

Financial Monitoring Task Group

Date: 30 August 2018

Subject: Budget Outturn 2017/18

Lead officer: Roger Kershaw

Lead member: Mark Allison

Please note: This report went to Cabinet on 25 June 2018 and is provided to the task group at this meeting for consideration and comment.

Recommendations:

- A. That Cabinet note the provisional revenue outturn for 2017/18
 - B. That Cabinet consider the outturn position on Capital and approve the Slippage into 2018/19 and other adjustments detailed in Appendix 3C and Section 7 of the report
 - C. That Cabinet approve the £60,000 Section 106 funding for Beddington Lane Cycle Route.
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1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

This report outlines the provisional out-turn position for the last financial year (2017/18) and the issues that arise from it.

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

Section 3 – Reviews the detailed outturn position for service departments

Section 4 – Reviews the outturn position for corporate items

Section 5 – Provides other information

Section 6 – Provides information on Reserves

Section 7 - Provides information on the capital outturn

Section 2 – REVENUE OUTTURN 2017/18

The following table summarises the outturn position for 2017/18.

OUTTURN	2017/18 Current Budget (Net) £000s	2017/18 Current Budget (excl. overheads) £000s	2017/18 Outturn (excl. overheads) £000s	2017/18 Outturn Variance £000s	Dec 2017 (P9) Forecast Variance £000s	2016/17 variance excl overheads £000s
Department						
Corporate Services	9,932	25,287	24,475	(812)	(533)	(1,287)
Children, Schools and Families	54,691	49,626	51,875	2,249	2,134	1,154
Community and Housing	64,480	60,022	60,944	922	1,082	10,140
Environment & Regeneration	18,271	12,844	11,633	(1,211)	(812)	1,011
NET SERVICE EXPENDITURE	147,374	147,779	148,927	1,148	1,870	11,018
Corporate Provisions	1,437	1,032	106	(926)	(1,344)	(5,035)
TOTAL GENERAL FUND	148,811	148,811	149,033	222	526	5,983

Business Rates	(35,483)	(35,483)	(35,302)	181	0	0
Grants	(28,999)	(28,999)	(29,668)	(669)	82	(536)
Council Tax and Collection Fund	(84,329)	(84,329)	(84,329)	0	0	0
FUNDING	(148,811)	(148,811)	(149,299)	(488)	82	(536)

NET (UNDER)/OVERSPEND	0	0	(266)	(266)	608	5,447
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Transfers to Reserves	(0)	(0)	266	266	(608)	(5,447)
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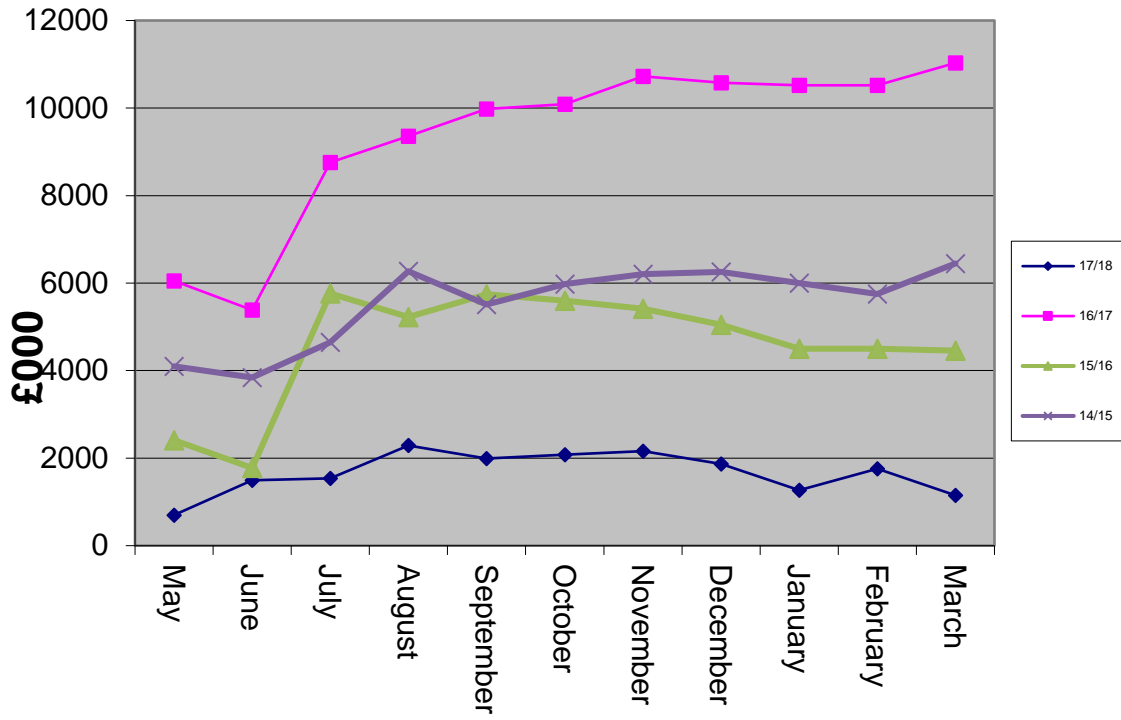
At the end of the financial year 2017/18 the overall underspend was £266k (£5,447k overspend or 1% of the gross budget in 2016/17)

The overall underspend on the General Fund has been transferred to the balancing the budget reserve.

The significant overspend of the last two years has been addressed by providing growth in the 2017/18 budget.

Chief officers and finance officers will need to continue monitoring budgets closely in 18/19 to prevent future year overspending and calls on reserves as there are still budget pressures on demand led services.

Service Expenditure - Forecast Year End Variance



Section 3 Detailed Service Spending

Corporate Services

Division	2017/18 Current Budget (£000)	2017/18 Outturn (£000)	Variance (£000)	Forecast variance at year-end - December (£000)	2016/17 Outturn Variance (£000)
Business Improvement	2,780	2,783	3	-30	47
Infrastructure & Transactions	9,307	9,431	123	64	5
Resources	6,490	6,435	-55	26	-28
Human Resources	2,007	1,801	-206	-26	-40
Corporate Governance	2,357	2,127	-230	-83	16
Customer Services	2,314	1,846	-469	-288	-16
Corporate Items including redundancy costs	32	54	22	-196	70
Total (controllable)	25,287	24,477	-812	-533	54

Overview

At the end of 2017/18, the Corporate Services (CS) department has underspent by £812k. This is an increase of £279k from the underspend reported at the end of December.

Business Improvement - £3k over

A minor variation from budget at the end of the financial year.

Infrastructure & Transactions - £123k over

There were budget pressures in several teams throughout the year.

The professional development centre (Chaucer Centre) under-achieved on income by £74k. The number of bookings in the year was lower than in previous years. This will be continue to be monitored and action taken to improve booking figures where possible.

The transactional services team overspent by £122k mainly because saving CS70 (charging for paper copies of invoices) was unachievable due to delays in the implementation of e5, SharePoint and EDRMS.

The Garth Road income target under-achieved by £58k and the Commercial Services team overspent by £80k mainly on staffing costs. This team is currently being restructured and therefore agency staff are in post until the vacant posts are recruited into. This team is essential in driving and delivering procurement savings across the Council.

These overspends were partly offset by income relating to the new rental agreement with CHAS 2013 Limited for occupancy of half of the 14th floor in the Civic Centre.

Resources - £55k under

There were a number of vacant posts within the division during the year. Also, the legal budget underspent by £45k due to reduced demand within Corporate Services during the year.

There were forecast overspends on staffing including one case of long term sickness. Ongoing additional staffing costs of e5 being were funded within the division as system changes were identified and implemented. Some additional support days were necessary from the provider for system changes. The bank reconciliation function also had additional consultancy days from the provider to increase automation.

Human Resources – £206k under

There were a number of vacant posts within the division throughout the year, in particular within the Learning & Development and Business Partnership functions. These are 18/19 savings (£185k) that have been achieved early.

The final figures for the payroll charges from Kingston were also lower than expected.

Corporate Governance - £230k under

The underspend was partly due to a £62k underspend within Internal Audit & Benefits Investigation where a 2018/19 saving has been captured early. There were other forecast underspends on non salary budgets across the division including on Democratic services where the underspend was £25k.

The South London legal partnership (SLLp) achieved an overall surplus of £47k over the financial year. The surplus was shared amongst the client boroughs based on relative usage throughout the year. Merton has retained £10k of this surplus.

There was an over recovery of other legal income (outside of SLLp) of £60k during the year.

Customer Services - £468k under

The Merton bailiff service achieved a surplus in 2017/18. The joint service with Sutton also created a surplus of which 50% was retained by Merton under the agreement.

It has been agreed at the recent joint Board meeting that the service will be extended, subject to Cabinet approval , see paper on agenda.

There was an underspend of £254k on the Benefits Administration budget mainly due to the receipt of some non-recurring income from the Department of Work and Pensions to fund a number of schemes.

Corporate Items - £22k over

The table below summarises the main budget and outturn figures within Corporate Items:

Division	2017/18 Current Budget (£000)	2017/18 Outturn (£000)	Variance (£000)	Forecast variance at year-end - December (£000)
Redundancy	1,096	1,472	376	398
Enterprise Allowance licences and cyber security	0	208	208	198
Coroner's Court	246	382	136	134
Housing Benefit	35	-1,538	-1,573	-740
Other grants/income	-340	-470	-130	-186
Transfer to reserves to fund delayed savings/ pressures	-1,005	0	1,005	0
Total	32	54	22	-196

Redundancy costs overspent by £376k during the year. There was an overspend of £136k on Coroner's Court fees which included a cost of £39k for the enquiry into the terrorist attack at Westminster Bridge (this accounting treatment is consistent with that of the other borough partners).

There was unbudgeted expenditure of £60k that addressed cyber security issues following recent security threats. The additional cost of Microsoft Enterprise licenses of £148k was also met from this budget.

The Housing Benefit budget shows a surplus of £1.5m on the account due to the subsidy received on overpayments. At period 9, a lower surplus of £740k was forecast. The table below provides the details:

Division	2017/18 Outturn Variance (£000)	Forecast Outturn variance - December (£000)	Variance (£000)
Overall surplus on account	-1,573	-1,956	383
Increase to bad debt provision	0	1,216	-1,216
Remaining surplus on account	-1,573	-740	-833

The year-end review of the housing benefits provision did not require a top up to the provision as expected during the period 9 forecast. The provision rate percentages applied are based on collection rates calculated at year end.

