflation to uplift third party suppliers	650	600	550	HC&OP
<b>Total Community and Housing - Level 2 Savings</b>	<b>650</b>	<b>600</b>	<b>550</b>	
<b>Options Pack - Level 3 Savings</b>				
Page 13 Reducing transport usage by implementing eligibility criteria	186	112	116	HC&OP
<b>Total Community and Housing - Level 3 Savings</b>	<b>186</b>	<b>112</b>	<b>116</b>	
<b>Total Community and Housing - Level 2 and 3 Savings</b>	<b>836</b>	<b>712</b>	<b>666</b>	
<b>Total Savings Options Supported by Cabinet - Round 2</b>	<b>836</b>	<b>712</b>	<b>666</b>	
<b>Total Cumulative Savings Options Supported by Cabinet - Round 2</b>	<b>836</b>	<b>1,548</b>	<b>2,214</b>	

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O&S Overview and Scrutiny Commission  
SC Sustainable Communities

# **Section G**

## **Proposed Revenue Estimates 2012-13**

## SUMMARY - SUBJECTIVE ANALYSIS

### FULL TIME EQUIVALENTS

	2011/12	2012/13
Number of FTE Staff	2,077.4	2,032.6
Number of FTE Sutton / PCT TUPE Staff	75.5	74.1
Total FTE Staff	2,152.9	2,106.6

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2011/2012 Estimate £000	Inflation £000	Other Variations £000	2012/2013 Estimate £000
<b>Expenditure</b>				
Employees	88,824	467	(2,944)	86,347
Premises	7,649	88	(231)	7,506
Transport	12,273	182	(111)	12,345
Supplies and Services	149,261	380	(1,590)	148,050
Third Party Payments	87,138	1,463	(5,244)	83,357
Transfer Payments	113,305	0	(628)	112,678
Support Services	30,477	0	(72)	30,405
Depreciation and Impairment Losses	10,265	0	4,118	14,384
<b>GROSS EXPENDITURE</b>	<b>499,193</b>	<b>2,581</b>	<b>(6,701)</b>	<b>495,073</b>
<b>Income</b>				
Government Grants	(251,939)	0	(799)	(252,738)
Other Reimbursements and Contributions	(20,368)	0	1,339	(19,029)
Customer and Client Receipts	(50,662)	0	(2,257)	(52,919)
Interest	(44)	0	0	(44)
Recharges	(30,451)	0	6	(30,445)
Reserves	(1,929)	0	1,622	(306)
<b>GROSS INCOME</b>	<b>(355,394)</b>	<b>0</b>	<b>(89)</b>	<b>(355,483)</b>
<b>NET EXPENDITURE</b>	<b>143,799</b>	<b>2,581</b>	<b>(6,790)</b>	<b>139,590</b>
Corporate Provisions	11,897	(63)	14	11,848
<b>NET EXPENDITURE</b>	<b>155,697</b>	<b>2,517</b>	<b>(6,776)</b>	<b>151,437</b>
<b>Funded by:</b>				
Formula Grant	(15,730)	0	14,550	(1,179)
NNDR	(50,888)	0	(7,894)	(58,781)
Council Tax	(82,157)	0	(365)	(82,522)
Collection Fund	(1,859)	0	(2,032)	(3,891)
PFI Grant	(4,797)	0	0	(4,797)
WPCC Levy	(267)	0	(0)	(267)
	<b>(155,697)</b>	<b>0</b>	<b>4,259</b>	<b>(151,438)</b>
	<b>0</b>	<b>2,517</b>	<b>(2,517)</b>	<b>0</b>

Other Variations: Contingency/Other

Major Items: Corporate Provisions	£000	fte
Corporate borrowing and Investment	(6,527)	0.0
Pension Fund	(332)	0.0
Contingency	733	0.0
Revenuisation/Capitalisation and Depreciation/Impairment	(1,312)	0.0
Centrally held provision for loss of income from P3/P4 t/f from E&R	(200)	0.0
Contribution to Closing the Gap Reserve	5,768	0.0
Council Tax Freeze Grant	(2,078)	0.0
Use of Reserves	5,106	0.0
New Homes Bonus	(1,136)	0.0
Levies	(8)	0.0
<b>TOTAL</b>	<b>14</b>	<b>0</b>

*NB: The Other Variations column incorporates savings proposals of £11.229 million which are incorporated in the Medium Term Financial Strategy*

*The direct budgets shown in these pages may be subject to slight variation, however, the overall total is final. In addition there will be some changes to allocations of support services recharges.*

## SUMMARY

### FULL TIME EQUIVALENTS

Number of FTE Staff  
 Number of FTE Sutton / PCT TUPE Staff  
 Total FTE Staff

2011/12	2012/13
2,077.4	2,032.6
75.5	74.1
2,152.9	2,106.6

### SERVICE AREA ANALYSIS

	CHANGE BETWEEN YEARS					2012/2013 Estimate £000
	2010/11 Original £000	2010/11 Changes £000	2011/2012 Estimate £000	Inflation £000	Other Variations £000	
Corporate Services	10,054	(245)	9,809	258	(1,740)	8,329
Education Services	40,141	164	40,305	759	1,232	42,296
Children's Services						
Environment and Regeneration	30,681	89	30,770	404	(2,315)	28,859
Adult Social Care	62,923	(7)	62,915	1,159	(3,967)	60,107
Cultural Services						
Housing General Fund						
<b>TOTAL NET SERVICE EXPENDITURE</b>	<b>143,799</b>	<b>(0)</b>	<b>143,799</b>	<b>2,581</b>	<b>(6,790)</b>	<b>139,591</b>
<i>Corporate Provisions</i>	12,103	(206)	11,897	(63)	14	11,848
<b>NET EXPENDITURE</b>	<b>155,903</b>	<b>(206)</b>	<b>155,697</b>	<b>2,517</b>	<b>(6,776)</b>	<b>151,438</b>
<b>Funded by:</b>						
Revenue Support Grant	(15,730)	0	(15,730)	0	14,550	(1,179)
NNDR	(50,888)	0	(50,888)	0	(7,894)	(58,781)
Council Tax	(82,157)	0	(82,157)	0	(365)	(82,522)
Collection Fund	(2,065)	206	(1,859)	0	(2,032)	(3,891)
PFI Grant	(4,797)	0	(4,797)	0	0	(4,797)
WPCC Levy	(267)	0	(267)	0	(0)	(267)
	<b>(155,903)</b>	<b>206</b>	<b>(155,697)</b>	<b>0</b>	<b>4,259</b>	<b>(151,438)</b>
	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>2,517</b>	<b>(2,517)</b>	<b>0</b>

Other Variations: Contingency/Other

Major Items: Corporate Provisions	£000	fte
Corporate borrowing and Investment	(6,527)	0.0
Pension Fund	(332)	0.0
Contingency	733	0.0
Revenuisation/Capitalisation and Depreciation/Impairment	(1,312)	0.0
Centrally held provision for loss of income from P3/P4 t/f from E&R	(200)	0.0
Contribution to Closing the Gap Reserve	5,768	0.0
Council Tax Freeze Grant	(2,078)	0.0
Use of Reserves	5,106	0.0
New Homes Bonus	(1,136)	0.0
Levies	(8)	0.0
<b>TOTAL</b>	<b>14</b>	<b>0</b>

*NB: The Other Variations column incorporates savings proposals of £11.229 million which are incorporated in the Medium Term Financial Strategy*

*The direct budgets shown in these pages may be subject to slight variation, however, the overall total is final. In addition there will be some changes to allocations of support services recharges.*

## CORPORATE ITEMS ANALYSIS

	2011/2012 Estimate £000	Inflation £000	Other Variations £000	2012/2013 Estimate £000
<b>Expenditure</b>				
Cost of Borrowing including Minimum Revenue Provision	20,857	0	(6,376)	14,481
Capitalisation	(1,500)	0	1,500	0
Pension Fund	4,737	0	(200)	4,537
Centrally held provision for Utilities inflation including Leisure Centres	841	0	86	927
Centrally held provision for Pay Award and increments	428	0	(20)	408
Bad Debt Provision	500	0	0	500
Contingency	1,820	0	180	2,000
Single Status	539	0	(24)	515
Census	0	0	0	0
Centrally held provision for loss of income from P3/P4 t/f from E&R	200	0	(200)	0
London Pensions Fund - Provision for deficit contribution	132	0	(132)	0
Increase in costs of DR Recovery Centre	70	0	0	70
Corporate DRF	0	0	0	0
ABG and Grants balances	67	(63)	11	14
Revenuisation	0		1,738	1,738
Agency Workers	0		500	500
Contribution to Closing the Gap Reserve	0		5,768	5,768
<b>Levies:-</b>				
Lee Valley	220	0	(5)	215
London Pensions Fund	254	0	(2)	253
Environment Agency	147	0	(1)	146
WPCC	267	0	0	267
<b>GROSS EXPENDITURE</b>	<b>29,579</b>	<b>(63)</b>	<b>2,823</b>	<b>32,338</b>
<b>Income</b>				
Investment Income	(250)	0	(151)	(401)
Asset Rentals: Depreciation & Impairment	(10,265)	0	(4,550)	(14,816)
VAT Savings	0	0	0	0
Council Tax Freeze Grant	(2,060)	0	(2,078)	(4,138)
Use of Reserves - VAT	(724)	0	724	0
Use of Reserves - Section 117	(100)	0	100	0
Corporate Savings - to balance budget (2010/11 underspend)	(4,282)	0	4,282	0
New Homes Bonus	0	0	(1,136)	(1,136)
<b>GROSS INCOME</b>	<b>(17,682)</b>	<b>0</b>	<b>(2,809)</b>	<b>(20,491)</b>
<b>NET EXPENDITURE</b>	<b>11,897</b>	<b>(63)</b>	<b>14</b>	<b>11,848</b>



# **Corporate Services Department**

## SUMMARY: CORPORATE SERVICES DEPARTMENT

### FULL TIME EQUIVALENTS

Number of FTE Staff

Number of FTE Sutton TUPE staff

2011/12	2012/13
425.4	410.7
44.3	42.0
<b>469.7</b>	<b>452.7</b>

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2011/2012 Current Estimate £000	Inflation £000	Other Variations £000	2012/2013 Estimate £000
<b>Expenditure</b>				
Employees	21,014	77	(109)	20,982
Premises	2,412	25	(122)	2,316
Transport	156	2	(6)	152
Supplies and Services	13,424	142	(1,429)	12,137
Third Party Payments	1,110	13	(212)	911
Transfer Payments	100,737	0	(1,096)	99,641
Support Services	9,593	0	0	9,593
Depreciation and Impairment Losses	1,040	0	637	1,677
<b>GROSS EXPENDITURE</b>	<b>149,486</b>	<b>258</b>	<b>(2,336)</b>	<b>147,409</b>
<b>Income</b>				
Government Grants	(102,469)	0	1,101	(101,368)
Other Reimbursements and Contributions	(1,353)	0	(994)	(2,348)
Customer and Client Receipts	(9,607)	0	(236)	(9,842)
Interest	0	0	0	0
Recharges	(25,373)	0	0	(25,373)
Reserves	(875)	0	725	(150)
<b>GROSS INCOME</b>	<b>(139,677)</b>	<b>0</b>	<b>596</b>	<b>(139,081)</b>
<b>NET EXPENDITURE</b>	<b>9,809</b>	<b>258</b>	<b>(1,740)</b>	<b>8,328</b>

## SUMMARY: CORPORATE SERVICES DEPARTMENT

### FULL TIME EQUIVALENTS

Number of FTE Staff  
Number of FTE Sutton TUPE staff

2011/12	2012/13
425.4	410.7
44.3	42.0
<b>469.7</b>	<b>452.7</b>

### SERVICE AREA ANALYSIS

	CHANGE BETWEEN YEARS			2012/2013 Estimate £000
	2011/2012 Current Estimate £000	Inflation £000	Other Variations £000	
Customer Services	634	24	(646)	13
Infrastructure & Transactions	975	74	267	1,316
Business Improvement	(360)	1	(103)	(462)
Corporate Governance	1,905	37	(158)	1,783
Resources	1,325	66	(881)	510
HR	(106)	8	(170)	(267)
Corporate Items	5,436	48	(49)	5,435
<b>TOTAL EXPENDITURE</b>	<b>9,809</b>	<b>258</b>	<b>(1,740)</b>	<b>8,329</b>
Contingency / Other	0	0	0	0
Capital Financing Adjustment	0	0	0	0
Levies	0	0	0	0
<b>NET EXPENDITURE</b>	<b>9,809</b>	<b>258</b>	<b>(1,740)</b>	<b>8,329</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, the Web Team, Graphic Design, Consultation & Community Engagement, and CHAS.

### FULL TIME EQUIVALENTS

Number of FTE Staff

2011/12	2012/13
162.2	150.9

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2011/2012 Current Estimate £000	Inflation £000	Other Variations £000	2012/2013 Estimate £000
<b>Expenditure</b>				
Employees	5,524	0	(320)	5,204
Premises	82	1	(20)	63
Transport	71	1	0	71
Supplies and Services	3,440	22	(47)	3,416
Third Party Payments	117	0	(12)	106
Transfer Payments	5	0	0	5
Support Services	2,206	0	0	2,206
Depreciation and Impairment Losses	215	0	(212)	3
<b>GROSS EXPENDITURE</b>	<b>11,660</b>	<b>24</b>	<b>(610)</b>	<b>11,074</b>
<b>Income</b>				
Government Grants	(1,809)	0	0	(1,809)
Other Reimbursements and Contributions	(1,030)	0	0	(1,030)
Customer and Client Receipts	(5,867)	0	(36)	(5,903)
Interest	0	0	0	0
Recharges	(2,320)	0	0	(2,320)
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(11,026)</b>	<b>0</b>	<b>(36)</b>	<b>(11,061)</b>
<b>NET EXPENDITURE</b>	<b>634</b>	<b>24</b>	<b>(646)</b>	<b>13</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Current year savings	(376)	(14.0)
Previous years Savings	(79)	
Current year growth		
Transfer between departments	28	1.0
Technical adjustments	(7)	1.7
Net variation in grants		
Depreciation adjustments	(212)	

TOTAL	(646)	(11.3)
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## INFRASTRUCTURE & TRANSACTIONS

The Infrastructure & Transactions Division consists of Facilities Management, IT Service Delivery, Post & Print Room and Transactional services.

### FULL TIME EQUIVALENTS Number of FTE Staff

2011/12	2012/13
87.4	84.1

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2011/2012 Current Estimate £000	Inflation £000	Other Variations £000	2012/2013 Estimate £000
<b>Expenditure</b>				
Employees	3,310	0	(102)	3,208
Premises	2,218	23	(104)	2,136
Transport	44	1	(5)	39
Supplies and Services	3,078	46	(222)	2,902
Third Party Payments	322	5	(55)	272
Transfer Payments	0	0	0	0
Support Services	775	0	0	775
Depreciation and Impairment Losses	817	0	857	1,674
<b>GROSS EXPENDITURE</b>	<b>10,564</b>	<b>74</b>	<b>369</b>	<b>11,007</b>
<b>Income</b>				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	0	0	0	0
Customer and Client Receipts	(2,177)	0	(102)	(2,279)
Interest	0	0	0	0
Recharges	(7,412)	0	0	(7,412)
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(9,589)</b>	<b>0</b>	<b>(102)</b>	<b>(9,691)</b>
<b>NET EXPENDITURE</b>	<b>975</b>	<b>74</b>	<b>267</b>	<b>1,316</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Current year savings	(660)	(3.3)
Current year growth	71	
Previous years growth	2	
Technical adjustments	41	
Depreciation adjustments	813	
Overheads adjustments		
<b>TOTAL</b>	<b>267</b>	<b>(3.3)</b>



## BUSINESS IMPROVEMENT

The Business Improvement Division consists of IT Business Systems, IT Business Process Re-engineering, Business Improvement and Programme Office.

### FULL TIME EQUIVALENTS

Number of FTE Staff

2011/12	2012/13
30.5	29.5

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2011/2012 Current Estimate £000	Inflation £000	Other Variations £000	2012/2013 Estimate £000
<b>Expenditure</b>				
Employees	1,705	0	(220)	1,485
Premises	1	0	(0)	0
Transport	5	0	(1)	4
Supplies and Services	130	1	(107)	24
Third Party Payments	0	0	0	0
Transfer Payments	0	0	0	0
Support Services	278	0	0	278
Depreciation and Impairment Losses	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>2,119</b>	<b>1</b>	<b>(328)</b>	<b>1,792</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	(2,104)	0	0	(2,104)
Reserves	(375)	0	225	(150)
<b>GROSS INCOME</b>	<b>(2,479)</b>	<b>0</b>	<b>225</b>	<b>(2,254)</b>
<b>NET EXPENDITURE</b>	<b>(360)</b>	<b>1</b>	<b>(103)</b>	<b>(462)</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Current year savings	(105)	(1.0)
Previous years savings	0	
Previous years growth	0	
Transfer between departments	0	
Technical adjustments	2	
Overheads adjustments		
<b>TOTAL</b>	<b>(103)</b>	<b>(1.0)</b>





## CORPORATE GOVERNANCE

The Corporate Governance Division consists of Shared Legal Services, Internal Audit, Investigations, Democracy Services, Electoral Services, Information Governance and Safety Services.

### FULL TIME EQUIVALENTS

Number of FTE Staff

2011/12	2012/13
67.3	69.3

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2011/2012 Current Estimate £000	Inflation £000	Other Variations £000	2012/2013 Estimate £000
<b>Expenditure</b>				
Employees	3,497	30	824	4,351
Premises	5	0	3	9
Transport	25	0	1	27
Supplies and Services	1,561	6	(8)	1,560
Third Party Payments	0	0	0	0
Transfer Payments	0	0	0	0
Support Services	944	0	0	944
Depreciation and Impairment Losses	8	0	(8)	0
<b>GROSS EXPENDITURE</b>	<b>6,041</b>	<b>37</b>	<b>813</b>	<b>6,891</b>
<b>Income</b>				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	(323)	0	(994)	(1,317)
Customer and Client Receipts	(105)	0	(98)	(203)
Interest	0	0	0	0
Recharges	(3,587)	0	0	(3,587)
Reserves	(121)	0	121	0
<b>GROSS INCOME</b>	<b>(4,136)</b>	<b>0</b>	<b>(971)</b>	<b>(5,108)</b>
<b>NET EXPENDITURE</b>	<b>1,905</b>	<b>37</b>	<b>(158)</b>	<b>1,783</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Current year savings	(230)	(2.0)
Previous years savings		
Previous years growth	35	
Transfer between departments *		4.0
Technical adjustments	45	
Depreciation adjustments	(8)	
<b>TOTAL</b>	<b>(158)</b>	<b>2.0</b>

\* Customer Services Team centralised

## RESOURCES

The Resources Division consists of Policy & Strategy, Commercial Services, Business Planning, Accountancy and Business Partners

### FULL TIME EQUIVALENTS Number of FTE Staff

2011/12	2012/13
73.2	72.1

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2011/2012 Current Estimate £000	Inflation £000	Other Variations £000	2012/2013 Estimate £000
<b>Expenditure</b>				
Employees	3,919	1	24	3,944
Premises	90	1	(0)	91
Transport	4	0	(1)	4
Supplies and Services	4,701	60	(923)	3,839
Third Party Payments	227	3	0	230
Transfer Payments	9	0	0	9
Support Services	681	0	0	681
Depreciation and Impairment Losses	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>9,631</b>	<b>66</b>	<b>(899)</b>	<b>8,798</b>
<b>Income</b>				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	0	0	0	0
Customer and Client Receipts	(856)	0	0	(856)
Interest	0	0	0	0
Recharges	(7,432)	0	0	(7,432)
Reserves	(18)	0	18	0
<b>GROSS INCOME</b>	<b>(8,306)</b>	<b>0</b>	<b>18</b>	<b>(8,288)</b>
<b>NET EXPENDITURE</b>	<b>1,325</b>	<b>66</b>	<b>(881)</b>	<b>510</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Current year savings	(904)	(1.1)
Previous years savings		
Technical adjustments	23	
Net variation in grants		
Overheads adjustments		
<b>TOTAL</b>	<b>(881)</b>	<b>(1.1)</b>



## HR

The HR division consists of: Strategic HR, Business Partnerships, Corporate Learning & Development, Diversity, Payroll, Recruitment & Resourcing, Central Operations Team. The function also interfaces with Staff Side. The HR service is shared with the LB of Sutton. The payroll system is shared with LB of Sutton and LB of Kingston

### FULL TIME EQUIVALENTS

**Number of FTE Staff**

**Number of FTE Sutton TUPE staff**

2011/12	2012/13
4.8	4.8
44.3	42.0
<b>49.1</b>	<b>46.8</b>

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2011/2012 Current Estimate £000	Inflation £000	Other Variations £000	2012/2013 Estimate £000
<b>Expenditure</b>				
Employees	2,278	3	(250)	2,030
Premises	17	0	0	17
Transport	6	0	0	7
Supplies and Services	364	4	(130)	238
Third Party Payments	257	2	(150)	108
Transfer Payments	0	0	0	0
Support Services	453	0	0	453
Depreciation and Impairment Losses	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>3,375</b>	<b>8</b>	<b>(530)</b>	<b>2,853</b>
<b>Income</b>				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	0	0	0	0
Customer and Client Receipts	(602)	0	0	(602)
Interest	0	0	0	0
Recharges	(2,518)	0	0	(2,518)
Reserves	(360)	0	360	0
<b>GROSS INCOME</b>	<b>(3,481)</b>	<b>0</b>	<b>360</b>	<b>(3,120)</b>
<b>NET EXPENDITURE</b>	<b>(106)</b>	<b>8</b>	<b>(170)</b>	<b>(267)</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Current year savings	(139)	(2.3)
Previous years savings		
Technical adjustments	(31)	
Overheads adjustments	0	
<b>TOTAL</b>	<b>(170)</b>	<b>(2.3)</b>

## CORPORATE MANAGEMENT

Corporate Management is composed of Housing Benefit subsidy payments and entitlements, Agency contract, Coroners Court and Severance payments.

### FULL TIME EQUIVALENTS

Number of FTE Staff

2011/12	2012/13
0.0	0.0

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2011/2012 Current Estimate £000	Inflation £000	Other Variations £000	2012/2013 Estimate £000
<b>Expenditure</b>				
Employees*	782	43	(66)	759
Premises	0	0	0	0
Transport	0	0	0	0
Supplies and Services	148	2	7	157
Third Party Payments	187	3	5	195
Transfer Payments	100,723	0	(1,096)	99,627
Support Services	4,256	0	0	4,256
Depreciation and Impairment Losses	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>106,096</b>	<b>48</b>	<b>(1,150)</b>	<b>104,995</b>
<b>Income</b>				
Government Grants	(100,661)	0	1,101	(99,559)
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>(100,660)</b>	<b>0</b>	<b>1,101</b>	<b>(99,559)</b>
<b>NET EXPENDITURE</b>	<b>5,436</b>	<b>48</b>	<b>(49)</b>	<b>5,435</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Current year savings	0	0.0
Current year growth	0	
Previous years growth	7	
Technical adjustments	(56)	
Overheads adjustments	0	
<b>TOTAL</b>	<b>(49)</b>	<b>0.0</b>

\* The employee budgets shown here relate to employee redundancy payments. There are no FTE's in Corporate Items

# **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 FTE Staff

2011/12	2012/13	DSG	LA
470.4	462.4	87.3	375.1

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2011/12 Current Estimate £000	Inflation £000	Other Variations £000	2012/13 Estimate £000	2012/13 DSG Estimate £000	2012/13 LA Estimate £000
<b>Expenditure</b>						
Employees	25,053	368	(904)	24,517	5,675	18,842
Premises	920	7	(11)	916	259	657
Transport	3,269	48	103	3,420	57	3,363
Supplies and Services	126,558	109	511	127,178	118,309	8,869
Third Party Payments	25,924	227	(1,002)	25,149	10,464	14,685
Transfer Payments	308	0	(16)	292	0	292
Support Services	4,447	0	(66)	4,381	104	4,277
Depreciation and Impairment Losses	2,874	0	2,323	5,197	93	5,104
<b>GROSS EXPENDITURE</b>	<b>189,353</b>	<b>759</b>	<b>938</b>	<b>191,050</b>	<b>134,961</b>	<b>56,089</b>
<b>Income</b>						
Government Grants	(138,176)	0	(1,848)	(140,024)	(131,154)	(8,870)
Other Reimbursements and Contributions	(6,485)	0	1,364	(5,121)	(1,597)	(3,524)
Customer and Client Receipts	(3,780)	0	(59)	(3,839)	(2,210)	(1,629)
Interest	(44)	0	0	(44)	0	(44)
Recharges	0	0	0	0	0	0
Reserves	(563)	0	837	274	0	274
<b>GROSS INCOME</b>	<b>(149,048)</b>	<b>0</b>	<b>294</b>	<b>(148,754)</b>	<b>(134,961)</b>	<b>(13,793)</b>
<b>NET EXPENDITURE</b>	<b>40,305</b>	<b>759</b>	<b>1,232</b>	<b>42,296</b>	<b>0</b>	<b>42,296</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Current year savings	(1,061)	(8.0)
Previous years savings	(155)	
Previous years growth	150	
Technical adjustments	2,298	
<b>TOTAL</b>	<b>1,232</b>	<b>(8.0)</b>

**SUMMARY: CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT**

**FULL TIME EQUIVALENTS**

Number of FTE Staff

2011/12	2012/13	DSG	LA
470.4	462.4	87.3	375.1

**SERVICE AREA ANALYSIS**

	2011/12 Current Estimate £000	Inflation £000	Other Variations £000	2012/13 Estimate £000	2012/13 DSG Estimate £000	2012/13 LA Estimate £000
Senior Management	639	0	21	660	0	660
Childrens Social Care	15,756	110	(691)	15,175	59	15,116
Youth and Inclusion	3,559	29	(292)	3,296	887	2,409
Commissioning, Strategy and Performance	2,349	6	729	3,084	554	2,530
Education	27,921	119	(803)	27,237	20,314	6,923
Schools	(20,599)	0	2,105	(18,494)	(23,289)	4,795
Other Childrens, Schools and Families	10,680	495	163	11,338	1,475	9,863
<b>TOTAL NET EXPENDITURE</b>	<b>40,305</b>	<b>759</b>	<b>1,232</b>	<b>42,296</b>	<b>0</b>	<b>42,296</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 FTE Staff

2011/12	2012/13	DSG	LA
3.0	3.0	0.0	3.0

#### SUBJECTIVE ANALYSIS OF ESTIMATES

	2011/12 Current Estimate £000	Inflation £000	Other Variations £000	2012/13 Estimate £000	2012/13 DSG Estimate £000	2012/13 LA Estimate £000
<b>Expenditure</b>						
Employees	391	0	9	400	0	400
Premises	0	0	0	0	0	0
Transport	2	0	0	2	0	2
Supplies and Services	199	0	0	199	0	199
Third Party Payments	0	0	0	0	0	0
Transfer Payments	0	0	0	0	0	0
Support Services	59	0	0	59	0	59
Depreciation and Impairment Losses	0	0	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>651</b>	<b>0</b>	<b>9</b>	<b>660</b>	<b>0</b>	<b>660</b>
<b>Income</b>						
Government Grants	0	0	0	0	0	0
Other Reimbursements and Contributions	(12)	0	12	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>(12)</b>	<b>0</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET EXPENDITURE</b>	<b>639</b>	<b>0</b>	<b>21</b>	<b>660</b>	<b>0</b>	<b>660</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Current year savings	0	0.0
Technical adjustments	21	0.0
<b>TOTAL</b>	<b>21</b>	<b>0.0</b>

## CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

### Children's Social Care

This budget contains the funding for the Community Support & Social Care, Looked After Children, Permanency & Placements and Safeguarding & Partnerships

#### FULL TIME EQUIVALENTS

Number of FTE Staff

2011/12	2012/13	DSG	LA
149.8	148.3	1.0	147.3

#### SUBJECTIVE ANALYSIS OF ESTIMATES

	2011/12 Current Estimate £000	Inflation £000	Other Variations £000	2012/13 Estimate £000	2012/13 DSG Estimate £000	2012/13 LA Estimate £000
<b>Expenditure</b>						
Employees	7,418	3	(640)	6,781	55	6,726
Premises	64	1	(1)	64	0	64
Transport	157	2	1	160	0	160
Supplies and Services	3,643	55	(182)	3,516	4	3,512
Third Party Payments	3,197	49	(17)	3,229	0	3,229
Transfer Payments	287	0	0	287	0	287
Support Services	1,542	0	0	1,542	0	1,542
Depreciation and Impairment Losses	29	0	17	46	0	46
<b>GROSS EXPENDITURE</b>	<b>16,337</b>	<b>110</b>	<b>(822)</b>	<b>15,625</b>	<b>59</b>	<b>15,566</b>
<b>Income</b>						
Government Grants	(100)	0	8	(92)	0	(92)
Other Reimbursements and Contributions	(476)	0	123	(353)	0	(353)
Customer and Client Receipts	(5)	0	0	(5)	0	(5)
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>(581)</b>	<b>0</b>	<b>131</b>	<b>(450)</b>	<b>0</b>	<b>(450)</b>
<b>NET EXPENDITURE</b>	<b>15,756</b>	<b>110</b>	<b>(691)</b>	<b>15,175</b>	<b>59</b>	<b>15,116</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Current year savings	(227)	(1.5)
Current year growth		
Previous years growth		
Transfer between departments		
Technical adjustments	(464)	
<b>TOTAL</b>	<b>(691)</b>	<b>(1.5)</b>

## CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

### Youth and Inclusion

This budget covers the services of social inclusion, alternative education, youth service, youth justice, connexions, education welfare, behaviour support, pupil retention grant expanded pupil tuition and teenage pregnancy

#### FULL TIME EQUIVALENTS

Number of FTE Staff

2011/12	2012/13	DSG	LA
75.7	75.7	17.1	58.5

#### SUBJECTIVE ANALYSIS OF ESTIMATES

	2011/12 Current Estimate £000	Inflation £000	Other Variations £000	2012/13 Estimate £000	2012/13 DSG Estimate £000	2012/13 LA Estimate £000
<b>Expenditure</b>						
Employees	3,134	2	(14)	3,123	753	2,370
Premises	188	2	4	194	1	193
Transport	109	1	0	109	13	96
Supplies and Services	1,105	11	(370)	746	235	511
Third Party Payments	1,362	13	(326)	1,049	130	919
Transfer Payments	4	0	0	4	0	4
Support Services	462	0	0	462	6	456
Depreciation and Impairment Losses	18	0	10	28	0	28
<b>GROSS EXPENDITURE</b>	<b>6,382</b>	<b>29</b>	<b>(696)</b>	<b>5,715</b>	<b>1,138</b>	<b>4,577</b>
<b>Income</b>						
Government Grants	(2,012)	0	0	(2,012)	0	(2,012)
Other Reimbursements and Contributions	(704)	0	363	(341)	(190)	(151)
Customer and Client Receipts	(66)	0	0	(66)	(61)	(5)
Interest	0	0	0	0	0	0
Recharges	0	0	0	0	0	0
Reserves	(41)	0	41	0	0	0
<b>GROSS INCOME</b>	<b>(2,823)</b>	<b>0</b>	<b>404</b>	<b>(2,419)</b>	<b>(251)</b>	<b>(2,168)</b>
<b>NET EXPENDITURE</b>	<b>3,559</b>	<b>29</b>	<b>(292)</b>	<b>3,296</b>	<b>887</b>	<b>2,409</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Current year savings	(101)	
Previous years savings	(13)	
Transfer between departments		
Technical adjustments	(178)	
<b>TOTAL</b>	<b>(292)</b>	<b>0.0</b>

## CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

### Commissioning, Strategy and Partnerships

This page contains the budgets for Policy, Planning & Performance, Joint Commissioning & Partnerships, Contract Procurement & School Organisation and Business Support.

#### FULL TIME EQUIVALENTS

Number of FTE Staff

2011/12	2012/13	DSG	LA
41.1	38.1	5.9	32.3

#### SUBJECTIVE ANALYSIS OF ESTIMATES

	2011/12 Current Estimate £000	Inflation £000	Other Variations £000	2012/13 Estimate £000	2012/13 DSG Estimate £000	2012/13 LA Estimate £000
<b>Expenditure</b>						
Employees	1,813	1	(200)	1,614	243	1,371
Premises	94	0	(1)	93	82	11
Transport	19	0	0	19	7	12
Supplies and Services	3,400	5	(115)	3,290	2,069	1,221
Third Party Payments	24	0	(13)	11	0	11
Transfer Payments	0	0	0	0	0	0
Support Services	501	0	0	501	34	467
Depreciation and Impairment Losses	0	0	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>5,851</b>	<b>6</b>	<b>(329)</b>	<b>5,528</b>	<b>2,435</b>	<b>3,093</b>
<b>Income</b>						
Government Grants	(402)	0	65	(337)	0	(337)
Other Reimbursements and Contributions	(1,139)	0	982	(157)	(28)	(129)
Customer and Client Receipts	(1,961)	0	11	(1,950)	(1,853)	(97)
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>(3,502)</b>	<b>0</b>	<b>1,058</b>	<b>(2,444)</b>	<b>(1,881)</b>	<b>(563)</b>
<b>NET EXPENDITURE</b>	<b>2,349</b>	<b>6</b>	<b>729</b>	<b>3,084</b>	<b>554</b>	<b>2,530</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Current year savings	(160)	(3.0)
Previous years savings		
Transfer between departments		
Technical adjustments	889	
<b>TOTAL</b>	<b>729</b>	<b>(3.0)</b>

## CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

### Education

This page contains the budgets for School Standards & Quality, Extended Schools, Early Years & Children's Centres, Special Educational Needs, SMART Centre, Thee Virtual School and Schools ICT.

#### FULL TIME EQUIVALENTS

Number of FTE Staff

2011/12	2012/13	DSG	LA
175.1	171.6	39.2	132.5

#### SUBJECTIVE ANALYSIS OF ESTIMATES

	2011/12 Current Estimate £000	Inflation £000	Other Variations £000	2012/13 Estimate £000	2012/13 DSG Estimate £000	2012/13 LA Estimate £000
<b>Expenditure</b>						
Employees	8,472	1	(183)	8,290	2,845	5,446
Premises	416	2	(28)	390	46	344
Transport	2,979	44	103	3,126	33	3,093
Supplies and Services	12,051	31	227	12,309	9,322	2,986
Third Party Payments	12,815	41	(633)	12,223	10,239	1,984
Transfer Payments	17	0	(16)	1	0	1
Support Services	1,791	0	(66)	1,725	24	1,701
Depreciation and Impairment Losses	43	0	191	234	0	234
<b>GROSS EXPENDITURE</b>	<b>38,584</b>	<b>119</b>	<b>(405)</b>	<b>38,298</b>	<b>22,509</b>	<b>15,789</b>
<b>Income</b>						
Government Grants	(6,749)	0	(260)	(7,009)	(648)	(6,361)
Other Reimbursements and Contributions	(2,209)	0	(115)	(2,324)	(1,281)	(1,043)
Customer and Client Receipts	(1,648)	0	(80)	(1,728)	(266)	(1,462)
Interest	0	0	0	0	0	0
Recharges	0	0	0	0	0	0
Reserves	(57)	0	57	0	0	0
<b>GROSS INCOME</b>	<b>(10,663)</b>	<b>0</b>	<b>(398)</b>	<b>(11,061)</b>	<b>(2,195)</b>	<b>(8,866)</b>
<b>NET EXPENDITURE</b>	<b>27,921</b>	<b>119</b>	<b>(803)</b>	<b>27,237</b>	<b>20,314</b>	<b>6,923</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Current year savings	(573)	(3.5)
Previous years savings	(46)	
Previous years growth	150	
Technical adjustments	(334)	
<b>TOTAL</b>	<b>(803)</b>	<b>(3.5)</b>

## CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

### Schools

This budget covers Schools Funding, including the two top slices to fund the Schools Sports Co-ordinator and Tree Works.