An amount of £1,005k has been transferred to the Corporate Services reserve to fund an energy scheme saving which cannot be met in 18/19 due to slippage in the capital spend and a number of budget pressures in future years.

Environment & Regeneration

Environment & Regeneration	2017/18 Current Budget £000	Full year Outturn (March) £000	Outturn Variance (March) £000	Forecast Variance at year end (Dec) £000	2016/17 Outturn Variance £000
Public Protection	(10,480)	(12,083)	(1,603)	(1,711)	1,290
Public Space	15,299	15,932	633	840	510
Senior Management	1,004	1,007	3	1	(44)
Sustainable Communities	7,021	6,777	(244)	58	(745)
Total (Controllable)	12,844	11,633	(1,211)	(812)	1,011

Description	2017/18 Current Budget £000	Outturn Variance (March) £000	Forecast Variance at year end (Dec) £000	2016/17 Variance at year end £000
Overspend within Regulatory Services	630	78	172	(34)
Underspend within Parking & CCTV Services	(11,587)	(1,633)	(1,849)	1,442
Underspend within Safer Merton	477	(48)	(34)	(118)
Total for Public Protection	(10,480)	(1,603)	(1,711)	1,290
Overspend within Waste Services	13,975	98	327	168
Underspend within Leisure & Culture	867	(166)	(127)	(72)
Overspend within Greenspaces	1,350	754	552	206
Underspend within Transport Services	(893)	(53)	88	342
Total for Public Space	15,299	633	840	510
Overspend within Senior Management & Support	1,004	3	1	(44)
Total for Senior Management	1,004	3	1	(44)
Underspend within Property Management	(2,538)	(422)	(272)	(564)
Overspend within Building & Development Control	(400)	397	370	(157)
Underspend within Future Merton	9,959	(219)	(40)	(158)
Total for Sustainable Communities	7,021	(244)	58	(789)
Total Excluding Overheads	12,844	(1,211)	(812)	1,011

Overview

The department has a year-end direct underspend of £1,211k at year end. The main areas of variance are Parking Services, Greenspaces, Property Management, Building & Development Control, and Future Merton.

Public Protection

Parking & CCTV Services underspend of £1,633k

The underspend is mainly as a result of the protracted timeframe for the implementation of the ANPR system across the borough. The section did not have a fully functional system until February 2017, but the necessary upgrades and camera performance reviews conducted by the contractor and officers from the team have now been completed. The positive effects of this fully functional system e.g. improved traffic flow, is expected to be realised during 2018/19. The later start of the ANPR enforcement has resulted in a delay in motorist compliance with traffic regulations and the revenue generated reflecting this.

Included within the outturn is an employee related overspend of c£345k due to a combination of savings not yet implemented and increased demand. Due to the implementation of the diesel surcharge and the delay in fully implementing ANPR the section has been forced to delay implementing certain savings, whilst needing to recruit additional agency staff to manage PCN and permit demands. This pressure was offset by an over-recovery in permit revenue (£252k).

Public Space

Greenspaces overspend of £754k

Although significant savings have been realised, the section overspent on the contract for parks and greenspaces work with idVerde by approximately £346k. This included £193k of one-off redundancy costs to LBM as agreed as part of the procurement process. The contract commenced in February 2017 and is for a period of 8 years (with the option to extend).

In addition, works to trees overspent by c£161k as a result of work required on the borough's trees in order to avoid accidents or damage. From October 2018, this work is expected to be carried out by IDVerde and will benefit from the lower rates available through the Phase C arrangements.

The section also underachieved on its income expectations in the following areas. Firstly, on events related income (£48k), whereby related savings of £170k have been implemented in the last two years, and whilst one event boosted the income, work continues to identify how income from events in parks, including developing working partnerships with external event production companies, can be generated. Secondly, due to a delay in the implementation of 2016/17 saving E&R26 (£60k) i.e. P&D within certain parks, and the decision to limit the charging to fewer parks, this income has not commenced until the beginning of the 2018/19 financial year, and will not deliver the full savings requirement.

Other areas of overspend included utility costs (£48k), and rental income (£50k).

Waste services overspend of £98k

A significant reduction between December and outturn was seen within Waste Services, notably £170k on disposal costs, as the section continued to see a reduction in waste tonnages coupled with higher than expected rebates from recyclates (based on a basket price), when compared to

2016/17. The overspend on the Phase C contract also reduced by c£90k during the same period, ending the year with an overspend of around £550k.

Sustainable Communities

Building & Development Control overspend of £397k

The section ended the financial year with an underachievement on income of £557k – of which £474k occurred within Building Control and £83k within Development Control. This reflects the reduction in the Authority's market share in recent years although 2017/8 saw a slight upturn in market share. This downward trend has also impacted on the section's ability to meet some of its associated 2017/18 savings, notably ENV20, D&BC1, D&BC2, D&BC3, D&BC5, and D&BC6 i.e. Increased income from building control services, fast tracking of householder applications, commercialisation of the service, and removal of the Planning Duty service. Replacement savings have been agreed by Cabinet that will help mitigate this pressure from 2018/19.

This includes a reduction, when compared to 2016/17, in development control income of around £396k due to a downturn of around 10% in planning applications and fewer planning performance agreements being secured during the year. This only results in an underachievement against budget of £83k, but is a considerable decrease in income levels.

Property Management underspend of £422k

The main reason for the underspend is as a result of exceeding their commercial rental income expectations by £593k mainly due to conducting the back log of rent reviews in line with the tenancy agreements. This overachievement of income was partially offset by an overspend within Employees (£29k), premises related expenditure (£88k), and supplies & services (£67k).

Future Merton underspend of £219k

The main reason for the underspend is the delay in utilising the Morden and Wimbledon growth items of £283k provided in 2017/18. With regard to the Morden Town Centre project, external funding has been utilised to fund the work on Morden in 2017-18. Spend to date has been lower than anticipated due to the time taken to form and agree the legal relationship with TfL and there was a delay of a few months in proceeding with the appointment of the development consultants, GVA so we are now able to progress effectively. This company were appointed by TfL in March 2018 (originally this work was expected to start in late 2017). All costs, including GVA work and legal costs, are being jointly funded by LBM and TfL and we will start to see the majority of the spend throughout 2018 and into 2019.

With regard to the Future Wimbledon project, due to Crossrail 2 being at least a year behind the original schedule, the work on the Masterplan has been held back until 2018-19. The Masterplan is due to be published for consultation after the local elections.

Other notably underspends occurred on general supplies & services (£60k), and street works & permitting schemes (£61k). The underspend within supplies and services was mainly against consultants, primarily due to £32k of costs being charged to the Housing Company Merantun, and lower than anticipated costs for the consultant working for the Planning Inspector on the Estates Local Plan.

These underspends were partially offset by overspends in relation to consulting and implementing new CPZ across the borough (£121k) that, when implemented, generate permit income for Parking Services, and street lighting energy costs (£78k).

Children Schools and Families

Children, Schools and Families	2017/18 Current Budget (£000)	2017/18 Outturn (£000)	Variance (£000)	Forecast variance at year-end-December (£000)	2016/17 Outturn Variance (£000)
Education	17,259	16,556	(703)	(468)	(874)
Social Care and Youth Inclusion	20,729	24,325	3,596	3,057	3,259
Cross Department budgets	1,639	1,544	(95)	(78)	(271)
PFI	7,916	7,574	(342)	(223)	(549)
Redundancy costs	2,083	1,876	(207)	(155)	(411)
Total (controllable)	49,626	51,875	2,249	2,133	1,154

Overview

At the end of March Children Schools and Families overspent by £2.249m on local authority funded services. Although the department received £1m growth which was allocated against placement budgets, there were pressures in excess of the growth allocated to the department.

In 2017/18 the department has again identified underspends to offset cost pressures that are not sustainable on an on-going basis or one-off windfalls which is not guaranteed to reoccur in future years. This means that the demographic and new burdens cost pressures will continue into the new financial year. Plans are in place to allocate the majority of the £500k demographic growth to staffing in 2018/19 which is expected to eliminate the agency staff cost pressure experienced detailed below.

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

Due to the volatile nature of placement and SEN transport budgets and the current volume of CSC activity and EHCP requests we are exercising appropriate demand management balancing our education and social care statutory duties with careful and considered oversight of spend.

Local Authority Funded Services

Significant cost pressures and underspends identified to date are detailed in the table below:

Description	Budget £000	Mar £000	Dec £000	2016/17 £000
Procurement & School organisation	592	(319)	(334)	(448)
Premises and contracts team	533	(95)	(66)	(105)
SEN transport	4,131	566	567	394
Early achievement of savings	200	(200)	(200)	0
SEN statement support team	394	(78)	(82)	(7)
My futures team	517	(212)	(109)	(35)
Staffing underspends across Early Years services	1,477	(114)	(147)	(333)

Other small over and underspends	9,415	(251)	(97)	(340)
Subtotal Education	17,259	(703)	(468)	(874)
Fostering and residential placements (ART)	5,226	813	443	611
Supported lodgings/housing	1,645	156	154	1,110
Un-accompanied asylum seeking children (UASC)	628	693	767	579
Community Placement	0	750	500	0
No Recourse to Public Funds (NRPF)	21	353	345	484
Social Work staffing	4,714	631	595	282
Family and Adolescent Services	43	31	31	0
MOSAIC implementation support	0	85	86	0
Other small over and underspends	8,477	84	136	288
Subtotal Children's Social Care and Youth Inclusion	20,729	3,596	3,057	3,259

Education Division

Procurement and school organisation budgets underspent by £319k as a result of lower spend on re-venue-isation budgets. This budget relates to construction projects that cannot be classified as capital. The majority of this is required for temporary classrooms due to rising pupil demand when it is not viable to provide permanent buildings. No temporary classrooms are required for 2018/19 following confirmation that Harris Wimbledon will open as planned in September 2018 which should mean that the underspend would continue.

The premises and contract team budget underspent by £95k. This was mainly due to delayed recruitment to vacancies as well as over-achieving income and reducing spend on some supplies and services budgets.

The SEN transport budget overspent by £566k at the end of the financial year. A full review of the routes purchased from taxi providers was conducted prior to the summer procurement programme. Savings made through this exercised reduced the overall cost of taxi transport, but this was not sufficient to cover the increase in numbers of cases experienced during the year. The caseload increase from 216 in September 2016 to 261 in March 2018 (a 21% increase). Due to the high volume of increases, this budget overspend is expected to increase during 2018/19.

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

The SEN support team underspent by £78k on staffing due to difficulties in recruiting appropriate staff to vacancies. Recruitment continues to ensure we can meet our statutory duties in relation to EHCP timeliness.

The My Futures team underspent by £212k due to vacancies held during the year while team was restructured.

As part of management action, where possible, recruitment to vacancies in some early years service areas were delayed with the aim to reduce the overall in-year departmental overspend. This resulted in an overall underspend of £114k.

There were various other small over and underspends across the division netting to a £251k underspend. These combine with the items described above to arrive at the total reported divisional underspend of £703k.

Children's Social Care and Youth Inclusion Division

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

Service	2017/18 Current Budget £000	2017/18 outturn £000	Variance		Placements	
			Mar £000	Dec £000	Mar Nr	Dec Nr
Residential Placements	2,239	2,512	273	63	11	11
Independent Agency Fostering	1,789	1,914	125	96	44	45
In-house Fostering	964	1,291	327	201	63	57
Secure accommodation	134	4	(130)	(130)	0	0
Mother and baby	100	318	218	213	0	2
Total	5,226	6,039	813	443	118	115

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

- The residential placement expenditure overspent by £273k. The overall cost is £8k less this year compared to last year due to a detailed review of these placements which aimed to reduce overall residential placement cost.
- The agency fostering placement expenditure overspent by £125k. The overall cost has increased by £189k since last year due to the number of and specific circumstances of cases (increase of 3 cases).
- The in-house foster carer expenditure overspent by £327k. The overall cost has increased by £130k since last year due to the overall caseload increase of 17.
- We had one young person in secure accommodation for a few days who has now left.
- Mother and Baby placement budgets overspent by £318k. The overall cost is £73k higher than last year and is difficult to manage and predict due to the nature of the placements requiring extensions of placements and additional support.

The budget for semi-independent and supported lodgings/housing placements overspent by £156k. These are for young people who require semi-independent provision through to independence or, in some cases, through to the age of 21 (older in exceptional circumstances), as part of our statutory duties. There were 61 semi-independent placements for young people at the end of March 2018 up to an age of 25.

The UASC placements overspent by £693k this year.

Service	2017/18 Current Budget £000	2017/18 outturn £000	Variance		Placements	
			Mar £000	Dec £000	Mar Nr	Dec Nr
Independent Agency Fostering	369	192	(177)	(180)	9	7
In-house Fostering	0	350	350	407	21	18
Supported lodgings/housing	259	779	520	540	27	29
Total	628	1,321	693	767	57	54

At the end of March we had 57 UASC placements with a number of young people aged 18+ with no recourse to public funds in semi-independent accommodation. We are experiencing a sustained rise in UASC referrals and expect to reach the 0.07% rate (34 children, currently 20) in the next 6-12 months. This is likely to lead to a net increase in UASC expenditure.

There was a £750k overspend on a community placement. This provision relates to a complex case currently under discussion between the CCG and the local authority. The overspend relate to nursing care which has been claimed for by the CCG at a much higher cost than originally expected but less than originally charged. The cost for 2018/19 is still being negotiated and there is a risk that this pressure will continue.

The NRPF budget overspent by £353k in the current financial year. The NRPF worker is working closely with housing colleagues to manage cases as they arise and is also reviewing historic cases to identify ones where claimant circumstances has changed and can therefore be stepped down from services. We continue to use the Connect system to progress cases and continue to review open cases with the aim to limit the cost pressure on the council. The AD continues to forensically scrutinise activity in this area. Strong gate keeping has resulted in a reduction of overall numbers from a peak of about 30 to an estimated case load of 15 at the end of this financial year which should impact positively on next year's overspend.

The Central Social Work, MASH, First Response, CASA, Bond Road and CWD team's staffing costs overspent by £631k. The majority of this is due to additional social work capacity required to manage safe caseloads and review of practices, previously funded by the council's contingency, and are kept under regular review as they are covered by agency. On top of the additional staff, the teams also has to cover vacancies with agency staff due to difficulty in recruiting permanent members of staff. The situation is progressing and work is taking place to improve retention.

The Family and Adolescent Services staffing budget overspent by £31k. This is due to the head of service post which had been deleted as part of the 2017/18 savings continuing to be covered by an agency member of staff due to short term service requirements. These arrangements ceased in September.

Following the implementation of MOSAIC, some changes and service support is still required which is now funded from the departmental budgets rather than from the project. The support was required until the end of December at a cost of £85k.

There are various other small over and underspends across the division netting to a £84k overspend. These combine with the items described above to arrive at the total reported divisional overspend of £3,596k.

Dedicated Schools Grant

DSG funded services overspent by £1.896m. These budgets are not within the council's general fund and cannot be offset against the local authority funded budgets. The overspend will be funded from the DSG reserve and applied after consultation with Schools Forum. Variances between individual nominals have been shown in the overall departmental analyses.

The pressure on the high needs block will continue in 2018/19. Due to the low level of DSG reserves, it is expected that this will go into a negative position at the end of next financial year, joining some other London LAs.

The main reasons for the variance relates to the overspend of £1.319m on Independent Day School provision, £364k on EHCP allocations to maintained primary and secondary schools and £508k on additional school business rate adjustments primarily due to the revaluation of properties in the beginning of 2017. This was offset by a £356k underspend on Further Education colleges and Independent School Provision

There are various other smaller over and underspends forecast across the DSG netting to a £63k overspend which, combined with the items above, equates to the net overspend of £1.898m.

We continue to keep abreast of proposed changes to the National Funding Formula, especially in relation to risks associated with services currently funded by de-delegated elements of the DSG.

Management Action

New burdens

There are a number of duties placed on the Local Authority which have not been fully funded or not funded at all through additional burdens funding from Central Government. £1m growth was added by the council in 2017/18 to the supported housing/lodgings budget. Excluding the cost of these duties would leave a net departmental overspend of £1.047m, however that figure masks substantial once off windfalls and non-recurrent and recurrent management action. The table below highlights the continued estimated overspends relating to these unfunded duties:

Description	Budget £000	Mar overspend £000	Dec overspend forecast £000
Supported lodgings/housing	1,645	156	154
Un-accompanied asylum seeking children (UASC)	626	693	767
No Recourse to Public Funds (NRPF)	21	353	345
Total	2,292	1,202	1,266

Following changes introduced through the Children & Social Work Act, local authorities will take on new responsibilities in relation to children in care and care leavers. Local authorities will be required to offer support from a Personal Adviser to all care leavers to age 25. New burdens funding will be provided to support implementation of this change.

Further new burdens are expected for 2018/19 including:

- Social Care Act requirement for new assessment process for all social workers
- SEND tribunals will cover elements of children care packages and therefore cost
- New requirement of social work visits to children in residential schools and other provision.

Staffing

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

Placements

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

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

Our ART Fostering Recruitment and Assessment team is continuing to recruit new foster carers who will offer locally based placements with an enhanced recruitment campaign, targeting carers for teenagers, sibling groups and UASC. 11 were recruited during the past year. This continues to reduce the increase in more expensive agency foster placements, but there is a time lag. Our ART Placement and Fostering teams are continuing to work to ensure the maximum use of our in house fostering provision.

Our ART Placement service is working with providers to establish more local provision and offer better value placements to the Council. There is now an established agreed cost framework for semi- independent providers and this has resulted in more appropriately priced placements for Care Leavers and older LAC. Our ART Placement team are working with the 14+ team to review placements in and ensure appropriate use of the semi-independent market.

We have contracted with a provider to block purchase five independent units for care leavers aged 18+. This will act as a step down into permanent independent living. For the total 5 placements in the provision, this cost is £1,400 per week. This is a significantly better financial value than using the semi-independent market for our care leavers. We have five young people currently there. Many of these young people will also be eligible to claim Housing Benefit.

We have updated our Staying Put policy for young people aged 18+ to enable them to remain with their foster carers as recommended following our Ofsted inspection. We currently have 9 young people remaining with in house foster carers. Financially this is a more cost effective offer than semi-independent provision. However, the increased use of Staying Put for young people aged 18+ impacts on available placements for younger teenagers and therefore there is a likelihood of an increase in the use further IFA placements in the near future. We continue to focus our foster carer recruitment on carers for teenagers to mitigate these potential additional costs.

All residential placements are regularly reviewed through a monthly panel process. The fostering recruitment strategy is being refreshed in light of the new Staying Put requirement.

General

The department continues to scrutinise all budgets to see how we can offset the above costs pressures and others created by growing demographics and new burdens. Where possible we use grant and income flexibly to reduce our cost pressure.

Community and Housing

Overview

Community and Housing has consistently forecast an overspend of between £1m to £1.2m throughout the financial year. C&H DMT identified actions in year to bring this down. The final outturn as at March 2018 is £922k of which £425k is related to one off costs during 2017.18. Close monitoring and management of this service continues into 2018/19.

The main pressures are on Adult Social Care placements and in the costs of temporary accommodation. A senior level focus on placements has stabilised spend and it has started to reduce in the last six months. Merton has one of the lowest usages of temporary accommodation, but there were increased costs early in the New Year with the very poor weather.

C&H Summary Outturn Position

Community and Housing	2017/18 Current Budget	2017/18 Outturn	2017/18 Variance	Forecasted Variance (Dec'17)	2016/17 Outturn Variance
	£'000	£'000	£'000	£'000	£'000
Access and Assessment	47,148	47,603	455	1,014	9,432
Commissioning	3,649	3,860	211	(8)	67
Direct Provision	4,286	4,091	(195)	(216)	(169)
Directorate	770	951	181	119	(274)
Adult Social Care	55,853	56,505	652	909	9,056
Libraries and Heritage	2,033	2,053	20	13	(88)
Merton Adult Education	0	0	0	0	501
Merton Adult Education-Commissioning Model	4	(2)	(6)	(6)	0
Housing General Fund	1,937	2,193	256	165	655
Sub-total	59,827	60,749	922	1,081	10,124
Public Health	0	0	0	0	16
Grand Total	59,827	60,749	922	1,168	10,140

Adult Social Care

There has been a renewed effort to effectively monitor and manage Adult Social Care budgets during 2017/18 by holding weekly budget management meetings and the implementation of a management action plan which will continue into 2018/19.