#### FULL TIME EQUIVALENTS

Number of FTE Staff

2011/12	2012/13	DSG	LA
0.0	0.0	0.0	0.0

#### SUBJECTIVE ANALYSIS OF ESTIMATES

	2011/12 Current Estimate £000	Inflation £000	Other Variations £000	2012/13 Estimate £000	2012/13 Estimate £000	2012/13 Estimate £000
<b>Expenditure</b>						
Employees	812	0	(32)	780	780	0
Premises	34	0	0	34	34	0
Transport	0	0	0	0	0	0
Supplies and Services	105,355	0	955	106,310	106,310	0
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	2,783	0	2,105	4,888	93	4,795
<b>GROSS EXPENDITURE</b>	<b>108,984</b>	<b>0</b>	<b>3,028</b>	<b>112,012</b>	<b>107,217</b>	<b>4,795</b>
<b>Income</b>						
Government Grants	(128,844)	0	(1,662)	(130,506)	(130,506)	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	(739)	0	739	0	0	0
<b>GROSS INCOME</b>	<b>(129,583)</b>	<b>0</b>	<b>(923)</b>	<b>(130,506)</b>	<b>(130,506)</b>	<b>0</b>
<b>NET EXPENDITURE</b>	<b>(20,599)</b>	<b>0</b>	<b>2,105</b>	<b>(18,494)</b>	<b>(23,289)</b>	<b>4,795</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Technical adjustments	2,105	
<b>TOTAL</b>	<b>2,105</b>	<b>0.0</b>



## CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

### Other Children Schools and Families Budgets

This budget covers residual schools retained budgets, Asylum Seeker Costs, Past and Present Pension and Redundancy Costs and PFI Unitary Charges.

#### FULL TIME EQUIVALENTS

Number of FTE Staff

2011/12	2012/13	DSG	LA
25.7	25.7	24.2	1.5

#### SUBJECTIVE ANALYSIS OF ESTIMATES

	2011/12 Current Estimate £000	Inflation £000	Other Variations £000	2012/13 Estimate £000	2012/13 DSG Estimate £000	2012/13 LA Estimate £000
<b>Expenditure</b>						
Employees	3,012	362	156	3,530	1,000	2,530
Premises	124	1	16	141	96	45
Transport	4	0	0	4	4	0
Supplies and Services	805	8	(4)	809	369	440
Third Party Payments	8,526	124	(15)	8,635	94	8,541
Transfer Payments	0	0	0	0	0	0
Support Services	93	0	0	93	40	53
Depreciation and Impairment Losses	0	0	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>12,564</b>	<b>495</b>	<b>153</b>	<b>13,212</b>	<b>1,603</b>	<b>11,609</b>
<b>Income</b>						
Government Grants	(68)	0	0	(68)	0	(68)
Other Reimbursements and Contributions	(1,945)	0	0	(1,945)	(97)	(1,848)
Customer and Client Receipts	(101)	0	10	(91)	(31)	(60)
Interest	(44)	0	0	(44)	0	(44)
Recharges	0	0	0	0	0	0
Reserves	274	0	0	274	0	274
<b>GROSS INCOME</b>	<b>(1,884)</b>	<b>0</b>	<b>10</b>	<b>(1,874)</b>	<b>(128)</b>	<b>(1,746)</b>
<b>NET EXPENDITURE</b>	<b>10,680</b>	<b>495</b>	<b>163</b>	<b>11,338</b>	<b>1,475</b>	<b>9,863</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Previous years savings	(96)	
Technical adjustments	259	
<b>TOTAL</b>	<b>163</b>	<b>0.0</b>

# **Environment and Regeneration Department**

## ENVIRONMENT AND REGENERATION DEPARTMENT

### Departmental Summary

#### FULL TIME EQUIVALENTS

Number of FTE Staff

2011/12	2012/13
653.7	639.0

#### SUBJECTIVE ANALYSIS OF ESTIMATES

	2011/2012 Current Estimate £000	Inflation £000	Other Variations £000	2012/2013 Estimate £000
<b>Expenditure</b>				
Employees	22,919	4	(1,295)	21,628
Premises	3,246	40	(41)	3,245
Transport	7,196	108	(22)	7,282
Supplies and Services	4,617	56	(315)	4,358
Third Party Payments	13,631	196	(504)	13,323
Transfer Payments	19	0	0	19
Support Services	8,435	0	(6)	8,429
Depreciation and Impairment Losses	5,871	0	843	6,714
<b>GROSS EXPENDITURE</b>	<b>65,934</b>	<b>404</b>	<b>(1,340)</b>	<b>64,998</b>
<b>Income</b>				
Government Grants	(982)	0	12	(970)
Other Reimbursements and Contributions	(3,899)	0	(43)	(3,942)
Customer and Client Receipts	(28,156)	0	(1,011)	(29,167)
Interest	0	0	0	0
Recharges	(1,992)	0	6	(1,986)
Reserves	(135)	0	61	(74)
<b>GROSS INCOME</b>	<b>(35,164)</b>	<b>0</b>	<b>(975)</b>	<b>(36,139)</b>
<b>NET EXPENDITURE</b>	<b>30,770</b>	<b>404</b>	<b>(2,315)</b>	<b>28,859</b>

Other variations are analysed as follows:

Major Items	£000	fte
Current year savings	(3,561)	0
Previous years savings	(103)	
Previous years growth	(25)	
Transfers between departments	(21)	0
Technical adjustments	1,395	0
Change in overheads	0	
<b>TOTAL</b>	<b>(2,315)</b>	<b>0.0</b>

## SUMMARY: ENVIRONMENT & REGENERATION

### FULL TIME EQUIVALENTS

Number of FTE Staff

2011/12	2012/13
653.7	639.0

### SERVICE AREA ANALYSIS

	CHANGE BETWEEN YEARS			2012/2013 Estimate £000
	2011/2012 Current Estimate £000	Inflation £000	Other Variations £000	
Street Scene and Waste	28,976	304	(1,027)	28,253
Public Protection and Development	(2,910)	23	(1,461)	(4,348)
Sustainable Communities	3,280	53	255	3,588
Safer Merton	1,298	24	44	1,366
Senior Management and Support	126	0	(126)	0
<b>TOTAL EXPENDITURE</b>	<b>30,770</b>	<b>404</b>	<b>(2,315)</b>	<b>28,859</b>

## ENVIRONMENT AND REGENERATION DEPARTMENT

**Street Scene and Waste:** Traffic and Highway Services, Transport Services, Waste Management and Operations.

### FULL TIME EQUIVALENTS

Number of FTE Staff

2011/12	2012/13
367.7	349.0

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2011/2012 Current Estimate £000	Inflation £000	Other Variations £000	2012/2013 Estimate £000
<b>Expenditure</b>				
Employees	11,493	2	(1,134)	10,361
Premises	1,555	20	(46)	1,529
Transport	6,740	101	(22)	6,819
Supplies and Services	1,103	16	(22)	1,097
Third Party Payments	11,161	165	(494)	10,832
Transfer Payments	2	0		2
Support Services	2,876	0		2,876
Depreciation and Impairment Losses	5,220	0	676	5,896
<b>GROSS EXPENDITURE</b>	<b>40,150</b>	<b>304</b>	<b>-1,042</b>	<b>39,412</b>
<b>Income</b>				
Government Grants	(125)	0		(125)
Other Reimbursements and Contributions	(720)	0		(720)
Customer and Client Receipts	(10,081)	0	(33)	(10,114)
Interest	0	0		0
Recharges	(200)	0		(200)
Reserves	(48)	0	48	0
<b>GROSS INCOME</b>	<b>(11,174)</b>	<b>0</b>	<b>15</b>	<b>(11,159)</b>
<b>NET EXPENDITURE</b>	<b>28,976</b>	<b>304</b>	<b>(1,027)</b>	<b>28,253</b>

Other variations are analysed as follows:

Major Items	£000	fte
Current year savings	(1,637)	
Previous years growth	(70)	
Technical adjustments	680	
<b>TOTAL</b>	<b>(1,027)</b>	<b>0.0</b>

## ENVIRONMENT AND REGENERATION DEPARTMENT

**Public Protection & Development:** Consumer and Business Protection, Environmental Health, Development Control, Building Control, Parking Control.

### FULL TIME EQUIVALENTS

Number of FTE Staff

2011/12	2012/13
130.4	137.0

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2011/2012 Current Estimate £000	Inflation £000	Other Variations £000	2012/2013 Estimate £000
<b>Expenditure</b>				
Employees	5,021	0	(80)	4,941
Premises	640	7	5	652
Transport	198	3	0	201
Supplies and Services	664	9	(48)	625
Third Party Payments	285	4	0	289
Transfer Payments	2	0	0	2
Support Services	2,062	0	0	2,062
Depreciation and Impairment Losses	60	0	(4)	56
<b>GROSS EXPENDITURE</b>	<b>8,932</b>	<b>23</b>	<b>-127</b>	<b>8,828</b>
<b>Income</b>				
Government Grants	(181)	0	12	(169)
Other Reimbursements and Contributions	(162)	0	23	(139)
Customer and Client Receipts	(11,486)	0	(1,382)	(12,868)
Interest	0	0		0
Recharges	0	0		0
Reserves	(13)	0	13	0
<b>GROSS INCOME</b>	<b>(11,842)</b>	<b>0</b>	<b>(1,334)</b>	<b>(13,176)</b>
<b>NET EXPENDITURE</b>	<b>(2,910)</b>	<b>23</b>	<b>(1,461)</b>	<b>(4,348)</b>

Other variations are analysed as follows:

Major Items	£000	fte
Current year savings	(1,420)	
Previous years savings	(110)	
Previous year growth	89	
Transfers between departments	(21)	
Technical adjustments	1	
<b>TOTAL</b>	<b>(1,461)</b>	<b>0.0</b>

## ENVIRONMENT AND REGENERATION DEPARTMENT

**Sustainable Communities:** Physical Regeneration, Spatial Planning and Policy, Regeneration Partnerships, Property Management, Greenspaces, Leisure and Culture Development, Transport Planning & Safety Education, Business Performance.

### FULL TIME EQUIVALENTS

Number of FTE Staff

2011/12	2012/13
118.7	116.0

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2011/2012 Current Estimate £000	Inflation £000	Other Variations £000	2012/2013 Estimate £000
<b>Expenditure</b>				
Employees	4,462	2	(75)	4,389
Premises	1,046	13	1	1,060
Transport	251	4	0	255
Supplies and Services	2,510	29	(120)	2,419
Third Party Payments	740	5	(10)	735
Transfer Payments	15	0	0	15
Support Services	2,775	0	(6)	2,769
Depreciation and Impairment Losses	531	0	127	658
<b>GROSS EXPENDITURE</b>	<b>12,330</b>	<b>53</b>	<b>-83</b>	<b>12,300</b>
<b>Income</b>				
Government Grants	(354)	0	0	(354)
Other Reimbursements and Contributions	(1,553)	0	(66)	(1,619)
Customer and Client Receipts	(6,513)	0	404	(6,109)
Interest	0	0	0	0
Recharges	(582)	0	0	(582)
Reserves	(48)	0	0	(48)
<b>GROSS INCOME</b>	<b>(9,050)</b>	<b>0</b>	<b>338</b>	<b>(8,712)</b>
<b>NET EXPENDITURE</b>	<b>3,280</b>	<b>53</b>	<b>255</b>	<b>3,588</b>

Other variations are analysed as follows:

Major Items	£000	fte
Current year savings	(504)	
Previous years savings	7	
Previous years growth	(44)	
Technical adjustments	802	
Change in overheads	(6)	
<b>TOTAL</b>	<b>255</b>	<b>0.0</b>

## ENVIRONMENT AND REGENERATION DEPARTMENT

**Safer Merton:** Management of the Community Safety Partnership and related legislation.

### FULL TIME EQUIVALENTS

Number of FTE Staff

2011/12	2012/13
27.2	27.0

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2011/2012 Current Estimate £000	Inflation £000	Other Variations £000	2012/2013 Estimate £000
<b>Expenditure</b>				
Employees	1,104	0	0	1,104
Premises	4	0	0	4
Transport	7	0	0	7
Supplies and Services	158	2	0	160
Third Party Payments	1,445	22	0	1,467
Transfer Payments	0	0	0	0
Support Services	408	0	0	408
Depreciation and Impairment Losses	60	0	44	104
<b>GROSS EXPENDITURE</b>	<b>3,186</b>	<b>24</b>	<b>44</b>	<b>3,254</b>
<b>Income</b>				
Government Grants	(322)	0	0	(322)
Other Reimbursements and Contributions	(1,464)	0	0	(1,464)
Customer and Client Receipts	(76)	0	0	(76)
Interest	0	0	0	0
Recharges	0	0	0	0
Reserves	(26)	0	0	(26)
<b>GROSS INCOME</b>	<b>(1,888)</b>	<b>0</b>	<b>0</b>	<b>(1,888)</b>
<b>NET EXPENDITURE</b>	<b>1,298</b>	<b>24</b>	<b>44</b>	<b>1,366</b>

Other variations are analysed as follows:

Major Items	£000	fte
Current year savings (LBM)		
Technical Adjustments	44	
External Funding reductions		
Change in overheads		
<b>TOTAL</b>	<b>44</b>	<b>0</b>



## ENVIRONMENT AND REGENERATION DEPARTMENT

**Senior Management and Support:** The Department's senior management and secretarial support.

### FULL TIME EQUIVALENTS

Number of FTE Staff

2011/12	2012/13
9.8	10.0

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2011/2012 Current Estimate £000	Inflation £000	Other Variations £000	2012/2013 Estimate £000
<b>Expenditure</b>				
Employees	839	0	(6)	833
Premises	1	0	(1)	0
Transport	0	0	0	0
Supplies and Services	182	0	(125)	57
Third Party Payments	0	0	0	0
Transfer Payments	0	0	0	0
Support Services	314	0	0	314
Depreciation and Impairment Losses	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>1,336</b>	<b>0</b>	<b>-132</b>	<b>1,204</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	(1,210)	0	6	(1,204)
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(1,210)</b>	<b>0</b>	<b>6</b>	<b>(1,204)</b>
<b>NET EXPENDITURE</b>	<b>126</b>	<b>0</b>	<b>(126)</b>	<b>0</b>

Other variations are analysed as follows:

Major Items	£000	fte
Current year savings	0	
Previous years savings	0	
Previous years growth	0	
Technical adjustments	(132)	0
Change in overheads	6	0
<b>TOTAL</b>	<b>(126)</b>	<b>0</b>

# **Community and Housing Department**

## COMMUNITY AND HOUSING DEPARTMENT Summary

This sheet summarises the budget for Community and Housing Department, which consist of Adult Social Care, Cultural Services and Housing General Fund.

### FULL TIME EQUIVALENTS

Number of FTE Staff  
Number of FTE PCT TUPE staff

2011/12	2012/13
527.9	520.5
31.2	32.1
<b>559.1</b>	<b>552.6</b>

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2011/12		Other	2012/13
	Current Estimate £000	Inflation £000	Variations £000	Estimate £000
<b>Expenditure</b>				
Employees	19,838	18	(636)	19,220
Premises	1,071	16	(57)	1,029
Transport	1,653	24	(186)	1,491
Supplies and Services	4,662	74	(358)	4,378
Third Party Payments	46,473	1,027	(3,526)	43,975
Transfer Payments	12,241	0	484	12,725
Support Services	8,002	0	0	8,002
Depreciation and Impairment Losses	481	0	315	795
<b>GROSS EXPENDITURE</b>	<b>94,420</b>	<b>1,159</b>	<b>(3,964)</b>	<b>91,616</b>
<b>Income</b>				
Government Grants	(10,312)	0	(64)	(10,376)
Other Reimbursements and Contributions	(8,631)	0	1,012	(7,619)
Customer and Client Receipts	(9,120)	0	(951)	(10,071)
Interest	0	0	0	0
Recharges	(3,086)	0	0	(3,086)
Reserves	(356)	0	(0)	(356)
<b>GROSS INCOME</b>	<b>(31,505)</b>	<b>0</b>	<b>(3)</b>	<b>(31,508)</b>
<b>NET EXPENDITURE</b>	<b>62,915</b>	<b>1,159</b>	<b>(3,967)</b>	<b>60,107</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Current Year savings	(4,250)	0.00
Current year growth	1,538	
Previous years savings	(128)	
Previous years growth	0	
Transfers between departments	0	
Rebasing of client income budgets	(801)	
Net Variation in asset rentals	271	
Net Variation in business rates	11	
Net Variation in grants	(615)	0.00
Net Variation in overheads	0	
Other	6	
<b>TOTAL</b>	<b>(3,968)</b>	<b>0.00</b>

## SUMMARY: COMMUNITY AND HOUSING DEPARTMENT

### FULL TIME EQUIVALENTS

Number of FTE Staff  
Number of FTE PCT TUPE staff

2011/12	2012/13
527.9	520.5
31.2	32.1
<b>559.1</b>	<b>552.6</b>

### SERVICE AREA ANALYSIS

	CHANGE BETWEEN YEARS			2012/13 Estimate £000
	2011/12 Current Estimate £000	Inflation £000	Other Other £000	
Adult Social Care	58,192	1,121	(4,112)	55,202
Libraries and Heritage	2,742	16	155	2,914
Merton Adult Education	266	8	26	300
Housing General Fund	1,715	14	(37)	1,692
<b>NET EXPENDITURE</b>	<b>62,915</b>	<b>1,159</b>	<b>(3,967)</b>	<b>60,107</b>

*N.B. At this stage, only the staffing budgets have been redistributed into the new Support Services structure format. The remaining budgets will be redistributed at the beginning of the new financial year.*

**COMMUNITY AND HOUSING DEPARTMENT**  
**Adult Social Care**

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**

Number of FTE Staff  
Number of FTE PCT TUPE staff

2011/12	2012/13
419.21	417.36
31.19	32.08

**SUBJECTIVE ANALYSIS OF ESTIMATES**

	2011/12 Current Estimate £000	Inflation £000	Other Variations £000	2012/13 Estimate £000
<b>Expenditure</b>				
Employees	15,649	17	(500)	15,167
Premises	495	7	(10)	492
Transport	1,629	24	(185)	1,467
Supplies and Services	3,504	56	(313)	3,248
Third Party Payments	45,711	1,017	(3,484)	43,244
Transfer Payments	11,751	0	494	12,245
Support Services	6,553	0	0	6,553
Depreciation and Impairment Losses	154	0	(16)	138
<b>GROSS EXPENDITURE</b>	<b>85,445</b>	<b>1,121</b>	<b>(4,014)</b>	<b>82,553</b>
<b>Income</b>				
Government Grants	(7,481)	0	(101)	(7,582)
Other Reimbursements and Contributions	(8,507)	0	912	(7,595)
Customer and Client Receipts	(7,953)	0	(909)	(8,862)
Interest	0	0	0	0
Recharges	(3,086)	0	0	(3,086)
Reserves	(226)	0	0	(226)
<b>GROSS INCOME</b>	<b>(27,253)</b>	<b>0</b>	<b>(98)</b>	<b>(27,351)</b>
<b>NET EXPENDITURE</b>	<b>58,192</b>	<b>1,121</b>	<b>(4,112)</b>	<b>55,202</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Current Year savings	(4,099)	
Current year growth	1,538	
Previous years savings	(128)	
Previous years growth	0	
Transfers between departments	0	
Rebasing of client income budgets	(801)	
Net Variation in asset rentals	(15)	
Net Variation in business rates	0	
Net Variation in grants	(615)	
Net Variation in overheads	0	
Other	8	
<b>TOTAL</b>	<b>(4,112)</b>	<b>0.00</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

2011/12	2012/13
48.80	47.00

**SUBJECTIVE ANALYSIS OF ESTIMATES**

	2011/12 Current Estimate £000	Inflation £000	Other Variations £000	2012/13 Estimate £000
<b>Expenditure</b>				
Employees	1,352	0	(77)	1,275
Premises	385	6	(49)	342
Transport	3	0	(1)	2
Supplies and Services	551	8	(54)	506
Third Party Payments	131	2	(6)	127
Transfer Payments	0	0	0	0
Support Services	698	0	0	698
Depreciation and Impairment Losses	294	0	277	571
<b>GROSS EXPENDITURE</b>	<b>3,414</b>	<b>16</b>	<b>91</b>	<b>3,521</b>
<b>Income</b>				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	(87)	0	86	(2)
Customer and Client Receipts	(585)	0	(21)	(606)
Interest	0	0	0	0
Recharges	0	0	0	0
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(672)</b>	<b>0</b>	<b>64</b>	<b>(608)</b>
<b>NET EXPENDITURE</b>	<b>2,742</b>	<b>16</b>	<b>155</b>	<b>2,914</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Current Year savings	(84)	
Current year growth		
Previous years savings		
Previous years growth		
Transfers between departments		
Rebasing of client income budgets		
Net Variation in asset rentals	232	
Net Variation in business rates	9	
Net Variation in grants		(1.8)
Net Variation in overheads		
Other	(2)	
<b>TOTAL</b>	<b>155</b>	<b>(1.80)</b>

**COMMUNITY AND HOUSING DEPARTMENT  
Adult Education**

Provides high quality learning and training needs of Merton communities for ages 16-65. Funded by LSC, MAE is able to support financially qualifying learners and or offer free courses. Services are provided through two main town centres Whatley Avenue, Wimbledon's Marlborough hall, and four neighbourhood centres, Cobham Court, Mictam's Canons house, Pollards Hill and Morden libraries.

**FULL TIME EQUIVALENTS**

Number of FTE Staff

2011/12	2012/13
33.39	30.65

**SUBJECTIVE ANALYSIS OF ESTIMATES**

	2011/12 Current Estimate £000	Inflation £000	Other Variations £000	2012/13 Estimate £000
<b>Expenditure</b>				
Employees	1,793	0	(24)	1,769
Premises	154	2	2	158
Transport	3	0	0	3
Supplies and Services	343	5	(0)	348
Third Party Payments	0	0	0	0
Transfer Payments	0	0	0	0
Support Services	322	0	0	322
Depreciation and Impairment Losses	33	0	53	86
<b>GROSS EXPENDITURE</b>	<b>2,648</b>	<b>8</b>	<b>31</b>	<b>2,687</b>
<b>Income</b>				
Government Grants	(1,793)	0	0	(1,793)
Other Reimbursements and Contributions	(37)	0	15	(22)
Customer and Client Receipts	(552)	0	(21)	(573)
Interest	0	0	0	0
Recharges	0	0	0	0
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(2,382)</b>	<b>0</b>	<b>(5)</b>	<b>(2,387)</b>
<b>NET EXPENDITURE</b>	<b>266</b>	<b>8</b>	<b>26</b>	<b>300</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Current Year savings	(30)	
Current year growth		
Previous years savings		
Previous years growth		
Transfers between departments		
Rebasing of client income budgets		
Net Variation in asset rentals	54	
Net Variation in business rates	2	
Net Variation in grants		
Net Variation in overheads		
Other		
<b>TOTAL</b>	<b>26</b>	<b>0.00</b>

**COMMUNITY AND HOUSING DEPARTMENT**  
**Housing General Fund**

**Housing Needs and Enabling Service**

**FULL TIME EQUIVALENTS**

Number of FTE Staff

2011/12	2012/13
26.5	25.5

**SUBJECTIVE ANALYSIS OF ESTIMATES**

	2011/12 Current Estimate £000	Inflation £000	Other Variations £000	2012/13 Estimate £000
<b>Expenditure</b>				
Employees	1,044	0	(35)	1,009
Premises	37	1	(0)	37
Transport	18	0	(0)	18
Supplies and Services	264	4	9	277
Third Party Payments	631	9	(36)	604
Transfer Payments	490	0	(10)	480
Support Services	429	0	(0)	429
Depreciation and Impairment Losses	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>2,913</b>	<b>14</b>	<b>(73)</b>	<b>2,854</b>
<b>Income</b>				
Government Grants	(1,038)	0	37	(1,001)
Other Reimbursements and Contributions	0	0	0	0
Customer and Client Receipts	(30)	0	(0)	(30)
Interest	0	0	0	0
Recharges	0	0	0	0
Reserves	(130)	0	(0)	(130)
<b>GROSS INCOME</b>	<b>(1,198)</b>	<b>0</b>	<b>36</b>	<b>(1,162)</b>
<b>NET EXPENDITURE</b>	<b>1,715</b>	<b>14</b>	<b>(37)</b>	<b>1,692</b>

Other Variations are analysed as over leaf:

Other Variations are analysed as follows:

Major Items	£000	fte
Current Year savings	(37)	(1.00)
Current year growth		
Previous years savings		
Previous years growth		
Transfers between departments		
Rebasing of client income budgets		
Net Variation in asset rentals		
Net Variation in business rates		
Net Variation in grants		
Net Variation in overheads		
Other		
<b>TOTAL</b>	<b>(37)</b>	<b>(1.00)</b>



# **Glossary of Terms and List of Acronyms**

## Glossary of terms

<p><b>ANNUAL MINIMUM REVENUE PROVISION</b></p> <p>The council is required to pay off an element of the accumulated General Fund capital spend each financial year through a revenue charge, as required by the Local Government and Housing Act 1989.</p>
<p><b>ASSET MANAGEMENT PLAN / REVIEW</b></p> <p>A tactical plan for managing an organisation's infrastructure and other assets to deliver an agreed standard of service. This information is reviewed annually.</p>
<p><b>AUTHORITY</b></p> <p>Another name for the council.</p>
<p><b>BALANCES</b></p> <p>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.</p>
<p><b>BORROWING STRATEGY</b></p> <p>Sets 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.</p>
<p><b>BUDGET</b></p> <p>Statement of the spending plans for the year.</p>
<p><b>CALLABLE DEPOSITS</b></p> <p>Deposits that may be 'called' or withdrawn upon demand by the depositor subject to limitations specified in the deposit contract. A callable deposit may or may not have an early redemption penalty, for example, a reduced interest rate.</p>
<p><b>CAPITAL EXPENDITURE</b></p> <p>Expenditure on the acquisition of a fixed asset or expenditure, which adds to, and not merely maintains, the value of an existing fixed asset.</p>
<p><b>CAPITAL FINANCING REQUIREMENT (CFR)</b></p> <p>Is the total 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.</p>
<p><b>CAPITAL MONITORING</b></p> <p>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</p>
<p><b>CAPITAL PROGRAMME</b></p> <p>Summarises the outcome of priority allocations contained in the capital strategy and details individual schemes for approval by Council / cabinet.</p>
<p><b>CAPITAL PROGRAMME BOARD</b></p> <p>Ensures that the overall capital investment strategy is consistent with strategic objectives, is affordable within the revenue budget strategy and examines potential funding options.</p>
<p><b>CAPITAL PROJECTS / SCHEMES</b></p> <p>The level at which capital projects / schemes need councillor approval.</p>
<p><b>CAPITAL RECEIPTS</b></p> <p>Proceeds from the sale of fixed assets and repayments of capital grants and loans. These</p>

are divided into reserved and usable parts.
<p><b>CAPITAL STRATEGY</b></p> <p>A core planning document designed to link with the MTFs and Treasury Strategy to ensure that limited capital resources are deployed in accordance with corporate priorities. The document will also detail how the proposed capital programme will be funded.</p>
<p><b>CASH FLOW MANAGEMENT</b></p> <p>The movement of money into or out of a business, including investments.</p>
<p><b>CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)</b></p> <p>The Institute produces standards and codes of practice that must be followed in preparing the council's financial statements.</p>
<p><b>CHIEF FINANCIAL OFFICER</b></p> <p>See Section 151 Officer.</p>
<p><b>CHIEF OFFICERS</b></p> <p>Members of the Corporate Management Team.</p>
<p><b>CODE OF PRACTICE LOCAL AUTHORITY ACCOUNTING</b></p> <p>These are designed to support consistent standards of financial accounting in local authorities. There are three accounting codes :-</p> <ul style="list-style-type: none"> <li>• The Code of Practice on Local Authority Accounting supports consistent financial reporting at the level of the formal statements of accounts.</li> <li>• The Service Reporting Code of Practice (SerCOP) supports consistent financial reporting between local authorities below the level of the formal statement of accounts. In particular the SerCOP is designed to support consistency and comparability in reporting the cost of individual services and activities.</li> <li>• The IFRS based Code of Practice requires that the analysis of services in the Consolidated Revenue Account should follow that prescribed by the SerCOP.</li> </ul>
<p><b>COLLECTION FUND</b></p> <p>This is a statutory 'ring fenced' account. It records income and expenditure on council tax, Non Domestic Rates, payments to the precepting authorities and transfers to the council's General Fund.</p>
<p><b>COMMUNITY ORGANISATIONS</b></p> <p>Non profit making organisations that operate in a local community, usually run on a voluntary basis and are self funded.</p>
<p><b>COMPREHENSIVE SPENDING REVIEW (CSR)</b></p> <p>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.</p>
<p><b>CONTINGENCY (FINANCIAL)</b></p> <p>A finite sum set aside to offset the cost of a future event or circumstance which may or may not occur.</p>
<p><b>CORPORATE AND DEMOCRATIC CORE</b></p> <p>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.</p>
<p><b>CORPORATE GOVERNANCE</b></p>

Corporate Governance is the system by which local authorities direct and control their functions and communicate to their communities.
<b>COUNCIL TAX</b> This is the main source of local taxation to local authorities. It is levied on households within the authority's area and the proceeds are paid into the Collection Fund for distribution to precepting authorities and to the authority's own General Fund.
<b>COUNCIL'S BORROWING REQUIREMENT</b> Based on projected spend, this is the amount of money a local authority will need to borrow to finance this projected spend.
<b>COUNTERPARTIES</b> Organisations which the authority borrows from or invests money with.
<b>COUNTERPARTIES DOWNGRADES</b> 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.
<b>COUNTRY LIMITS</b> Country limits are set by banks as a means of limiting their lending risk. Banks use country limits to diversify their loan portfolios and lower risk.
<b>COUPON</b> Is the interest rate stated on a bond at the time it is issued.
<b>CORPORATE BONDS</b> Is a bond that a corporation issues to raise money in order to expand its business.
<b>CREDIT APPROVAL</b> 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.
<b>CREDITORS</b> Money owed by the council, which is due immediately or in the short term.
<b>CREDITWORTHINESS</b> 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.
<b>DEBTORS</b> Money that is due to the council but which has not yet been received.
<b>DEBT RESCHEDULING</b> 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 whilst maintaining activity within acceptable risk levels.
<b>DEPRECIATION</b> Depreciation is a charge to the revenue account to reflect the reduction in the useful economic life of a fixed asset. The reduction in the value of a fixed asset in the balance sheets is in line with the expected useful life.
<b>EARMARKED CAPITAL REOURCES / GRANTS</b> This money received by the authority which has certain conditions / restrictions over its use limiting the type of expenditure it may be applied against.
<b>FINANCIAL INSTRUMENT</b>

<p>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.</p>
<p><b>FINANCIAL SERVICES AUTHORITY (FSA)</b> The regulator of the financial services industry in the UK.</p>
<p><b>FINANCIAL YEAR</b> The financial year runs from the 1 April to the following 31 March.</p>
<p><b>FIXED ASSETS</b> A term used for assets and property which cannot easily be converted into cash.</p>
<p><b>FTSE 100</b> This is the index of the top 100 UK listed companies by market capitalisation.</p>
<p><b>GENERAL FUND</b> 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 from some other account.</p>
<p><b>GOVERNMENT GRANTS</b> Financial assistance by government and other bodies, in return for compliance with certain conditions relating to the activities of the authority.</p>
<p><b>GROSS EXPENDITURE</b> The total expenditure of a fund or account.</p>
<p><b>GROUP LIMITS</b> The limit on the amount of money that may be invested with, or borrowed from, a particular multi-industry company.</p>
<p><b>HOUSING REVENUE ACCOUNT (HRA)</b> This is a statutory account that shows all income and expenditure relating to the provision, management and maintenance of the council's housing stock. The government defines the items of income and expenditure that must be included in the account. This account is ring-fenced under the Local Government and Housing Act 1989.</p>
<p><b>INDIVIDUAL LIQUIDITY ADEQUACY STANDARDS</b> The rules under which the adequacy of a firm's liquidity resources must be assessed, both by the firm and by the FSA.</p>
<p><b>INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS)</b> A set of international accounting standards stating how particular types of transactions and other events should be reported in financial statements.</p>
<p><b>INVESTMENT POLICY</b> How the council's investment policy has regard to the Department for Communities and Local Government guidance on Local Government Investments ('the Guidance') and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ('the CIPFA TM Code').</p>
<p><b>INVESTMENT STRATEGY</b> The investment of the authority's cash balances to optimise its strategic and operational needs.</p>
<p><b>INVESTMENT TREASURY INDICATOR AND LIMIT</b> 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.</p>
<p><b>LENDERS OPTION BORROWERS OPTION (LOBO)</b></p>

<p>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.</p>
<p><b>LEVY</b> An amount raised by a local authority on behalf of another organisation, which is paid to the council who then pay on to the organisation they raised the levy for.</p>
<p><b>LIABILITIES</b> A company's legal debts or obligations that arise during the course of business operations. Liabilities are settled over time through the transfer of economic benefits including money, goods or services.</p>
<p><b>LIQUIDITY</b> The degree to which an asset or security can be bought or sold in the market without affecting the asset's price. Liquidity is characterized by a high level of trading activity.</p>
<p><b>LOCALISM ACT 2011</b> 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</p>
<p><b>MERTON 2015 BOARD</b> Oversees the management and monitoring of the Merton 2015 programme and the promotion of best practices within the council.</p>
<p><b>MINIMUM REVENUE PROVISION (MRP)</b> The council is required to pay off an element of the accumulated General Fund capital spend each financial year through a revenue charge, as required by the Local Government and Housing Act 1989.</p>
<p><b>NATIONAL NON-DOMESTIC RATE (NNDR)</b> A levy on businesses based on notional 'rateable value' of the premises. NNDR is collected by the council for central government, paid into a national pool and then redistributed to local authorities and other public bodies such as the police, on the basis of population.</p>
<p><b>NON-SPECIFIED INVESTMENTS</b> All types of investment not meeting the criteria for specified investments.</p>
<p><b>OPERATIONAL BOUNDARY</b> A calculation undertaken by the council to demonstrate satisfaction with investment levels.</p>
<p><b>PENSION FUND</b> 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 final salary and length of service.</p>
<p><b>PERFORMANCE MANAGEMENT FRAMEWORK</b> How an organisation consistently plans and manages its workload to ensure continuous improvement.</p>
<p><b>PRECEPTS</b> An amount collected by the council as part of the council tax on behalf of another statutory body.</p>
<p><b>PRIVATE FINANCE INITIATIVE (PFI)</b> Agreements with private sector organisations to refurbish, maintain and operate fixed</p>

assets on behalf of public sector organisations such as local authorities.
<b>PROCUREMENT BOARD</b> Provides a corporate focus for procurement issues (acquisition of goods and services) and oversees the development of procurement in Merton.
<b>PROFILE</b> Budget manager divide their budget over twelve month to reflect their anticipated expenditure patterns e.g. quarterly utilities bills from providers.
<b>PROVISIONS</b> 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.
<b>PRUDENTIAL CODE OF BORROWING</b> The Local Government Finance Act (NI) 2011 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.
<b>RESCHEDULING OF DEBT</b> The switching of debt between the short term from the longer term and vice versa to obtain favourable borrowing rates.
<b>RESERVES</b> Amounts set aside for specific purposes. The council has discretion in whether it wishes to set aside these amounts as distinct from sums set aside in provisions.
<b>REVENUE EXPENDITURE</b> Annual expenditure incurred on day to day running costs.
<b>REVENUE MONITORING</b> The monthly comparison of actual spend against the anticipated spend (profiled budget) and the revision of projected year end spend where necessary
<b>RISK MANAGEMENT</b> The process of managing risks (a threat, obstacle, barrier etc.) that could stop the authority from achieving its ambitions, aims and objectives and anticipate and respond positively to change.
<b>SECTION 106</b> The Town and Country Planning Act 1990 allows a local planning authority to enter into a legally-binding agreement with a landowner in association with the granting of planning permission.
<b>SECTION 151 OFFICER</b> 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 responsible for this. The Section 151 officer must be a qualified accountant belonging to one of the recognised chartered accountancy bodies and 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.
<b>SECURITISATION</b> Securitisation, 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 20 years, in exchange for an immediate lump-sum payment.
<b>SPECIFIED INVESTMENTS</b>

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.