Adult Social Care received £9.3m growth in 2017/18 to support identifiable pressures in the placements budget this has been substantiated by the outturn variance achieved by the department.

There has been a noticeable reduction in committed expenditure on placements in the latter part of the financial year which is due to the introduction of the outcomes forum, weekly monitoring of variations and the increase scrutiny of care packages.

Throughout 2017/18 we reported on the Better Care Fund agreement with Merton CCG and the Borough and the potential liability of a £474k risk share contribution, in addition to the £275k pressure from the previous year. Due to the continued effective working relationship with Merton CCG the Community & Housing management team has negotiations a reduction in the expected risk share allocation to £150k.

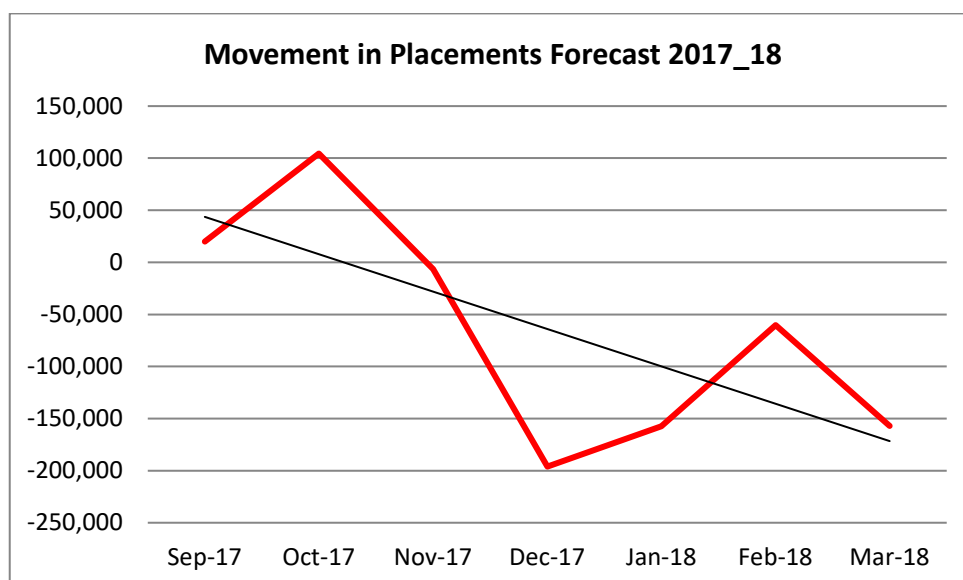
Access & Assessment

Access and Assessment outturn adverse variance was £455k. This is better than expected due to effective management of the service, outcomes forum and close monitoring of the service.

This area is the most volatile within the Community and Housing service. It is a demand led service which is affected by changes legislation, market forces and the demand of an aging population.

Expenditure on placements continues to decline during 2017.18 as demonstrated by graph 1 below. The outcomes forum has been an effective tool in improving practice in assessment and support planning.

Graph1



Considerable effort has been put in to improving data quality, which has led to improved understanding of the pressure points, increased ability to target actions and increased consistency of reporting and forecasting. Placements spend is now tracked monthly and movements identified at the level of individual packages of care. These changes and trends are monitored by the Directorate Management Team and the Cabinet member for adult social care.

Access & Assessment	Outturn Variances (Mar'18) £00	Forecast Variances (Dec'17) £000
Underspend on Concessionary Fares	(100)	(92)
Overspend on Better Care Fund Risk Share for 2016/17 & 17/18	425	275
Other	(307)	(139)
Placements	1,671	2,354
Income	(1,234)	(1,384)
Total	455	1,014

Commissioning

Commissioning service outturn adverse variance was £211k, which includes supporting people contracts which was previously reported under placements. Pressures include additional staff costs to improve income collection.

Direct Provision

This service outturn variance is £195k under spend due to careful management of staff costs. There is pressure in one of the residential services which is being addressed. Day services staff work across all sites to ensure cover. This year there were delays with recruitment which resulted in an underspend. Use of bank staff across services has helped control costs.

The grants received for Mascot (BCF, DFG) have been utilised and we will use more in the coming year to alleviate staffing pressures in the service.

Directorate

This area was forecasting an overspend throughout the financial year which was mainly due to salary cost of two directors, temporary head of services and other project workers engaged to undertake home care procurement.

C&H-Other Services

Libraries-

In December this service forecasted an over spend of £13.7k which increased to £19.5k as at March 2018. The service was forecasting an over spend of £43k on staffing related expenditure but at year end overspend was reduced to £33k which was due to the restructure of the service and the continued use of agency staff during the transition process. Alternatively income was less than forecasted in December by £6.7k excluding project income. There is also the issue of a negative leasing budget that will be resolved in 2018/19.

Merton Adult Learning –

This service outturn variance is £6k under spend. Merton Adult Learning forecasted an under spend since September 2017.

The £6k underspend is due to fees collected by the service for the in-house Learning Difficulties and Disabilities provision provided.

Housing

Outturn Variance is £256k overspend

In this service the main unpredictable area is temporary accommodation. Although throughout 2017/18 cost appeared constant there was an increase between December and January. Additionally with the on-set of the impending new requirements on this service, via the Homeless Reduction Act (HRA) the team has seen an increase of number of clients.

However, despite this being such a volatile service the service continues to prevent homelessness, thus avoiding expensive placements into temporary accommodation.

The service also continues to maximise income collection for clients living in temporary accommodation by collecting personal contributions from clients, and claiming Housing Benefit and Universal Credit. A total of £735K has been collected directly from clients in 2017/18.

The service is currently working towards implementing the HRA and will proceed with a planned restructure to meet the new legislative requirements, duties and any savings which are required.

Housing	Budget £'000	Outturn Variances (Mar'18) £'000	Forecast Variances (Dec'17) £'000
Temporary Accommodation-Expenditure	2,296	909	812
Temporary Accommodation-Client Contribution	(140)	(595)	(585)
Temporary Accommodation-Housing Benefit Income	(2,000)	(166)	(350)
Temporary Accommodation-Subsidy Shortfall	322	517	593
Temporary Accommodation- Grant	-	(406)	(406)
Total Temporary Accommodation	478	259	64
Housing Other- Over(under)spends	1,459	(3)	101
Total	1,937	256	165

Public Health

This service reviewed many contracts during 2017/18 in order to obtain value for money.

Public Health achieved a breakeven position as predicted.

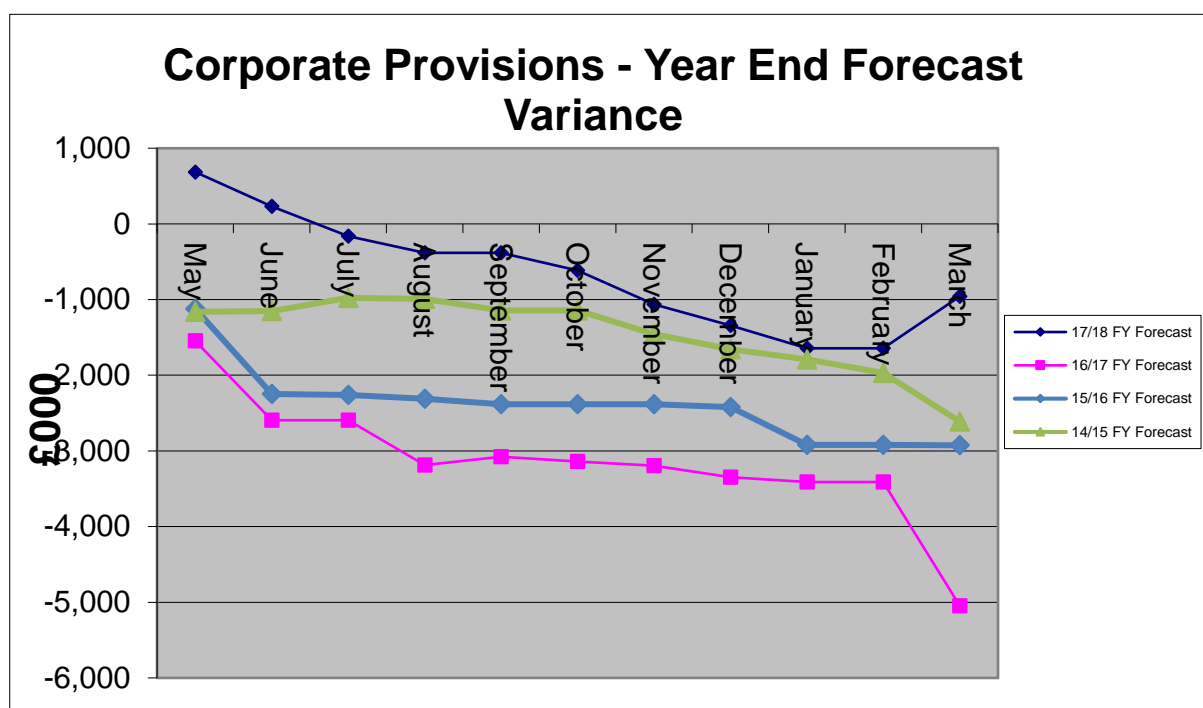
Summary

The department establishment a weekly meeting to plan management actions during 2016/17 and these continued into 2017/18 to closely monitor placement budgets.

Section 4 Corporate Items

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

Corporate Items	Current Budget 2017/18 £000s	Full Year Outturn (Mar.) £000s	Outturn Variance at year end (Mar.) £000s	Forecast Variance at year end (Dec.) £000s	2016/17 Year end Variance £000s
Impact of Capital on revenue budget	11,604	11,501	(103)	(17)	193
Investment Income	(1,186)	(778)	408	402	(176)
Pension Fund	3,264	2,875	(389)	0	(498)
Pay and Price Inflation	736	0	(736)	(350)	(739)
Contingencies and provisions	4,103	1,656	(2,447)	(1,379)	(3,495)
Income Items	(1,152)	(1,256)	(104)	0	(330)
Appropriations/Transfers	2,102	4,546	2,445	0	(3,091)
Central Items	7,867	7,044	(823)	(1,327)	(8,329)
Levies	933	933	(0)	0	0
Depreciation and Impairment	(18,966)	(18,966)	0	0	0
TOTAL CORPORATE PROVISIONS	1,437	511	(926)	(1,344)	(8,136)



2. From an early stage in the financial year, it became clear that there would be severe pressures on service department budgets, particularly in demand led services such as Adult Social Care. It was therefore necessary to monitor corporate provisions carefully throughout 2017/18 in order to offset the forecast overspend as far as possible by underspends in corporate budgets, mainly in contingencies held to provide flexibility in the event of such pressures.
3. Impact of Capital on Revenue Budget
Throughout 2017/18 a small underspend on the cost of borrowing had been forecast and the outturn has resulted in a slightly larger underspend arising from decisions made in how the capital programme has been funded.
4. Investment Income
A deficit in achievement of investment income has been forecast throughout 2017/18 and the final outturn was in line with this expectation.
5. Pension Fund
There was an underspend of £0.389m at year end arising mainly from the non-utilisation of the budget for autoenrolment. These costs were met within service departments employees budgets.
6. Pay and Price Inflation
The provision for inflation includes an element for price increases exceeding 1.5% and throughout 2017/18 use of this budget was resisted to offset the forecast overspend in service departments. This resulted in an underspend of £0.436m. The £0.300m provision for Utilities inflation was also not used in 2017/18 and held as cover against the forecast overspend in services.
7. Contingencies and Provisions
This budget contains budgets for the provision of bad debts, loss of income arising from the P3/P4 site development, direct revenue funding of capital, provision for reversion, Single Status/Equal Pay and general contingency.

The net underspend of £2.474m consists of the following main variations:-
 - a) Contingency – Underspend £1.500m: The contingency was held throughout the year as cover for anticipated pressures in service expenditure.
 - b) P3/P4 - Underspend £0.4m: The underspend is due to the delay in commencing with the proposed development which means that car parking income has continued on the site. This was forecast throughout the year.
 - c) Single Status/Equal Pay – Underspend £96k
 - d) Provision for Loss of HB Admin. Grant – There was only a small demand of £21k against this budget in 2017/18 leading to an underspend of £0.179m.
 - e) Bad Debt Provision – Overspend £0.395m: There was an unexpected increase in demand against the provision for bad debts and further work will be carried out in 2018/19 to improve the forecasting and monitoring of this budget.

- f) Apprenticeship Levy: Underspend £0.235m: This was the first year of operating the apprenticeship levy.
- g) Revenuisation and Miscellaneous – Underspend £0.459m. It was originally anticipated that this budget would be used to fund capital projects but in light of pressures on service expenditure it was subsequently decided to use the revenue reserve for capital purposes and retain the flexibility that revenue resources provide. The underspend was held to offset against the forecast overspend.
8. Income Items: Underspend £0.104m
The underspend is due to slightly increased income (£48k) from CHAS IP/dividend and some other small miscellaneous un-budgeted income .
9. Appropriations/Transfers: Overspend £2.44m
The £2.4m variation reflects the decision not to implement the budgeted transfer of £2.4m from the Balancing the Budget Reserve following the improved financial position on forecast outturn
10. Funding
The level of funding from central government was £0.488m better than budgeted. This is due to a net underspend of £0.488m arising from Business Rates/Section 31 Grant. This mainly relates to changes to small business rates relief announced in the Government's Spring 2017 Budget and in the Government's technical consultation papers issued in December 2017 outlining changes to 2017/18 Small Business Rates Relief Threshold payments.

Section 5 - Other Information

E5- Financial system

A considerable amount of work has been undertaken in reconciling our old legacy systems to the new E5 Financial system as part of our preparations for closedown. After extensive analysis of our Accounts Payable and Receivable ledgers we are currently left with a net credit balance to write off totalling £617k. We will continue with our efforts to reconcile this amount during our closedown period. We will also review the treatment of this balance with our external auditors but it could result in an additional underspend on our accounts.

Debt Report

The report on debt at year end is provided in Appendix 4

Section 6 Reserves Position

USABLE RESERVES

Usable Reserves	Balance at 31 March 2017 £000	Transfers out 2017/18 £000	Transfers in 2017/18 £000	Balance at 31 March 2018 £000
General Fund:				
Balances held by schools	(8,246)	426	0	(7,820)
General Fund Balances	(12,778)	0	0	(12,778)
Earmarked reserves	(41,105)	3,182	(2,200)	(40,123)
Total General Fund	(62,129)	3,608	(2,200)	(60,721)
Capital:				
Capital Receipts Reserves	(22,986)	12,001	(4,527)	(15,512)
Capital Grants Unapplied	(7,251)	185	(3,413)**	(10,479)
Total Capital	(30,237)	12,186	(7,940)	(25,991)
Total Usable Reserves	(92,366)	15,794	(10,140)	(86,712)

**Reflects 18/19 grants received in advance

General Fund Balance - This fund includes any surplus after meeting net expenditure on Council services.

Earmarked Reserves - Earmarked reserves are amounts set aside from the General Fund to provide financing for future expenditure plans. Also included in this note are amounts held by schools under delegated schemes and amounts set aside to meet future insurance claims.

Capital Receipts Reserve - This represents receipts from the sale of land and other assets. The reserve can be used for the repayment of external loans, or transferred to the capital adjustment account to finance capital expenditure.

Capital Grants Unapplied - These are unapplied capital grants set aside for future capital expenditure. The balance includes unapplied Community Infrastructure Levy receipts.

Transfers to/from Earmarked Reserves

Reserve	Balance at 31st March 2017	Net Transfer (to)/from Reserve	Balance at 31st March 2018
	£000	£000	£000
Outstanding Council Programme Board	(4,919)	375	(4,545)
For use in future years' budgets	(7,789)	(2,473)	(10,261)
Revenue Reserve for Capital/Revenuisation	(6,815)	3,317	(3,498)
Renewable energy reserve	(1,523)	0	(1,522)
Repairs and renewals fund	(1,147)	57	(1,090)
Pension fund additional contribution	(497)	44	(453)
Local land charges	(1,903)	(134)	(2,038)
Apprenticeships	(302)	42	(260)
Community care reserve	(1,386)	0	(1,386)
Local welfare support reserve	(443)	66	(376)
Economic development strategy	(101)	99	(2)
Corporate services reserves	(776)	(995)	(1,770)
Wimbledon tennis courts renewal	(127)	(25)	(150)
Governor support reserve	(42)	14	(28)
Redundancy costs reserve	(600)	600	0
BRS Reserve	(870)	0	(870)
New homes bonus scheme	(291)	169	(122)
Adult social care contributions	0	(2,161)	(2,161)
Culture & environment contributions	(14)	0	(14)
Culture & environment grants	(250)	(267)	(517)
Children & education grants	(306)	(119)	(425)
Supporting people balances	0	0	0
Housing planning development grants	0	0	0
Housing GF grants	(106)	0	(106)
Public health grant reserve	(347)	347	0
Insurance reserves	(1,955)	0	(1,955)
DSG reserve	(3,664)	2,736	(928)
Refund of school PFI contributions	(100)	100	0
School standard Fund	(6)	(366)	(372)
Schools PFI fund	(4,827)	(421)	(5,248)
CFS Reserves	0	(25)	(25)
Grand Total	(41,105)	980	(40,123)

Section 7 CAPITAL

Outturn and Budget Management

The table (a) below shows that Total Capital Expenditure for 2017/18 is £32.2 million compared to the total projected by budget managers in November 2017 of £39.4 million (this equates to a negative variance of 18.2%). November is used for capital variances due to the funding decisions taken at this time of the capital programme. This variance is higher than last year and is mainly caused by the Customer Contact, Housing Company and Acquisitions Budgets within Corporate Services.

Table (a) - Capital Outturn Position 2017/18

Department	Revised Capital programme (approved November 2017)	Final Outturn	Outturn Variance to Budget	November Forecast For Year	November Forecast Variance to Outturn	% Variance to November Forecast
Column	(1)	(2)	(3)	(4)	(5)	(6)
			(2)-(1)		(2)-(4)	(5)/(4)
Corporate Services	13,432,250	8,243,541	(5,188,709)	13,741,644	(5,498,103)	(40.01)
Community and Housing	1,301,020	1,110,766	(190,254)	1,238,530	(127,764)	(10.32)
Children, Schools & Families	6,959,650	6,035,776	(923,874)	6,890,292	(854,516)	(12.40)
Environment & Regeneration	17,638,020	16,839,927	(798,093)	16,874,716	(34,790)	(0.21)
Total	39,330,940	32,230,009	(7,100,931)	38,745,182	(6,515,173)	(16.82)
Leasing/School Capital Loan	676,060	0	(676,060)	675,912	(675,912)	(100.00)
Total	40,007,000	32,230,009	(7,776,991)	39,421,095	(7,191,085)	(18.24)

Appendix 3a provides additional information on the individual variances on schemes.

Movement in the 2017/18 Original Approved Programme

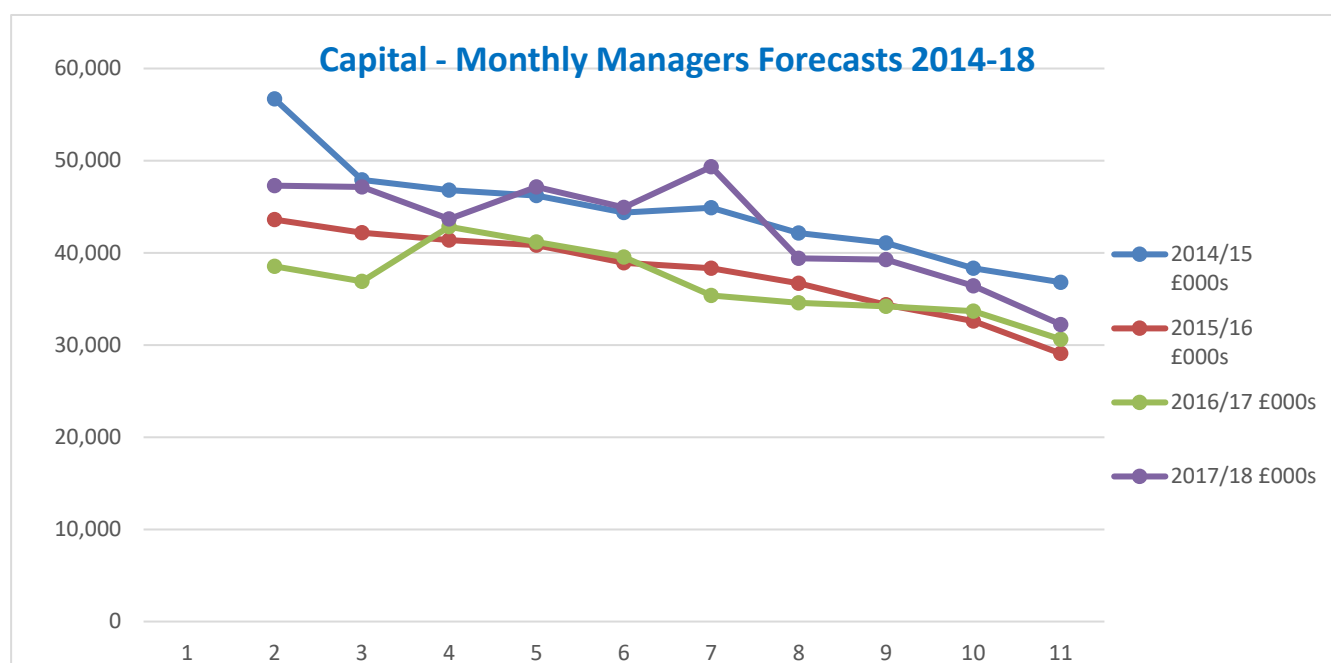
The Capital Programme for 2017/18 as approved in March 2016 was £39.5 million. Subsequently, slippage from 2016/17 of £7.5 million was added, and new funding of £16.8 million giving an effective opening programme of £63.8 million. However, during the financial year there was a net reduction in the overall programme mainly from budget being re-profiled into subsequent financial years. These movements are shown in Table (b) below. When final capital outturn is compared to the original capital programme the total slippage is 37%.