**STATEMENT OF RECOMMENDED PRACTICE (SORP)**

SORPs provide recommendations for accounting and reporting, in particular, how accounting standards should be applied in the context of particular sectors to ensure consistency and how to account for sector specific transactions.

**SUPPORT SERVICES**

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

**SUPPORTED CAPITAL EXPENDITURE**

Central government support for local authority capital expenditure with effect from 1 April 2004. Under the new system, central government provides allocations to replace the previous system of credit approvals. The allocations enable services to borrow to finance capital schemes. The services will also receive revenue funding through the revenue support grant to pay for the borrowing.

**TAX INCREMENTAL FINANCING**

Tax Incremental Financing is a public financing method used for redevelopment and community improvement projects.

**TREASURY MANAGEMENT**

The management of the local authority's investments and cash flows, its banking, money market and capital market transactions.

**TREASURY MANAGEMENT PRACTICES / TREASURY MANAGEMENT CODE OF PRACTICE**

The Local Government Finance Act (NI) 2011 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.



<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 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

<b><u>Acronym</u></b>	<b><u>Definition</u></b>
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 Benefit
HC&OP	Healthier Communities and Older People
HCA	Homes and Community Agency
HNES	Housing Needs and Enabling Services
HR	Human Resources
HRRC	Household Reuse and Recycling Centre
ICT	Information and Communications Technology
IFRS	International Financial Reporting Standard
IP	Intellectual Property
IT	Information Technology
iTrent	Our new 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/DV	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

<b><u>Acronym</u></b>	<b><u>Definition</u></b>
MTFS	Medium Term Financial Strategy
MVSC	Merton Voluntary Service Council
NEET	Not in Education Employment or Training
NNDR	National 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
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 London Waste Partnership
SME	Subject Matter Expert
SMT	Senior Management team
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	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 As reported at the start of the business planning process earlier in the financial year, a considerable amount work has been undertaken to amend the approach to Medium Term Financial Planning to provide much more flexibility in decision making to enable the impact of alternatives to be modeled, and assist with progress towards a balanced budget over the four year plan.
- 1.2 The format of the MTFS has been revised so that each year from 2012/13 to 2015/16 starts from the approved budget 2011/12 and is built up showing the cumulative effect of variations over the period. The initial MTFS in the new format reported to Cabinet on 17 October 2011 was:

**Table 1\_ : MTFS – New format**

	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Departmental Base Budget 11/12</b>	<b>143,799</b>	<b>143,799</b>	<b>143,799</b>	<b>143,799</b>
Departmental Budget Changes	3,053	7,417	11,795	16,990
<b>Departmental Re-priced Budget</b>	<b>146,853</b>	<b>151,216</b>	<b>155,595</b>	<b>160,789</b>
Treasury items	17,982	20,591	22,248	23,196
Other Corporate items	(7,308)	(5,073)	(4,366)	(2,767)
Levies	634	646	659	672
CORPORATE PROVISIONS:	11,308	16,165	18,541	21,102
<b>BUDGET REQUIREMENT</b>	<b>158,161</b>	<b>167,381</b>	<b>174,136</b>	<b>181,891</b>
<b>FUNDING</b>				
Formula Grant/Business Rates	(59,961)	(52,970)	(46,900)	(46,900)
Council Tax income	(82,417)	(82,677)	(82,937)	(83,197)
<b>SAVINGS REQUIRED (cumulative)</b>	<b>15,783</b>	<b>31,734</b>	<b>44,299</b>	<b>51,794</b>
<b>In Year savings</b>	<b>15,783</b>	<b>15,951</b>	<b>12,565</b>	<b>7,495</b>

- 1.3 Since then, reports to Cabinet on 7 November 2011, 12 December 2011, and 16 January 2012 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 and need to be taken into account as part of an overall package of decisions to balance the budget over 2012-16. In addition to the normal review of the base position, an appraisal of options and variables has been undertaken this year which has enabled the impact of different scenarios to be modelled.
- 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 2012-2016. 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 2012/13. There are a number of ways in which a balanced budget is achieved:
- Reducing expenditure/costs;
  - Increasing savings/reductions or 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/February 2012 and their feedback on the Council's spending proposals is set out in Item 7, 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 2012/13 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. The detailed MTFS is included in Section 4 of this report.

1.6 Approach to identifying savings

1.6.1 The current MTFs includes the following amounts in respect of the full year effects of previous years savings.

**Table 2: Full Year Effects of previous years savings**

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Children, Schools and Families	-59	-59	-59	-59
Corporate Services	-67	-67	-67	-67
Environment and Regeneration	-103	-118	-118	-118
Community and Housing	-128	-128	-128	-128
	-357	-372	-372	-372

1.6.2 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 2012-16.

1.6.3 One of the key objectives is to balance the budget and one of the shortcomings of the process in previous years has been the inability to look over a long-term period and identify significant savings over more than one year.

1.6.4 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. A four year planning horizon including the current year has been introduced.

1.6.5 The strategy agreed was to seek to identify sufficient measures now to balance the budget over the 3 year period 2012/13 to 2014/15. This was to allow savings for future years to be agreed at the same time as those for the 2012/13 budget. This will give greater certainty over the future position and to allow work on those savings requiring substantial organisational change to commence at an early date. In prioritising options officers were mindful of the strategic priorities and principles adopted by the Council of 13 July:

“The financial reality facing local government dominates choices the Council will make for the future of the borough. The development of the Business Plan 2012-15 should therefore be based on a set of guiding strategic priorities and principles:

- Merton should continue to provide a certain level of essential services for residents. The order of priority for '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 we can to help out residents who aspire. This means we should address the following as priorities in this order:
  - (i) Maintain clean streets & 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 a 'place-shaper'. The council should be an enabler, working with partners to provide services".

## 1.7 Growth

- 1.7.1 The MTFs agreed by Council in March 2011 included provision for the full year effect of growth identified in previous years. This was reviewed during the year to ascertain if it was still required. The largest elements related to the Waste Management Strategy and landfill tax escalator and to Adult Social Care Placements.
- 1.7.2 The costs of the waste management strategy in 2012/13 can be met within the existing budget of the service. No requirement for growth in this area had been specified beyond that year, but the position in 2013/14 will need to be monitored. New contractual arrangements are to be put in place for 2014/15 through the Waste Partnership that should mitigate cost rises.
- 1.7.3 In Adult Social Care Placements the requested growth in 2012/13 has been reduced from c. £2.5m to £1m based upon an external assessment of requirements, but requests made for a further £1m p.a. in future years. This has been included for prudent planning purposes but greater rigour is needed in demonstrating this need for future years alongside options to manage the spending pressure, which has the potential to be an option to help balance the budget.
- 1.7.4 There will be a new statutory duty in respect of two year olds but this can currently be funded from an increase in early intervention grant.

Growth pressures will need to be reviewed in future years. The approach in the past has involved some areas receiving volume growth and others not. In future, a more consistent and rigorous approach will be taken towards determining and funding of growth over the Business Plan period.

1.7.5 The growth included in the MTF5 is summarised in the following table:

**Table 3 : Growth Contained with the Current MTF5**

<b>Revised Growth</b>	<b>2012/13 £m</b>	<b>2013/14 £m</b>	<b>2014/15 £m</b>	<b>2015/16 £m</b>
CSF	0.150	0.150	0.150	0.150
CS	0.044	0.044	0.044	0.044
E&R	(0.025)	(0.025)	(0.025)	(0.025)
C&H	1.000	2.000	3.000	4.000
<b>Total</b>	<b>1.169</b>	<b>2.169</b>	<b>3.169</b>	<b>4.169</b>

## 2. Local Government Finance Settlement 2012-13

- 2.1 The financial projections in the last report to Cabinet were based on Merton's formula grant as announced in the provisional Local Government Finance Settlement on 8<sup>th</sup> December 2011. They were unchanged from those notified previously in December 2010.
- 2.2 The final Settlement was announced on 31 January 2012. There was no change to the figures previously notified.
- 2.3 Further details on the Final Settlement for 2012-13 are provided in Appendix 3.
- 2.4 Funding for Academies and impact on Formula Grant
- 2.4.1 The issue of deduction from formula grant for the central costs of Academy Schools remains unclear in terms of financial impact over the MTF5 period. The Department for Education issued a consultation about the "minded to" decision that the Secretary of State for Education has reached, in consultation with the Secretary of State for Communities and Local Government, on the way forward in relation to the calculation and recovery arrangements for the Academies Funding Transfer for 2011-12 and 2012-13. The consultation period closed on 12<sup>th</sup> January 2012.
- 2.4.2 The consultation reviews the LACSEG topslice in both 2011-12 and 2012-13, as well as considering arrangements for 2013-14 onwards. No final decisions have been taken regarding the final amount or distribution of the



academies transfer for 2012-13. However, the consultation paper sets out the following:

- 2011-12: In the interests of stability, topslices of Formula Grant announced for 2011-12 will remain unchanged.
- 2012-13: The Local Government Settlement for 2012-13 will not be reopened. Instead, a mechanism will operate alongside the existing settlement ‘...which will redistribute funding between authorities to better reflect the number of pupils in Academies in each local authority.’
- DfE proposes to make a calculation of local authority LACSEG costs in each local authority towards the end of 2012-13.
- In those authorities where the costs of LACSEG are below the level of the Formula Grant topslice, the difference will be refunded via an unringfenced specific grant
- In those local authorities where the costs of LACSEG are above the level of the Formula Grant topslice, the LACSEG recovery will be limited to the amount topsliced from Formula Grant in 2012-13 – ie, no further funding will be transferred from these authorities.
- 2013-14 onwards: DfE propose to explore options for removing funding for services which devolve to academies from Formula Grant into the budget for DfE. DfE would then administer a grant to authorities and to Academies ‘...proportionate to the number of pupils for which they are responsible according to a national rate.’ DfE and CLG will consult on this proposal in 2012.

2.4.3 Legal action is still on hold, and the proposal not to re-open 2011/12 but to re-open 2012/13 has been the subject of concern, along with the calculation of costs said to be saved.

## 2.5 Local Government Resource Review

2.5.1 The problem remains of forecasting the level of resources from 2013/14 onwards, which are subject to the outcome of the Local Government Resource Review. On 19 December 2011, the DCLG published a summary of responses to the consultation and the government response to this consultation. The government confirmed its intention to introduce business rates retention from April 2013. The response sets out how the business rates retention scheme will operate but does not give sufficient detail at this stage to enable the level of anticipated resources that each authority will receive to be calculated with any degree of certainty.

2.5.2 The legislative framework required to introduce the business rates retention scheme is being taken forward within the Local Government Finance Bill which was introduced on 19 December 2011.

- 2.5.3 The Department for Communities and Local Government have already advised an indicative Council Tax Freeze Grant , amounting to £2.078m for Merton which is a one-off for 2012/13 only.
- 2.5.4 The Autumn Statement announced by the Chancellor of the Exchequer on 29 November 2011 indicated that public expenditure plans in 2015/16 and 2016/17 are to be in line with the public spending reductions over the Spending Review 2010 period. Total Managed Expenditure will fall by 0.9% a year in real terms.

### 3. **Review of Corporate and Technical Provisions for 2010-2011**

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 2012/13.

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

In the June 2010 Budget, the Government announced a two year pay freeze from 2011-12 for public sector workers earning over £21,000, with those earning less than this receiving at least £250 in each year. In addition, the Government asked Will Hutton to lead a Review of Fair Pay in the Public Sector, making recommendations on tackling disparities between the lowest and highest paid in public sector organisations. The Final Review was published in March 2011.

In the Autumn Statement announced in November 2011, the Chancellor of the Exchequer announced that "in order to maintain economic stability and meet its fiscal rules, the Government will set public sector pay awards at an average of one per cent for each of the two years after the current pay

freeze comes to an end (i.e. 2013/14 and 2014/15). Departmental budgets will be adjusted in line with this policy, with the exception of the health and schools budgets, where the money saved will be recycled.”

In October 2011, the National Joint Council (NJC) Trade Unions Side pay claim for 2012/13 was lodged with the Local Government Employers. The claim is for “A substantial increase on all pay points that recognises the financial hardship being suffered by local government workers – in particular the lowest paid – as a consequence of inflation and the failure of the Local Government Employers to award £250 to those earning below £21,000, as embodied in Government policy.” What is meant by “a substantial increase ” is not clear but in supporting its claim the NJC point out that “the Office of Budget Responsibility has predicted economy-wide pay increases of 2.2% in 2012 and 3.8% in 2013.”

If the Government is successful in achieving a pay freeze up to and including 2014/15, the current provision in the MTFS will be more than is required. The MTFS reported to Cabinet during the budget process includes the following assumptions about pay inflation:-

**Table 4 : MTFS General Pay Inflation Provision**

	2012/13	2013/14	2014/15	2015/16
Pay inflation in MTFS (%)	0.5%	1.0%	1.0%	2.0%
Pay inflation in MTFS (£m p.a.)	0.408	0.816	0.816	1.632
Pay inflation in MTFS (cumulative - £m)	0.408	1.224	2.040	3.672

### 3.3.3 Prices

The level of inflation has been high for some time and exceeded the Government’s target level of 2% for CPI inflation. Inflation is very difficult to predict over the medium to long term because there are so many factors that can influence it, in either direction. The current high level of inflation reflects the increase in the standard rate of VAT earlier this year, and previous steep increases in import and energy prices, although the last month has seen some softening in utility price rises, and the dropping out of the impact of the VAT rise will have a deflationary effect.

CPI annual inflation stands at 3.6 per cent in January 2012, down from 4.2 per cent in December 2011. The largest downward pressures to this change came from fuels & lubricants, products bought in restaurants & cafes, tobacco, vehicle maintenance & repair, the purchase of new vehicles and alcoholic beverages. Annual inflation has now fallen by 1.2 percentage points since November 2011; the only time there has been a larger fall over a period of two consecutive months was between October and December 2008.

RPI annual inflation stands at 3.9 per cent in January 2012, down from 4.8 per cent in December 2011 and is the lowest it has been since February 2010 when it stood at 3.7 per cent. The largest downward pressures to the change in RPI annual inflation between December 2011 and January 2012 came from motoring expenditure, alcoholic drinks, food, and tobacco.

**Outlook for inflation:**

The latest Bank of England inflation report was published on 15 February 2012. The outlook for inflation is not easy to predict. The Bank of England's view is that "inflation should continue to fall sharply at the start of 2012 as the impact of past rises in VAT and petrol prices drop out of the twelve-month comparison. Inflation is likely to decline further thereafter, as the upward pressure from external costs diminishes and spare capacity continues to weigh on wages and prices. Under the assumptions that Bank Rate moves in line with market interest rates and the size of the asset purchase programme remains at £325 billion, inflation is judged somewhat more likely to be below the target than above it for a good part of the forecast period. But by the end of the period those risks are judged to be broadly balanced..... It is difficult to gauge with precision the current strength of underlying inflationary pressure given the effects of the various factors temporarily raising inflation. Moreover, the degree to which inflation falls back will depend on the evolution of companies' costs. A significant disruption to the supply of oil or gas could lead to another period of rising energy prices. And businesses' domestic costs will be heavily affected by the path of productivity and the degree to which slack in the labour market limits wage growth. The path of inflation will also depend on how companies set prices relative to those costs, and in particular if, and by how much, consumer-facing companies seek to restore their profit margins."

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

**Table 5 : Forecasts of CPI and RPI Inflation Trends**

Source: HM Treasury - Forecasts for the UK Economy (February 2012)

	Lowest %	Highest %	Average %
2011 (Quarter 4)			
CPI	4.0	4.8	4.7
RPI	5.0	5.3	5.1
2012 (Quarter 4)			
CPI	1.1	3.2	2.0
RPI	0.8	3.7	2.6
2013 (Quarter 4)			
CPI	0.6	3.5	2.1
RPI	1.3	4.0	2.8

While there is confidence about the direction of change of inflation over the coming months, there remains uncertainty about the precise pace and extent of the drop in inflation. Falling inflation should ease the squeeze on consumers' spending power while also giving the Bank of England more leeway to extend its quantitative easing (QE) programme to stimulate the economy.

The MTFS reported to Cabinet during the budget process includes the following assumptions about general price inflation:-

**Table 6 : MTFS General Price Inflation Provision**

	2012/13	2013/14	2014/15	2015/16
Price inflation in MTFS (%)	1.5%	1.5%	1.5%	1.5%
Price inflation in MTFS (£m p.a)	2.230	2.230	2.230	2.230
Price inflation in MTFS (cumulative - £m)	2.230	4.461	6.691	8.922

Given the trend for inflation to fall in the coming months 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 Inflation > 1.5% on volatile budgets

It was noted that in recent years, provision had been included in the MTFS for a number of budgets where inflation traditionally exceeded the general level of price inflation. These budgets were reviewed earlier in the year and, based upon departmental responses and the independent consultants review of Community and Housing, it was subsequently decided that only a small allowance for Adult Social Care should be continued raising some budgets to 2.5%. This will continue to be reviewed for 2013/14 and beyond and explicit measures should be explored within the service to seek to contain this.

**Table 7 : MTFS Inflationary Provision Above 1.5% for Adult Social Care**

	2012/13	2013/14	2014/15	2015/16
Cumulative	£0.332m	£0.664m	£0.996m	£1.328m

#### 3.4 Treasury Management, Capital Financing and Investment Income:

3.4.1 Details are included in Section 5 of this report. Capital financing costs are derived from the draft capital programme which is discussed in Section 3

and estimated revenue funding is built into the MTFS for the level of borrowing that is expected.

3.4.2 There have been a number of issues related to managing the capital programme and its financing and these have been reported throughout the year, both as part of regular monthly monitoring reports and reports on the business plan 2012-16.

3.4.3 The main issues relate to:-

- capitalisation
- reversionisation
- revenue financing implications arising from slippage, reprofiling of the programme, reductions/deletions and growth in the programme

3.4.4 Capitalisation

As previously reported, during closing procedures for 2010/11, it became apparent that there was insufficient scope within the Council's revenue expenditure to identify works that fit the latest accounting code of practice definition for capital. It is considered that this will be the case going forward and therefore this has been removed from both the revenue and capital budgets.

3.4.5 Revenue expenditure, formerly in the Capital Programme (Reversionisation)

It was also previously reported to Cabinet that a review has been carried out of capital items which should be classified as revenue expenditure. This found that a number of schemes which had previously been funded as capital should, based on the latest IFRS guidance, be funded from revenue instead. Nevertheless, it is important that some of this expenditure takes place and the amounts identified that were formerly included in the capital programme that need to be funded from revenue are summarised in the following table:-

**Table 8: Summary of Reversionisation**

	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	Total £000
From Capital Programme	3,285	1,653	1,400	1,065	0	7,836
Capitalised salaries	178	85	85	85	0	340
<b>Total</b>	<b>3,463</b>	<b>1,738</b>	<b>1,485</b>	<b>1,150</b>	<b>0</b>	<b>7,836</b>

3.4.6 Revenue implications arising from slippage, reprofiling and reductions/amendments and growth in the programme

Details relating to how the capital programme has changed from that approved by Council in March 2011 to the capital programme for 2012-16 are discussed in Section 4 of this report and related appendices. The capital programme has been subject to major review as part of monthly monitoring and the process of developing the Business Plan for 2012-16. As has been previously reported the capital programme had grown to a level which the Council has not got the capacity to deliver and large amounts of slippage year on year exacerbated the problem. This also led to an inefficient use of revenue resources because although the capital expenditure was not taking place to budget, the revenue budget included provision to fund the capital financing costs of capital. The major review and reprofiling exercise that has taken place has greatly reduced the average annual programme and the revenue implications have been re-calculated to reflect this. This is part of an ongoing process to review the approach to determining the revenue cost to ensure that the revenue budget reflects the costs of capital financing with greater accuracy and does not tie up revenue resources which can be utilised more efficiently and effectively elsewhere.

In addition to reviewing the capital programme, a great deal of work has also been undertaken to review the treasury management aspects of funding the programme 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 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 2011/12 to ensure that the revenue impact of the capital programme is minimised in 2012/13 and beyond.

3.4.7 The revenue budget implications of the capital programme 2012-16 compared to those included in the MTFS approved by Council in March 2011 are summarised in the following table:-

**Table 9: Summary of Capital Financing Costs and movement since 2011/12**

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Budgeted Capital financing costs of Programme approved by Council 2/03/2011	23,107	24,927	25,796	25,796
Change arising from recalculation of charges and review and reprofiling of capital programme as set out in Section 4	(9,028)	(8,824)	(8,501)	(8,040)
Estimated capital financing costs of Capital Programme 2012-16	14,079	16,103	17,295	17,756

3.4.8 The analysis of the budget for capital financing costs and investment income is set out in the following table:-

**Table 10: Details of Budgets for capital financing costs**

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
MRP	7,996	9,961	11,191	11,927
Interest	6,244	6,244	6,244	6,244
DME	241	241	241	241
<b>Capital financing costs</b>	<b>14,481</b>	<b>16,446</b>	<b>17,676</b>	<b>18,412</b>
Investment Income	(402)	(343)	(381)	(656)
<b>Net</b>	<b>14,079</b>	<b>16,103</b>	<b>17,295</b>	<b>17,756</b>

### 3.5 Collection Fund

3.5.1 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 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. The Collection Fund also accounts for National Non-Domestic Rates which it receives from businesses and pays into a national pool that is administered by the Government. These transactions have no overall effect on the balance on the Collection Fund. Any surplus or deficit on the Collection Fund is shared between, or charged to, the Council and its preceptors in proportion to their demands upon the Collection Fund. The 2010/11 audited surplus is £5.468m and the estimated shares are £1.196m (21.9%) to the GLA and £4.272m (78.1%) to Merton. The budget for 2011/12 included an amount of £1.859m to support the revenue budget.

3.5.2 Based on the estimated surplus for 2011/12 of £4.481m, the allocation between the GLA and Merton is as follows:-

**Table 11: Collection Fund – Distribution between Merton and the GLA**

Precepts 2011/12			Estimated Surplus/(Deficit) 2011/12		
GLA	LBM	Total	GLA	LBM	Total
£23,077,221	£82,423,850	£105,501,071	£1,089,528	£3,891,416	£4,480,944
21.87%	78.13%	100.00%	21.87%	78.13%	100.00%

3.5.3 The MTFs includes £1m in 2012/13, 2013/14 and 2014/15. This means that there will be an additional one-off contribution of £2.891m from the Collection Fund in 2012/13. It is assumed that there will be a surplus of £1m p.a. in each of the remaining years of the Business Plan period. This will be reviewed on an ongoing basis. Details on the Collection Fund are provided in Appendix 4.

### 3.6 Pension Fund

3.6.1 As a result of the actuarial review 2010, the MTFs and budget were both revised to incorporate the effect of moving to clear the past service deficiency over 15 years, rather than the 12 year period previously provided for.

3.6.2 The next actuarial review will be in 2013 and will take effect from 2014/15. There could be a significant impact variation in pension fund costs, depending upon performance of investment markets on the value of assets and the basis of actuarial assumptions about the valuation of future liabilities.

#### 3.6.3 Reform of Public Sector Pensions – Hutton Review

Following recommendations made by the Public Service Pension Commission, headed by Lord Hutton, the Government is looking to reform the Local Government Pension Scheme (LGPS), along with other public service schemes. As people are living longer, and so drawing a pension for

longer, the Government is proposing that changes should be made to the LGPS.

On 22nd of December 2011 a Heads of Agreement reached by the Local Government Association (LGA) and local government unions on how to take forward the future reform of the Local Government Pension Scheme (LGPS) in England and Wales was accepted by the Government. The agreement consists of:

- A set of principles covering:
  - the design of a new LGPS
  - the future management of the cost of the scheme, and
  - governance of the LGPS
- A timetable for implementing the new scheme by April 2014
- A project outline for managing the process of agreeing, by April 2012, the main elements of the new scheme.
- There will be no changes to contributions prior to April 2014, contrary to previous announcements.

3.6.4 It is now clear that any change to the Pension scheme is intended to coincide with the revaluation of the fund from 1<sup>st</sup> April 2014. Negotiations are currently at an extremely sensitive stage. The project plan envisages an agreement on a new scheme by the last week in March. At this stage there are no indications that this will not be met. The financial impact will not become fully apparent until mid 2013/14 but any changes should help mitigate any rises in overall employer contributions. The pension fund cost is an element of the budget forecast that will be re-modelled in the next financial year.

### 3.7 Council Tax Base

3.7.1 Details on the Council Tax Base for 2012/13 were reported to Cabinet on 12 December 2011. The Council Tax Base for 2012/13 is 74,816.2 compared with 74,485.9 for 2011/12. The additional yield from Council Tax in 2012/13 arising from the increase in council tax base is approximately £0.365m. The MTFS previously included an amount of £0.260m, and an adjustment will be made to reflect the increase of £0.105m.

### 3.8 Single Status

3.8.1 There have been some further settlements in 2011/12. The budget in 2011/12 is £0.539m.

3.8.2 There may need to be some provision in 2012/13 as provision for back pay.

### 3.9 Concessionary Fares - 2012/13 Freedom Pass Settlement and Taxicards

3.9.1 These arrangements are administered by London Councils.

#### 3.9.2 Concessionary Fares

The cost of concessionary fares comprises a number of elements.

- The TfL Settlement comprises bus, underground, tram, DLR and overground. Overall the TfL settlement is a 6.92% increase on 2011/12. Overall TfL fares were due to increase by RPI + 2% in 2012, with travelcards going up RPI +3%. However, the increase was less due to the impact of the lower than planned level of fares increase in 2012, when The Government announced that regulated rail fares would only increase by RPI + 1% and TfL's fares would also be similarly limited. The Mayor announced on 2 December the overall package for TfL fares increase which provides for an RPI +1% (6%) fares increase on tube, DLR and Overground and an RPI increase (5%) on buses and trams. The settlement also estimates that journey volumes increase slightly with around a 1% increase on buses and a 2¼% increase on the Underground.
- The settlement in respect of the Association of Train Operating Companies (ATOC) for 2012/13 represents an increase of 6.75%. This increase, based on RPI +1.75%, is in line with the four year deal agreed in February 2011 and which runs until 2014/15. Discussions are underway with ATOC on the impact on this settlement of the lower than expected fares increase.
- Settlement with other bus operators for 2012/13 where bus companies operating eligible services outside the TfL bus network have to seek reimbursement under an agreed scheme. London Councils TEC Executive in November 2011 agreed the proposed scheme for 2012/13. Under the Transport Act 2000 provisions it is not possible to agree in advance with those bus operators the actual cash sums they will receive.
- Administration of the freedom pass equates to £8,674 per borough, a reduction of £2,874 or 24.9% per borough on the equivalent charge of £11,548 for 2011/12. This amount covers London Councils costs in negotiating the annual settlements and managing the relationships with transport operators and contractors.

The budget for 2011/12 is £7.590m and there are 28,119 elderly pass holders, and 2,772 Disabled Pass holders as at 31/05/2011. Based on the latest information from London Councils the anticipated implications over the MTFs period are set out in the following table:

**Table 12: Concessionary Fares Budgets**

	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m
<b>Merton Base Budget</b>	7.590	7.590	7.590	7.590
<b>Budget required</b>	8.123	8.529	8.955	9.403
<b>Annual increase</b>	0.533	0.406	0.426	0.448
<b>Cumulative increase</b>	0.533	0.939	1.365	1.813

**3.9.3 Taxicards**

TfL contribute towards the funding of this scheme. TfL's funding is apportioned from 2011/12 onwards according to a formula based on the number of people in each borough receiving:

- The Higher Rate Mobility Component of the Disability Living Allowance
- The number of residents over 65 years of age
- The number of active members in 2010/11 (those who have taken at least one trip)

Based on the latest advice from London Council's, Merton's contribution towards Taxicards will be as set out in the following table:-

**Table 13: Taxicards Budgets**

	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m
<b>Merton Base Budget</b>	0.129	0.129	0.129	0.129
<b>Budget required</b>	0.134	0.166	0.196	0.206
<b>Annual increase</b>	0.005	0.032	0.030	0.010
<b>Cumulative increase</b>	0.005	0.037	0.067	0.077

**3.10 New Homes Bonus**

3.10.1 As reported in December 2011, the New Homes Bonus provisional allocations for 2012-13 have been announced and Merton's allocation is £583,807. This, together with the year 1 allocation of £551,861, means that in 2012/13 Merton will receive £1.136m. This has been incorporated into the draft MTFS.

3.10.2 Forecasting the receipts for 2013/14 and beyond is made more complex because the national amount for NHB will be funded from top slicing resources that would otherwise be passed to Local Government as grant or retained NNDR. The position will hopefully be clarified as the framework for NNDR is settled, but this is unlikely to be until the very end of the calendar year.

### 3.11 Agency Workers

3.11.1 Regulations came into effect on 1st October 2011. Agency workers will – after 12 weeks of working on an assignment – have the right to the same basic working and employment conditions that they would have been entitled to, had they been recruited directly by the organisation to do the same job.

3.11.2 The figures will only start to emerge from January 2012, as the impact on the new regulations did not start until the end of December 2011. Once sufficient data has been collected it will be possible to extrapolate a more accurate position.

3.11.3 The MTFS includes the following provision in respect of this:-

**Table 14: Agency workers**

	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m
<b>Merton Base Budget</b>	0.500	0.500	0.500	0.500

### 3.12 Localising Support for Council Tax

3.12.1 Earlier this year, the Government consulted on proposals for the localisation of support for council tax in England. This followed the announcement at Spending Review 2010 that support for council tax would be localised from 2013-14 and expenditure reduced by 10 per cent from the same date. The Government has produced a document that sets out the outcome of the consultation, how the Government intends to respond to the issues raised, and its plans for enabling local authorities to introduce localised schemes in England from 2013-14.

3.12.2 The proposals not only impact on some of the most vulnerable people in society but transfer considerable financial risk to local government. The cost to the Council with effect from 2013/14 is currently estimated to be £1.5m. The planning assumption for forecasting purposes built into the MTFS is that this is dealt with as a cost to the council rather than a reduction in the entitlement to recipients.

3.12.3 Reducing support for vulnerable groups such as pensioners and the unemployed could result in an inability to collect council tax with a detrimental impact on the collection fund.

### 3.13 Technical Reforms of Council Tax - Consultation

3.13.1 This consultation paper was published on 31<sup>st</sup> October 2011 and the consultation closed on 29<sup>th</sup> December 2011. No Government response has yet been released. It discusses options in relation to the council tax liabilities of second home owners, and of the owners of empty properties, in England, including proposals which would require primary legislation.

It also covers potential reforms of several details of the council tax system including modernising arrangements for payment of council tax by instalments, for delivering the information to be supplied with demand notices, and the treatment of annexes to dwellings; and some broadly administrative matters. The beneficial financial implications of this potential significant change are currently being assessed but they are complex to interpret. The latest estimates indicate potential increased income of around £1.4m p.a. to £1.5m p.a.

3.13.2 Both localising support and technical reforms have been built into the MTFS as policy issues with the potential costs and income assumed but no planning assumptions have been made as to how they will be implemented.

### 3.14 Contingency

3.14.1 The budget approved for 2011/12 includes provision of £1.820m as a contingency to meet unforeseen cost and demand pressures particularly those arising as the economy recovers from the recession.

As a result of various changes during 2011/12 arising from monitoring procedures, there have been virements to other budgets as one-off contributions to meet budget issues in 2011/12.:-

**Table 15: Contingency**

	£m
Approved contingency 2011/12	1.824
Less:	
Contribution to Civil Unrest Charitable Fund	(0.030)
CSF: School Organisation Team – Primary Expansion	(0.020)
E&R: Settlement Fees	(0.076)
Latest contingency (December 2011)	1.698

3.14.2 It is proposed to set the 2012/13 contingency at £2m. This is a small increase on the 2011/12 amount because of the need to set aside an amount for late implementation of staffing proposals which will not now have a full year effect from April. There is increased risk in some of the savings proposals which have been raised at meetings of the Overview and Scrutiny Panels and the Commission.

### 3.15 Review of Reserves

3.15.1 Reserves have been monitored as part of monthly financial reporting and the latest information is reported elsewhere on the agenda.

### 3.14 Bad Debt Provision

3.14.1 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, even under the current economic circumstances. The level of provision will be kept under review within the MTFS.

### 3.15 Summary of Corporate and Technical Adjustments

3.15.1 The financial implications of the corporate and technical adjustments discussed in this report are summarised in Appendix 5.

## 4. **DEPARTMENTAL SAVINGS**

4.1 On 17 October 2011 Cabinet received a report on the business plan for 2012-16. This made reference to an Officers' budget options pack and Cabinet resolved that

- together with a covering letter from the Leader of the Council, officers are authorised to release the savings options and associated staffing impact (Officers' Option Pack) that they have prepared towards balancing the budget over the MTFS period

4.2 At its meeting on 7 November, Cabinet again considered the officers options pack and it was resolved that:

- the preferred officer options shown in section 4.2 of the submitted report are confirmed and all were forwarded to Scrutiny;

4.3 The total options forwarded to scrutiny in November are summarised in the following table:-

**Table 16: Summary of Options forwarded to Scrutiny in November 2011**

Options to forward to Scrutiny Service Items (Cumulative)	12/13 £000s	13/14 £000s	14/15 £000s	15/16 £000s
Supported Options	12,700	17,684	22,829	22,829
Options not supported by Cabinet	2,260	2,495	3,338	3,338
<b>Total Options</b>	<b>14,960</b>	<b>20,179</b>	<b>26,167</b>	<b>26,167</b>

- 4.4 The Scrutiny Panels and Overview and Scrutiny Commission reviewed the Officers' Options pack and made comments and recommendations as they deemed appropriate
- 4.5 Cabinet considered the feedback from the Scrutiny panels and Commission at its meeting on 12 December 2011. Where the scrutiny panels and Commission have accepted the budget option Cabinet proposed that the service implications of these be reviewed and the Equalities impact assessment progressed for decision by Council on February 1 2012.
- 4.6 Council on 1 February 2012 agreed the options referred by Cabinet with financial implications as summarised in the following table:-

**Table 17: Summary of options agreed by Council on 1<sup>st</sup> February 2012**

	2012/13 £000	2013/14 £000	2014/15 £000	Total £000
Options agreed following Scrutiny	10,802	1,059	2,241	14,102
Options agreed following Scrutiny (cumulative)	10,802	11,861	14,102	

- 4.7 The remaining options were considered again by the scrutiny panels and commission in January and February 2012
- 4.8 Feedback from the Scrutiny Process:-
- 4.8.1 Comments from the Overview and Scrutiny Commission on 7 February 2012 are provided in a separate report on the agenda for this meeting (Item 7).
- 4.8.2 Cabinet have reviewed the feedback from the Scrutiny process and a response is set out in Appendix 2.
- 4.9 Financial Implications of Changes arising from response to Scrutiny
- 4.9.1 The Scrutiny Panels and Commission in the January/February cycle of meetings have agreed that further budget options should be accepted, as summarised in the following table, with further details in Appendix 6:



**Table 18: Summary of additional budget options agreed by Scrutiny in January/February 2012**

By Scrutiny Panel (cumulative)	2012/13 £000	2013/14 £000	2014/15 £000	Total £000
Children and Young People	1,003	1,825	2,535	2,535
Healthier Communities & Older People	1,351	2,901	4,551	4,551
Sustainable Communities	63	403	963	963
Overview and Scrutiny Commission	363	408	427	427
<b>Total</b>	<b>2,780</b>	<b>5,537</b>	<b>8,476</b>	<b>8,476</b>

4.10 Changes to Agreed Budget Savings Options Proposed by Cabinet

4.10.1 Having reviewed the budget options agreed so far and those remaining, it is proposed that the following additional changes are made:

**Table 19: Proposed changes to options agreed by Council on 1<sup>st</sup> February 2012**

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
<b>Proposed Changes to options agreed by Council 1<sup>st</sup> February 2012</b>				
<b><u>Slip Level 2 savings one year:</u></b>				
Page 80: Parking (part of £0.532m)	132	0	0	0
Page 91: Traffic & Highways (Part of £0.524m)	57	0	0	0
Page 10 Social Care Funding	3,000	(2,000)	(1,000)	0
<b><u>Additional Savings taken in response to Scrutiny (Appendix 2)</u></b>				
<b><u>Level 2: Community and Housing</u></b>				
Page 10: 0% inflation to uplift third party suppliers	650	600	550	0
<b><u>Level 3: Community and Housing</u></b>				
Reducing transport usage by implementing eligibility criteria	186	112	116	0

4.10.2 The remaining budget options are summarised in the following table:-

**Table 20: Budget options remaining**

	<b>2012/13 £000</b>	<b>2013/14 £000</b>	<b>2014/15 £000</b>	<b>Total £000</b>
Service review options remaining	2,542	3,943	4,813	4,813
Corporate Services options remaining	70	111	493	493
<b>Total options remaining</b>	<b>2,612</b>	<b>4,054</b>	<b>5,306</b>	<b>5,306</b>

4.9.3 A reconciliation of budget options agreed and remaining options is provided in Appendix 6 including summary details of each budget option referenced to the Officer's Budget Options pack issued on 18 October 2011.

## **5. BUDGETARY CONTROL 2011/12**

5.1 The revenue budgetary control information contained in the table below summarises the corporate position using the latest available information as at 31<sup>st</sup> December 2011 as shown in a separate report on the agenda for this meeting. As at 31<sup>st</sup> December 2011, there is a forecast underspend for the Council of £3.4m, net of the amount set aside to fund capital expenditure in future years.

5.2 Detailed work will be carried out in 2012/13 on the options for using this around debt management and the funding of short life assets.

5.3 The underspend of £3.4m is made up as follows –

- departmental underspend (£3.1m)
- corporate underspend (£4.1m)
- appropriation to reserves £3.8m

5.4 Sound financial management and continued robust challenge are resulting in lower levels of forecast spend at year-end. Where appropriate these reduced projections are being incorporated into the Medium Term Financial Strategy for 2012-16.

5.5 There is to be a further programme of service reviews for the period 2013/14 to 2016/17 and one of the first tasks will be to build into the base budget any ongoing underspends from 2011/12 as a matter of course once the outturn has been confirmed.

## **6. Balances and Reserves**

6.1 The General Fund balance can be seen as an authority's working balance. In considering the budget plans for the next financial year it is also necessary to give some attention to the level of this working balance. In

coming to this decision a number of issues should be considered. These are:

- (a) the retention of working balances to cushion cash flow variations and to avoid increased borrowing costs;
- (b) the retention of sums to provide against inflation and pay awards being in excess of the assumptions made within the budget;
- (c) the retention of sums to provide for contingent liabilities; or
- (d) to meet unforeseen events.

6.2 General Fund balances were £10.513m as at 31<sup>st</sup> March 2011 (£10.649m in 2009/10).

6.3 Details of reserves are provided in Appendix 10 (To follow). At this stage it is not considered appropriate to take a positive decision to reduce the level of balances in an uncertain financial climate and also taking into account the gaps identified in the budgets for 2013/14, 2014/15 and 2015/16. In taking a decision on the level of balances, it is important to take into consideration current and future budget pressures and recognise that in order to set a balanced budget over the next four years there is a need for significant net reductions in the budget which inevitably will mean that there is very little room for manoeuvre in determining the level of balances. Incorporating the latest information, the effect on the Council's balances strategy would be as set out below.:-

**Table 21: General Fund Balances over MTFS period**

	£m
<b>Balance b/f @ 31/3/2011</b>	<b>10.513</b>
Forecast addition/reduction 2011/12	0
<b>Estimated balances c/f 31/3/12</b>	<b>10.513</b>
Forecast addition/reduction 2012/13	0
<b>Estimated balances c/f 31/3/13</b>	<b>10.513</b>
Forecast addition/reduction 2013/14	0
<b>Estimated balances c/f 31/3/14</b>	<b>10.513</b>

Therefore, it is currently proposed that the level of General Fund balances remains constant over the MTFS period. This will be subject to regular review.

6.4 Assessment of Risk and Contingency to mitigate risk

The level of reserves and balances, as well as the level of contingencies available have been taken into account in assessing the robustness of the

proposed budget. Account has also been taken, as far as possible, of the likely impact of expected legislative and technical changes.

## 7. Council Tax Strategy

7.1 53% of residents believe that the Council provides good value for money for the Council Tax paid. The level of council tax has featured consistently as one of the highest concerns of residents in the Annual Residents Survey. The results of the 2011 survey have been published and the percentage of residents concerned about the level of council tax has reduced, with only 29% (32% in 2010) of residents now raising it as a concern but this was the joint second highest issue raised.

### 7.2 Council Tax and Council Tax Freeze Grant

7.2.1 The Government have published an estimate of the Council Tax Freeze Grant each participating authority would receive. Grants will be finalised in March 2012 once authorities have reported the tax base underpinning their calculation of council tax for 2012/13. For London the grant is equivalent to a 2.5 per cent Council Tax increase for Borough councils.

7.2.2 The scheme for 2012-13 will comprise a one-off payment of grant, which is payable for one year only. The Localism Bill proposes to give the public the right to veto excessive council tax rises. Councils that set a council tax increase above a ceiling approved by Parliament each year would automatically trigger a referendum of all registered local electors in their area. Confirmed ceilings are set out in paragraph 7.2.5.

7.2.3 If Merton freezes its Council Tax for 2012/13, the amount on Council Tax Freeze Grant receivable over the Spending Review period is:

**Table 22: Council Tax Freeze Grant available until 2014/15**

	Grant payable during Spending Review if taking up both freeze offers (£)			
	2011/12	2012/13	2013/14	2014/15
Merton	2,060,597	4,138,529	2,060,597	2,060,597

### 7.2.4 Special expenses

All special items (other than parish precepts) are included in an authority's basic amount of council tax. Therefore, the average of all an authority's special items (including its special expenses) over the whole of its area is the amount that will be used to judge eligibility for the grant.

Any proposed council tax increase by Wimbledon and Putney Conservators would therefore be taken into account in assessing whether Merton is eligible for Council Tax Freeze Grant. Levies that the Council pays to Lee Valley, the London Pension Fund Authority and the Environment Agency are not taken into account.

#### 7.2.5 Capping of Council Tax increases

The Localism Act abolishes capping in England and puts local referendums in its place. This gives the public the right to veto excessive council tax rises. Councils that set council tax increase above a ceiling approved by Parliament each year would automatically trigger a referendum of all registered local electors in their area. Parliament will be asked to endorse the final vote threshold before councils set their annual budgets in the spring. The principles for determining whether local Council Tax increases in 2012-13 are 'excessive', and could therefore potentially trigger a council tax referendum, have been set at 3.5% for London boroughs, 3.75% for the City of London and 4% for the GLA.

### 8. **Positive Assurance Statement**

8.1 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.

8.2 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.

8.3 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

8.4 Local government finance issues have been dominated in recent times by cuts in government funding and pressure to keep council tax increases down. Alongside this the longer term position is also made more uncertain by the changes in the way Government Funding will be calculated and the

proposal to “localise” Council Tax Benefit with a lower level of Government funding. Although the MTFs shows significant progress to date towards a balanced budget over the medium term, the longer term position remains extremely challenging. Members should also note that freezing Council Tax levels produces a permanent real terms reduction in Council Tax yield.

- 8.5 With relatively low allowance for demand growth, uncertainty over Government funding and the need to achieve challenging savings targets, the risks inherent in the revenue budget are inevitably increased. The Council has sufficient reserves to deal with such a position in the short term and will be reviewing the Service Review programme to provide further transformation and saving opportunities over the next four year budgeting period.
- 8.6 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 10 (To follow). Although reserves are likely to reduce overall, this is a result of their use for the purposes they were established. The overall level therefore remains adequate.
- 8.7 It should be noted that the Pension Fund Reserve is, in common with many other Pension Funds, showing a large deficit. The Council has a long term recovery plan for the fund and expects employer funding requirements to be improved by the outcome of the Governments proposed changes to public sector pension schemes; however, the impact of this has been delayed by no changes until April 2014. Balancing this, the expected reducing numbers contributing to the fund will increase pressure on employer contribution rates. Officers will be continuing discussions with the fund’s actuary and the Council’s Pension Fund Committee on how best to address this position in the longer term.
- 8.8 Chief Officers have reviewed their budgets in line with departmental finance officers and are confident that the budgets set for their services are robust and with the corporate contingency will meet the strategic objectives and performance targets set out in the Business Plan.
- 8.9 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.

## 9. **Greater London Authority Precept and Other Levies**

- 9.1 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.

- 9.2 The Mayor of London published his proposals for the GLA Group Budget and Precepts for 2011-12 and his draft consolidated budget for 2011/12 on 22 December 2010.
- 9.3 On 1 February 2012, the Mayor announced in the final budget papers for the GLA, that the proposed council tax precept will be reduced from £309.82 to £306.72, a reduction of 1%.
- 9.4 The budget comprises of £233.46 to support the Metropolitan Police service, £43.47 for the London Fire Brigade, £20 for the 2012 Olympic and Paralympic Games and £9.79 for transport and other services.
- 9.5 The budget was confirmed by the London Assembly on 9 February 2012.

9.6 **Other Levies**

- 9.6.1 The Council is required by statute to pay certain levies to the organisations listed below. The levies for 2012/13 have been confirmed as set out in the following table:-

**Table 23: Other Levies**

	2011/12 £000	2012/13 £000	2012/13 Change %
London Pension Fund Authority	254	253	(0.6%)
Lee Valley Regional Park	220	215	(2.4%)
Environment Agency	147	146	(0.5%)

9.7 **Wimbledon and Putney Commons Conservators (WPCC)**

- 9.7.1 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 2012/13 will be £266,901.05, an increase of £253.62 (0%) on the 2011/12 levy of £266,647.43

**Table 24: Wimbledon and Putney Commons Conservators Precept**

	2011/12 £000	2012/13 £000
Wimbledon & Putney Commons Conservators	267	267

## 10. REDUNDANCY IMPLICATIONS

- 10.1 The Council has received approval to a capitalisation direction of £1.846m in respect of statutory redundancy payments. It is currently estimated that just over £1million of the redundancy costs in Table 25 can be capitalised
- 10.2 The current estimated numbers of staff likely to be made redundant , broken down by department and projected forward in three time tranches, is set out in the following table.

**Table 25: Estimated Staff Impacted on by Redundancy and Cost as at 15 February 2012**

Department	Estimated from 1/4/2011 to 31/3/12		Estimated by 31/7/12	Estimated beyond 31/7/12	Total Number 2012/13
	Number	£	Number	Number	Number
C&H	43	470,922	4	0	4
CS	54	1,490,470	12	0	12
CSF	47	461,741	3	0	3
E&R	23	658,002	12	1	13
<b>Total</b>	<b>167</b>	<b>3,081,134</b>	<b>31</b>	<b>1</b>	<b>32</b>
<b>Estimated Cost</b>		<b>3,081,134</b>	<b>*£571,950</b>	<b>*£18,450</b>	<b>*£590,400</b>

\*Based on an average cost per redundancy of £18,450

- 10.3 It should be noted that these figures will be subject to constant change as there are a number of variables such as redeployment.
- 10.4 HR Managers are updating the data on a regular basis as the situation evolves.
- 10.5 These will be funded through corporate budgets, capitalisation, the OCPB reserve and General Fund balances as necessary.



## 11. CONCLUSIONS

- 11.1 The Medium Term Financial Strategy assumes that all of the corporate provisions, proposals for growth and proposals for savings, in 2012/13 are agreed and if this is the case, the following financial position is achieved:-

**Table 27: Council Tax calculation**

<b>Council Tax Calculation</b>	£m
Budget requirement (non –Schools)	148.701
WPCC	(0.267)
Formula Grant	(62.021)
Collection Fund Surplus	(3.891)
Balance to be met from Council Tax	82.522
Implied Council Tax 2012/13 (Band D)	1,102.99
Actual Council Tax 2011/12 (Band D)	1,102.99
Implied Net Change 2011/12 to 2012/13 (£m)	0
Implied Change 2011/12 to 2012/13 (%)	0%

- 11.2 The implications for the level of Council Tax on a Band D property, including the GLA precept are set out as follows:-

**Table 28: Band D Council Tax**

<b>Council Tax at Band D</b>	<b>2011/12 £</b>	<b>2012/13 £</b>	<b>% change from 2011/12</b>
Merton (exc. WPCC)	1,102.99	1,102.99	0.0%
GLA Precept	309.82	306.72	(1.0%)
<b>Implied Council Tax at Band D</b>	<b>1,412.81</b>	<b>1,409.71</b>	<b>(0.2%)</b>

**Table 29: Average Band D Council Tax**

<b>Average Council Tax Calculation at Band D</b>	<b>2011/12 £m</b>	<b>2012/13 £m</b>	<b>% change from 2011/12</b>
Budget Requirement	150.900	148.701	(1.5%)
Formula Grant	(66.617)	*(62.021)	(6.9%)
Collection Fund Surplus	(1.859)	(3.891)	109.3%
Council Tax Requirement	82.424	82.789	0.4%
Council Tax Base	74,485.9	74,816.2	0.4%
<b>Average Council Tax</b>	<b>1,106.57</b>	<b>+1,106.56</b>	<b>0.0</b>

\* includes Council Tax Freeze Grant 2011/12 £2.06m.

+ in order to ensure that Council Tax Freeze Grant of £2.078m in 2012/13 is not put at risk the Basic Amount of Council Tax must not increase. Setting a budget requiring an average Council Tax of £1,106.57 would result in an implied Band D Council Tax of £1,103.00 calculated on the basis set out in Table 27. The Council Tax requirement will be set at a level to ensure the implied Band D (excluding WPCC) does not increase.

- 11.4 Analysis of the transition from the gap of £20m reported in March 2011 to a balanced budget as set out in this report is set out in Appendix 7.
- 11.5 A summary Statement of Council Tax requirements and balances based on the proposals set out in this report is attached as Appendix 8, and a revised MTFS summary incorporating the proposed changes set out in this report is provided at Appendix 9.

## 12. Risk Management

- 12.1 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 2012-16 and beyond has been highlighted as a key strategic risk on the corporate risk register.
- 12.2 Currently £11.229 million of savings are being progressed for 2012-13, coupled with further savings identified for 2013-16. 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.

## 13. Summary

- 13.1 Taking into account the changes that have taken place since the Cabinet meeting in January, the budget gap in the MTFS has changed to the following:-

**Table 30: Cumulative MTFS Gap 2012-2016**

	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m
MTFS gap (cumulative)	(5.768)	1.697	9.218	14.429

- 13.2 The projected credit balance reflects the significant hard work and difficult decisions that have been made during the business planning process since April 2011. However, there is still much to be done to be

able to set a balanced budget over the period of the MTFS. There is also a high level of uncertainty about funding in the future until the details of the resource review are known and also whether the Government will need to make further cuts in funding to address the national deficit.

13.3 It is, therefore, proposed that a Closing the Gap Reserve be established using the projected credit balance in 2012/13. This will provide support over the period of the MTFS whilst the service review process delivers ongoing efficiency savings.

#### 14. **Future Years**

14.1 As indicated in the updated MTFS there is a gap between the forecast level of resources and budget requirements for 2013/14, 2014/15 and 2015/16 which will need to be addressed if balanced budgets are to be set for those years. The availability of the Closing the Gap Reserve will provide a further option and greater flexibility in this. The updated MTFS is set out in Section 4 of the report.

14.2 The budget process for 2013/14 will commence in the new financial year.

14.3 Some of the options available to the Council to eliminate the budget gaps include:-

- Savings – reduction/deletion of services
- Savings – efficiencies including outcomes from service reviews
- Income – increase in fees and charges/new sources of income
- Council Tax increase
- Use of balances

## APPENDIX 1

### DRAFT RESOLUTIONS

#### Revenue Report:

1. Members consider the views of the Overview and Scrutiny Commission set out in Appendix 2 to the revenue report and in a separate report on the agenda (Item 7), and approve the proposed budget for 2012/13 set out in Appendix 8 of the revenue report, together with the proposed Council Tax levy in 2012/13.
2. That it be noted that at its meeting on 12<sup>th</sup> December 2011 the Council calculated its **Council Tax Base for the year as 74,816.2** in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992.
3. That it be noted that the Council calculated the **Wimbledon and Putney Commons Conservators (WPCC) Tax Base for the year as 10,807.2** 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>495.073</b>
Corporate Provisions	<b>31.527</b>
Amounts Payable to the Levying Bodies	<b>0.811</b>
Contribution to Financial Reserves	<b>0.000</b>
<b>Gross Expenditure</b>	<b>527.411</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>444.622</b>

NB: The final analysis of gross expenditure and income may vary from the figures shown above as a result of some minor changes in allocations e.g. overheads

- 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

	<b>£m</b>
Council Tax Requirement for the Council's own purposes for 2012/13 (including special expenses re WPCC)	<b>82.789</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, redistributed non-domestic rates and Council tax freeze grant 2011/12 to constitute the Council's formula grant

	<b>£m</b>
Revenue Support Grant	<b>1.179</b>
NNDR	<b>58.782</b>
Council Tax Freeze Grant 2011/12	<b>2.060</b>
Formula Grant	<b>62.021</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>1,106.56</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>266,901</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 WPCC 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>1,102.99</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>1,127.69</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 £
	735.33	857.88	980.44	1,102.99	1,348.10	1,593.21	1,838.32	2,205.98
Parts inc. WPCC	751.79	877.09	1,002.39	1,127.69	1,378.29	1,628.89	1,879.49	2,255.38

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 2012/13 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	204.48	238.56	272.64	306.72	374.88	443.04	511.20	613.44

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 £
Part of the Council's Area	939.81	1,096.44	1,253.08	1,409.71	1,722.98	2,036.25	2,349.52	2,819.42
Parts inc. WPC	956.27	1,115.65	1,275.03	1,434.41	1,753.17	2,071.93	2,390.69	2,868.82

**RESPONSE TO SCRUTINY**

Following the review by the Scrutiny Panels and the Commission, Cabinet are not proposing any changes to those Officer options previously identified on the 7<sup>th</sup> November 2011 as not supported by them.

However, on reviewing the remaining Officer Options, Cabinet are content with the majority of Scrutiny recommendations i.e. not to take those items as savings. Cabinet welcomes Scrutiny's efforts, and in particular, that many of the savings they were offering to support were consistent with the Council's priorities agreed in July 2011, namely: "to make Merton a good place to grow up and go to school. "However, there are two changes that are proposed following the Scrutiny process, because Cabinet still believes they are proportionate and have some merit.

The overall impact is summarised in the following table and has already been incorporated into the MTFS and figures shown in the covering report and appendices:-

<b>Options Pack Ref</b>	<b>Level of Saving</b>	<b>Description</b>	<b>2012/13 £000</b>	<b>2013/14 £000</b>	<b>2014/15 £000</b>
Community & Housing					
Page 10	L2	0% inflation to uplift third party suppliers	-650	-600	-550
Page 13	L3	Reducing transport usage by implementing eligibility criteria	-186	-112	-116
		<b>Change in MTFS</b>	<b>-836</b>	<b>-712</b>	<b>-666</b>
		<b>Cumulative impact on MTFS</b>	<b>-836</b>	<b>-1,548</b>	<b>-2,214</b>



## **LOCAL GOVERNMENT FINANCE SETTLEMENT 2012-13**

The Provisional Local Government Finance Settlement was announced on 8 December 2011. The final Settlement was announced on 31 January 2012 and confirmed the figures previously advised.

The level of formula grant Merton is to receive is £62.021m. This is the same as announced last year as part of the two year finance Settlement, but the Council Tax Freeze grant allocations for 2011/12, which are ongoing, have been included in Formula Grant allocations.

Therefore, Merton's formula grant for 2012/13 is £59.961m + £2.060m Council Tax Freeze Grant.

There are no indications that the funding for Council Tax Freeze Grant will be rolled into formula grant on a permanent basis.

Formula Grant allocations at the local authority level for 2012-13 remain unchanged from provisional allocations announced in February 2011.

### **PFI Grant**

The PFI grant allocations originally announced as part of the Settlement data were incorrect. Revised figures were released on 19 December 2011 confirming that Merton's PFI grant in 2012/13 is unchanged from £4,796,938.

### ***Local Services Support Grant, 2012-13***

Final local authority allocations of Local Services Support Grant for 2012-13 will be provided later in this financial year when confirmation of the Community Safety Fund element of the funding becomes available.

### **Council Tax Referendums**

The provisional principles relating to 'excessive' council tax increases were announced alongside the Settlement. Authorities wishing to set local council tax levels in excess of these principles will be required to hold a local referendum to approve the increase. The final principles will be confirmed alongside the final Local Government Finance Settlement next year.

The legislation covering the requirement for a council tax referendum and how proposed council tax increases in excess of published principles must be dealt with is enshrined in Schedule 5 of the Localism Act, 20117.

In broad outline, the regulations require the following:

#### *1) Preparation and contingency planning*

Where a billing authority wishes to increase council tax in excess of the principles set by the Secretary of State for that financial year, it must also produce a contingency plan/budget in which council tax is increased up to the level of the specific principle only.

*2) The actual referendum*

A billing authority must hold the referendum no later than the first Thursday of May of the financial year or on any other date as specified by Secretary of State.

*3) The result*

The billing authority must inform the Secretary of State of the result of the referendum. If the referendum is successful, (ie, the original council tax increase is approved) the original spending plans apply.

If the referendum is unsuccessful, the contingency spending plan/budget takes effect, and new bills/refunds will need to be issued to reflect the new council tax level. The contingency plan will also come into force if the billing authority does not hold the referendum on time or at all. If, in either of these cases, a contingency calculation is not ready, authorities are restricted from transferring funds from their collection fund to the general fund from the latest date on which the referendum could have been held until such calculations are ready.

*4) Precepting authorities*

The GLA would have to notify billing authorities if they are intending to increase the precept rate in excess of the principles set. If this were to occur, the billing authorities (London boroughs) would all have to hold a referendum on the same date, either on the first Thursday of May of the financial year or another date specified by the Secretary of State. Billing authorities will be able to recover expenses incurred in connection with these referendums from the precepting authority. Votes would be counted London-wide and the London-wide majority would determine the result of the referendum, rather than each borough having to approve the increase on their own.

**Cap on Public Sector Pay: 2013/14 and 2014/15**

In addition, HM Treasury issued a Written Ministerial Statement setting out adjustments to the Departmental Expenditure Limits (DEL) resource budgets following the announcement in the Autumn Statement that public sector pay awards would be capped at 1% following the end of the current pay freeze. Nationally, the budgets have been reduced by £240m in 2013/14 and £497m in 2014/15. The Government has published a consultation paper on the calculation and recovery arrangements for the academies transfer in 2011-12 and 2012-13. The consultation closes on 12 January 2012. The Academies topslice for both 2011-12 and 2012-13 remain unchanged. The principles for determining whether local Council Tax increases in 2012-13 are 'excessive', and could therefore potentially trigger a council tax referendum, have been set at 3.5% for London boroughs, 3.75% for the City of London and 4% for the GLA.

***£250m CLG Weekly Bin Collection Fund***

There is currently very little detail available with regards to this. More information is expected to be made available together with a broad prospectus and invitation to bid early in 2012. The fund is split into three years, £50m in 2012-13, £100m in 2013-14, and £100m in 2014-15.

Bidding is likely to be a multiple step process, with the initial £50m expected to be released to successful councils in the summer 2012.

## THE COLLECTION FUND

1. Introduction
  - 1.1 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, on behalf of those bodies for which the income has been raised. These bodies 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)).
  - 1.2 The Council's demand on the Collection Fund is by its General Fund. The Greater London Authority's demand is expressed as a precept.
  - 1.3 Any surplus or deficit on the Collection Fund is shared between, or charged to, the Council and its preceptors in proportion to their demands upon the Collection Fund.
  - 1.4 The Collection Fund also accounts for National Non-Domestic Rates, which it receives from businesses and pays into a national pool that is administered by the Government. These transactions have no overall effect on the balance on the Collection Fund.
2. The Council Tax Base
  - 2.1 The basic data used to compile the Council Tax base is provided by the District Valuer, which is part of the HM Revenue and Customs service. The data for 2012/13 is collected and presented to this Authority as at 3<sup>rd</sup> October 2011. This raw data is adjusted to reflect –
    - a) Properties which are exempt from Council Tax
    - b) Properties where there is a reduction by virtue of relief for persons with disabilities
    - c) Dwellings entitled to the single persons discount
    - d) A reduction to reflect anticipated losses of collection
  - 2.2 The adjusted property list is converted to the equivalent of Band D properties by applying a factor, which expresses the relationship between Band D and all other bands (for example if Band D is equal to 1, properties in Band A represent six-ninths of Band D and properties in Band H are reflected as 2 x Band D).
  - 2.3 In 2011/12, the total properties before adjustment amounted to 80,710 which converted to a tax base of 74,485.9. In 2012/13, the total number of

dwellings on the Valuation List before adjustment amounts to 81,070, which converts to a tax base of 74,816.2

- 2.4 The table below shows the analysis of the tax base for 2012/13 and its comparison with 2011/12 analysed over Bands A – H.

<b>Bands</b>	<b>Council Tax Base 2011/12</b>	<b>Council Tax Base 2012/13</b>
Band A	568.8	557.4
Band B	5,083.2	5,095.7
Band C	15,979.8	16,100.7
Band D	23,904.6	24,034.3
Band E	14,031.0	14,003.0
Band F	6,332.4	6,391.0
Band G	5,801.6	5,784.0
Band H	2,784.5	2,850.1
<b>Total</b>	<b>74,485.9</b>	<b>74,816.2</b>

- 2.5 The Council Tax base is used by the Council to set the Council Tax. It is also used by the Government as a component part of the Local Government Finance Settlement. The required income from council tax for 2012/13 will be divided by the Council Tax base to produce the 2012/13 Council Tax Band D.

### 3. Non-Domestic Ratepayers (Uniform Business Rate - NNDR)

- 3.1 Merton, as a Charging Authority, is required to collect and pay into its Collection Fund the non-domestic rates raised from the uniform business rate. These non-domestic rates are then paid from the Collection Fund into a national central pool, which is administered by the Government. From the national pool an amount is paid into Merton's General Fund on the basis of a standard amount per head of population.
- 3.2 Merton Council has no responsibility for setting the Business Rate poundage or the valuations attributed to business properties. Its role is merely to collect and account for business rates.
- 3.3 The estimated gross amount due from non-domestic ratepayers in 2012/13 is £80.840m. This figure is then reduced by discretionary rate relief and allowances for losses on, and costs of collection.

The Council decides the total amount of approved discretionary rate relief in each financial year. A proportion of that relief is used to reduce the Council's

contribution to the national pool and the rest is charged to the General Fund. The respective shares are set by Government Regulation.

In 2012/13, the estimated amount of discretionary rate relief used to reduce the contribution to the Business Rates pool is £0.164m.

- 3.6 The allowances for expected losses on collection of £1.210m and for the costs of collection, £0.281m are both calculated in accordance with Government Regulations.
- 3.7 The effect of the discretionary rate relief (£0.164m) and the allowance for losses and costs of collection (£1.210m) is to reduce the net amount payable to the national pool to £79.220m. The sum to be received from the National Pool will be £60.840m. Over the past four years the contributions to and from the National Pool are:-

	<b>Contributions to National Pool</b>	<b>Contributions from National Pool</b>	<b>Net contribution to/(from) pool</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
2012/13	79.220	60.842	18.378
2011/12	75.836	50.888	24.948
2010/11	73.721	59.145	14.576
2009/10	72.959	54.233	18.726
2008/09	65.647	57.630	8.017

The uniform business rate poundage for 2012/13 has been set by the Government at 45.0 pence in the pound for small properties (defined as those with a rateable value under £25,500 in London or under £18,000 outside London). For properties with a rateable value of £25,500 or over in London or £18,000 outside London, the rate poundage has been set at 45.8 pence in the pound.

As part of the Council's commitment to maintaining and developing links with local businesses, a consultation meeting took place on February 2012, via local business representative organisations. The aim of this meeting is to explain the changes that are taking place in non-domestic rating, budgetary pressures that are being faced, and the Council's Budget proposals for 2012/13.

#### 4. Collection Fund Surplus/Deficit

- 4.1 The Collection Fund provides the mechanism by which the collection of local taxes is controlled. Council Tax levies are set so as to recover the precepts

(net of Government Funding) charged to the account. However, during the course of any particular year if the actual number of properties or the allowance for exemptions, discounts or appeals vary from those used in the Council Tax Base, a surplus or deficit will arise. Hence, the actual pool contribution will differ from that estimated. Merton's share of any surplus or deficit is used to offset or increase its council tax.

- 4.2 To ensure that proper provisions are made within the Collection Fund calculations a provision for bad debts is made. It is for each authority to determine its own policy for providing for bad debts and assessing the likely outcome of appeals, based upon the evidence of local patterns of collection and the likelihood of making a recovery.

5. Precepts

The Greater London Assembly agreed the final budget proposals outlining the 2012/13 budgets for the Greater London Authority and the four functional bodies on 9 February 2012.

**APPENDIX 5**

**SUMMARY OF OTHER CORPORATE ITEMS IN MTFS – REVISED BASE CASE**

	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
	<b>Base</b>			
	£000	£000	£000	£000
<b>Under Review</b>				
New Homes Bonus	-1,136	-1,136	-1,136	-1,136
Localisation of Council Tax Benefit	0	1,500	1,500	1,500
Technical Reforms of Council Tax	0	-1,400	-1,400	-1,400
Revenuisation	1,738	1,485	1,150	0
Agency workers	500	500	500	500
Hutton Changes?	0	0	0	0
Pension Fund Revaluation Deficit contribution	5,000	5,250	6,450	6,650
Superannuation Fund-Additional contribution renew pension regulations	0	0	200	400
Corporate expenditure (utilities inflation)	927	961	818	817
C&H Concessionary Fares Charge	532	939	1,365	1,813
C&H Taxicards	6	37	68	78
Bad Debt provision	500	500	500	500
Contingency	2,000	2,000	2,000	2,000
Adjustment re Income re P3/P4	0	0	400	400
Cost of DR recovery	70	70	70	70
Pay freeze holds	0	-400	-400	-400
Single Status	515	515	515	515
Contribution to Closing the Gap Reserve	5,768	0	0	0
<b>Essentially Fixed</b>				
Collection Fund t/f of surplus/deficit	-3,891	-1,000	-1,000	-1,000
Recharge to Education of Past Service	-463	-463	-463	-463
Deficiency/Redundancy				
Depreciation and Impairment(contra within services)	-14,816	-14,816	-14,816	-14,816
PFI Grant	-4,797	-4,797	-4,797	-4,797
NNDR	100	100	100	100
WPCC	267	267	267	267
WPCC Levy - Council Tax	-267	-267	-267	-267
<b>Other Corporate Expenditure/Income</b>	<b>-7,447</b>	<b>-10,155</b>	<b>-8,376</b>	<b>-8,869</b>



Appendix 6a

Budget Options agreed by Council on 1st February 2011

Appendix 6b

Budget Options agreed by Overview and Scrutiny Commission 07/02/2012

Appendix 6c

Budget options proposed by Cabinet in response to Scrutiny

Appendix 6d

Service Review - Remaining Budget Options not supported by Cabinet

Appendix 6e

Service Review - Remaining Budget Options not supported by Scrutiny

Appendix 6f

Corporate Services - Remaining Budget Options not supported by Scrutiny

SERVICE REVIEW OPTIONS AGREED BY COUNCIL 1st February 2012

Options pack	Service Items	Savings			
		2012/13 £000s	2013/14 £000s	2014/15 £000s	2015/16 £000s
Page 9	Adult Social Care Commissioning	162	0	23	0
Page 15	Libraries	84	13	10	0
Page 18	Housing	37	0	0	0
Page 22	Merton Adult Education	30	68	110	0
	<b>Community and Housing</b>	<b>313</b>	<b>81</b>	<b>143</b>	<b>0</b>
	<b>Children, Schools and Families</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Page 64	Parks, Greenspaces and Cemeteries (excluding self-management of allotments)	442	89	0	0
Page 70	Development Control and Building Control	300	0	0	0
Page 73	Environment Health/Trading Standards/Licensing(Regulatory)	0	400	0	0
Page 79	Parking	720	0	0	0
Page 83	Street cleansing – graffiti removal	70	0	0	0
Page 83	Street cleansing – restructure and staffing – enforcement team	50	0	0	0
Page 87	Waste & Recycling	219	191	1,489	0
Page 91	Traffic and Highways	185	327	0	0
Page 95	Future Merton and Property	0	0	414	0
Page 97	Transport	129	0	0	0
	<b>Environment and Regeneration</b>	<b>2,115</b>	<b>1,007</b>	<b>1,903</b>	<b>0</b>
	<b>Supported Options - Level 1</b>	<b>2,428</b>	<b>1,088</b>	<b>2,046</b>	<b>0</b>
Page 10	Adult Social Care Commissioning	300	300	300	0
Page 10	Optimising the use of block and spot contracts	1250	0	0	0
Page 10	Remodelling and re-tendering the domiciliary care contract	0	500	500	0
Page 10	Funding an individual in supported living	200	100	100	0
Page 10	Reducing costs of long term placements for people with disabilities				

SERVICE REVIEW OPTIONS AGREED BY COUNCIL 1st February 2012

Options pack	Service Items	Savings			
		2012/13 £000s	2013/14 £000s	2014/15 £000s	2015/16 £000s
Page 10	Social care funding	3,000	-2,000	-1,000	0
Page 16	Libraries	0	0	0	0
Page 19	Housing	0	42	0	0
Page 22	Merton Adult Education	0	0	0	0
	<b>Community and Housing</b>	<b>4,750</b>	<b>-1,058</b>	<b>-100</b>	<b>0</b>
	<b>Children, Schools and Families</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Page 80	Parking	532	248	0	0
Page 88	Waste & Recycling (Part)	271	271	0	0
Page 91	Traffic and Highways	524	0	0	0
	<b>Environment and Regeneration</b>	<b>1,327</b>	<b>519</b>	<b>0</b>	<b>0</b>
	<b>Supported Options - Level 2</b>	<b>6,077</b>	<b>-539</b>	<b>-100</b>	<b>0</b>
Page 93	Traffic and Highways	246	0	0	0
Page 104	Safer Merton	0	0	0	0
	<b>Environment and Regeneration</b>	<b>246</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Supported Options - Level 3</b>	<b>246</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Supported Options - Total</b>	<b>8,751</b>	<b>549</b>	<b>1,946</b>	<b>0</b>
	<b>Supported Options - Cumulative</b>	<b>8,751</b>	<b>9,300</b>	<b>11,246</b>	<b>11,246</b>

SERVICE REVIEW OPTIONS AGREED BY COUNCIL 1st February 2012

Options pack	Service Items	Savings			
		2012/13 £000s	2013/14 £000s	2014/15 £000s	2015/16 £000s
<b>Proposed amendments:</b>					
<b>Level 2</b>					
Page 80	Parking	-132	132	0	
Page 91	Traffic and Highways	-57	57	0	
Page 10	Social care funding	-3000	5000	-1000	-1000
	<b>Supported options - Total</b>	<b>5,562</b>	<b>5,738</b>	<b>946</b>	<b>-1,000</b>
	<b>Supported options - Cumulative</b>	<b>5,562</b>	<b>11,300</b>	<b>12,246</b>	<b>11,246</b>