Table (b) – Movement in the Capital Programme since Approval March 2017 (£000's)

Depts.	Original Budget 17/18	Net Slippage 2016/17	Adjustments	New External Funding	New Internal Funding	Re-profiling	Revised Budget 17/18
Corporate Services	6,821	4,866	13,598	48	77	(11,942)	13,468
Community & Housing	1,335	235	501	75	0	(344)	1,802
Children Schools & Families	12,920	1,035	30	512	0	(7,437)	7,060
Environment and Regeneration	18,466	1,386	77	1,305	539	(4,096)	17,677
Total	39,542	7,522	14,206	1,940	616	(23,819)	40,007

Capital - Monthly Managers Forecast Spend to Outturn

The graph below shows the monthly forecasting by managers of the outturn spend on capital over the last 4 years. The forecasting trend during 2017/18 followed the pattern of previous years and there was a continuing problem with the quality of forecasting around November when the Medium Term Financial Strategy is being prepared. The overestimate in spending feeds through into an overestimate of the budget for capital charges in the following year. It should be noted that centrally finance officers adjust the total projected capital spend from departments downwards for optimism bias when funding the programme. This year the outturn estimate was reduced to £31.6 million.



Considerable time was spent with budget managers profiling their budgets in 2017-18 and this has improved the accuracy of forecasting non-corporate items at year end. This work will continue in 2018-19.

The Level of Re-Profiling / Slippage from 2017/18

The table below summaries management proposals for treatment of slippage and overspends from the 2017/18 programme.

Table (d) – Management Proposals for under/Overspends with the 2017/18 Capital Programme

Department	Total Year End Variance 2017/18	Recommend Accept Slippage	Surrender	Funded from Reserves etc	Bring Forward from 2018/19
	£000's	£000's	£000's	£000's	£000's
Corporate Services	(5,189)	5,051	258	(121)	0
Community and Housing	(190)	165	38	(12)	0
Children, Schools & Families	(924)	953	0	0	(29)
Environment & Regeneration	(798)	1,243	0	(121)	(324)
Lesing	(676)	0	676		
Total	(7,777)	7,411	972	(254)	(353)

After offsetting minor under and overspends within the programme seven schemes require clawback of budget from 2018-19, this clawback totals £353k. The seven schemes are Rutlish (Schools capital Maintenance) £29k, Street Lighting £11k, Traffic Schemes £2k, Footway £6k, Morden Leisure Centre £186k, Leisure Centres £109k and Parks Investment £10k. This additional spend will be taken from budgets within the 2018-19 budget.

Appendix 3b provides details of the proposed slippage into 2017/18 split by departments.

Revised Capital Programme 2018-22: Appendix 3C details the proposed movements in the approved Capital Programme 2018-22 for approval, this is summarised in the two tables below:

Movement in the Approved Capital Programme 2018-19

<u>2018-19 Budget</u>						
Department	Budget 2018-19	Slippage into 2018-19	Reprofiled into 2019-20	New 2018-19	Clawback	Revised Budget 2018-19
Corporate Services	23,482,360	5,050,920	(9,036,660)	0	0	19,496,620
Community and Housing	772,650	164,660	0	0	0	937,310
Children Schools & Families	15,158,000	952,510	(3,946,000)	495,000	(28,730)	12,630,780
Environment and Regeneration	21,852,890	1,243,160	(1,000,000)	1,039,250	(323,920)	22,811,380
Total	61,265,900	7,411,250	(13,982,660)	1,534,250	(352,650)	55,876,090

Movement in the Approved Capital Programme 2019-22

	<u>2019-20 Budget</u>				<u>2020-21 Budget</u>			<u>2021-22 Budget</u>		
	Budget 2019-20	Reprofiled from 2018-19	Reprofiled to 2020-21	Revised Budget 2019-20	Budget 2020-21	Reprofiled from 2019-20	Revised Budget 2020-21	Budget 2021-22	Reprofiled from 2020-21	Revised Budget 2021-22
Corporate Services	15,818,360	9,036,660	0	24,855,020	3,944,980	0	3,944,980	3,862,000	0	3,862,000
Community and Housing	480,000	0	0	480,000	630,000	0	630,000	280,000	0	280,000
Children Schools & Families	8,107,240	3,946,000	0	12,053,240	3,202,300	0	3,202,300	650,000	0	650,000
Environment and Regeneration	9,060,170	0	(2,000,000)	7,060,170	5,017,000	2,000,000	7,017,000	4,052,000	1,000,000	5,052,000
Total	33,465,770	12,982,660	(2,000,000)	44,448,430	12,794,280	2,000,000	14,794,280	8,844,000	1,000,000	9,844,000

The Table below provides a breakdown of the New Budgets Column detailing the source of funding for the schemes:

Total New Budgets 2018/19

Narrative	Funding				Total New Budgets 2018/19
	Merton Recourses	CIL Neighbourhood	S106	TfL	
Rutlish School Synthetic Pitch	*495,000				495,000
CCTV Investment			39,490		39,490
Bus Stop Compliance				(6,500)	(6,500)
Accessability Programme				180,000	180,000
Casualty Reduction & Schools				211,950	211,950
A298/A238 Strategic Corridor				41,180	41,180
Borough wide 20mph Limit				74,000	74,000
Cycling in Residential Streets				180,000	180,000
Commonside East/Windmill Rd			40,000		40,000
Safer Walking Routes/Streets				18,000	18,000
TfL Principal Road Maint				92,450	92,450
TfL Cycle Quietways				(18,700)	(18,700)
Cycle access/parking				36,920	36,920
Beddington Lane Cycle Route			60,000	333,710	393,710
Figges Marsh Roundabout				64,000	64,000
Mitcham Town Centre		425,000		28,000	453,000
Unallocated TfL				(1,000,000)	(1,000,000)
Mitcham Cricket Green Imps		50,000			50,000
Wandle Project			46,000		46,000
B591b Shop Front Improvement		79,000			79,000
Abbey Rec Improvements			39,750		39,750
B737b Merton Park Green Walks			25,000		25,000
Total	495,000	554,000	250,240	235,010	1,534,250

*Lessee is providing this sum to be used to complete the work, agreement will contain conditions limiting when the receipt can be recognised and utilised by the Authority so initially will need to be funded by Merton.

The £60k new S106 funding for Beddington Lane Cycle Route requires Cabinet approval under the arrangements for S106 funding (Recommendation C).

It is apparent from the annual spend over the past few years that with current staffing levels officers can progress a capital programme of approximately £30 to 33 million. The original and revised budgets for 2018/19 excluding corporate items are in excess of this and are being reviewed.

8 CONSULTATION UNDERTAKEN OR PROPOSED

8.1 All relevant bodies have been consulted.

9 TIMETABLE

9.1 In accordance with current financial reporting timetables.

10. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

10.1 All relevant implications have been addressed in the report.

11. LEGAL AND STATUTORY IMPLICATIONS

11.1 All relevant implications have been addressed in the report.

12 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

12.1 Not applicable

13 CRIME AND DISORDER IMPLICATIONS

13.1 Not applicable

14. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

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

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

Appendix 1 Out turn position

Appendix 2 Corporate items

Appendix 3A Capital Programme Outturn Position 2017/18

Appendix 3B Proposed Budget to be Slipped to 2018/19

Appendix 3C Current Capital Programme 2018-22 including Slippage

Appendix 4 Debt Report

17 BACKGROUND PAPERS

17.1 Budgetary Control files held in the Corporate Services department.

18. REPORT AUTHOR

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APPENDIX 1

OUTTURN	2017/18 Current Budget (Net)	2017/18 Outturn (Net)	2017/18 Variance (Net)	2017/18 Current Budget (excl. overheads)	2017/18 Outturn (excl. overheads)	2017/18 Variance excl. overheads	2016/17 variance excl overheads
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Department							
Corporate Services	9,932	8,963	(969)	25,287	24,475	(812)	(1,287)
Children, Schools and Families	54,691	57,122	2,430	49,626	51,875	2,249	1,154
Community and Housing	64,480	65,654	1,174	60,022	60,944	922	10,140
Environment & Regeneration	18,271	16,810	(1,461)	12,844	11,633	(1,211)	1,011
NET SERVICE EXPENDITURE	147,374	148,549	1,175	147,779	148,927	1,148	11,018
Corporate Provisions	1,437	484	(953)	1,032	106	(926)	(5,035)
TOTAL GENERAL FUND	148,811	149,033	222	148,811	149,033	222	5,983

Business Rates	(35,483)	(35,302)	181	(35,483)	(35,302)	181	0
Grants	(28,999)	(29,668)	(669)	(28,999)	(29,668)	(669)	(536)
Council Tax and Collection Fund	(84,329)	(84,329)	0	(84,329)	(84,329)	0	0
FUNDING	(148,811)	(149,299)	(488)	(148,811)	(149,299)	(488)	(536)

NET (UNDER)/ OVERSPEND	0	(266)	(266)	0	(266)	(266)	5,447
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Transfers to Reserves	(0)	266	266	(0)	266	266	(5,447)
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APPENDIX 2