CORPORATE SERVICES OPTIONS AGREED BY COUNCIL 1st February 2012

Options pack	Service Items	Savings			
		2012/13 £000s	13/14 £000s	14/15 £000s	15/16 £000s
Page 113 CS1	<u>Customer Services – Revenues and Benefits</u>				
	Reduction in postage budget	30	0	0	0
Page 113 CS2	Reduction in building work budget	10	0	0	0
Page 113 CS3	Reduction in recruitment budget	7	0	0	0
Page 114 CS4	Reduction in agency staff and translation budgets	5	0	0	0
Page 114 CS5	<u>Customer Services – Business Rates</u>				
	Reduction of valuation assistant post	19	0	0	0
Page 114 CS6	<u>Customer Services – Benefits</u>				
	Reduce benefits officer posts by 1.5 f.t.e.s	45	0	0	0
Page 115 CS7	<u>Customer Services – Bailiffs</u>				
	Potential joint service	0	150	0	0
Page 115 CS8	<u>Reduction of 1 f.t.e bailiff post and 0.4 f.t.e admin. Officer post</u>	70	0	0	0
Page 116 CS10	<u>Customer Services – Council Tax collection</u>				
	Reduce Revenue officers by 1 f.t.e	31	0	0	0
Page 117 CS11	Delete one manager post	40	0	0	0
Page 117 CS12	<u>Customer Services – Support Service</u>				
	Delete 1 f.t.e manager post	0	0	50	0
Page 118, CS13	<u>Customer Services – Recovery/Bailiffs</u>				
	Reduce Debt recovery/bailiff admin. By 1 f.t.e	0	31	0	0
Page 118, CS14	<u>Customer Services – Support Team</u>				
	Reduce system support officers by 0.5 f.t.e	20	0	0	0
Page 118, CS15	<u>Customer Services – Merton Link</u>				
	Reduction of 1 f.t.e. arising from CRM	28	0	0	0
Page 119, CS16	<u>Reduction of 1 f.t.e arising from introduction of menu option on switchboard</u>	21	0	0	0

CORPORATE SERVICES OPTIONS AGREED BY COUNCIL 1st February 2012

Options pack	Service Items	Savings			
		2012/13 £000s	13/14 £000s	14/15 £000s	15/16 £000s
Page 119, CS18	<u>Customer Services – Registrars</u> Net impact of increased demand for weddings	32	0	0	0
Page 120, CS20	<u>Infrastructure and Transactions – IT Service delivery</u> <u>Reduction/Deletion of various budgets</u>	8	0	0	0
Page 120, CS21	Deletion of training budget for specialised IT	21	0	0	0
Page 121, CS22	Reduction of 2 f.t.es	0	72	0	0
Page 121, CS23	Reduction/deletion of various budgets	2	0	0	0
Page 121, CS24	Reduction/deletion of various budgets	9	0	0	0
Page 122, CS25	Reduction arising from consolidation of budgets	30	0	0	0
Page 122, CS26	Reduction in budgets	6	0	0	0
Page 122, CS27	Reduction in budget due to cancellation of contracts	72	0	0	0
Page 123, CS28	Reduction due to consolidation of maintenance contracts	30	0	0	0
Page 123,CS29	Reduction in leasing costs for the corporate printing strategy	60	0	0	0
Page 123, CS30	<u>Infrastructure and Transactions – Facilities Management</u> Reduction of 2 f.t.es	63	0	0	0
Page 124, CS31	Change Energy Admin. Post to self financing	37	0	0	0
Page 124, CS32	Reduce 1 f.t.e. postal and scanning assistant	23	0	0	0
Page 124, CS33	Restructure of Building services and Security Team (delete Shift Team Leaders post)	10	0	0	0
Page 125, CS34	Reduction in number of vans	5	0	0	0
Page 125, CS36	Councillor courier run – reduce from 2 to 1 per week	5	0	0	0
Page 126, CS37	Introduce a charge for the archive service facility	15	15	15	0
Page 126, CS38	Savings on print room copy equipment	50	0	0	0
Page 126, CS39	Close Worsfold House and relocate to Civic Centre	12	13	0	0
Page 127, CS40	Close the YOT office in Athena House and relocate to Civic Centre	51	0	0	0

CORPORATE SERVICES OPTIONS AGREED BY COUNCIL 1st February 2012

Options pack	Service Items	Savings			
		2012/13 £000s	13/14 £000s	14/15 £000s	15/16 £000s
Page 127, CS41	<u>Infrastructure and Transactions – Transactional Services</u>				
Page 128, CS42	Delete 1 f.t.e vacant Assistant Vendor Maintenance Officer post	10	0	0	0
Page 128, CS43	Delete 1 Transactional Officer post	28	0	0	0
	Recovery of overpayments and other VAT recovery	50	-50	0	0
	<u>Human Resources</u>				
Page 128, CS44	Human Resources – Learning and Development	0	230	0	0
Page 129, CS45	HR Transactions – reorganise payroll team – link to i-Trent	59	0	0	0
Page 129, CS46	HR Transactions: co-locate all recruitment jobs	0	0	60	0
Page 130, CS47	HR Transactions – CRB income generation	0	0	30	0
Page 130, CS48	HR Business Partners – Review of function with integration with Sutton	40	0	0	0
Page 130, CS49	HR Business Partners – further consolidation of advisory work	0	0	140	0
Page 131, CS50	HR Employee Relations – reduce senior management	40	0	0	0
Page 131, CS52	HR Employee Relations – review employee relations team	0	35	0	0
	<u>Corporate Governance</u>				
Page 133, CS55	Democracy Services – Reduce Scrutiny Support Fund	6	0	0	0
Page 134, CS57	Reduction in supplies and inflation budget	20	0	0	0
Page 135, CS59	Reduce contingencies budget	0	14	0	0
Page 136, CS61	Information Team – fund direct LLC costs from LLC income	49	0	0	0
Page 136, CS62	Legal Services restructure	127	0	0	0

CORPORATE SERVICES OPTIONS AGREED BY COUNCIL 1st February 2012

Options pack	Service Items	Savings			
		2012/13 £000s	13/14 £000s	14/15 £000s	15/16 £000s
	<u>Resources</u>				
Page 136, CS63	Review of insurance arrangements	300	0	0	0
Page 137, CS64	Reduce the contribution to the Local Strategic Partnership	24	0	0	0
Page 139, CS67	Energy Procurement	300	0	0	0
Page 140, CS68	Centralise policy development resource	0	TBC	0	0
	<u>Business Improvement</u>				
Page 140, CS69	Delete Director of Transformation's post	105	0	0	0
	<u>Communications Team</u>				
Page 141, CS71	Delete vacant communications assistant post	26	0	0	0
	<b>Supported Options</b>	<b>2,051</b>	<b>510</b>	<b>295</b>	<b>0</b>
	<b>Supported Options – Cumulative</b>	<b>2,051</b>	<b>2,561</b>	<b>2,856</b>	<b>2,856</b>



**BUDGET OPTIONS AGREED BY OVERVIEW AND SCRUTINY COMMISSION 7th FEBRUARY 2012**

	2012/13 £'000	2013/14 £'000	2014/15 £'000
<b>Children and Young People</b>			
Level 1			
Page 28	25	0	0
Page 28	48	0	0
Page 28	6	0	0
Page 28	128	0	0
Page 31	30	125	0
Page 31	20	0	0
Page 31	20	0	0
Page 38	50	0	0
Page 41	70	0	0
Page 44	30	0	0
Page 47	14	0	0
Page 47	60	0	0
Page 53	100	0	0
Page 53	0	40	0
Page 53	100	200	100
Page 57	0	0	40
Page 58	0	100	100
Page 58	50	0	0
	0	0	200
Level 2			
Page 28	100	0	0
Page 32	47		
Page 32	30		
Page 33		100	100
Page 38	50	0	0
Page 44	0	40	0
Page 49	15	47	0
Level 3			
Page 35	10	0	0
Page 39	0	100	100
Page 42	0	70	70
	<b>1,003</b>	<b>822</b>	<b>710</b>

**BUDGET OPTIONS AGREED BY OVERVIEW AND SCRUTINY COMMISSION 7th FEBRUARY 2012**

	2012/13 £'000	2013/14 £'000	2014/15 £'000
<b>Healthier Communities and Older People</b>			
Level 2			
Page 10	50	50	100
Page 10	300	300	350
Page 10	-	100	100
Page 10	50	350	350
Level 3			
Page 13	400	400	400
Page 13	350	350	350
Page 13	201	-	-
	<b>1,351</b>	<b>1,550</b>	<b>1,650</b>
<b>Sub-total: Healthier Communities and Older People</b>			
<b>Sustainable Communities</b>			
Level 1			
Page 66	18	-	-
Page 67	35	55	29
Page 100	-	-	-
Page 100	-	150	250
Level 2			
Page 22	-	32	-
Page 22	-	-	26
Page 68	10	103	15
Page 74	-	-	-
Level 3			
Page 24	-	-	240
	<b>63</b>	<b>340</b>	<b>560</b>
<b>Sub-total: Sustainable Communities</b>			

**BUDGET OPTIONS AGREED BY OVERVIEW AND SCRUTINY COMMISSION 7th FEBRUARY 2012**

2012/13	2013/14	2014/15
£'000	£'000	£'000

**Overview and Scrutiny Commission**

Page 119 CS17	Customer services - Merton Link: reduction in level of cleaning in public areas	10	-	-
Page 120 CS19	Customer services - Translation Services: Increase in income	10	-	-
Page 125 CS35	Infrastructure and Transactions - Facilities Management: Close Civic Centre on Saturdays	63	-	-
Page 131 CS51	Human Resources - Employee relations: Staff Side	-	20	-
Page 132 CS53	Corporate Governance - Democracy Services: Stop overtime payments to Democratic Services officers	24	-	-
Page 132 CS54	Corporate Governance - Democracy Services: Delete Deputy Head of Service or one Democratic Services Officer post	-	24	18
Page 133 CS56	Corporate Governance - Democracy Services: Reduction in overtime payments to staff in the Mayor's Office - Mayor visits could be restricted to borough only (as per Epsom and Ewell). Attendant's services could be used for driving only.	4	1	1
Page 138 CS65	Resources: Utilise London councils Grants Scheme repatriated funding to avoid cut to Strategic Voluntary Sector Funding	280	-	-
Page 141 CS70	Communications - Graphic Design Team: Delete the in-house Graphics team	-	28	-
	<b>Sub-total: Overview and Scrutiny Commission</b>	<b>363</b>	<b>45</b>	<b>19</b>

**ADDITIONAL SAVINGS AGREED BY SCRUTINY**

<b>Cumulative</b>		<b>2,780</b>	<b>2,757</b>	<b>2,939</b>
		<b>2,780</b>	<b>5,537</b>	<b>8,476</b>

SERVICE REVIEW OPTIONS SUPPORTED BY CABINET						
Options Pack	Level	Service Items	Savings			
			12/13 £000s	13/14 £000s	14/15 £000s	Scrutiny Meeting
Page 10	L2	<b>LEVEL 2</b> <b>Community and Housing</b> 0% inflation to uplift third party suppliers	650	600	550	HC&OP
		<b>Supported by Cabinet - Level 2</b>	<b>650</b>	<b>600</b>	<b>550</b>	
		<b>LEVEL 3</b> Community and Housing				
Page 13	L3	Reducing transport usage by implementing eligibility criteria	186	112	116	HC&OP
		<b>Supported by Cabinet - Level 3</b>	<b>186</b>	<b>112</b>	<b>116</b>	
		<b>Supported by Cabinet - Total</b>	<b>836</b>	<b>712</b>	<b>666</b>	
		<b>Supported by Cabinet - Cumulative</b>	<b>836</b>	<b>1,548</b>	<b>2,214</b>	

SERVICE REVIEW OPTIONS NOT SUPPORTED BY CABINET						
Options Pack	Level	Service Items	Savings			
			12/13 £000s	13/14 £000s	14/15 £000s	Scrutiny Meeting
		LEVEL 1				
		Community and Housing	0	0	0	
		Children, Schools and Families				
		Children, Schools and Families	0	0	0	
		Environment and Regeneration				
Page 83	L1	Street Cleansing	626	0	0	SC
		Environment and Regeneration	626	0	0	
		Not Supported by Cabinet - Level 1	626	0	0	
		LEVEL 2				
		Community and Housing	0	0	0	

SERVICE REVIEW OPTIONS NOT SUPPORTED BY CABINET						
Options Pack	Level	Service Items	Savings			
			12/13 £000s	13/14 £000s	14/15 £000s	Scrutiny Meeting
			0	0	0	
		<b>Children, Schools and Families</b>				
		<b>Environment and Regeneration</b>				
Page 65	L2	Parks, Greenspaces and Cemeteries - Bowling	35	0	0	SC
	L2	Parks, Greenspaces and Cemeteries - Paddling Pools	35	0	0	SC
	L2	Parks, Greenspaces and Cemeteries - Parks Locking	16	35	0	SC
Page 84	L2	Street Cleaning	624	0	0	SC
Page 88	L2	Removal of separate collection of food waste	0	0	280	SC
		<b>Environment and Regeneration</b>	<b>710</b>	<b>35</b>	<b>280</b>	
		<b>Not Supported by Cabinet - Level 2</b>	<b>710</b>	<b>35</b>	<b>280</b>	
		<b>LEVEL 3</b>				
		<b>Community and Housing</b>				
Page 16	L3	Libraries	239	0	0	SC
		<b>Community and Housing</b>	<b>239</b>	<b>0</b>	<b>0</b>	

SERVICE REVIEW OPTIONS NOT SUPPORTED BY CABINET						
Options Pack	Level	Service Items	Savings			
			12/13 £000s	13/14 £000s	14/15 £000s	Scrutiny Meeting
Page 29	L3	Children, Schools and Families Early Years	160	200	100	C&YP
		Children, Schools and Families	160	200	100	
		<b>Environment and Regeneration</b>				
Page 66	L3	Parks, Greenspaces and Cemeteries	62	0	289	SC
Page 69	L3	Leisure and Culture	240	0	0	SC
Page 89	L3	Waste & Recycling	103	0	0	SC
Page 105	L3	26.3. 2nd option - 30%	0	0	174	O&S
		<b>Environment and Regeneration</b>	405	0	463	
		<b>Not Supported by Cabinet - Level 3</b>	804	200	563	
		<b>Not Supported by Cabinet - Total</b>	2,140	235	843	
		<b>Not Supported by Cabinet - Cumulative</b>	2,140	2,375	3,218	

SERVICE REVIEW OPTIONS NOT SUPPORTED BY OVERVIEW AND SCRUTINY COMMISSION						
Options Pack	Level	Service Items	Savings			
			12/13 £000s	13/14 £000s	14/15 £000s	Scrutiny Meeting
		<b>LEVEL 1</b>				
		Community and Housing	0	0	0	
		<b>Children, Schools and Families</b>				
Page 44	L1	CSF Contracts, Proc. & School Org - Reduction 1 fte Admissions Post	0	40	0	C&YP
Page 47	L1	Reduction in funding - Duke of Edinburgh Award	8	0	0	C&YP
		<b>Children, Schools and Families</b>	8	40	0	
		<b>Environment and Regeneration</b>				
		<b>Environment and Regeneration</b>	0	0	0	
		<b>Not Supported by Scrutiny - Level 1</b>	8	40	0	
		<b>LEVEL 2</b>				
		<b>Community and Housing</b>				
Page 10	L2	0% inflation to uplift third party suppliers *	650	600	550	HC&OP
Page 16	L2	Libraries	0	160	0	SC
		<b>Community and Housing</b>	650	760	550	



SERVICE REVIEW OPTIONS NOT SUPPORTED BY OVERVIEW AND SCRUTINY COMMISSION						
Options Pack	Level	Service Items	Savings			Scrutiny Meeting
			12/13 £000s	13/14 £000s	14/15 £000s	
		<b>Children, Schools and Families</b>				
Page 32	L2	Reducing the social work support available to families in the borough who have adopted children	20			C&YP
Page 49	L2	Commissioning budget for youth project	25	0	0	C&YP
Page 49	L2	Youth Opportunities fund	14	0	0	C&YP
Page 49	L2	Positive activities for young people	41	0	0	C&YP
		<b>Children, Schools and Families</b>	<b>100</b>	<b>0</b>	<b>0</b>	
		<b>Environment and Regeneration</b>				
Page 68	L2	London youth games	0	0	0	SC
Page 70	L2	Development Control and Building Control	(300)	231	0	SC
		<b>Environment and Regeneration</b>	<b>(300)</b>	<b>231</b>	<b>0</b>	
		<b>Not Supported by Scrutiny - Level 2</b>	<b>450</b>	<b>991</b>	<b>550</b>	
		<b>LEVEL 3</b>				
		<b>Community and Housing</b>				
Page 13	L3	Reducing transport usage by implementing eligibility criteria *	186	112	116	HC&OP
Page 24	L3	Assign 10% of SFA grant to support other functions	0	0	27	SC
		<b>Community and Housing</b>	<b>186</b>	<b>112</b>	<b>143</b>	

SERVICE REVIEW OPTIONS NOT SUPPORTED BY OVERVIEW AND SCRUTINY COMMISSION						
Options Pack	Level	Service Items	Savings			Scrutiny Meeting
			12/13 £000s	13/14 £000s	14/15 £000s	
		<b>Children, Schools and Families</b>				
Page 35	L3	Reducing the budget available to support care leavers entering independent accommodation or forms of education, employment and training	20	0	0	C&YP
Page 51	L3	Closure of youth provision	60	0	0	C&YP
Page 51	L3	Service reduction in education welfare service	0	40	0	C&YP
Page 54	L3	CSF Commissioning Function and Commissioning Budgets	500	0	0	C&YP
		<b>Children, Schools and Families</b>	<b>580</b>	<b>40</b>	<b>0</b>	
		<b>Environment and Regeneration</b>				
Page 71	L3	Development Control and Building Control	0	232	0	SC
Page 74	L3	Regulatory Services (Environment Health/Trading Standards/Licensing)	0	245	0	SC
Page 104	L3	Safer Merton - 15% option	15	135	0	O&S
Page 105	L3	Safer Merton - 1st option - 30%	0	83	0	O&S
		<b>Environment and Regeneration</b>	<b>15</b>	<b>695</b>	<b>0</b>	
		<b>Not Supported by Scrutiny - Level 3</b>	<b>781</b>	<b>847</b>	<b>143</b>	
		<b>Not Supported by Scrutiny - Total</b>	<b>1,239</b>	<b>1,878</b>	<b>693</b>	
		<b>Not Supported by Scrutiny - Cumulative</b>	<b>1,239</b>	<b>3,117</b>	<b>3,810</b>	

\* Supported by Cabinet

## CORPORATE SERVICES OPTIONS NOT SUPPORTED BY OVERVIEW AND SCRUTINY COMMISSION

Options pack	Service Items	Savings			Scrutiny Meeting
		12/13 £000s	13/14 £000s	14/15 £000s	
Page 116 CS9	<u>Customer Services - Welfare Benefits</u> Stop providing the welfare benefits service. Corporate Governance - Information Team	70			O&S
Page 135 CS60	Delete Head of Information Post <b>Corporate Services Options Not agreed</b>	70	41	0	O&S
	<b>BUDGET PROPOSAL TO BE BROUGHT BACK NEXT YEAR</b>				
Page 134 CS58	Corporate Governance - Safety Services LALO payments Cease duty payment for on call Local Authority Liaison Officer (LALO) - to be further reviewed			30	O&S
	<b>BUDGET PROPOSAL TO BE BROUGHT BACK NEXT YEAR</b>	0	0	30	
	<b>BUDGET PROPOSAL WITHDRAWN</b>				
Page 139 CS66	Withdraw from the London Councils Grants Scheme	0	0	352	O&S
	<b>Corporate Services Options Total Not agreed</b>	70	41	382	
	<b>Corporate Services Options Not agreed (cumulative)</b>	70	111	493	

## TRANSITION FROM BUDGET GAP AT START OF YEAR TO CURRENT POSITION

	£m	£m
Opening Budget Gap for 2012/13		20.004
Council Tax Freeze Grant 2011/12		2.060
Council Tax Freeze Grant 2012/13		-2.078
Changes in inflation provision:		
Pay	-0.020	
Prices	-0.946	
Business Rates	0.100	
Inflation > 1.5%	<u>-1.017</u>	
		-1.883
Remove provision in 2012/13 for loss of income for P3/P4 site		-0.400
Remove provision for capitalisation		1.500
Borrowing and Investment: Impact of reviewed and reprofiled capital programme		-9.027
Revenuisation		1.738
Collection Fund: Improved surplus		-2.891
Review of Waste Management Strategy		-0.776
Change in Levies		-0.070
Removal of growth provision brought forward from previous years		-1.530
Concessionary Fares (net of department's share of rolled in grant)		0.639
Change in Council Tax yield arising from Change in Tax Base		-0.105
Community and Housing income		-0.800
Change in contingency		0.180
Remove provision for 2011/12 pay award due to Pay Freeze		-0.428
Remove provision for LPFA deficit contribution		-0.132
New Homes Bonus		-1.136
Agency workers		0.500
Savings from Service Review and Corporate Services		-11.229
Other		0.096
Provision for Closing the Gap Reserve		5.768
		<u>0.000</u>

## STATEMENT OF COUNCIL TAX REQUIREMENTS AND BALANCES

	ORIGINAL BUDGET 2009/10	ORIGINAL BUDGET 2010/11	ORIGINAL BUDGET 2011/12	ORIGINAL BUDGET 2012/13	2009/10 Band D Council Tax Equivalent	2010/11 Band D Council Tax Equivalent	2011/12 Band D Council Tax Equivalent	2012/13 Band D Council Tax Equivalent
	£m	£m	£m	£m	£	£	£	£
Merton								
Net Cost of General Fund Services	147.185	148.599	148.192	145.820	2,015.49	2,001.34	1,989.54	1,949.04
Contingency	2.000	2.900	1.820	2.000	27.39	39.06	24.43	26.73
	149.185	151.499	150.012	147.820	2,042.88	2,040.39	2,013.97	1,975.77
Levies								
Lee Valley	0.225	0.227	0.220	0.215	3.08	3.06	2.95	2.87
London Pensions Fund	0.296	0.283	0.254	0.253	4.05	3.81	3.41	3.38
Environment Agency	0.146	0.148	0.147	0.146	2.00	1.99	1.97	1.95
Total Levies	0.667	0.658	0.621	0.614	9.13	8.86	8.34	8.21
<b>TOTAL BUDGET (before balances, etc adjustment)</b>	<b>149.852</b>	<b>152.157</b>	<b>150.633</b>	<b>148.434</b>	<b>2,052.01</b>	<b>2,049.25</b>	<b>2,022.31</b>	<b>1,983.98</b>
Provisions, Contributions and Balances								
Contribution to/(from) General Fund Balances	0.000	0.000	0.000	0.000	0.00	0.00	0.00	0.00
<b>TOTAL BUDGET REQUIREMENT</b>	<b>149.852</b>	<b>152.157</b>	<b>150.633</b>	<b>148.434</b>	<b>2,052.01</b>	<b>2,049.25</b>	<b>2,022.31</b>	<b>1,983.98</b>
<b>Less: Central Government Support</b>								
Government (Formula) Grant:								
Revenue Support Grant	(12.518)	(8.588)	(15.730)	(1.180)	-171.42	-115.66	-211.17	-15.77
National Non-Domestic Rates	(54.233)	(59.145)	(50.888)	(58.781)	-742.64	-796.56	-683.19	-785.67
Council Tax Freeze Grant 2011/12	0.000	0.000	0.000	(2.060)	0.00	0.00	0.00	-27.53
Total Government (Formula) Grant:	(66.751)	(67.733)	(66.617)	(62.021)	-914.06	-912.23	-894.36	-828.98
Contribution to/(from) Collection Fund	(1.400)	(2.519)	(1.859)	(3.891)	-19.17	-33.93	-24.96	-52.01
<b>Council Tax Requirement</b>								
Merton - General	81.701	81.905	82.157	82.522	1,118.78	1,103.10	1,102.99	1,102.99
<b>Merton - COUNCIL TAX FUNDING REQUIREMENT</b>	<b>81.701</b>	<b>81.905</b>	<b>82.157</b>	<b>82.522</b>	<b>1,118.78</b>	<b>1,103.10</b>	<b>1,102.99</b>	<b>1,102.99</b>
Greater London Authority Precept								
Metropolitan Police Authority	16.383	16.657	16.979	17.467	227.02	224.34	227.95	233.46
Other Non-Police Services	6.047	6.347	6.098	5.481	82.80	85.48	81.87	73.26
<b>Greater London Authority Precept</b>	<b>22.430</b>	<b>23.004</b>	<b>23.077</b>	<b>22.948</b>	<b>309.82</b>	<b>309.82</b>	<b>309.82</b>	<b>306.72</b>
<b>TOTAL COUNCIL TAX REQUIREMENT</b>	<b>104.131</b>	<b>104.909</b>	<b>105.234</b>	<b>105.469</b>	<b>1,428.60</b>	<b>1,412.92</b>	<b>1,412.81</b>	<b>1,409.71</b>

## CABINET 20 FEBRUARY 2012

## MEDIUM TERM FINANCIAL STRATEGY 2012-2016

	2012/13	2013/14	2014/15	2015/16
	£'000	£'000	£'000	£'000
<b>Departmental Base Budget 11/12</b>	<b>143,799</b>	<b>143,799</b>	<b>143,799</b>	<b>143,799</b>
Departmental Budget Changes	7,604	11,968	16,346	21,541
Departmental Income	<b>(800)</b>	<b>(1,800)</b>	<b>(2,500)</b>	<b>(3,300)</b>
<b>Departmental Re-priced Budget</b>	<b>150,603</b>	<b>153,967</b>	<b>157,645</b>	<b>162,040</b>
Treasury items	14,079	16,101	17,293	17,754
Other Corporate items	(7,447)	(10,155)	(8,376)	(8,669)
Levies	614	646	659	672
<b>CORPORATE PROVISIONS:</b>	<b>7,246</b>	<b>6,592</b>	<b>9,576</b>	<b>9,757</b>
<b>BUDGET REQUIREMENT</b>	<b>157,849</b>	<b>160,559</b>	<b>167,221</b>	<b>171,797</b>
<b>FUNDING</b>				
Formula Grant/Business Rates	(59,961)	(52,970)	(46,900)	(46,900)
Council Tax Freeze Grant 2011/12	(2,060)	(2,060)	(2,060)	(2,060)
Council Tax Freeze Grant 2012/13	(2,078)	0	0	0
Council Tax income	(82,522)	(82,887)	(83,252)	(83,617)
<b>SAVINGS REQUIRED (cumulative)</b>	<b>11,228</b>	<b>22,642</b>	<b>35,009</b>	<b>39,220</b>
<b>In Year savings</b>				
Corporate Services Savings	(2,414)	(2,969)	(3,283)	(3,283)
Service Review Savings	(8,814)	(17,976)	(22,508)	(21,508)
	<b>(11,228)</b>	<b>(20,945)</b>	<b>(25,791)</b>	<b>(24,791)</b>
<b>Remaining Gap</b>	<b>0</b>	<b>1,697</b>	<b>9,218</b>	<b>14,429</b>

## APPENDIX 10

	Balance at 31/3/11 £'000	Movement in year £'000	Anticipated Move to Year End £'000	Forecast balance at 31/3/12 £'000
<b>Reserves monitoring 2011/12 at 31 December 2011</b>				
General Fund Reserve at 31/3/2011	10,513	0	0	10,513
Earmarked Reserves	21,923	(1,626)	(947)	19,349
HRA (available to GF once SoS closes HRA)	4,054	0	0	4,054
<b>Total Available General Fund revenue</b>	<b>36,490</b>	<b>(1,626)</b>	<b>(947)</b>	<b>33,916</b>
Other reserves	9,409	0	(8,597)	812
Add DSG reserve for Schools	2,497	(493)	(350)	1,654
Add Schools own reserves	8,025	0	0	8,025
<b>Revenue Reserves</b>	<b>56,421</b>	<b>(2,119)</b>	<b>(9,894)</b>	<b>44,408</b>
Capital Receipts	10,799	0	0	10,799
Capital Grants	4,581	0	0	4,581
<b>Capital</b>	<b>15,380</b>	<b>0</b>	<b>0</b>	<b>15,380</b>
<b>Reserves as per Council's accounts</b>	<b>71,801</b>	<b>(2,119)</b>	<b>(9,894)</b>	<b>59,788</b>
	Balance at 31/3/11 £000	Movement in year £000	Anticipated Move to Year End £'000	Forecast balance at 31/3/12 £000
<b>Earmarked Reserves breakdown</b>				
Outstanding Council Programme Board Reserve	5,241	(986)	0	4,255
Schools PFI Fund	4,679	0	0	4,679
Insurance Reserve	2,785	0	0	2,785
Performance Reward Grant	1,192	0	(47)	1,145
Community Care Reserve	996	0	0	996
LABGI Reserve	577	0	(20)	557
Schools Reserve	556	(41)	0	515
Local Land Charges Reserve	409	0	0	409
Merton Business Investment Fund	339	0	(45)	294
Schools Single Status	304	(304)	0	0
Waste & Recycling Reserve	225	0	0	225
ICES Reserve	200	0	0	200
E&R Partnerships	195	0	0	195
Facilities Reserve	171	0	0	171
Sixth Form Reserve	129	0	(100)	29
Wimbledon Tennis Courts Renewal Fund	100	0	25	125
Other	216	(53)	(65)	97
Grants and contributions	3,609	(242)	(695)	2,672
<b>Sub Total</b>	<b>21,923</b>	<b>(1,626)</b>	<b>(947)</b>	<b>19,349</b>
VAT Reserve	752	0	(752)	0
Budget Funding Gap	4,282	0	(4,282)	0
Revenue Reserves for Capital Section 117	4,275	0	(3,463)	812
100	0	(100)	0	
<b>Other reserves</b>	<b>9,409</b>	<b>0</b>	<b>(8,597)</b>	<b>812</b>
DSG Reserve	2,497	(493)	(350)	1,654
<b>Net Total</b>	<b>33,829</b>	<b>(2,119)</b>	<b>(9,894)</b>	<b>21,816</b>

\* Excludes £0.511m virement to Performance Reward Grant awaiting Cabinet approval

## SECTION 3. Schools Funding 2012-13

### 1. Introduction

- 1.1 On 13 December 2011 the Department for Education announced the details of the school funding settlement for 2012/13. This included details of the local authority Dedicated Schools Grant allocations and the level of the Pupil Premium, both of which are discussed below.
- 1.1 The DSG is triggered based on the numbers of full time equivalent pupils registered as part of the annual January census.
- 1.2 DSG for 2012/13 will remain at the same cash level per pupil as in the current year: £5,424.57, and the same pupil number methodology will be used as for 2011/12. Final pupil numbers for DSG and the resulting allocations will not be provided to local authorities until June 2012. Funding in the interim is to be based on draft January 2012 pupil numbers, available later this month.
- 1.3 The Children, Schools and Families Department (CSF) has a gross revenue expenditure budget of £178.9 million for 2011/12. This expenditure is funded as follows:

	£ Million
Dedicated Schools Grants (DSG)	123.6
Pupil Premium Grant	1.7
Early Intervention Grant	7.6
Young People's Learning Agency	5.1
Other Grants	0.7
General Fund	36.5
Client Income	3.7
Total Funding and Income	<u>178.9</u>

- 1.4 The above figures will be updated for council, but will have no impact on the General Fund.
- 1.5 There is still uncertainty about some grant settlements for 2012/13. Any changes will be incorporated into the budgets as soon as they become known, and measures will be proposed to adjust spending accordingly.
- 1.6 Early Intervention Grant has increased at the London regional level by 3% between 2011/12 and 2012/13, and is 19% of the national total for 2012/13. For Merton the grant will increase by £749,000, and will be spent on meeting new requirements for services to two year olds.



## **2. Schools Forum**

- 2.1 The Local Authority (LA) is required to consult the schools forum and take into account its views, before the formula is finalised and Private, Voluntary and Independent (PVI) sector settings and school budget shares are determined for 2012/13. In addition the LA must seek the forum's approval to any relaxation of the central expenditure limit within the DSG. The forum can request that schools be consulted on any of the issues put before it, in order that a wider range of schools views can be taken into account in formulating decisions.

## **3. Fair Funding Formula**

- 3.1 The Fair Funding Formula is the method by which Merton distributes the Schools' delegated budget. It excludes the pupil led funding for school nursery classes that is part of the Early Years Single Funding Formula (EYSFF). The formula comprises approximately 30 factors, which determine the allocation of the Schools' delegated budget.
- 3.2 Local authorities are required to provide three year funding information each financial year so that schools can compile their three-year budgets. This will require assumptions in funding levels up to the financial year 2013/14.

## **4. Early Years Single Funding Formula**

- 4.1 In 2011/12 Merton implemented its Early Years Single Funding Formula (EYSFF). The EYSFF is the method by which Merton distributes the delegated budget for school nursery class places and funded 3 and 4 year old places across the Maintained and Private, Voluntary and Independent (PVI) sector.
- 4.2 Due to the expected changes in the grant-funding regime, only very limited changes will be made to the 2012/13 formula. Accordingly, there are no proposed changes to the EYSFF, and there is no proposed inflation for any elements that make up the formula.

## **5. Minimum Funding Guarantee**

- 5.1 Minimum Funding Guarantee (MFG) is a central government prescribed per pupil calculation included in the Fair Funding Formula that limits the reduction in an individual school's budget on a per pupil basis. In the previous funding period schools were provided with a MFG of negative 1.5% per pupil and this will be maintained in 2012/2013.

6. **Sixth Form and Further Education**

- 6.1 The Authority is still awaiting detailed funding information for the period from August 2012. Until the final information is received it is assumed that the level of funding will be maintained for 2012/13 academic year. Merton's Funding Formula currently passports this funding directly to the schools concerned (excluding the SEN element) and this will continue.

7. **Pupil Premium**

- 7.1 The pupil premium began to be allocated to schools in 2011/12. It targets funding at pupils from low-income families as part of Central Government's measures to reduce the attainment gap in educational outcomes.
- 7.2 The Pupil Premium has increased nationally for 2012/13 to £1.25 billion, equating to a flat rate per deprived pupil of £600. Its coverage is extended to all pupils who have been eligible for Free School Meals at any point in the last 6 years.

## **SECTION 4: CAPITAL BUDGET**

### **1. Explanation of the Capital Budget section**

- 1.1 This section of the Business Plan 2012-16 sets out the progress that has been made during 2011/12 in improving the Capital Programme. It highlights the main issues in constructing the Capital Programme 2012-16 and sets out the key Capital Budget totals and their revenue consequences.
- 1.2 The formal statement of the strategic background to the Capital Programme 2012-16, together with the relationship to the departmental business plans, is set out in the Capital Strategy 2012-16. This Capital Strategy also sets out the capital monitoring procedures, risk management and links to other policy documents such as the Asset Management Plan.
- 1.3 The adoption of this Capital Strategy 2012-16 by Council will be an acknowledgement of the policies and procedures set out within the strategy and approval to the schemes listed in Annex 1 of the strategy.

### **2. Background to the Capital Programme 2012-16**

- 2.1 Progress on fundamental review and reprofiling of the capital programme has been reported throughout the year in monthly monitoring reports and reports detailing progress on the Business Plan 2012-16. This has been in recognition of the fact that the programme had grown to an unsustainable level which is beyond the capacity of the council, resulting in an inefficient and ineffective allocation of both capital and revenue resources.
- 2.2 The cabinets of 17 October and 7 November received reports on the budget and budget options 2012-16. These included indicative figures of the revenue impact of changes to the capital programme and outline proposals for various levels of savings and reprofiling of budgets into future years.
- 2.3 Through the Capital Programme Board, officers carried out significant work and as a result a number of specific savings options were identified which reduced the overall level of the Capital Programme. Furthermore, the remaining items in the programme were reprofiled where appropriate to later years in the programme, which better reflected the need and capacity to spend over the period 2011-2016. This process reduced the programme to contain priority schemes and spread the spend more evenly between the years of the programme to make efficient use of capacity. It is considered that this has greatly improved the effectiveness of capital allocations and should reduce the level of slippage.
- 2.4 On 12 December 2011, cabinet agreed the draft Capital Programme, subject to a report back on the revenue implications on 16 January 2012, which were subsequently noted. At that point, as a result of reductions and reprofiling, there had been substantial movement from the Capital Programme agreed by Council on 2 March 2011.

### 3. **Growth**

- 3.1 The details of growth are set out in Annex 4 to the Capital Strategy. The annex is analysed under headings of “Statutory / Essential” and “Policy”. The major area of capital growth is the expansion of the authority’s primary schools (£13.1m) to cope with the projected significant increase in demand for places. This growth in the Capital Programme relating to primary schools is over 50% of the total growth in the programme.

### 4. **Proposed further changes to those agreed at 12 December Cabinet**

- 4.1 Since the cabinet meeting on 12 December 2011, there are some amendments that are required to be made to the draft Capital Programme which are as follows:

- The authority has been awarded £715,000 from the GLA's Outer London Fund, to be used to finance major improvements to Mitcham.
- The authority has also been awarded £3.7m from the GLA's regeneration fund to plough into areas affected by the summer 2011 riots. The £3.7m is shown in the Capital Programme as £1.48m in 2012/13 and £2.22m in 2013/14. However, the timing of these allocations is still under discussion and may be varied when the terms are finalised.
- The scheme for Moving Traffic Enforcement, which was noted in the December 2011 cabinet report, has now had its amount finalised and is set out below.
- There are some amendments to Children, Schools and Families primary schemes which are neutral in terms of the overall programme, but that bring forward some expenditure. The revaluation adjustments are in respect of primary school expansion. They will therefore have an equal and opposite effect in the revenue budget which has been taken into account in the MTFS.
- Devolved Formula Grant for schools has been announced for 2012/13 and is included below.
- A review of the planned works programme for the civic centre has resulted in £1.6m being reprofiled from 2013/14 to 2015/16.
- Other 2011/12 changes have been set out in the December 11 and January 12 Monitoring reports.

4.2 The above changes have altered the programme as follows:

<b>Capital Programme</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>Total</b>
<b>Cabinet – 12 December 11</b>	<b>57,946</b>	<b>49,435</b>	<b>31,871</b>	<b>23,680</b>	<b>22,118</b>	<b>185,050</b>
Improvements to Mitcham (GLA's Outer London Fund)		715				715
GLA's regeneration fund		1,480	2,220			3,700
Moving Traffic Enforcement		380				380
Primary Capital Improvements		(100)	(100)	(100)	(100)	(400)
Re-categorised as revenue – Stage 2		250	100	50		400
Devolved Formula Grant		368				368
Highways Planned Roadwork		100				100
Street Scene (Tree Planting)		40	40	40		120
Waste Operations		(120)				(120)
Civic Centre Works			(1,600)		1,600	
<b>Other 2011/12 changes In Monitoring reports</b>	<b>370</b>	<b>63</b>				<b>433</b>
<b>Revised Programme</b>	<b>58,316</b>	<b>52,611</b>	<b>32,531</b>	<b>23,670</b>	<b>23,618</b>	<b>190,746</b>

4.3 As well as the above changes in the total programme, there have also been changes in the funding of the programme between grants and Merton Funding.

4.4 In relation to the funding of the programme, on 14 December the Department of Education (DoE) announced the capital grants for 2012/13. As well as the Devolved Formula Grant mentioned above, the overall figure for this authority is £9.020m. This is higher than that estimated in the draft programme (£8.450m), reducing the requirement from Merton's resources by £0.520m in 2012/13. An adjustment of £100k has also been made in 2015/16 bringing the DoE grant into line with planned expenditure. Disabled Facilities Government Grant in 2012/13 has increased by £24k, reducing the requirement from Merton's resources. The 2011/12 funding changes have been set out in the December 11 and January 12 Monitoring reports.

## 5. Recommended Capital Programme 2012-16

5.1 As a result of all the above changes the proposed Capital Programme 2012-16 and its funding is as follows:

Capital Programme	2011/12	2012/13	2013/14	2014/15	2015/16	Total
	£000s	£000s	£000s	£000s	£000s	
<b>Council – 2 March 11</b>	<b>64,529</b>	<b>67,354</b>	<b>25,230</b>	<b>14,944</b>		<b>172,057</b>
Re-categorised as revenue – stage 1	(3,285)	(1,653)	(1,400)	(1,065)		(7,403)
<b>Sub-Total</b>	<b>61,244</b>	<b>65,701</b>	<b>23,830</b>	<b>13,879</b>		<b>164,654</b>
Slippage from 2010/11 to 2011/12	16,337					16,337
Savings		(17,863)	(2,511)	(2,971)		(23,345)
Reprofiling	(21,324)	530	4,612	3,832	12,350	0
Growth		4,243	6,600	8,930	11,268	30,041
Changes reported as part of monitoring report	2,059					2,059
<b>Revised Programme</b>	<b>58,316</b>	<b>52,611</b>	<b>32,531</b>	<b>23,670</b>	<b>23,618</b>	<b>190,746</b>
<b>Less Grants &amp; Contributions</b>	<b>(28,848)</b>	<b>(15,272)</b>	<b>(12,980)</b>	<b>(8,444)</b>	<b>(4,059)</b>	<b>(69,603)</b>
<b>Merton Funded</b>	<b>29,468</b>	<b>37,339</b>	<b>19,551</b>	<b>15,226</b>	<b>19,559</b>	<b>121,143</b>

5.2 The Capital Programme 2012-16 recommended for approval is attached at Annex 1 to the Capital Strategy. This includes the Programme supported by cabinet of 12 December plus the amendments above. The descriptions of the schemes have been amended since the December cabinet report and are now in line with the scheme listings as presented in the Monitoring report to the January cabinet. For information at Annex 3 to the Capital Strategy, a level of detail is set out of spend activity at the level beneath which schemes are approved. Annex 2 to the Capital Strategy sets out the slippage assumptions and the funding required.

## 6 Revenue expenditure, formerly in the Capital Programme

6.1 In the report to the January 2012 cabinet, details were provided of a number of schemes which had previously been funded as capital but which should, based on the latest IFRS guidance, be funded from revenue instead. This expenditure needs to be funded from revenue and it is now incorporated into the MTFS 2012-2016. This is largely a technical adjustment in 2011/12 because the January 2012 cabinet agreed that the Revenue Reserve for Capital could be used to fund the increases in the revenue expenditure in that year.

6.2 The impact in future years has now been built into the setting of the 2012/13 budget and the revision of the MTFS.

## 7. Funding of the Capital Programme

- 7.1 The current planning assumption is that the capital programme can be funded from using existing internal cash balances without the application of capital receipts or the resort to external borrowing. However, even when they are not applied, capital receipts will add to the authority's cash balances. The options around the use of capital receipts will be reviewed in 2012/13 to maximise the benefit to the council. A review of the possible level of receipts will also be undertaken. The current estimated receipts are set out below:

	Capital Receipts currently taken into account (£m)			
	2012/13	2013/14	2014/15	2015/16
Merton	5.515	2.956	3.041	2.602

## 8. Revenue Effects

- 8.1 The estimated revenue effects of the revised capital programme are set out below:

Revenue Effects	2011/12	2012/13	2013/14	2014/15	2015/16
	£000	£000	£000	£000	£000
MRP	7,033	7,996	9,961	11,191	11,927
Interest (Treasury) excl Debt Management Expenses	6,473	6,244	6,244	6,244	6,244
<b>Debt Charges</b>	<b>13,506</b>	<b>14,240</b>	<b>16,205</b>	<b>17,435</b>	<b>18,171</b>
Investment Income (net of short-term borrowing costs)	-712	-402	-343	-381	-656
<b>Treasury</b>	<b>12,794</b>	<b>13,838</b>	<b>15,862</b>	<b>17,054</b>	<b>17,515</b>
<b>Debt mgt</b>	<b>241</b>	<b>241</b>	<b>241</b>	<b>241</b>	<b>241</b>
<b>Net</b>	<b>13,035</b>	<b>14,079</b>	<b>16,103</b>	<b>17,295</b>	<b>17,756</b>

## 9. 2011/12 Surrenders

- 9.1 As part of the process of departments forecasting their year-end spend for 2011/12, Environment and Regeneration and Corporate Services have already identified a number of schemes where the departments are able to surrender part of their budgets, rather than requesting them to be carried forward to 2012/13. These surrenders have been taken into account in the calculation of the revenue effects of the Capital Programme. The surrenders total £2.918m of which £0.894m is grant funded and £2.024m Merton funded. The existing surrenders are listed below:

<b>Surrenders</b>	<b>Merton Funded</b>	<b>Grant</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Environmental Health	100	894	994
Waste Operations	635		635
Transport and Plant	100		100
IT - Transformation	330		330
Redundancy Scheme	829		829
Other	30		30
<b>Total</b>	<b>2,024</b>	<b>894</b>	<b>2,918</b>

## 10. Other Issues

10.1 The Children, Schools and Families funding included in the programmes above do not include any allocation from the extra £600m announced in the chancellor's autumn statement for basic need, which is over the three years 2012/13 to 2014/15. The amount to be allocated to each authority is not yet known. However, if the same formula were to be used as the basic need allocation recently announced then the authority could receive an extra £2m+. When the actual allocation for each authority is announced, the financial effects will be reported to cabinet.

## 11. Sensitivity

11.1 There are a number of factors that will affect the revenue effects of the Capital Programme. The main items being: Slippage, Capital receipts, and interest rates.

### Slippage

In the revenue effects of the Capital Programme, in this report and incorporated in the MTFs, there is anticipated slippage included in every year. The amounts of slippage are set out in Annex 2 to the Capital Strategy. Slippage has the effect of delaying the revenue costs of capital expenditure to the following financial year. There are two effects of this.

Firstly, there is a beneficial effect on the authority's cash balances. Effectively this would be the same as the saving for a capital receipt above, but with the benefit for one year only. If the slippage was only for a few months, then there would be a part-year effect. However, assuming the capital expenditure is delayed for one year, say from 1 April 2013 to 1 April 2014, the effect would be as follows:

<b>Slippage Cash Effect</b>	<b>Interest earned</b>			
	2012/13	2013/14	2014/15	2015/16
£1m	0	£10,000	0	0

The second effect is far more significant. This is the reduction in Minimum Revenue Provision (MRP), which again would have a one-year effect only. The extent of the saving depends on the type of assets in question. IT equipment is written off over a five year period (20%), whereas building enhancement is written off over 50 years (2%). MRP is charged on all expenditure incurred in the previous financial year and therefore the date within the financial year in which the expenditure is incurred is irrelevant. The MRP payments are deferred for one year. The one-year saving on different types of assets would be as follows:



<b>MRP Saving from £1m planned expenditure slipping into the next financial year</b>			
<b>Type of Asset</b>	<b>Period of write-off</b>	<b>Percentage</b>	<b>MRP saved for one year (£)</b>
Buildings componentised	50	2%	20,000
Mechanical & Electrical Equipment	20	5%	50,000
External	20	5%	50,000
Infrastructure (roads etc)	25	4%	40,000
Computer software	5	20%	200,000
Computer hardware	5	20%	200,000
Large vehicles – e.g. buses, RCVs	7	14.29%	142,850
Small vehicles – e.g. cars, vans	5	20%	200,000
Other equipment e.g. CCTV	5	20%	200,000
Land	50	2%	20,000
Revenue Expenditure Funded by capital Under Statute e.g. Redundancy costs	20	5%	50,000

Historically there has been substantial underspending even from predictions made at this late stage in the financial year.

#### Interest Rates – impact on estimated borrowing costs

As there is no external borrowing forecast over the Capital Programme period, any change in external borrowing rates would not have an impact on estimated capital financing costs.

#### Interest Rates – impact on estimated investment income returns

A change in deposit rates would have an effect on the amount of interest earned on the council's cash balances. Given the anticipated level of cash balances over the programme period, the effect of a 1% increase in interest rates would be as follows:

<b>Interest Rate Increase</b>	<b>Interest earned</b>			
	2012/13	2013/14	2014/15	2015/16
Estimated average cash balance	£53.6m	£34.3m	£25.4m	£21.9m
1%	£536,000	£343,000	£254,000	£219,000

#### Capital Receipts

As explained above, the future disposal receipts included are those where a contract has been signed or where the contract negotiation is near conclusion. The anticipated receipts from the VAT shelter have also been included. £1m of additional capital receipts could generate c.£10,000 saving on external investment costs.

# CAPITAL STRATEGY

## 1 Introduction

1.1 Merton's Capital Strategy for 2012-16 has been aligned and integrated with the Business Plan for the period 2012-16 which has been grouped into five strategic themes:-

- Sustainable Communities and Transport;
- Safer and Stronger;
- Health and Well Being;
- Children and Young People;
- Corporate Capacity

These themes are the delivery drivers to implement the Community Plan.

1.2 Overall, the council has a vision, which is set out in the Transformation Statement. The intention is that by 2015 Merton Council will be smaller, reducing in size by up to a third, while continuing to provide quality and safe services to the residents. This will be done by finding innovative solutions to maximise efficiency. The investment of capital is crucial in enabling these solutions to be successful.

## 2 Planning Infrastructure

### 2.1 Business Plan 2012-2016

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 with regular communication between officers with responsibility for both aspects.

### 2.2 Service Plans

2.2.1 In developing the Capital Strategy, clear linkages have also been identified with not only the Business Plan but also departmental service 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.

2.2.2 This Capital Strategy is a fundamental component of our approach since it reflects our strategic priorities across the council and endeavors 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).
- 3.2 There is also supplementary guidance issued during the year by CIPFA and professional accounting networks.
- 3.3 One of the key issues that has arisen from this guidance is the more stringent approach to defining whether expenditure is of a capital or a revenue nature. During 2011/12 the authority has undertaken a detailed internal review of the Capital Programme to reassess whether particular expenditure would fulfil the stricter definition of capital expenditure. This has resulted in the Capital Programme being reduced and the following amounts being transferred to the authority's revenue budgets.

	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000
Total	3,463	1,738	1,485	1,150

### **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), consists of the Directors and their nominated senior officers from each service department, together with officers from the Capital Finance Team.
- 4.1.2 The role of the board is to ensure that all capital expenditure and investment decisions are made in an informed way, consistent with the achievement of the council's overall corporate strategic objectives. It also has a co-ordinating, reviewing, developing, encouraging, and reporting role, which ensures that Merton makes effective and efficient use of its capital resources, including management of its capital assets.
- 4.1.3 The board recommends to cabinet how capital resources should be allocated. The recommendations are based on a review of existing schemes and consideration of growth proposals. The existing Capital Programme is examined for potential reductions and reprofiling. The growth bids are prioritised on the criteria as set out later in this document.
- 4.1.4 The Director of Corporate Services will recommend to cabinet 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.
- 4.1.5 The council has had a robust policy for many years of reviewing and disposing of surplus property, detailed in the Asset Management Plan

(AMP). However, the economic recession has slowed disposals in recent years and will continue to have an effect for 2012/13 and probably future years. 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 Monitoring**

- 4.2.1 The Council approves annually the Capital Programme with any in-year additions or deletions agreed by cabinet, with further required approvals by Council. Departmental data relating to the council's priorities and key indicators is reported quarterly to cabinet. Chief Officers allocate responsibility for individual projects to specific officers who will provide a progress statement for each project, detailing spend against budget, what stage in project implementation has been reached and a forecast of project outturn and revised completion dates. This monitoring information is considered by Departmental Management Teams (DMTs) and management action identified where necessary. Monthly challenge meetings for all capital schemes are chaired by the Director of Corporate Services and attended by senior officers from the service areas.
- 4.2.2 Councillors receive regular monitoring reports on the overall position of capital expenditure in relation to the budget. They also receive individual separate progress reports on key spend areas. For example, in relation to the Primary School Expansion programme, the progress on each school is set out e.g. consultation, planning consent, start on site etc. In relation to the Highway Improvement Programme (HIP), although the financial monitoring is at the overall level of the HIP the start of each new road surfacing is noted. These regular reports on progress are open to review by the Overview and Scrutiny Commission.

## **4.3 Risk Management**

- 4.3.1 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 now made through the General Purposes Committee to cabinet and Council.
- 4.3.2 Ongoing year-on-year significant capital items are reflected in the departmental risk registers by risk assessment of the outcome targets. An example would be the Waste Partnership contract. Significant new specific schemes such as the Primary School Expansion will have their own risk registers as part of the projects' control.
- 4.3.3 The risk of slow progress on capital schemes and proposed remedial action are reported on significant schemes in the monitoring report to cabinet.

- 4.3.4 Risk of overspending on capital schemes is managed by DMTs risk registers. This can be by financial risks identified in specific sections. For example in the Environment and Regeneration department, Traffic and Highways; and Parking sections, have identified specific budget items as financial risks. Risk of overspending can also be managed by general risks. For example the Children, Schools and Families department has identified risks in relation to Financial Management and the management of major capital projects which impact on capital spending control.
- 4.3.5 Departmental managers produce monthly figures of over and under-spending. These figures are monitored by the Capital Finance Team which reports them to the Corporate Management Team, with reports going on to cabinet and the Corporate Capacity Overview and Scrutiny Panel.

## **5 Revenue budget implications of capital investment**

### **5.1 Revenue cost or savings**

- 5.1.1 Capital schemes are evaluated by cost benefit analysis and the appraisal of new capital schemes includes an assessment of the revenue cost or savings implications upon the council's Revenue Budget and the extent to which projects result in efficiency savings or improved outcomes. The council 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 2011/12, 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 over potentially all of the current Capital Programme period.
- 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, built into the MTFS as set out in Section 2 of the main report, are set out below:

<b>Revenue effects of Capital Programme</b>				
	<b>2012/13 £000</b>	<b>2013/14 £000</b>	<b>2014/15 £000</b>	<b>2015/16 £000</b>
<b>MRP</b>	7,996	9,961	11,191	11,927
Interest Paid	6,244	6,244	6,244	6,244
Interest Received	(402)	(343)	(381)	(656)
DME	241	241	241	241
<b>Net</b>	<b>14,079</b>	<b>16,103</b>	<b>17,295</b>	<b>17,756</b>

Note: Interest paid is the same each year as level of external borrowing is not forecast to change over programme period.

## **6 Capital resources 2012-16**

### **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 and from leaseholders and
- 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.

## **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 is primarily based on the Asset Management Plan, from which is derived 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.

7.1.2 Progress and estimates of capital receipts are considered at each meeting of the Capital Programme Board.

### **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 councillors.

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 is used at the design stage for significant projects such as the Special Educational Needs (SEN) Centre of Excellence, 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.

## **8 Summary of estimated disposals 2012-2016**

### **8.1 Potential capital receipts**

8.1.1 In 2008 there began severe economic world difficulties which have ever since depressed the sales of property in the whole of the UK. This has made it difficult to accurately estimate the level of capital receipts and continues to make it difficult to estimate receipts for the period 2012-2016. Therefore a cautious view has been taken of the potential capital receipts identified through the Asset Management Plan. The following table represents a 'best prudent view' at this time in respect of

an anticipated cash flow and therefore future capital receipts have not been assumed as a source of funding for the capital programme at this stage, but do replace the need for external borrowing:-

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
<b>Total</b>	5,515	2,956	3,041	2,602

- Note a) The above includes Right to Buys and the VAT shelter  
 b) The use of the above amounts would be a full year after the actual receipt.

Although difficult to accurately predict, other sales of assets could improve the position.

## 8.2 Debt repayment

- 8.2.1 The council has had a strategy to reduce its level of debt. Since 1 April 2008, the average interest payable on outstanding debt has fallen from 6.6% to 5.7%. For the period 2012-16, capital receipts may continue to be used to pay the premiums on the repayment of those authority debts which have high fixed interest charges, but will also be considered for funding parts of the programme.

## 9 Grant Funding Capital Resources

- 9.1 The government provides resources in respect of a range of specific programmes, referred to as 'earmarked' grants, which can only be spent on those programmes. Where there is no requirement for the local authority to spend the money on specific schemes, the grant is referred to as 'non-ringfenced'. These resources are allocated by government departments to enable authorities to carry out capital projects which they have identified as important for their own programmes. Details of projects for which there are new grant funded Capital Resources are as follows:-

### 9.2 Environmental and Regeneration

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Transport for London	3,245	1,816	TBA	TBA
Regeneration Grant	2,195	2,220		
Disabled Facilities Grant	444	444	444	444
<b>Total: E&amp;R (All of the above grants are earmarked)</b>	<b>5,884</b>	<b>4,480</b>	<b>444</b>	<b>444</b>



### 9.3 Children, Schools and Families

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Maintenance	2,044	TBA	TBA	
Basic Need	6,976	TBA	TBA	
<b>Total Local Authority Funding</b> (Both of the above grants are <b>non-ringfenced</b> )	<b>9,020</b>			
Devolved Formula Capital ( <b>Earmarked</b> )	368	TBA	TBA	
<b>TOTAL: CS&amp;F</b>	<b>9,388</b>			
Assumed Maintenance & Basic Need (see note below)		8,500	8,000	3,615

TBA – To Be Advised

Note: Although not formally notified, school capital grants are estimated in the Capital Programme for future years to cover current estimated spend.

### 9.4 Community and Housing

9.4.1 Allocations may come from the PCT, but this may be to fund additions to the programme. There may be some slippage of 2011/12 schemes and these will then form part of the 2012/13 programme.

### 9.5 Summary of Grant Funding 2012-2016

9.5.1 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 2012/13:-

Grant Funding	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Environment and Regeneration	5,884			
Children, Schools and Families	9,388	4,480	444	444
<b>Total New Grant Funding</b>	<b>15,272</b>	<b>4,480</b>	<b>444</b>	<b>444</b>
Assumed source of funding - CSF		8,500	8,000	3,615

## 10 Summary of Total Resources 2012-16:

### 10.1 Summary

10.1.1 The total anticipated resources over the plan period 2012-16, including existing grant funding, is summarised in the following table:-

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Grant & Contributions	15,272	12,980	8,444	4,059
Council Funding	37,339	19,551	15,226	19,559
Total	52,611	32,531	23,670	23,618

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.

## **11 Capital bids and prioritisation criteria**

### **11.1 Prioritisation of schemes**

11.1.1 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.

11.1.2 The first step for the Capital Programme Board was a complete review of the existing 2011/15 Capital Programme. This review looked at the necessity of the historic expenditure budgeted and whether, when expenditure was agreed as necessary, it could be reprofiled to later in the programme. The results of this review were that savings were identified of £20.5m (11.4%) over the whole of the programme. In addition, of the capital programme remaining in 2012/13, £20.8m (30.0%) was reprofiled into later years. This was based upon a more realistic view of possible delivery timetables.

11.1.3 The prioritisation criteria used in respect of growth were 'Statutory / Essential', 'Policy' and 'Invest to Save'. Due to officers' awareness of the need to restrain the capital programme to affordable levels, the growth eventually put forward on the basis of these criteria by the board to cabinet was £25.8m. This compares with £53.1m growth in the submitted draft Capital Programme of the previous year.

11.1.4 The overall approach to the 'Statutory / Essential' criteria is one which:-

- leverages funding from external private and public sector partners (e.g. Primary Care Trust);
- assesses the condition of the council's capital assets as identified as part of the council's asset management plans;
- evaluates the backlog of maintenance identified from the condition surveys and the overall time horizon over which it would be feasible to enhance assets up to an agreed standard;
- recommends a defined multi-year programme for which resources are set aside subject to availability and annual review and allocated to individual enhancement schemes based on priority need;
- allows all schemes to be assessed on the basis of the extent to which they address the council's priorities, as set out in the Sustainable Community Strategy, Business Plan and have a significant impact on Performance Indicators.

## 12 Detailed Capital Programme 2012-16

### 12.1 Corporate Services

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. It has a major project in the restacking of offices in the Civic Centre to enable the economic concentration of staff and services on the borough's main civic site. The schemes for this department are listed in Annex 1.

### 12.2 Children, Schools and Families

This department's main capital focus is the need for increased provision of primary school places. There was already provision in the 2011-15 capital programme, but the revised programme is as follows:

	2012/13	2013/14	2014/15	2015/16
	£000	£000	£000	£000
Primary Expansion	31,227	14,435	8,690	2,965

This is the most significant item in the council's capital programme and as such is set out in detail below:

#### CSF capital programme 2012-16

The vast majority of the CSF capital programme relates to the requirement to provide sufficient primary school places but there is also some capital for other categories of expenditure.

#### Primary school places

The 2011-15 capital programme approved provision to deliver the primary school expansion for an additional 18 forms of entry (FE) in permanent buildings and three FE in temporary classrooms, i.e. assumed 21 FE of expansion compared to 2007/08.

The latest projections, with the higher than forecast 2010 birth figure incorporated, shows that the expansion required by 2014/15 reception year is: Low forecast: 22 FE, Medium forecast: 25 FE or High forecast: 27 FE

The proposed capital programme for 2012-16 is based on the medium scenario – 25 forms of entry. Based on 2011/12 admissions we need to provide for the 'high' scenario but it is hoped that this level of demand will not be sustained. The position will need to be reviewed on an annual basis.

The proposed capital programme therefore provides for a three further permanent builds i.e. 21 FE in total for schools that have expanded since 2008/09 and a further four in temporary accommodation.

The following 16 primary schools are in, or have completed the legal process of permanent expansion, and there is funding in the capital programme: Wimbledon Chase, Holy Trinity CE, St. Thomas of Canterbury (all

construction completed but retention sums remain), Benedict, Hollymount, Joseph Hood, Aragon, Cranmer, All Saints CE (through Haydons Road site), Gorringe Park, Liberty, St. Marys RC, Singlegate, William Morris, Wimbledon Park and Dundonald Primary Schools. The agreement to the further five FE permanent, and four temporary is currently in development.

The requirement to provide sufficient school places is a key statutory requirement. The government has provided capital grant to meet some of this need, but there is a significant shortfall for the council to fund.

Based on the current projections the level of permanent expansion is sustainable in the longer term with four schools in temporary accommodation that can reduce should demand fall. It is considered not practicable to have more than four schools in temporary classrooms due to issues of site constraint, long term value for money, education standards and obtaining planning consent.

### **Secondary and special school places**

The significant increase in demand for school places will reach the secondary phase from 2015/16 but it is expected it can be met through existing accommodation for the first two years. Significant build will be required thereafter so the proposed 2012-16 capital programme only accounts for some of the earlier design work. The capital programme includes a sum for additionally resources provision for pupils on the autism spectrum and more will be required after 2016 for permanent additional special school places.

The council will be establishing its strategy for secondary school expansion which may require a new site for which capital finance may be required, probably to open a new provision in September 2018 when the rise will be most significant. This has not been built into the MTFs because of the uncertainty of size, timing and cost, plus lack of clarity regarding government funding.

### **Other schemes**

With regard to other capital schemes, £400,000 per annum is provided for schools capital improvement works. This is significantly lower than previous years due to the need to fund the primary school expansion programme, so will be limited to urgent health and safety related needs, with the council expecting schools to fund all works below £20,000.

Sums remain in the capital programme for expending in 2012/13 some previously committed schemes such as improvements to Garden Primary School, and refurbishment including providing appropriate hoist provision at Brightwell.

## **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 schemes for this department are all listed in Annex 1. Other than the grant funded Transport for London scheme for the upgrade of

principal roads, the departments main schemes, which in 2012/13 make up over 50% of the programme, relate to six areas:

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Highways Planned Roadworks	1,600	1,500	1,500	1,500
Footways Planned Works	1,000	1,000	1,000	1,000
Highways General Planned Works	595	2,932	2,932	432
Leisure Centres	350	300	1,300	10,300
Future Merton	2,895	4,070	1,000	500
Waste Operations	1,356	90	90	90

### 12.3.1 Highways Planned Roadworks 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:

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Demand for Surface Water Drainage - Flooding	62	62	62	62
Highways bridges and structures improvements	348	260	260	260
Anti-Skid and Coloured	90	90	90	90
Transportation enhancements		2,500	2,500	

The transportation enhancements would be undertaken in partnership with external funding, which has not yet been confirmed.

### 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.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Replacement of Leisure Centre Plant and Machinery	350	300	300	300
Morden Park Pools			1,000	10,000

### 12.3.4 Future Merton

Regeneration is a major part of the council's strategy. The aim is that Morden town centre will have high density housing and commercial

opportunities that exploit Morden's excellent transport links. A vision for Wimbledon town centre is being developed and Mitcham town centre will be sustainably developed. The authority is also gaining from the Greater London Authority Outer London Fund and Regeneration Fund, the latter fund in recognition of the needs as a result of the summer 2011 riots. The main areas of expenditure over the Capital Programme period will be those below.

	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000
Investment in industrial estates to create high-tech industrial park for key sectors		250	500	
Regeneration	2,195	2,220		
Town Centre Improvements	700	1,600	500	500

#### 12.3.5 Waste Operations

Approximately £1m of the 2012/13 budget is required for the final delivery of large waste collection vehicles. There is also expenditure in 2012/13 on the extension of the Kitchen Waste scheme. Other minor items covered by this budget are Alley Gating and fly tipping, and upgrading recycling sites.

#### 12.4 **Community and Housing**

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.

An ongoing capital budget for the last few years has been the Media Fund. This budget has been for those library purchases with a useful life longer than one year e.g. CDs, hardback books etc. After a review of the authority's capitalisation practices, these items are now charged to a funded revenue budget.

Although this department now has no budget in the Capital Programme, the library service is looking at redevelopment opportunities at three sites: Wimbledon, Mitcham and West Barnes libraries. These schemes will be introduced into the programme when their viability is confirmed. All of the redevelopments aim to be self-financing based on a scheme similar to the Raynes Park library development. This scheme is where a developer purchases the land from the council and redevelops the site, building into the development a purpose built library space to council specifications on a long lease. All schemes aim to be self-financing.

## 12.5 Overall Programme

12.5.1 The detailed approved Capital Programme for 2012/16 follows at Annex 1. The summary is as follows:

<b>Capital Programme</b>	<b>2012/13 £000</b>	<b>2013/14 £000</b>	<b>2014/15 £000</b>	<b>2015/16 £000</b>
Corporate Services	4,795	3,244	4,294	4,057
Children, Schools & Families	33,214	15,065	9,290	3,615
Environment & Regeneration	14,602	14,222	10,086	15,946
Community and Housing	0	0	0	0
<b>Total</b>	<b>52,611</b>	<b>32,531</b>	<b>23,670</b>	<b>23,618</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 2011/12 is approved, the 2012/13 Capital Programme will be adjusted accordingly.

12.5.4 Annex 1      Capital Investment Programme - Schemes for approval  
Annex 2      Analysis of Funding  
Annex 3      Spending Detail  
Annex 4      Analysis of Growth

## Annex 1

<b>Corporate Services</b>	<b>2012/13 £000</b>	<b>2013/14 £000</b>	<b>2014/15 £000</b>	<b>2015/16 £000</b>
Infrastructure & Transactions - IT Service Delivery	1,741	1,119	649	1,107
Business Improvement – IT	1,055	115	45	0
IT Transformation Unallocated	490	500	500	500
Facilities Capital Works	510	510	2,100	2,450
Statutory Redundancy	1,000	1,000	1,000	0
<b>Total</b>	<b>4,795</b>	<b>3,244</b>	<b>4,294</b>	<b>4,057</b>

<b>Children, Schools and Families</b>	<b>2012/13 £000</b>	<b>2013/14 £000</b>	<b>2014/15 £000</b>	<b>2015/16 £000</b>
Wimbledon Chase Primary School Expansion	109	0	0	0
Hollymount Primary School Expansion	503	0	0	0
Joseph Hood Primary School Expansion	1,314	145	0	0
Benedict Primary School Expansion	402	0	0	0
Aragon Expansion	1,100	0	0	0
Cranmer Expansion	3,000	900	0	0
Garden PCP	1,257	0	0	0
Other Expansions	684	0	0	0
School expansion 19FE to 25FE	260	2,840	7,290	2965
Other Primary School Expansion works	22,599	10,550	1,400	0
Devolved Formula Capital	368	0	0	0
Primary Capital Improvements	400	400	400	400
Secondary Expansion	50	100	200	250
Other SEN Schools	998	130	0	0
Youth Centres	170	0	0	0
<b>Total</b>	<b>33,214</b>	<b>15,065</b>	<b>9,290</b>	<b>3,615</b>

<b>Environment and Regeneration</b>	<b>2012/13 £000</b>	<b>2013/14 £000</b>	<b>2014/15 £000</b>	<b>2015/16 £000</b>
Highways Planned Roadworks	1,600	1,500	1,500	1,500
Footways Planned Works	1,000	1,000	1,000	1,000
Transport for London	3,245	1,816	0	0
Greenspaces	290	250	250	250
Highways General Planned Works	595	2,932	2,932	432
Leisure Centres	350	300	1,300	10,300
On and Off Street Parking	100	0	0	0
Plans and Projects	190	140	0	0
Future Merton	2,895	4,070	1,000	500
Street Lighting	640	390	300	200
Street Scene	315	315	315	275
Traffic and Parking Management	772	155	135	135
Transport and Plant	460	500	500	500
Safer Merton - CCTV & ASB	150	0	0	0
Environmental Health	764	764	764	764
Waste Operations	1,236	90	90	90
<b>Total</b>	<b>14,602</b>	<b>14,222</b>	<b>10,086</b>	<b>15,946</b>



	Capital Programme	Merton Funded	Funded by Grant & Capital Contributions
	£000	£000	£000
<b>TOTAL Revised 2011/12</b>	<b>58,316</b>	<b>29,471</b>	<b>28,845</b>
Potential Slippage c/f	(16,712)	(13,138)	(3,574)
<b>TOTAL Spend 2011/12</b>	<b>41,604</b>	<b>16,333</b>	<b>25,271</b>
<b>2012/13 Draft Budget</b>	<b>52,611</b>	<b>37,339</b>	<b>15,272</b>
Potential Slippage b/f	16,712	13,138	3,574
Less surrenders	(2,918)	(2,024)	(894)
Potential Slippage c/f	(16,601)	(12,113)	(4,488)
<b>TOTAL Spend 2012/13</b>	<b>49,804</b>	<b>36,340</b>	<b>13,464</b>
<b>2013/14 Draft Budget</b>	<b>32,531</b>	<b>19,551</b>	<b>12,980</b>
Potential Slippage b/f	16,601	12,113	4,488
Potential Slippage c/f	(4,913)	(3,166)	(1,747)
<b>TOTAL Spend 2013/14</b>	<b>44,219</b>	<b>28,498</b>	<b>15,721</b>
<b>2014/15 Draft Budget</b>	<b>23,670</b>	<b>15,226</b>	<b>8,444</b>
Potential Slippage b/f	4,913	3,166	1,747
Potential Slippage c/f	(2,858)	(1,839)	(1,019)
<b>TOTAL Spend 2014/15</b>	<b>25,725</b>	<b>16,553</b>	<b>9,172</b>
<b>2015/16 Draft Budget</b>	<b>23,618</b>	<b>19,559</b>	<b>4,059</b>
Potential Slippage b/f	2,858	1,839	1,019
Potential Slippage c/f	(2,648)	(2,140)	(508)
<b>TOTAL Spend 2015/16</b>	<b>23,828</b>	<b>19,258</b>	<b>4,570</b>

Group	Corporate Services	Revised 2012/13 budget	Revised 2013/14 budget	Revised 2014/15 budget	Proposed 2015/16 budget
		£000	£000	£000	£000
	<b>Infrastructure&amp;Transactions</b>				
Infrastructure & Transactions - IT Service Delivery	IT Equipment	423	809	232	940
Infrastructure & Transactions - IT Service Delivery	IT Strategy - I&T	710			
Infrastructure & Transactions - IT Service Delivery	Transformation (IT) - I&T	608	310	417	167
	<b>Subtotal - I&amp;T</b>	<b>1,741</b>	<b>1,119</b>	<b>649</b>	<b>1,107</b>
	<b>Business Improvement</b>				
Business Improvement - IT	CRM / Self Service	40	45	45	
Business Improvement - IT	Livelink Updated	100			
Business Improvement - IT	Customer access strategy	562			
Business Improvement - IT	Replacement document management system	240			
Business Improvement - IT	Proactis to Carefirst link	45			
Business Improvement - IT	CareFirst Mobile		70		
Business Improvement - IT	Improve Proactis	68			
IT Transformation Unallocated	Transformation (IT) - Unallocated	490	500	500	500
	<b>Subtotal - BI</b>	<b>1,545</b>	<b>615</b>	<b>545</b>	<b>500</b>
	<b>Corporate</b>				
Statutory Redundancy	Redundancy Payments	1,000	1,000	1,000	
	<b>Subtotal - Corporate</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	
	<b>FM Capital Works</b>				
Facilities Capital Works	Civic Centre refurbishment	210	110	100	
Facilities Capital Works	Energy Utilities Invest to Save		100	100	
Facilities Capital Works	Invest to Save schemes - General	100	100	100	
Facilities Capital Works	FM Capital Works - Facilities	200	200	200	200
Facilities Capital Works	Civic Centre Windows			1,600	1,600
Facilities Capital Works	Civic Centre - Upgrading of 4 main passenger lifts				650
	<b>Subtotal - FM</b>	<b>510</b>	<b>510</b>	<b>2,100</b>	<b>2,450</b>
	<b>Total</b>	<b>4,796</b>	<b>3,244</b>	<b>4,294</b>	<b>4,057</b>