3E. Corporate Items	Council 2017/18 £000s	Current Budget 2017/18 £000s	Full Year Outturn (Mar.) £000s	Forecast Variance at year end (Mar.) £000s	Forecast Variance at year end (Dec.) £000s	Outturn Variance 2016/17 £000s
Cost of Borrowing	13,415	11,604	11,501	(103)	(17)	193
Impact of Capital on revenue budget	13,415	11,604	11,501	(103)	(17)	193
Investment Income	(1,186)	(1,186)	(778)	408	402	(176)
Pension Fund	3,350	3,264	2,875	(389)	0	(498)
Provision for excess inflation	451	436	0	(436)	(150)	(439)
Utilities Inflation Provision	300	300	0	(300)	(200)	(300)
Pay and Price Inflation	751	736	0	(736)	(350)	(739)
Contingency	1,500	1,500	0	(1,500)	(750)	(821)
Single Status/Equal Pay	100	100	4	(96)	0	(60)
Bad Debt Provision	500	86	482	395	0	(271)
Loss of income - P3/P4	400	400	0	(400)	(400)	(400)
Loss of HB Admin grant	200	179	0	(179)	(179)	(200)
Reduction in Education Services Grant	819	0	0	0	0	0
Apprenticeship Levy	450	450	215	(235)	(50)	0
Revenuisation and miscellaneous	889	1,387	956	(432)	0	(1,743)
Contingencies and provisions	4,858	4,103	1,656	(2,447)	(1,379)	(3,495)
Other income	0	0	(56)	(56)	0	(280)
CHAS IP/Dividend	(1,152)	(1,152)	(1,200)	(48)	0	(50)
Income items	(1,152)	(1,152)	(1,256)	(104)	0	(330)
Appropriations: CS Reserves	(667)	(19)	(19)	0	0	0
Appropriations: E&R Reserves	4	329	331	2	0	2
Appropriations: CSF Reserves	283	346	346	(0)	0	0
Appropriations: C&H Reserves	(104)	600	0	(600)	0	0
Appropriations: Public Health Reserves	(600)	(947)	(347)	600	0	0
Appropriations: Corporate Reserves	(2,443)	1,792	4,235	2,443	0	(3,093)
Appropriations/Transfers	(3,528)	2,102	4,546	2,445	0	(3,091)
Depreciation/Impairment	(22,318)	(18,966)	(18,966)	0	0	0
Central Items	(5,809)	505	(422)	(926)	(1,344)	(8,136)
Levies	933	933	933	(0)	0	0
TOTAL CORPORATE PROVISIONS	(4,876)	1,437	511	(926)	(1,344)	(8,136)

Capital Programme Outturn Position 2017/18

Description	Budget 2017-18	Outturn 2017-18	Variance	Reason for Variance
Capital	40,007,000	32,230,009	(7,776,991)	
Corporate Services	13,468,250	8,243,541	(5,224,709)	
Business Improvement	1,810,280	866,196	(944,084)	
Customer Contact Programme	1,006,420	157,408	(849,012)	Contract Stage Payments not paid as work not delivered
Environmental Asset Management	250,460	224,219	(26,241)	Forecast slippage on the programme established after P8
Planning&Public Protection Sys	155,000	82,273	(72,727)	Forecast slippage on the programme established after P8
Replacement SC System	398,400	402,296	3,896	Phase 1 overspend funded from Adult Social Care Reserve - Phase 2 £200k Budget Slipped into 2018-19
Facilities Management Total	2,658,030	2,039,381	(618,649)	
Morden Park House Courtyard	125,000	79,955	(45,045)	Programme slipped against P8 forecast
Capital Building Works	332,500	328,968	(3,532)	
Civic Centre Staff Entrance	200,000	1,385	(198,615)	Projected start date delayed
Civic Centre Block Paving	75,000	5,185	(69,815)	Projected start date delayed
Civic Centre Passenger Lifts	0	14,686	14,686	Late invoice on the scheme
Invest to Save schemes	1,478,720	1,398,103	(80,617)	Programme slipped against P8 forecast
Water Safety Works	153,990	112,522	(41,468)	Budget in 2018-19 so no slippage of budget
Asbestos Safety Works	292,820	98,577	(194,243)	Budget in 2018-19 so no slippage of budget
Infrastructure & Transactions	2,268,190	1,033,644	(1,234,546)	
Disaster recovery	513,790	119,500	(394,290)	Programme slipped against P8 forecast
Equipment and Enhancement	978,400	914,144	(64,256)	Budget in 2018-19 so no slippage of budget
PABX Replacement	776,000	0	(776,000)	Programme slipped against P8 forecast spend will be in 2018-19
Resources	165,870	33,820	(132,050)	
Improving Information Systems	18,070	18,450	380	
ePayments Project	106,800	15,370	(91,430)	Programme slipped against P8 forecast
Invoice Scanning SCIS/FIS	41,000	0	(41,000)	Start of Project Delayed
Corporate Items	6,565,880	4,270,500	(2,295,380)	
Acquisitions Budget	5,580,410	4,270,500	(1,309,910)	Corporate Budget will be moved to 2018-19
Housing Company	949,470	0	(949,470)	Start of Project Delayed will be moved to 2018-19, initial spend of £160k incurred in May 2018
Multi-Functioning Device (MFD)	36,000	0	(36,000)	Lease Budget
Community and Housing	1,801,580	1,110,766	(690,814)	
Adult Social Care	39,850	34,526	(5,324)	
Laptops for Other Staff	4,500	1,001	(3,499)	Slippage on the Project will be moved to 2018-19 funded by un-ringfenced grant
Mosaic Report Development	35,350	33,525	(1,825)	Slippage on the Project will be moved to 2018-19 funded by un-ringfenced grant
Housing	962,490	819,673	(142,817)	
Disabled Facilities Grant	962,490	819,889	(142,601)	Unspent budget will be moved to 2018-19
Project General	0	(216)	(216)	
Libraries	799,240	256,567	(542,673)	
Colliers Wood Library Re-Fit	200,000	183,255	(16,745)	Slippage against final forecast
Colliers Wood Library	500,560	0	(500,560)	New Lease for Colliers Wood Library spend is shown elsewhere on the Authority's Balance Sheet
Library Self Service	22,730	30,422	7,692	Overspend offset by small underspends elsewhere within the programme
Libraries Opportunity Fund	75,950	42,891	(33,059)	Expenditure and Grant Transferred to Revenue

Capital Programme Outturn Position 2017/18

Description	Budget 2017-18	Outturn 2017-18	Variance	Reason for Variance
Children Schools & Families	7,059,650	6,035,776	(1,023,874)	
Primary Schools	1,185,440	1,044,709	(140,731)	
West Wimbledon Capital Maintenance	50,000	47,694	(2,306)	
Hatfield Capital Maintenance	29,870	30,823	953	
Hatfield School Expansion	13,330	8,646	(4,684)	
Hillcross Capital Maintenance	40,310	39,054	(1,256)	
Joseph Hood Capital Maintenance	21,000	19,995	(1,005)	
Joseph Hood School Expansion	2,720	0	(2,720)	
Dundonald Capital Maintenance	47,300	27,023	(20,277)	Slippage on the Project will be moved to 2018-19
Dundonald School Expansion	86,070	55,368	(30,702)	Slippage on the Project will be moved to 2018-19
Merton Park Capital Maintenance	10,900	11,413	513	
Pelham Capital Maintenance	41,800	38,151	(3,649)	
Poplar School Expansion	1,000	0	(1,000)	
Wimbledon Chase Capital Maintenance	82,600	82,528	(72)	
Wimbledon Park Capital Maintenance	24,500	23,187	(1,313)	
Malmesbury Capital Maintenance	32,000	31,461	(539)	
Morden Capital Maintenance	110,000	93,618	(16,382)	Slippage on the Project will be moved to 2018-19
Liberty Capital Maintenance	16,360	11,000	(5,360)	
Links Capital Maintenance	16,050	16,040	(10)	
Singelgate Capital Maintenance	64,000	64,242	242	
Singelgate School Expansion	89,000	77,760	(11,240)	Slippage on the Project will be moved to 2018-19
St Marks Capital Maintenance	105,900	96,661	(9,239)	
Lonesome Capital Maintenance	99,900	100,572	672	
Sherwood Capital Maintenance	82,510	84,350	1,840	
Stanford Capital Maintenance	48,000	15,675	(32,325)	Slippage on the Project will be moved to 2018-19
William Morris Capital maintenance	41,820	41,815	(5)	
St Mary's RC School Expansion	28,500	27,634	(866)	
Secondary School	3,621,700	3,083,021	(538,679)	
Harris Academy Merton	2,840,940	2,457,811	(383,129)	Slippage on the Project will be moved to 2018-19
Rutlish Capital Maintenance	80,000	129,531	49,531	£20k offset by various underspends within the capital maintenance budget, £29k clawed back from 2018-19
Harris Academy Wimbledon	700,760	495,680	(205,080)	Slippage on the Project will be moved to 2018-19
SEN	1,758,630	1,542,464	(216,166)	
Perseid Capital Maintenance	9,550	9,446	(104)	
Perseid School Expansion	1,368,010	1,302,049	(65,961)	Slippage on the Project will be moved to 2018-19
Cricknet Green School Expansion	273,140	230,969	(42,171)	Slippage on the Project will be moved to 2018-19
Harris Morden Sec Autism Unit	30,000	0	(30,000)	Slippage on the Project will be moved to 2018-19
Further SEN Provision	77,930	0	(77,930)	Slippage on the Project will be moved to 2018-19
CSF Schemes	493,880	365,581	(128,299)	
Children's Safeguarding	30,000	1,691	(28,309)	Start of Scheme delayed slipped into 2018-19
Loans to Schools Capital	100,000	0	(100,000)	New Capital Loan of £100k shown on the Balance Sheet
Devolved Formula Capital	363,880	363,890	10	