Group	Children, Schools and Families	Revised 2012/13 budget	Revised 2013/14 budget	Revised 2014/15 budget	Proposed 2015/16 budget
		£000	£000	£000	£000
Aragon Expansion	Aragon Expansion	1,100			
Benedict Primary School Expansion	Benedict Expansion	402			
Cranmer Expansion	Cranmer Expansion	3,000	900		
Hollymount Primary School Expansion	Hollymount Permanent expansion	503			
Joseph Hood Primary School Expansion	Joseph Hood Permanent expansion	1,314	145		
Other Primary School Expansion works	Primary School expansion to 18FE	22,599	10,550	1,400	
School expansion 19FE to 25FE	School expansion 19FE to 25FE	260	2,840	7,290	2,965
Other SEN Schools	St Ann's Primary Phase	268			
Garden PCP	Garden PCP	1,257			
Other Primary School Expansion works	William Morris PCP	364			
Devolved Formula Capital	Devolved Formula Capital	368			
Wimbledon Chase Primary School Expansion	Wimbledon Chase Expansion	109			
Other Primary School Expansion works	Holy Trinity Expansion	250			
Other Primary School Expansion works	Schools Access Initiative Inclusion	70			
Primary Capital Improvements	Schools Capital Maintenance and Accessibility	400	400	400	400
Other SEN Schools	Primary school autism unit	630	30		
Other SEN Schools	Brightwell	100	100		
Youth Centres	Youth & Community centres reprovision	170			
Secondary Expansion	Secondary School expansion	50	100	200	250
	<b>Total</b>	<b>33,214</b>	<b>15,065</b>	<b>9,290</b>	<b>3,615</b>

Group	Environment and Regeneration	Revised 2012/13 budget (inc growth) £000s	Revised 2013/14 budget £000s	Revised 2014/15 budget £000s	Proposed 2015/16 budget £000s
Transport for London	Earmarked Schemes - Transport for London	3245	1816		
	<b>CCTV and Anti-Social Behaviour (ASB)</b>				
Safer Merton - CCTV & ASB	CCTV	150			
	<b>Environmental Health</b>				
Environmental Health	Disabled Facilities Grant	724	724	724	724
Environmental Health	Private Sector Housing Programme	40	40	40	40
	<b>Greenspaces</b>				
Greenspaces	Parks Investment	250	250	250	250
	<b>Highway Maintenance</b>				
Highways General Planned Works	Demand for Surface Water Drainage - Flooding	62	62	62	62
Highways General Planned Works	Highways bridges and structures improvements	348	260	260	260
Highways Planned Roadworks	Highways Planned Roadworks	1600	1500	1500	1500
Highways General Planned Works	Maintenance Anti-Skid and Coloured	90	90	90	90
Highways General Planned Works	Public Rights of Way Improvement Plan	20	20	20	20
Footways Planned Works	Footways Planned Works	1000	1000	1000	1000
	<b>Leisure Centres</b>				
Leisure Centres	Replacement of Leisure Centre Plant and Machinery including accelerated schemes in 2009/10	350	300	300	300
Leisure Centres	Morden Pool Park and Leisure Centre Investment			1000	10000
	<b>On and Off Street Parking</b>				
On and Off Street Parking	Improved parking for shop parades (dropped kerbs, machines, etc)	100			
	<b>Plans and Projects</b>				
Plans and Projects	Climate Change Initiatives	140	140		

Group	Environment and Regeneration	Revised 2012/13 budget (inc growth)	Revised 2013/14 budget	Revised 2014/15 budget	Proposed 2015/16 budget
	<b>Future Merton</b>				
Future Merton	Investment in industrial estates to create high-tech industrial park for key sectors		250	500	
Future Merton	Regeneration	2195	2220		
Future Merton	Town Centre Improvements	700	1600	500	500
	<b>Street Scene</b>				
Street Scene	Street Scene Improvement Programme	250	250	250	250
Street Scene	Street tree programme (25 year programme)	65	65	65	25
	<b>Street Lighting</b>				
Street Lighting	Street Lighting Replacement Programme	640	390	300	200
	<b>Traffic and Parking Management</b>				
Traffic and Parking Management	20's Plenty & Area Traffic Calming	86			
Traffic and Parking Management	Area Traffic calming measures/investigation		120		
Traffic and Parking Management	Minor traffic / danger reduction measures	220	20	120	120
Traffic and Parking Management	Traffic surveys & Investigations	30			
Traffic and Parking Management	Traffic surveys and safety measures/investigations	56	15	15	15
	<b>Transport and Plant</b>				
Transport and Plant	Replacement of Fleet Vehicles	160	500	500	500
Highways General Planned Works	Transportation enhancements in Wimbledon, Morden and Mitcham town centres		2500	2500	
Transport and Plant	Workshop - Fleet Maintenance	300			
	<b>Waste Operations</b>				
Waste Operations	Alley Gating Scheme - Fly Tipping	50	50	50	50
Waste Operations	Extension of kitchen waste collection to entire borough	130			
Waste Operations	Kitchen waste containers replacement	26			
Waste Operations	Planned Maintenance of Re-use/recycling Sites	40	40	40	40
Waste Operations	Street Waste Collection Machines				
Waste Operations	Waste Phase B requirements - Replace Large Waste Collection Vehicles and Purchases	990			
	<b>Other</b>				
Highways General Planned Works	Highway Asset Management	75			
Greenspaces	John Innes Park Zaun fencing around the Recreation Ground	40			
Plans and Projects	Merton Energy Loan Fund	50			
Traffic and Parking Management	Moving Traffic Enforcements	380			
Greenspaces	MSJCB Loan				
	<b>TOTAL</b>	<b>14,602</b>	<b>14,222</b>	<b>10,086</b>	<b>15,946</b>

## Growth Items

	2012/13	2013/14	2014/15	2015/16	Total
	£000s	£000s	£000s	£000s	£000s
<b>STATUTORY/ESSENTIAL</b>					
<b><u>Corporate Services</u></b>					
Statutory Redundancy (subject to Capitalisation Direction)	1,000	1,000	1,000		3,000
Infrastructure & Transactions - IT Service Delivery				1,107	1,107
Facilities Capital Works			100	850	950
<b><u>Children, Schools and Families</u></b>					
Primary Expansion		2,840	7,290	2,965	13,095
Primary Capital Improvements				400	400
Devolved Formula Grant	368				368
<b><u>Environment and Regeneration</u></b>					
Improvements to Mitcham (GLA's Outer London Fund)	715				715
GLA's regeneration fund	1,480	2,220			3,700
Moving Traffic Enforcement	380				380
Highways Planned Roadwork	100				100
Street Scene (Tree Planting)	40	40	40		120
Transport and Plant	160	500	500	500	1660
Greenspaces				250	250
Highways bridges and structures improvements				3,542	3,542
Leisure Centres and other facilities				300	300
<b>Subtotal</b>	<b>4,243</b>	<b>6,600</b>	<b>8,930</b>	<b>9,914</b>	<b>29,687</b>

	2012/13	2013/14	2014/15	2015/16	Total
	£000s	£000s	£000s	£000s	£000s
<b>POLICY</b>					
Future Merton				500	500
Disabled Facilities and Housing Grants				280	280
Waste Operations				90	90
Private Sector Housing Programme				40	40
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>910</b>	<b>910</b>
<b>Total</b>	<b>4,243</b>	<b>6,600</b>	<b>8,930</b>	<b>10,824</b>	<b>30,597</b>
Disabled Facility Grant – government grant funded				444	444
<b>Total Growth Programme</b>	<b>4,243</b>	<b>6,600</b>	<b>8,930</b>	<b>11,268</b>	<b>31,041</b>

## SECTION 5: 2012/13 TREASURY MANAGEMENT STRATEGY

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### Detailed Recommendations:

- A. Agree the Treasury Management strategy for 2012/13
- B. Note and agree the investment policy and strategy
- C. Note and agree the creditworthiness policy
- D. Note the revenue and capital financial implications of this report as a result of financing the capital programme. The revenue implications of the borrowing estimates have been incorporated into the estimated revenue budgets set for 2012/13 to 2015/16.
- E. Note and agree the borrowing strategy to fund the capital programme
- F. Note and agree the debt rescheduling strategy and policy to borrow in advance of need when opportunity arises
- G. Note and approve the Operational, Authorised borrowing limits and other treasury and prudential indicators which limit the treasury risk and activities of the council.
- H. Note the prospects for interest rates and economic conditions which may affect the treasury activities of the council in 2012/13.
- I. Recommend to Full Council to approve the 2012/13 Treasury Management strategy

Note that where the Section 151 (S151) Officer in executing delegated authority for the Treasury Management function and after careful consideration, reschedules debt, borrows in advance of need or makes significant changes to the Treasury Management policies, such changes will be conveyed to Council at the next available meeting for finance matters

### Executive Summary

The council's current debt portfolio as at 31 January 2012 was £123.64m (long term debt £117.04m and short term debt of £6.6m), while its investment portfolio was £69.0m as at 31 January 2011. Income on investments to 31 January was £467k, against a budget of £250k, however through careful Treasury Management activities, the council will exceed this budget by 566k at the end of the financial year.

The council's strategy in 2011/12 was to use its cash to fund part of the capital programme in place of borrowing, this strategy is expected to continue in 2012/13, however where interest rates fall to its target borrowing rates, the council may borrow in advance of need to reduce the effect of interest rate risk when opportunity arise. This will only take place to reduce the effect of the council being subject to what ever prevailing interest rate there is should it borrow on the actual day it requires the cash. As part of the continuous review of the debt portfolio, debt may be rescheduled when viable opportunities arise e.g. dips in borrowing rates. Such decisions will be made by the S151 Office after careful consideration while ensuring that the council operates within its Capital Financing Requirement and Authorised Limit.

The council's current debt portfolio is at an average rate of 5.7%, however new borrowing will be set at a trigger rate of 4.5%.



## **1. Introduction**

### **1.1 Background and Treasury Management Policy Statement**

The London Borough of Merton defines its Treasury Management activities as:

“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.”

Merton Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its Treasury Management activities will be measured. Accordingly, the analysis and reporting of Treasury Management activities will focus on their risk implications for the council, and any financial instruments entered into to manage these risks.

The council acknowledges that effective Treasury Management will provide support towards the achievement of its business and service objectives. It therefore commits to the principles of achieving value for money in Treasury Management, and employing suitable comprehensive performance management techniques, within the context of effective risk management.

### **1.2 Statutory requirements**

The Local Government Act 2003 (the Act) as amended in 2011 and supporting regulations, requires the council to ‘have regard to’ the Chartered Institute of Public Finance and Accountancy’s (CIPFA) Prudential Code and the CIPFA Treasury Management Code of practice to set Prudential and Treasury Indicators for the next three years and to ensure that the council’s capital investment plans are affordable, prudent and sustainable. The Act requires the council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy.

### **1.3 CIPFA Requirements**

The CIPFA Code of Practice on Treasury Management (Revised November 2009) has been adopted by the council. The recommendations of the CIPFA guidance notes for Local Authorities 2011 and the CIPFA Code of Practice notes for Local Authorities 2011 has also been adopted.

### **1.4 Balanced Budget Requirement**

It is a statutory requirement under Section 33 of the Local Government Finance Act 1992 for the council to set a balanced budget. Section 32 requires a local authority to calculate its budget requirement for each financial year. This must include the revenue costs that flow from capital financing decisions. This therefore means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from:

- Increases in interest charges caused by increased borrowing to finance additions to capital expenditure; and
- Any increases in running costs from new capital projects, are limited to a level which is affordable within the projected income of the council for the foreseeable future.

Part of the Treasury Management operation is to ensure that this cash flow is adequately planned, with cash being available for spend when it is needed. All cash surplus are invested in low risk counterparties or instruments which meet the council's agreed risk appetite. Provision is first made for adequate liquidity before considering investment return.

The capital plans provide a guide to the borrowing need of the council, to manage this, the council has to control and plan its long term cash flow. It is this cash flow planning which ensures that the council can meet its capital spending obligations. In addition, the management of longer term cash may involve arranging long or short dated loans, or using longer term cash flow surpluses. On some occasion and after careful thought of the S151 Officer any debt previously drawn may be restructured or repaid to meet council risk or cost objectives.

## **1.5 The Treasury Management strategy for 2012/13 covers two main areas:**

### **Capital Issues**

- the capital plans and the prudential indicators;
- the Minimum Revenue Provision strategy.

### **Treasury Management Issues**

- the current treasury position as at January 2011;
- treasury indicators which will limit the treasury risk and activities of the council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the Annual Investment Strategy;
- creditworthiness policy
- Treasury Management Principles (Appendix 7);
- cash flow policy; and
- policy on use of external service providers.

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. The Current Treasury Position**

### **2.1 The Use of the Council's Resources and the Investment Position**

The application of resources (capital receipts, 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.

Detailed below are current balances as at 31 January 2012:

Year End Resources	2010/11 Actual £'000	31 January 2011/12 Actual £'000	31 March 2011/12 Estimate £'000
Investments	86,000	69,000	62,400
Interest on investments	919	467	816
Borrowing			
Long Term Borrowing	131,101	117,039	116,977
Short Term Borrowing	20,100	6,600	1,000
<b>Total Debt</b>	<b>151,201</b>	<b>123,639</b>	<b>117,977</b>
Interest on Debt			
Long Term	11,533	3,567	6,714
Short Term		101	104
<b>Total Interest on Debt</b>		<b>3,668</b>	<b>6,818</b>

### 3. The Capital Prudential Indicators

3.1 Capital expenditure plans are one of the key drivers of Treasury Management activity, the output of the capital expenditure plans is reflected in prudential indicators which are designed to provide members with an overview and confirm capital expenditure plans.

**Capital Expenditure** – this indicator is a summary of the council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. It should be noted that the figures in the table below do not reflect any slippage in the capital programme.

Capital Expenditure	2010/11 Actual £'000	2011/12 Estimate £'000	2012/13 Estimate £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000
Corporate Services	7,278	7,271	4,795	3,244	4,294	4,057
Children, Schools & Families	32,199	26,104	33,214	15,065	9,290	3,615
Environment & Regeneration	13,702	22,051	14,602	14,222	10,086	15,946
Community & Housing	637	2,890	0	0	0	0
<b>Total Non-HRA</b>	<b>53,816</b>	<b>58,316</b>	<b>52,611</b>	<b>32,531</b>	<b>23,670</b>	<b>23,618</b>

The table below shows how the capital expenditure plans are being financed by revenue or capital resources. A short fall 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.

<b>Capital Expenditure</b>	<b>2010/11 Actual £'000</b>	<b>2011/12 Estimate £'000</b>	<b>2012/13 Estimate £'000</b>	<b>2013/14 Estimate £'000</b>	<b>2014/15 Estimate £'000</b>	<b>2015/16 Estimate £'000</b>
Non-HRA	53,816	58,316	52,611	32,531	23,670	23,618
Less Adjustment for slippage	-7,253	-16,712	-2,807	11,688	2,055	210
<b>Total</b>	<b>46,563</b>	<b>41,604</b>	<b>49,804</b>	<b>44,219</b>	<b>25,725</b>	<b>23,828</b>
<b>Financed by:</b>						
Capital Grants & Contributions	-23,694	-25,271	-13,464	-15,721	-9,172	-4,570
Revenue Provisions	-2,453	0	0	0	0	0
Capital Receipts	-29	0	0	0	0	0
Other Financing Sources	0	0	0	0	0	0
<b>Net financing need for the year</b>	<b>20,387</b>	<b>16,333</b>	<b>36,340</b>	<b>28,498</b>	<b>16,553</b>	<b>19,258</b>
<b>Less MRP (capital)</b>	<b>-6,223</b>	<b>-7,033</b>	<b>-7,996</b>	<b>-9,961</b>	<b>-11,191</b>	<b>-11,927</b>
<b>Increase in CFR (actual/forecast)</b>	<b>14,164</b>	<b>9,300</b>	<b>28,344</b>	<b>18,537</b>	<b>5,362</b>	<b>7,331</b>
<b>Less Transfer to/from Reserves</b>	<b>1,001</b>	<b>-850</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET BORROWING REQUIREMENT</b>	<b>15,165</b>	<b>8,450</b>	<b>28,344</b>	<b>18,537</b>	<b>5,362</b>	<b>7,331</b>

### 3.2 The Council's Borrowing Need (the Capital Financing Requirement)

The second prudential indicator Capital Financing Requirement (CFR), this is simply 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. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

Due to recent accounting changes, the CFR now 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 new PFI schemes in 2012/13 onwards and no Housing Revenue Account (HRA). The CFR below is shown net of these liabilities.

	2010/11 Actual	2011/12 Estimate	2012/13 Estimate	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
<b>Capital Financing Requirement</b>	176,978	190,532	197,542	224,696	242,408	246,945
Increase in CFR (non HRA)	13,554	7,010	27,154	17,712	4,537	6,506
<b>Estimated Closing CFR</b>	<b>190,532</b>	<b>197,542</b>	<b>224,696</b>	<b>242,408</b>	<b>246,945</b>	<b>253,451</b>
<b>Increase/Movement in CFR represented by</b>						
Net financing need for the year (above)	20,387	16,333	36,340	28,498	16,553	19,258
Less Capital MRP/VRP	-6,223	-7,033	-7,996	-9,961	-11,191	-11,927
<b>Movement in CFR</b>	<b>14,164</b>	<b>9,300</b>	<b>28,344</b>	<b>18,537</b>	<b>5,362</b>	<b>7,331</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.

	2009/10 Actual %	2010/11 Actual %	2011/12 Estimate %	2012/13 Estimate %	2013/14 Estimate %	2014/15 Estimate %	2015/16 Estimate %
<b>Ratio of Financing Costs to Net Financing Stream</b>	12.81%	11.38%	12.02%	13.09%	15.30%	17.20%	17.52%

**Estimates of the incremental impact of capital investment decisions on council tax**

This indicator identifies the revenue costs associated with proposed changes to the four year capital programme recommended in this budget report compared to the council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support by way of grants.

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.

	2012/13 Estimate £.p	2013/14 Estimate £.p	2014/15 Estimate £.p	2015/16 Estimate £.p
<b>Council tax - band D</b>	- 87.25	27.05	15.93	6.16

#### 4. Minimum Revenue Position (MRP)

4.1 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 London Borough of Merton has not made any provision for VRP in its capital expenditure.

For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will follow the existing practice outlines in former 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 – MRP will be based on the estimated life of the assets – 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 approximately the asset's life.

Category	Depreciation (Years)
<b>Properties valued over £1m</b>	
Buildings	50
Mechanical & Electrical	20
External	20
<b>Properties valued under £1m</b>	
Buildings	40
Infrastructure (roads etc)	25
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

The Treasury Management function ensures that the council's cash is organised in such a way as to make available sufficient cash to meet its service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

## 5.1 The Prospects for Interest Rates and economic forecasts

The following table gives the central position on the council's Treasury Management adviser's view on the prospects on interest rates.

Annual Average %	Bank Rate	Money Rates		PWLB Borrowing Rates		
		3 month	1 year	5 year	25 year	50 year
March 2012	0.50	0.70	1.50	2.30	4.20	4.30
June 2012	0.50	0.70	1.50	2.30	4.20	4.30
Sept 2012	0.50	0.70	1.50	2.30	4.30	4.40
Dec2012	0.50	0.70	1.60	2.40	4.30	4.40
March 2013	0.50	0.75	1.70	2.50	4.40	4.50
June 2013	0.50	0.80	1.80	2.60	4.50	4.60
Sept 2013	0.75	0.90	1.90	2.70	4.60	4.70
Dec 2013	1.00	1.20	2.20	2.80	4.70	4.80
March 2014	1.25	1.40	2.40	2.90	4.80	4.90
June 2014	1.50	1.60	2.60	3.10	4.90	5.00

Europe's current weak macro-economic outlook complicates the implementation of domestic austerity programmes and the structural reforms that are needed to promote competitiveness.

Growth in the UK economy is expected to be weak in the next two years and there is a risk of a technical recession (i.e. two quarters of negative growth). Bank Rate, currently 0.5%, underpins investment returns and is not expected to start increasing until quarter 3 of 2013 despite inflation currently being well above the Monetary Policy Committee inflation target.

Since fixed interest borrowing rates are based on UK gilt yields and the UK total national debt is forecast to continue rising until 2015/16, the consequent increase in gilt issuance is therefore expected to be reflected in an increase in gilt yields over this period. However, gilt yields are currently at historically low levels due to investor concerns over Eurozone sovereign debt. This challenging and uncertain economic outlook has a several key Treasury Management implications:

- The Eurozone sovereign debt difficulties, most evident in Greece, provide a clear indication of much higher counterparty risk. This continues to suggest the use of higher quality counterparties for shorter time periods;
- Investment returns are likely to remain relatively low during 2012/13;
- Borrowing interest rates are currently attractive, but may remain low for some time. The timing of any borrowing will need to be monitored carefully;
- There will remain a cost of capital – any borrowing undertaken that results in an increase in investments will incur a revenue loss between borrowing costs and investment returns

## 5.2 Treasury Indicators: Limits to Borrowing Activity

**The Operational Boundary** - this is the limit beyond which external borrowing is not normally expected to exceed. During the year the council redeemed £14m of long term debt while £124k will be repaid by 31 March 2012.

	2010/11 Actual £'000	2011/12 Estimate £'000	2012/13 Estimate £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000
Operational Boundary	171,615	156,030	181,959	198,303	201,136	212,492

### The Authorised Limit for external borrowing.

The limit 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. It should be noted that the council redeemed and repaid long term debt in 2011/12.

	2010/11 Actual £'000	2011/12 Estimate £'000	2012/13 Estimate £'000	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000
Authorised Limit	230,122	172,305	196,959	213,303	216,136	227,492

Members are required to note that these authorised limits shows the gross maximum borrowing for the year and includes off balance sheet PFI as well as allow for any potential overdraft position as this will be counted against the overall borrowing and provides headroom for any debt rescheduling which may occur during the year and any borrowing in advance of need.

### 5.3 Borrowing Strategy

#### Current Borrowing Portfolio Position

The table below shows the CFR against the gross debt position of the council. The gross debt includes other long term liabilities like PFI and finance lease obligations.

	2010/11 Actual £'m	2011/12 Estimate £'m	2012/13 Estimate £'m	2013/14 Estimate £'m	2014/15 Estimate £'m	2015/16 Estimate £'m
CFR	190,532	197,542	224,696	242,408	246,945	253,451
Gross Debt	171,615	156,031	154,806	153,438	151,734	150,078
Under borrowing	18,917	41,511	69,890	88,970	95,211	103,373

The net external debt is the long term borrowing to fund the capital programme

	2010/11 Actual £'m	2011/12 Estimate £'m	2012/13 Estimate £'m	2013/14 Estimate £'m	2014/15 Estimate £'m	2015/16 Estimate £'m
Net External Debt	131,101	116,977	116,977	116,977	116,977	116,977
Investments	86,000	62,400	42,367	42,367	42,367	42,367
Net Debt	45,101	54,577	74,610	74,610	74,610	74,610



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 cash flow has been used as a temporary measure. This strategy is prudent as investment returns are currently low and counterparty risk is high. Against this background and the risks within the economic forecast, the Director of Corporate Services will monitor interest rates in financial markets.

Given the fact that investment rates will be below long term borrowing rates the current strategy is to avoid taking new long term borrowing. Instead short term borrowing or the use of the council's own cash balances will be used to finance capital expenditure. This would maximise short term savings. The borrowing requirement is forecast to tail off following 2013/14 so as not to expose the council to undue financing risk in future years.

However, the decision to increase internal borrowing to generate short term savings will be periodically evaluated against the potential for incurring additional long term borrowing costs in later years when long term interest rates are forecast to be significantly higher. If therefore interest rates fall within the council's trigger rate the council will consider borrowing in advance of need.

#### 5.4 Treasury Management Limits on Activity

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure - this identifies a maximum limit for variable interest rates based upon the debt position net of investments;
- Upper limits on fixed interest rate exposure - this is similar to the previous indicator and covers a maximum limit on fixed interest rates;
- Maturity structure of borrowing - these limits are set to reduce the council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

Members are asked to note that the maturity structure guidance has 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.

The table below shows the fixed and variable interest rate exposure;

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
<b>Interest rate Exposures</b>	<b>Upper Actual</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>	96.95%	97%	100%	100%	100%	100%
<b>Upper limit for variable interest rates based on net debt</b>	3.05%	5%	20%	20%	20%	20%

In 2011, CIPFA recommended that in calculating prudential and treasury indicators, authorities should recognise all long term loans of the LOBO type as maturing in their next call date.

The table below shows the Maturity Structure of Borrowing before applying 2011 CIPFA guidance on LOBO

	Maturity Structure of fixed interest rate borrowing 2012/13			Maturity Structure of variable interest rate borrowing 2012/13		
	31 March 2012 Estimate	Lower Limit	Upper Limit	31 March 2012 Estimate	Lower Limit	Upper Limit
Under 12 months	5.57%	0%	10%			
12 months to 2 years	0	0%	10%			
2 years to 5 years	1.64%	0%	20%			
5 years to 10 years	3.34%	0%	30%	50%	50%	50%
10 years and above	89.45%	0%	100%	50%	50%	50%

The table below shows the Maturity Structure of Borrowing after applying 2011 CIPFA guidance on LOBO

	Maturity Structure of fixed interest rate borrowing 2012/13			Maturity Structure of variable interest rate borrowing 2012/13		
Under 12 months	5.57%	0%	10%	100%	100%	100%
12 months to 2 years	0	0%	10%			
2 years to 5 years	1.64%	0%	20%			
5 years to 10 years	3.34%	0%	30%			
10 years and above	89.45%	0%	100%			

#### Local Indicators

The table below shows target borrowing and investment rates

	2010/11 Actual %	2011/12 Estimate %	2012/13 Estimate %	2013/14 Estimate %	2014/15 Estimate %	2015/16 Estimate %
<b>Investment Target Return</b>	1.05%	0.5%	0.75%	1.0%	1.50%	1.50%
<b>Long Term Borrowing Target</b>						
• Current Portfolio	6.17%	5.72%	5.72%	5.72%	5.72%	5.72%
• New Borrowing	0	0	4.5%	4.5%	5.0%	5.5%

#### 5.5 Policy on Borrowing in Advance of Need

The London Borough of Merton will not borrow more than, or in advance of its needs, 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.

Should interest rates reach the borrowing trigger rates of 4.5% or less then 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.

Year	Maximum Borrowing in advance	Notes
2012-13	0%	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.
2013-14	No more than 50% of CFR increase	
2014-15	No more than 50% of CFR increase	
2015-16	No more than 50% of CFR increase	

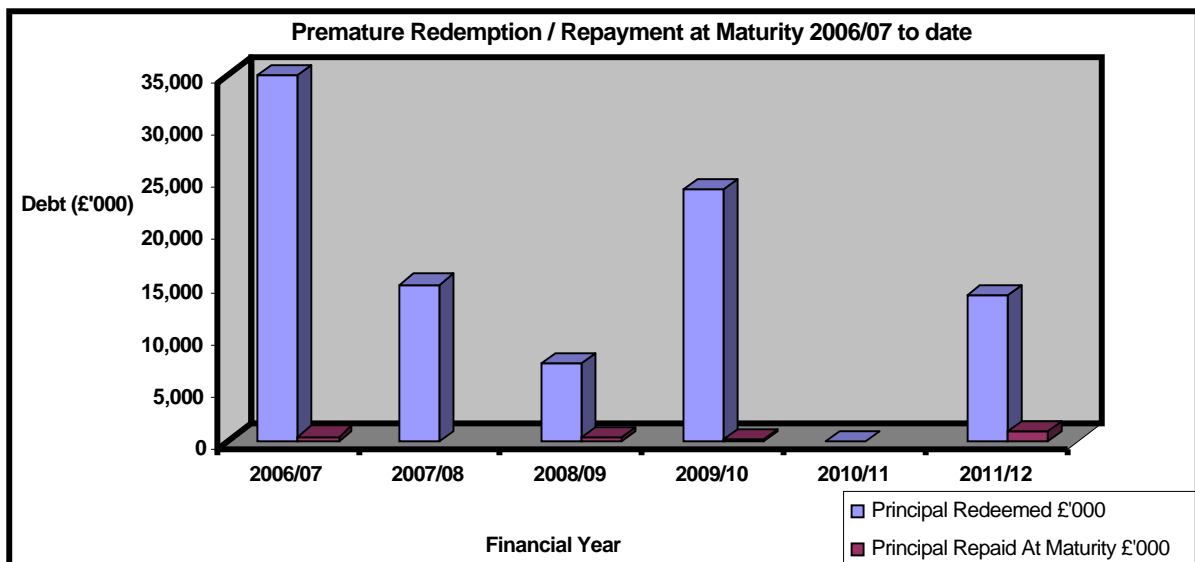
### 5.6. Debt Rescheduling

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/medium term debt when considering options to fund the council's capital programme as part of the short term strategy to finance the capital programme. However, these savings will be considered in the light of the current treasury position, prospects of interest rates and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and / or the balance of volatility).

The table below shows the total principal repaid prematurely or repaid at maturity since 2006/07



The table below shows the maturity profile of the council's current debt as at 31 January 2012

	£'000	% of portfolio
less than 1 year	6,663	5.39
1 - 2 years	0	0.00
2 - 5 years	1,966	1.59
5 -10 years	6,000	4.85
10 -15 years	26,510	21.44
15- 20 years	5,500	4.45
20 - 25 years	11,500	9.30
25-30 years	0	0.00
30 - 35 years	13,500	10.92
35-40 years	7,000	5.66
40 -45 years	25,000	20.22
45-50 years	20,000	16.18
<b>Total</b>	<b>123,639</b>	<b>100.00</b>

As currently interest rates on borrowing is low and expected to be low for the next 12 months. The cost of borrowing remains relatively low while returns on investment remains low due to low base rate. The average rate in the council's current debt portfolio is 5.72%. As part of its Treasury Management activities for 2012/13, the council will actively seek opportunities when borrowing rates become very low to enable it reduce the average rate of its debt portfolio. This could be by repaying some of its debt early using capital receipts or rescheduling some debt or repaying some debt early and refinancing the cost of repayment with new loans at lower interest rates.

Estimates of potential redemption of debt was obtained from counterparties to enable review of redeeming part of the current loans portfolio. The review of estimates showed that due to the high coupons rates of the council's portfolio debt, savings could only be made if the debt was prematurely repaid using cash or capital receipts rather than refinancing by taking new loans at lower coupon rates.

The Director of Corporate Services will review and identify any residual potential for making savings and provide cabinet with a paper by June 2012. All rescheduling made will be reported to cabinet at the earliest meeting following action.

## 5.7 Future Changes which may affect Treasury Management

- Tax Incremental Financing

The Local Government Finance Act was passed in December 2011; The Act 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 council's 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. Currently

this does not factor in the full benefit of growth in local business rate income. TIF will enable local authorities to borrow against a future additional uplift to their business rates base. Update on legislation is expected before the start date in 2013/14. It will be important to manage the costs and risks of this borrowing, if taken up, alongside wider borrowing under the Prudential Code.

- **Securitisation**

This is the process by which future income streams can be sold to an investor in exchange for an upfront lump sum. It is anticipated to be similar to borrowing, although it is thought that giving up the rights to future income is not quite the same as taking on an obligation to make future payments. CLG directive to date is that this will be used for capital expenditure like repaying debt and will be thought of in line of a credit arrangement within the prudential framework.

There is still a lot of clarification required on this as the arrangement poses a lot of questions and the legal implications as well as the accounting treatment.

- **Corporate Bonds**

The change allows English local authorities to invest in corporate bonds without classing them as capital expenditure. It is anticipated that this will open up more avenues of investments with a different credit risk from banks and building societies, as the risk of capital loss remains in such investments. As these are still in early stages, the council does not anticipate use in 2012/13. However the council will follow very closely the developments in legislations and CLG directives and also conduct due diligence if such instruments will be used.

## **6. Annual Investment Strategy**

### **6.1 Investment Policy**

The London Borough of Merton's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the 2011 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. The forecast below is for investments of up to 12 months.

	Bank Rate Forecast /actual (%)	3M LIBOR Forecast (%)	CPI Forecast /actual (%)	RPI Forecast /actual (%)	Investment Return Expectations (%)
March 2011 (actual)	0.50	0.82	4.10	5.3	<b>1.02</b>
June 2011 (actual)	0.50	0.83	4.40	5.1	<b>1.02</b>
Dec 2011 (actual)	0.50	1.10	4.70	5.70	<b>1.03</b>
June 2012	0.50	1.00	2.90	4.80	<b>0.75</b>
Dec 2012	0.50	1.00	2.20	4.60	<b>0.75</b>
June 2013	0.75	1.30	1.60	3.40	<b>1.00</b>
Dec 2013	1.25	2.00	1.60	3.00	<b>1.25</b>
June 2014	2.00	2.50	1.70	3.00	<b>1.50</b>
Dec 2014	2.50	3.00	1.80	2.80	<b>1.50</b>
June 2015	3.00	3.50	1.80	2.80	<b>2.00</b>

The forecast rates have been built on the basis that bank rate is expected to remain unchanged to around quarter three of 2013, however if interest rates do not rise then income expectations may not be met. The actual interest may be as a result of many factors like cash available to lock away for longer periods of three to 12 months.

The interest receivable budget will therefore be built on the expectation that in;

2012/13	0.75% will be achieved
2013/14	1.00% will be achieved
2014/15	1.60% will be achieved
2015/16	3.00% will be achieved

Cash available for investments will be split into three categories;

- Operational cash
- Core cash
- Strategic cash

Strategic cash will aim to be locked for longer periods to enable the council to gain the advantage of good rates. Operational cash will predominantly be overnight cash and cash locked away for less than one month.

**6.3 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 to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

Maximum principal sums invested > 364 days						
	2010/11 Actual £'m	2011/12 Estimate £'m	2012/13 Estimate £'m	2013/14 Estimate £'m	2014/15 Estimate £'m	2015/16 Estimate £'m
Principal sums invested > 364 days	86m	62.4m	62.4m	62.4m	62.4m	62.4m

For its cash flow generated balances, the council will seek to utilise its, reserve accounts, 15 and 30 day notice accounts, money market funds and short-dated deposits (overnight to three months) in order to benefit from the compounding of interest.

#### 6.4 The use of Specified and Non-Specified Investments

Investment instruments identified for use in the financial year are as follows:

##### Specified Investments

An investment is a specified investment if all of the following apply:

- 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 (i.e. up to one year);
- The making of the investment is not 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]; 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.

### **6.5 Investment Risk Benchmarking**

These benchmarks are simple guides to maximum risk, so they may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the Mid-Year or Annual Report.

Security - The council's maximum security risk benchmark for the current portfolio, when compared to these historic default tables, is:

- 0.00% historic risk of default when compared to the whole portfolio.
- Liquidity – in respect of this area the council seeks to maintain:
- Bank overdraft - £1m
- Liquid short term deposits of at least £5m available with a week's notice.
- Investments – average internal returns of the total investment portfolio above bank rate by 0.25%

### **6.6 Risk Management and Creditworthiness Policy**

In managing its risk, the London Borough of Merton will only use financial instruments for the prudent management of its financial affairs and never for speculative purposes.

In relation to interest rate risk for both debt management and cash investment portfolios, the council will seek to borrow or invest according to where we perceive good value in the structure of interest rates (the yield curve). The council will seek to repay borrowings or sell investments to adjust the portfolio to adjust the incidence of risk within agreed limits. The council is aware that doing nothing does not avoid or minimise risk.

Risk thresholds vary as do our level of balances and periods for which these amounts are available. Parameters set in terms of credit quality, individual and maturity limits are based on the council's overall treasury policy, the structure of the investment portfolio, the general size of investment balances, the periods for which the investment amounts are generally available and the council's appetite for risk.

In order to minimise the risk to investments, the council's minimum acceptable credit quality of counterparties for inclusion on its lending list is listed below. Credit ratings including viability ratings are monitored daily in the first instance as prescribed by CIPFA using daily electronic notifications of the three agencies received from the council's treasury adviser.

In addition other monitoring takes the form of;

- Review where possible daily financial news and treasury journals for news on counterparties and sovereigns;
- Reviewing the Financial Times (FT) for news about counterparties and sovereigns;
- Receiving and reading direct mail shots from the ratings agencies;
- Share price monitoring of counterparties in the FT for early warning signals;

- Monitor other market information and pricing data such as the Credit Default Swaps via data obtained from the council's treasury adviser;
- As part of daily contact with brokers market information will be obtained;
- Trends in the markets and the impact of new regulations e.g. the recent review of capital short fall of 20 selected banks conducted by the European Banking Authority (EBA). (The banks on the council's counterparty list were categorised as having little or no capital shortfall)
- The counterparties exposure to sovereign debt; and
- Provisions which the counterparty has in place in compliance with Financial Services Authority (FSA) and EU rules e.g. the Individual Liquidity Adequacy Standards – Basle Committee directives.
- For money market funds in addition to the credit rating, the Weighted Average Maturity and the constituents counterparties will be monitored

Investment instruments identified for use in the financial year are listed in Appendices 2A and 2B to this report under the categories of specified and non specified investment categories

Apart from government owned or part owned banks, the minimum credit criteria the council will use for individual counterparties is stated below:

<b>BANKS AND BUILDING SOCIETIES MINIMUM CRITERIA ACROSS ALL THREE RATING AGENCIES</b>			
	FITCH	MOODY'S	S&P
Short Term	F1	P-1	A-1
Long Term	A-	A3	A-
<b>OTHER CRITERIA</b>			
Viability /BFSR Rating	bbb+	c-	n/a
Support	2	n/a	n/a

For building societies in addition to credit criteria, the council will also use only the top ten building societies in terms of asset value. However credit quality rather than asset size or position in the league table ranking will be the main driver for selection.

	FITCH	MOODY'S	S&P
Money Market Funds			AAAm
UK Gilts	AAA	Aaa	AAA
Government Institutions and DMADF	N/A (assume rating of UK Government Sovereign)		
Local authorities, parish councils Collateralised Deposits	N/A (assume rating of UK Government Sovereign)		
Supranational Institutions	AAA	Aaa	AAA
Multilateral Development Banks	AAA	Aaa	AAA

**Duration of use for Counterparties** - where possible, the council will use the Sector criteria for ratings in determining the duration of investments for its counterparties that meet its minimum credit criteria and monitor the CDS spreads of counterparties based on this data.

Counterparties may therefore fall in to duration categories of:

- not to be used,
- use for three months or less ,



- use for six months or less,
- use for one year or less or
- use for one year or more
- use for two years or less or
- use for five years or less (this will apply to AAA rated government debt)

The council in addition to the criteria above will also consider the sovereign ratings of each of its counterparties. This is included in Appendix 3 of this report.

## **6.7 Counterparty Downgrades**

A counterparty will be removed, suspended or kept on close watch from the council's approved list on the following grounds:

- 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;
- If the council is advised of movements in CDS which shows extreme market movements which may result in downgrade of an institution;
- If market information or market data indicate that there is cause for concern about a counterparty;
- If there are adverse changes to government support for banks or the support is withdrawn; and
- If the Sovereign rating of the counterparty is downgraded below the council's minimum rating for a sovereign.

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. Significant adverse changes in ratings will be reported to councillors in the mid year or end year treasury reports.

## **6.8 Provisions for Credit Related Losses**

If any of the council's investments appears at risk of loss due to default (i.e. this is a credit-related loss and not one resulting from a fall in price due to movements in interest rates) the council will make revenue provision of an appropriate amount.

## **Vickers Report and Effect on Banking Industry**

Over recent years the consolidation in UK retail banks and the scope of their significant investment banking operations generated long term risks to the UK banking market. The Independent Commission on Banking aims to improve stability, increase consumer choice and make large complex banking groups easier to resolve in times of crisis, through the recent Vickers report recommendations. At this stage, apart from the fact that the recommendations are aimed to provide more security, the full impact on the Local Authority market is not known in detail.

## **6.9 Banking Arrangements**

The council's bankers are Lloyds TSB bank, the council has 219 bank accounts in total with Lloyds while the London Borough of Merton Pension Fund has 2 bank accounts. However these include some school accounts and client bank accounts managed as part of its Appointeeship role for residents that require this support.

From time to time the council may open bank accounts with other banks for specific reasons.

**Where the Credit Rating of the council's bank Lloyds TSB fall below its minimum credit criteria** - the council's bank, Lloyds TSB is currently part owned by the UK government.

If any Financial Institution was wound up there would be an order issued to freeze its assets. Whilst personal customers are protected by a £85k threshold there is no threshold for corporate customers. The general expectation is that this may be unlikely to happen to a bank currently part owned by the government as failure of such UK institutions will be harmful worldwide. However, should a UK Financial Institution get close to this state it is anticipated that the FSA would look to put in place a controlled process to ease the fallout.

### **6.10 Country limits**

The current economic climate has not only affected companies and financial institutions, it has affected sovereigns as well. In addition to counterparty selection, due care will be placed on country selection and only approved counterparties from countries with a minimum sovereign credit rating of AA- (Appendix 3 ).

This does not mean that the council will lend to every sovereign that meets this criteria, the list will be added to, or deducted from, by officers in consultation with the Director of Corporate Services, should ratings change in accordance with this policy. The council is mindful of the fact that investments should not be concentrated in one counterparty or country apart from the UK. Therefore;

- no more than 50% of the council's aggregate investments will be placed with any non-UK country at any time;
- Countries will be monitored weekly as part of the credit rating's monitoring for appropriateness against limits suggested by the council's treasury adviser Sector.

**6.11 Nationalised and Part Nationalised Banks** - Part nationalised UK banks – Lloyds Bank and Royal Bank of Scotland these banks will be included on the council's lending list in so far as they continue to be part nationalised or they meet the minimum ratings set by the council

**6.12 Group Limits** - No more than 50% of the council's aggregate funds will be placed in any one banking group.

**6.13 Guarantee from Parent Banks** - The council will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above

**6.14 Lending to Community Organisations and Other Third Parties** - 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.

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 or even individuals. Loans of this nature will be under exceptional circumstances and must be approved by cabinet.

Recipients of this type of loans are unlikely to be a financial institution and therefore unlikely to be subject to a credit rating. In order to ensure security of the Authority's capital, extensive financial due diligence must be completed prior to any loan or investment being agreed. 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.

In other instances, the council may receive soft loans from government agencies or European Economic Community agencies

## **7. Cash Flow Management**

7.1 CIPFA requires all monies to be under the control of the responsible officer and for cash flow projections to be prepared on a regular and timely basis. Cashflow, 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 daily credit balance of less than £50k.

The current projection for 2011/12 year end is a cash balance of £62.4m. Initial cash flow projections for 2012/13 to 2014/15 are attached at Appendix 8 and will be updated quarterly in monitoring reports to the executive.

### **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. The policy on credit cards can be found on the intranet on [http://intranet/procurement\\_cards](http://intranet/procurement_cards)

## **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 also mindful of the requirements of the Bribery Act 2011 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 the appropriate training and knowledge in relation to these activities. Training is in-house on the job, via CIPFA seminars and training courses, via 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 is aware of the changes made by CIPFA to the Treasury Management Code and guidance.

## **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 Treasury Management practices is included as Appendix 7 of this report

## **12. End of year investment report**

At the end of the financial year, the council will report on its investment activity as part of its Annual Treasury Report.

## **13. Appendices**

- 13.1 Appendix 1- Interest Rate Forecast 2011/2015  
Appendix 2A – Specified Investments  
Appendix 2B – Non Specified Investments  
Appendix 3 – Approved Countries for Investment  
Appendix 4 – Treasury Management Scheme of Delegation  
Appendix 5 – The Treasury Management Role of the S151 Officer  
Appendix 6 – Reporting Requirements and Arrangements  
Appendix 7 – Treasury Management Principles  
Appendix 8 – Cash Flow Statement 2012/13 to 2014/15

## **14. Background Papers**

- CIPFA Treasury Management in Public Services. Code of Practice and Cross – Sectional Guidance Notes 2011
- CIPFA Prudential Code for Capital Finance in Local Authorities 2011 Edition

## APPENDIX 1 - Interest Rate Forecast 2011/2015

Sector's Interest Rate View															
	Now	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
<b>Sector's Bank Rate View</b>															
3 Month LIBID	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.25%	1.50%	2.00%	2.25%	2.50%
6 Month LIBID	0.87%	0.70%	0.70%	0.70%	0.70%	0.70%	0.75%	0.80%	0.90%	1.20%	1.40%	1.60%	2.10%	2.40%	2.60%
12 Month LIBID	1.16%	1.00%	1.00%	1.00%	1.00%	1.00%	1.10%	1.20%	1.40%	1.60%	1.80%	2.00%	2.50%	2.70%	2.90%
5yr PWLB Rate	1.65%	1.50%	1.50%	1.50%	1.50%	1.60%	1.70%	1.80%	1.90%	2.20%	2.40%	2.60%	3.10%	3.20%	3.30%
10yr PWLB Rate	2.25%	2.30%	2.30%	2.30%	2.30%	2.40%	2.50%	2.60%	2.70%	2.80%	2.90%	3.10%	3.30%	3.50%	3.70%
25yr PWLB Rate	3.33%	3.30%	3.30%	3.30%	3.40%	3.40%	3.50%	3.60%	3.70%	3.80%	4.00%	4.20%	4.40%	4.60%	4.80%
50yr PWLB Rate	4.24%	4.20%	4.20%	4.20%	4.30%	4.30%	4.40%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%
50yr PWLB Rate	4.26%	4.30%	4.30%	4.30%	4.40%	4.40%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%	5.30%
<b>Bank Rate</b>															
Sector's View	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.25%	1.50%	2.00%	2.25%	2.50%
UBS	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	-	-	-	-	-	-	-	-	-
Capital Economics	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	-	-	-	-	-
<b>5yr PWLB Rate</b>															
Sector's View	2.25%	2.30%	2.30%	2.30%	2.30%	2.40%	2.50%	2.60%	2.70%	2.80%	2.90%	3.10%	3.30%	3.50%	3.70%
UBS	2.25%	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Economics	2.25%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	-	-	-	-	-
<b>10yr PWLB Rate</b>															
Sector's View	3.33%	3.30%	3.30%	3.30%	3.40%	3.40%	3.50%	3.60%	3.70%	3.80%	4.00%	4.20%	4.40%	4.60%	4.80%
UBS	3.33%	3.45%	3.45%	3.50%	3.60%	3.65%	-	-	-	-	-	-	-	-	-
Capital Economics	3.33%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	-	-	-	-	-
<b>25yr PWLB Rate</b>															
Sector's View	4.24%	4.20%	4.20%	4.20%	4.30%	4.30%	4.40%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%
UBS	4.24%	4.80%	4.90%	4.90%	4.90%	4.90%	-	-	-	-	-	-	-	-	-
Capital Economics	4.24%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	4.30%	-	-	-	-	-
<b>50yr PWLB Rate</b>															
Sector's View	4.26%	4.30%	4.30%	4.30%	4.40%	4.40%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%	5.30%
UBS	4.26%	4.80%	4.95%	4.95%	5.00%	5.00%	-	-	-	-	-	-	-	-	-
Capital Economics	4.26%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	-	-	-	-	-

**APPENDIX 2A – Specified Investments**

Organisation/Instrument/Sovereign	Counter Party Minimum Credit Criteria													Other Data	Maximum Lending Period	Limit (Agg)
	FITCH						MOODY			STANDARDS & POORS						
	Fitch L/T	Fitch S/T	Fitch Viability	Fitch Support	Moody L/T	Moody S/T	Moody FSR	S&P L/T	S&P S/T	Moody C	S&P A	S&P A	Moody C			
Term deposits – banks	AA	F1+	aa-	1	AAa2	P-1	C+	AA-	A-1+					0 – 12 months	80%	
Term deposits – banks	A+	F1	A+	1	A2	P-1	C	A+	A-1					0 – 6months	60%	
Term deposits –building societies	A+	F1	a+	1	A2	P-1	C	A+	A-1					0-3 months if within limits	20%	
Term deposits – Nationalised and Part Nationalised Banks	A	F1	bb+	2	A1	P-1	C-	A	A-1					0 - 12 months if within limits	80%	
<b>Structured Deposits</b>																
Term Deposits in Supranational	AAA	n/a	n/a	n/a	Aaa	n/a	a/a	AAA	n/a					0 – 36 months	80%	
Money Market Funds	AAAmmf	Excellent			Aaa			AAAm	AAAf					0 – 3 months	50%	
Term Deposits – UK Governments	AAA				AAA									0 – 12 months	100%	
Term Deposits – LA's with or without credit ratings														0 – 12 months	80%	
Debt Management Agency Deposit														0 – 12 months	100%	
UK Government Gilts														0 – 12 months	80%	
Gilt Funds and Bond Funds	AAA	n/a	n/a	n/a	Aaa	n/a	n/a	AAA	n/a					0 – 12 months	50%	
Corporate Bonds	AAA				Aaa			AAA						0 – 12 months	50%	

## APPENDIX 2B - Non Specified Investments

Organisation/Instrument/Sovereign	Counter Party Minimum Credit Criteria												Other Data	Maximum Lending Period	Limit (Agg)
	FITCH				MOODY			STANDARDS & POORS		S&P					
	Fitch L/T	Fitch S/T	Fitch Viability	Fitch Support	Moody L/T	Moody S/T	Moody FSR	S&P L/T	S&P S/T	S&P L/T	S&P S/T	S&P S/T			
Term Deposits in Supranationals	AAA	n/a	n/a	n/a	Aaa	n/a	a/a	AAA	n/a	AAA	n/a	n/a	0 – 3 years	60%	
Collateralised Local Authority Deposits	AAA	n/a	n/a	n/a	Aaa	n/a	a/a	AAA	n/a	AAA	n/a	n/a	0 – 5 years	60%	
Certificates of deposits issued by banks and building societies	AA													30%	
Term Deposits – UK Governments	AAA				AAA								0 – 5 years	60%	
Term Deposits – LA's with or without credit ratings	Assume AAA UK rating Status	Assume AAA UK rating Status	Assume AAA UK Government Sovereign rating Status	Assume AAA UK Government Sovereign rating Status	Assume AAA UK Government Sovereign rating Status	Assume AAA UK Government Sovereign rating Status	Assume AAA UK Government Sovereign rating Status	Assume AAA UK Government Sovereign rating Status	Assume AAA UK Government Sovereign rating Status	Assume AAA UK Government Sovereign rating Status	Assume AAA UK Government Sovereign rating Status	Assume AAA UK Government Sovereign rating Status	0 – 3 years	60%	
Debt Management Agency Deposit													0 – 5 years	30%	
UK Government Gilts													0 – 5 years	60%	
Gilt Funds and Bond Funds	AAA	n/a	n/a	n/a									0 – 5 years	30%	

**APPENDIX 3**

Approved countries for investments for use by the council's treasury team or countries in which the money markets the council invests in place money based on ratings as at 31 January 2012. It should however be noted that the countries on the council's approved list may change from time to time as Sovereign ratings change.

<b>Sovereign Benchmark</b>	<b>Fitch Long Term Ratings</b>	<b>Moody's Long Term Ratings</b>	<b>S&amp;P Long Term Ratings</b>
Australia	AAA	Aaa	AAA
Canada	AAA	Aaa	AAA
Denmark	AAA	Aaa	AAA
Finland	AAA	Aaa	AAA
Germany	AAA	Aaa	AAA
Luxembourg	AAA	Aaa	AAA
Netherlands	AAA	Aaa	AAA
Norway	AAA	Aaa	AAA
Singapore	AAA	Aaa	AAA
Sweden	AAA	Aaa	AAA
Switzerland	AAA	Aaa	AAA
U.K	AAA	Aaa	AAA
France	AAA	Aaa	AA+
U.S.A	AAA	Aaa	AA+
Hong Kong	AA+	Aa1	AAA
Japan	AA	Aa3	AA-
Saudi Arabia	AA-	Aa3	AA-
Belgium	AA+	Aa3	AA
Qatar	-	Aa2	AA



## **APPENDIX 4 Treasury Management Scheme of delegation**

### **(i) Council (budget)**

- receiving and reviewing reports on Treasury Management policies, practices and activities;
- approval of annual strategy.

### **(ii) Cabinet and General Purpose Committee**

- approval of / amendments to the organisation's adopted clauses, Treasury Management policy statement and Treasury Management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- approving the selection of external service providers and agreeing terms of appointment.

### **(iii) Overview and Scrutiny Commission**

- reviewing the Treasury Management policy and procedures and making recommendations to cabinet and General Purpose Committee.

## **APPENDIX 5 The 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 6 - Reporting Requirements and Arrangements**

In line with best practice, cabinet is required to receive and review, as a minimum, three main reports each year, which incorporate a variety of Treasury Management policies, estimates and actuals. These reports are required to be adequately scrutinised by cabinet before being recommended to the Full Council for approval. This reports are:

### **The Annual Treasury Management Strategy, Prudential and Treasury Indicators Report (This report) - covers:**

- the capital financing plans (including prudential indicators);
- a Minimum Revenue Provision Policy (how residual capital expenditure is charged to revenue over time);
- the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

**A Mid Year Treasury Management Report** – This will update councillors with the progress of the capital position, amending prudential indicators as necessary, and whether the treasury strategy is meeting the strategy or whether any policies require revision.

**An Annual Treasury Report** – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

## **LONDON BOROUGH OF MERTON TREASURY MANAGEMENT** **PRINCIPLES 2012/13**

### **TMP1 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 whom 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 & Poors.
- 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.

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 treasury manager by 10.00 a.m. on the day. For payments over £100k completed CHAPS form must be forwarded to the treasury manager a day before payment is required.

### 1.3 Interest Rate Risk Management

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's Chief Financial 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 from forward period's dependant upon market conditions. When forward dealing is more than a 364 day period forward then the approval of the Chief Financial Officer is required.

- callable deposits

The council will 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 LOBOS (borrowing under lender's option / borrower's option)

Use of LOBOs is considered as part of the annual borrowing strategy. All borrowing for periods in excess of 364 days must be approved by the Chief Financial 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 levels.

## 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 so raised are managed, with a view to obtaining offer terms for 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.

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this 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 any rescheduling to take place will include:

- a) the generation of cash savings at minimum risk;
- b) to reduce the average interest rate;
- 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.

In considering the affordability of its capital plans, the council will consider all the resources currently available / estimated for the future together with the totality of its capital plans, revenue income and revenue expenditure forecasts for the forthcoming year and the two following years and the impact these will have on council tax. It will also take into account affordability in the longer term beyond this three year period.

## 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. Lending shall only be made to counterparties on the Approved Lending list. The council's monitoring officer is

the Assistant Director Corporate Governance, while the Chief Financial Officer is the Director of Corporate Services. The duty of this officer is to ensure that the financial affairs of the council are conducted in a prudent manner and to make a report to Council if there are concerns as to the financial prudence of its actions or its expected financial position.

### **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 in procedures and are then 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.

##### Authority

- The Corporate Services Scheme of Delegation sets out the delegation of duties to officers. While the council's constitution details delegated authority of treasury management to the Section 151 (S151) officer.
- All loans and investments are negotiated by the responsible officer or authorised persons.
- All long term loans must be authorised by the S151 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**

##### **2.1.1 Evaluation and Review of Treasury Management Decisions**

The council has a number of approaches to evaluating treasury management decisions:-

- a. periodic reviews carried out by the treasury management team
- b. annual review after the end of the year as reported to full Council
- c. monitoring reports to cabinet
- d. strategic, scrutiny and efficiency value for money reviews

Periodic reviews during the financial year

The Director of Corporate Services will going forward hold periodic treasury management review meetings with the treasury manager to review actual activity against the Treasury Management Strategy Statement and cash flow 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.
- Cash flow forecast against the actual.

### **2.1.2 Annual Review after the end of the financial year**

An Annual Treasury Report is submitted to the Full Council each year after the close of the financial year which reviews the performance of the debt and investment portfolios. This report contains the following: -

- total debt and investments at the beginning and close of the financial year and average interest rates
- borrowing strategy for the year compared to actual strategy
- investment strategy for the year compared to actual strategy
- explanations for variance between original strategies and any actual
- debt rescheduling done in the year
- actual borrowing and investment rates available through the year
- comparison of return on investments to the investment benchmark
- compliance with Prudential and Treasury Indicators

### **2.1.3 Comparative reviews**

When data becomes available, comparative reviews are undertaken to see how the performance of the council on debt and investments compares to other authorities with similar size portfolios (but allowing for the fact that Prudential and Treasury Indicators are locally set). Data used will be sourced from: -

- CIPFA Treasury Management statistics published each year for the last complete financial year
- CIPFA Benchmarking Club
- other

## **2.2 Benchmarks and Calculation Methodology:**

### **2.2.1 Debt management**

- Average rate on all external debt
- Average rate on external debt borrowed in previous financial year
- Average period to maturity of external debt
- Average period to maturity of new loans in previous year

### **2.2.2 Investment.**

The performance of investment earnings will be measured against the following benchmarks: -



- a. in house benchmark and when necessary other benchmarks such as
  - 7 day London Interbank Bid Rate (LIBID) un compounded
  - 7 day LIBID compounded weekly
  - 1 month LIBID
  - 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 brokers is maintained by the treasury team, this takes account both prices and quality of services.

### **2.3.2 Consultants / advisers services**

The council's treasury management adviser is Sector treasury services.

## **TMP 3 DECISION-MAKING AND ANALYSIS**

### **3.1 Funding, Borrowing, Lending, and New Instruments/Techniques:**

#### **3.1.1 Records to be kept**

The Treasury team uses Logotech treasury systems a computerised system in which all investment, loan transactions and cash flow are recorded. The following records will be retained -

- Daily cash balance forecasts
- Market rates obtained by telephone from brokers
- 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
- Public Works Loan Board (PWLB) loan confirmations
- PWLB interest due schedule
- Certificates for market loans, local bonds and other loans
- Deal confirmation letters for deals over one month
- Fund manager(s) valuation statements
- Banking and other contract documents which the treasury team has responsibility for.

### **3.1.2 Processes to be pursued**

- Cash flow analysis.
- Debt and investment maturity analysis
- Ledger and Logotech reconciliation
- 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 every treasury management decision 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.
- 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
- 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;
- 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;
- the use of external fund managers (other than Pension Fund)
- leasing;
- Undertaking all treasury management activities for the Pension Fund.

### 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 – lenders 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:

On Balance Sheet	Fixed	Variable
PWLB	●	●
EIB	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)	●	●
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 leases

Revenue Contributions

Borrowing will only be done in Sterling. All forms of funding will be considered dependent on the prevailing economic climate, regulations and local considerations. The Director of Corporate Services has delegated powers in accordance with Financial Regulations, Standing Orders, the Scheme of Delegation to Officers Policy and the Treasury Management Strategy 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**

Treasury Management Strategy Statement and Prudential and Treasury Indicators.

## **TMP 5 ORGANISATION, CLARITY AND SEGREGATION OF RESPONSIBILITIES, AND DEALING ARRANGEMENTS**

### **5.1 Allocation of responsibilities**

#### **(i) Full Council**

- receiving and reviewing reports on treasury management policies, practices and activities
- approval of annual strategy.

#### **(ii) Cabinet**

- approval of amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
- budget consideration and approval
- approval of the division of responsibilities
- receiving and reviewing regular monitoring reports and acting on recommendations

#### **(iii) Overview and Scrutiny Commission**

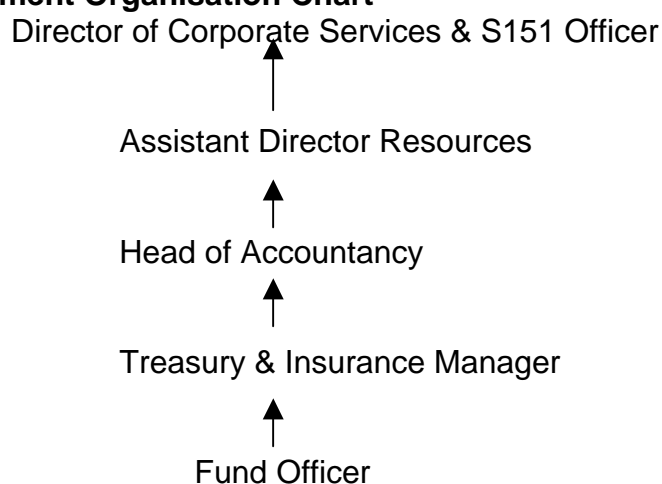
- reviewing the treasury management policy and procedures and making recommendations to the Cabinet.

## 5.2 Principles and Practices Concerning Segregation of Duties

5.2.1 The following duties is undertaken by separate officers: -

Tasks	Duties	Responsible Officer
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
	• Checking of brokers and counterparty confirmation notes against Logotech	Fund officer
	• Reconciliation of FMIS Codes and reconciliation to bank statement	Treasury manager Fund officer
	• Sign off of reconciliations	Treasury Manager
	• Processing of accounting entry into FMIS (bank reconciliation team)	Bank reconciliation team
Accounting Entry		
Authorisation / Payment of Deal	• Inputting CHAPS on Lloyds link	Fund officer
	• Approval of CHAPS on Lloyds link and CHAPS form authorisation	Authorisers per bank mandate

### Treasury Management Organisation Chart



### **5.3 Statement of the treasury management duties/responsibilities of each treasury post**

#### **5.3.1 The 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 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 his power to borrow and invest to members of her staff. The Treasury & Insurance Manager, the fund officer. Only treasury management team staff must conduct all dealing transactions, or staff authorised by the responsible officer to act as temporary cover for leave / sickness. All treasury transactions must be authorised by the treasury manager or the S151 officer.
- 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 & Insurance 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
- h) identifying and recommending
- i) opportunities for improved practices

### **5.3.3 The Head of the Paid Service – the Chief Executive**

The responsibilities of this post will be: -

- a) Ensuring that the system is specified and implemented
- 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 The 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 practices 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.
- 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 practices.
- b) Reviewing division of duties and operational practice.
- c) Assessing value for money from treasury activities.
- d) Undertaking probity audit of 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 2 loans are being repaid to the same counterparty.

## **5.6 List of Approved Brokers**

A list of approved brokers is maintained within the Treasury team and a record of all transactions recorded against them can be obtained from Logotech.

### **Policy on Brokers' Services**

It is this council's policy to rotate business between brokers.

## **5.7 Policy on Taping of Conversations**

The council currently does not tape conversations **but** ensures that confirmations are received before putting the deal on Logotech or Lloyds.

## 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.
- 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 banks mandate must be sent to the counterparty if the deal period exceeds one month. Copy in forms folder located in H:/techacccy/treasury/forms  
For payments any transfer to be made via Lloyds link must be completed by 2.00 p.m. on the same day to ensure it is authorised.

## 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.

## 5.11 Arrangements Concerning the Management of Third-Party Funds.

The council holds a number of trust funds. 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 programme of reporting

- a) Annual reporting requirements before the start of the year: -
  - a. review of the organisation's approved clauses, treasury management policy statement and practices
  - b. strategy report on proposed treasury management activities for the year comprising of the treasury management strategy statement, Annual Investment Strategy and Minimum Revenue Provision Policy Statement
- b) Mid-year review report and monthly management report if required
- c) Annual review report after the end of the year

### 6.2 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 full Council 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) the MRP strategy
  
4. The Treasury Management Strategy Statement will establish the expected move in interest rates against alternatives.

### **6.3 The 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

### **6.4 The 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.

### **6.5 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

### **6.6 Mid year review**

The council will review its treasury management activities and strategy on a six monthly process. This review will consider the following: -

- a) activities undertaken
- b) variations (if any) from agreed policies/practices
- c) interim performance report
- d) regular monitoring
- e) monitoring of treasury management indicators for local authorities.

## **6.7 Annual Review Report on Treasury Management Activity**

An annual report will be presented to the Cabinet and then to the full Council at the earliest practicable meeting after the end of the financial year, but in any case by the end of September. This report will include the following: -

- a) transactions executed and their revenue (current) effects
- b) report on risk implications of decisions taken and transactions executed
- c) compliance report on agreed policies and practices, and on statutory/regulatory requirements
- d) performance report
- e) report on compliance with CIPFA Code recommendations
- f) monitoring of treasury management indicators

## **6.8 Management Information Reports**

Management information reports will be prepared every month by the treasury manager and will be presented to the Director of Corporate Services.

These reports will contain the following information: -

- a) a summary of transactions executed, fees paid;
- b) measurements of performance including effect on loan charges/investment income and variance from performance;
- c) degree of compliance with original strategy and explanation of variances.
- d) any non compliance with Prudential limits or other treasury management limits.

## **TMP 7 BUDGETING, ACCOUNTING AND AUDIT ARRANGEMENTS**

### **7.1 Statutory / Regulatory Requirements**

The accounts are drawn up in accordance with IFRS. The council has also has also 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 this council's treasury management activities.

### **7.2 Estimate investment income and payables budgets / Accounts / Prudential and Treasury Indicators**

The treasury manager will prepare a three year medium term financial plan with Prudential and Treasury Indicators for treasury management which will incorporate the budget for the forthcoming year and provisional estimates for the following two years. This will bring together all the costs involved in running the function, together with associated income. The treasury manager will exercise effective controls over this budget and monitoring of performance against Prudential and Treasury Indicators, and will report upon and recommend any changes required in accordance with TMP6.

## **TMP 8 CASH AND CASH FLOW MANAGEMENT**

### **8.1 Arrangements for Preparing Cash Flow**

Cash flow projections are prepared annually, monthly and daily. The annual and monthly cash flow projections are prepared from the previous years' cash flow records, adjusted for known changes in levels of income and expenditure and also 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 the day's bank statement into the folder below. Estimates on Logotech cash flow is updated with actuals from bank statement.

<H:\TECHACCYTREASURY\Daily\Bank Statement Export>

## **TMP 9 MONEY LAUNDERING**

### **9.1 Proceeds of Crime Act (POCA) 2002**

See council's website and intranet for Money laundering process  
[http://intranet/anti\\_money\\_laundering\\_policy.pdf](http://intranet/anti_money_laundering_policy.pdf)

### **9.2 The Terrorism Act 2000**

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**

The council's money laundering officer is the monitoring officer. See council's website and intranet for details [http://intranet/anti\\_money\\_laundering\\_policy.pdf](http://intranet/anti_money_laundering_policy.pdf)

All treasury management staff are required to familiarise themselves with all money laundering regulations.

### **9.5 Procedures for Establishing Identity / Authenticity Of Lenders**

It is not a requirement under 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 FSA website on [www.fsa.gov.uk](http://www.fsa.gov.uk).

### **9.6 Methodologies for Identifying Deposit Takers**

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 FSA register can be accessed through their website on [www.fsa.gov.uk](http://www.fsa.gov.uk).

All transactions will be carried out by CHAPS 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.

Additionally, training may also be provided on the job and it will be the responsibility of the treasury manager to ensure that all staff under her authority receives the level of training appropriate to their duties. This will also apply to that staffs that from time to time covers for absences from the treasury management team.

### **10.1 Details of Approved Training Courses**

Treasury management staff and members will go on courses provided by our treasury management consultants, CIPFA, money brokers etc.

### **10.2 Records of Training Received by Treasury Staff**

Staff will keep records on their training .

### **10.6 Member training records**

Member training requirement will be accessed from time to time and adequately provided.

## **TMP 11 USE OF EXTERNAL SERVICE PROVIDERS**

### **11.1 Details of Contracts with Service Providers, Including Bankers, Brokers, 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 this 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 TSB Bank. The bank is an authorised banking institution authorised to undertake banking activities by the FSA
- 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 and market data in addition to borrowing data in addition to interest rate forecasts, annual treasury management strategy templates. From time to time the council may receive advice from its treasury advisers. , timing for borrowing and lending, debt rescheduling, use of various The performance of consultants will be reviewed by the treasury manager to check whether performance has met expectations.

### **11.1.4 Credit Rating Information**

The council receives notifications of credit ratings from Sector treasury services

## **11.2 Procedures and Frequency for Tendering Services**

See TMP2

## **TMP 12 CORPORATE GOVERNANCE**

### **12.1.1 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. It 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.
- c. The following documents are available for public inspection: -

- Treasury Management Policy Statement
- Treasury Management Strategy Statement
- Annual Investment Strategy
- Minimum Revenue provision policy statement
- Annual Treasury Review Report
- Treasury Management monitoring reports (e.g. half yearly, quarterly)
- Minutes of Full Council / cabinet meetings

LONDON BOROUGH OF MERTON CASH FLOW 07/02/2012 TO 31/03/2014

	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
RECEIPTS	31,433,950	48,822,533	57,538,362	50,924,690	49,224,430	49,769,860	49,676,690	50,108,300	49,699,690	49,512,660	55,332,430	49,981,690	43,420,300	44,044,430
PAYMENTS	-44,978,687	-53,971,913	-43,384,913	-48,356,913	-49,061,913	-53,421,913	-48,358,913	-48,847,913	-48,956,913	-48,921,913	-48,884,913	-60,288,913	-50,847,913	-53,934,913
INVESTMENTS	17,500,000	0	12,000,000	8,000,000	8,000,000	0	10,000,000	0	0	5,000,000	3,000,000	11,000,000	0	0
LOANS	2,000,000	0	0	0	-1,000,000	0	0	0	0	0	0	0	0	0
INTEREST RECEIVABLE	46,923	0	126,952	39,418	53,519	0	143,647	0	0	36,397	46,373	137,422	0	0
INTEREST PAYABLE	-506	-546,362	-1,726,978	75,875	-104,552	920,844	0	-487,172	-1,771,253	-76,876	86,904	927,708	0	-479,637
	2,171,262	3,896,721	19,055,344	9,928,342	7,111,506	-4,573,176	10,861,446	773,235	-480,453	5,649,191	9,395,006	9,912,514	-7,427,993	-10,346,469

ACCUMULATIVE	2,171,261.81	3,894,459.07	15,530,884.69	25,469,227.00	32,570,731.74	27,987,656.26	38,869,002.42	39,632,237.51	38,951,784.04	44,500,974.90	53,896,980.99	63,808,496.31	56,380,901.91	46,011,402.80
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Closing Balance 31 March 2012 53,475,540.93  
cash + investments maturing in 2012/13

LONDON BOROUGH OF MERTON CASH FLOW 07/02/2012 TO 31/03/2014

	2013 - 2014											
	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
RECEIPTS	56,815,432	49,953,100	48,331,500	48,846,300	48,775,100	49,239,700	49,153,100	48,806,300	54,454,500	48,995,100	43,022,700	43,431,500
PAYMENTS	-48,884,913	-48,858,913	-48,061,913	-53,421,913	-48,988,913	-47,847,913	-48,988,913	-48,821,913	-48,884,913	-50,258,913	-44,847,913	-53,934,913
INVESTMENTS	0	0	0	0	0	0	0	0	0	0	0	0
LOANS	0	0	0	0	0	0	0	0	0	0	0	0
INTEREST RECEIVABLE	0	0	0	0	0	0	0	0	0	0	0	0
INTEREST PAYABLE	-1,715,088	-78,876	-99,288	-918,263	0	-1,450,647	-757,878	-78,876	-98,904	-827,708	0	-1,439,549
	<b>6,015,452.74</b>	<b>917,334.60</b>	<b>-83,681.07</b>	<b>-2,483,883.20</b>	<b>-183,791.40</b>	<b>-56,639.17</b>	<b>-563,768.21</b>	<b>-382,487.49</b>	<b>8,470,704.49</b>	<b>-2,191,498.15</b>	<b>-5,825,193.40</b>	<b>-11,842,841.26</b>
ACCUMULATIVE	52,026,855.54	52,944,190.14	52,114,509.07	46,620,655.87	46,436,864.47	46,378,225.30	45,814,457.09	45,421,989.69	53,892,694.18	51,701,186.03	45,876,002.63	33,933,061.28

Closing Balance 31 March 2012