Capital Programme Outturn Position 2017/18

Description	Budget 2017-18	Outturn 2017-18	Variance	Reason for Variance
Environment and Regeneration	17,677,520	16,839,927	(837,593)	
Public Protection and Developm	203,240	230,544	27,304	
On Street Parking - P&D	0	28,480	28,480	Section 106 Scheme moved from Revenue
CCTV (match funding)	191,740	191,104	(636)	
Air Pollution Monitoring	11,500	10,960	(540)	
Street Scene & Waste	1,498,080	1,408,292	(89,788)	
Replacement of Fleet Vehicles	208,000	155,226	(52,774)	Unspent Balance will offset GPS Vehicle Tracking Overspend - remainder to be slipped
GPS Vehical Tracking Equipment	159,990	191,863	31,873	Overspend offset against fleet vehicles underspend
Alley Gating Scheme	40,000	32,841	(7,159)	
Wheelie Bins Pilot	5,500	0	(5,500)	
SLWP IT and Depot Investment	112,710	56,483	(56,227)	Slippage in the programme unspent balance to be moved to 2018-19
SLWP - Replacement of Fleet Vehicles	971,880	971,880	0	
Sustainable Communities	15,976,200	15,201,091	(775,109)	
Street Trees	60,000	57,809	(2,191)	
Street Tree Programme	60,000	57,809	(2,191)	
Unallocated Roads Budget (unsp)	0	(6,498)	(6,498)	
Bus Stop Compliance	0	(6,498)	(6,498)	TfL Scheme will reschedule to 2018-19
Highways & Footways	4,507,430	4,443,513	(63,917)	
s106 Mawson Close (B719)	20,000	12,818	(7,182)	
Street Lighting Replacement Pr	290,000	300,724	10,724	Overspend clawed back from 2018-19 Budget
Accesibility Programme	146,340	128,660	(17,680)	TfL Scheme will reschedule to 2018-19
Casualty Reduction & Schools	378,840	386,216	7,376	TfL Scheme will reschedule to 2018-19
A298/A238 Strategic Corridor	118,050	78,233	(39,817)	TfL Scheme will reschedule to 2018-19
Traffic Schemes	156,000	157,680	1,680	Overspend clawed back from 2018-19 Budget
Surface Water Drainage	69,000	62,067	(6,933)	
Repairs to Footways	1,000,000	1,005,959	5,959	Overspend clawed back from 2018-19 Budget
Maintain AntiSkid and Coloured	90,000	89,210	(790)	
Borough Roads Maintenance	1,500,000	1,499,288	(712)	
Highways bridges & structures	260,000	255,335	(4,665)	
B707-9 Wimb'n Way finding Disks	37,890	47,379	9,489	Overspend funded by an additional contribution from Love Wimbledon
Tfl Principal Road Maint	427,500	419,945	(7,555)	TfL Scheme will reschedule to 2018-19
B706 Boxley Road	13,810	0	(13,810)	Section 106 Scheme balance slipped into 2018-19
Cycle Route Improvements	972,090	903,196	(68,894)	
TfL Cycle Quietways	184,940	166,244	(18,696)	TfL Scheme will reschedule to 2018-19
Cycle access/parking	275,800	252,720	(23,080)	TfL Scheme will reschedule to 2018-19
Borough Cycle Programme	10,730	10,730	0	
Cycle Improvements	120,870	66,039	(54,831)	TfL Scheme will reschedule to 2018-19
Beddington Lane Cycle Route	379,750	407,463	27,713	TfL Scheme will reschedule to 2018-19
Mitcham Transport Improvements	233,880	187,197	(46,683)	
Mitcham Town Centre	233,880	187,197	(46,683)	TfL Scheme will reschedule to 2018-19
Electric Vehicle Infrastructur	15,000	15,000	0	
Electric Vehicle Infrastructur	15,000	15,000	0	
Tackling Traffic Congestion	410,950	409,965	(985)	
Traffic Schemes	410,950	409,965	(985)	
Colliers Wood Area Regeneratio	166,100	180,450	14,350	
Colliers Wd- Regeneration Fund	136,100	136,100	(0)	
Singlegate School House	30,000	44,350	14,350	Overspend funded from underspends elsewhere ithin the programme

Capital Programme Outturn Position 2017/18

Description	Budget 2017-18	Outturn 2017-18	Variance	Reason for Variance
Mitcham Area Regeneration	2,082,260	1,444,979	(637,281)	
Mitcham Major schemes - TfL	1,210,830	1,196,467	(14,363)	TfL Scheme will reschedule to 2018-19
Rediscover Mitcham S106	232,650	232,650	0	
Canons - Parks for People	638,780	15,862	(622,918)	Delay in the scheme will be moved to 2018-19
Borough Regeneration	550,940	438,046	(112,894)	
Wandle Project	370,790	258,968	(111,822)	Delay in the scheme will be moved to 2018-19
Brighter Business	27,050	27,050	0	
B591b Shop Front Improvement	82,300	83,219	919	
Bungalow A	40,000	40,000	0	
Town Centre Investment	30,800	28,810	(1,990)	
Leisure Development & Sports Fac	6,492,810	6,882,772	389,962	
Morden Leisure Centre	6,068,350	6,254,308	185,958	Will be clawed back from 2018-19 Budget
Leisure Centre Plant & Machine	424,460	628,464	204,004	Part will be clawed back from 2018-19
Parks	430,850	244,661	(186,189)	
Parks Bins - Finance Lease	34,000	0	(34,000)	
Parks Investment	201,000	211,111	10,111	Will be clawed back from 2018-19 Budget
Canons - Parks for People	180,450	18,150	(162,300)	Delay in the scheme will be moved to 2018-19
Canons - Parks for People	15,400	15,400	(0)	
Mortuary Provision	53,890	0	(53,890)	
Project General	53,890	0	(53,890)	Delay in a Multi-Authority Scheme slipped into 2018-19

Proposed Budget to be slipped 2017/18 to 2018/19

Description	£	Justification
Total Slippage	7,411,250	
Corporate Services		
Customer Contact Programme	849,010	Work not completed yet , therefore not paid
Environmental Asset Management	26,240	Forecast slippage on the programme
Planning&Public Protection Sys	72,730	Forecast slippage on the programme
Replacement SC System - Phase 2	200,000	The capital element of Phase 2 will commence in 2018-19
Morden Park House Courtyard	45,040	Project not fully complete by 31-3-18
Civic Centre Staff Entrance	198,610	The majority of the project to be undertaken in 2018-19
Civic Centre Block Paving	69,820	The majority of the project to be undertaken in 2018-19
Invest to Save Schemes	27,750	Part of multi-year programme linked to savings
Disaster recovery	394,290	Forecast slippage on the programme
PABX Replacement	776,000	Whole scheme has slipped into 2018-19
ePayments Project	91,050	Forecast slippage on the programme
Invoice Scanning SCIS/FIS	41,000	Forecast slippage on the programme
Acquisitions Budget	1,309,910	Corporate Budget will be added to budget in 2018-19
Housing Company	949,470	Delayed, budget to be moved into 2018-19
Total Corporate Services	5,050,920	
Community and Housing		
Laptops for Other Staff	3,500	The review of the mobile working initiative delayed .
Mosaic Report Development	1,820	Work scheduled for completion early in 2018-19
Disabled Facilities Grant	142,600	Forecast slippage on the programme
Colliers Wood Library Re-Fit	16,740	Required works will be completed early in 2018-19
Total Community and Housing	164,660	
Children Schools & Families		
Dundonald Capital maintenance	20,280	Works delayed to Easter 2018 school holidays
Dundonald School Expansion	30,700	Works delayed to Easter 2018 school holidays
Morden School Expansion	16,380	Works delayed to Easter 2018 school holidays
Singlegate School Expansion	11,000	Works delayed to Easter 2018 school holidays
St Marks Capital maintenance	9,240	Slippage on the programme
Stanford Capital maintenance	32,330	Works delayed to Easter 2018 school holidays
Harris Academy Merton	383,130	Slippage on the programme
Harris Academy Wimbledon	205,080	Slippage on the programme
Perseid Green School Expansion	65,960	Slippage on the programme
Cricket Green School Expansion	42,170	Slippage on the programme
Harris Morden Sec Autism Unit	30,000	Slippage on the programme
Further SEN Provision	77,930	Slippage on the programme
Children's Safeguarding	28,310	Slippage on the programme
Total Children Schools & Families	952,510	

Proposed Budget to be slipped 2017/18 to 2018/19

Description	£	Justification
Environment and Regeneration		
Replacement of Fleet Vehicles	20,900	Required slippage following service review of replacement vehicle programme and service provision
SLWP IT and Depot Investment	56,230	Outstanding 2018-19 investment in the SLWP
Bus Stop Compliance	6,500	TfL Scheme slipped into 2018-19
s106 Mawson Close (B719)	7,180	S106 scheme works have slipped into 2018-19
Accessability Programme	17,680	TfL Scheme slipped into 2018-19
Casualty Reduction & Schools	(7,380)	TfL Scheme slipped into 2018-19
A298/A238 Strategic Corridor	39,820	TfL Scheme slipped into 2018-19
Tfl Principal Road Maint	7,550	TfL Scheme slipped into 2018-19
B706 Boxley Road	13,810	S106 scheme works have slipped into 2018-19
TfL Cycle Quietways	18,700	TfL Scheme slipped into 2018-19
Cycle access/parking	23,080	TfL Scheme slipped into 2018-19
Cycle Improvements	54,830	TfL Scheme slipped into 2018-19
Beddington Lane Cycle Route	(27,710)	TfL Scheme slipped into 2018-19
Mitcham Town Centre	46,680	TfL Scheme slipped into 2018-19
Mitcham Major schemes - TfL	14,360	TfL Scheme slipped into 2018-19
Canons - Parks for People	622,920	HLF Funded Scheme which has slipped
Wandle Project	111,820	HLF Funded Scheme which has slipped
Canons - Parks for People	162,300	HLF Funded Scheme which has slipped
Mortuary Provision	53,890	The scheme is led by St. George's Hospital Trust request for funding will not be made until 2018-19
Total Environment and Regeneration	1,243,160	

Movement in the Approved Capital Programme 2018-19

2018-19 Budget						
Department	Budget 2018-19	Slippage into 2018-19	Reprofiled into 2019-20	New 2018-19	Clawback	Revised Budget 2018-19
Corporate Services	23,482,360	5,050,920	(9,036,660)	0	0	19,496,620
Community and Housing	772,650	164,660	0	0	0	937,310
Children Schools & Families	15,158,000	952,510	(3,946,000)	495,000	(28,730)	12,630,780
Environment and Regeneration	21,852,890	1,243,160	(1,000,000)	1,039,250	(323,920)	22,811,380
Total	61,265,900	7,411,250	(13,982,660)	1,534,250	(352,650)	55,876,090

Capital	61,265,900	7,411,250	(13,982,660)	1,534,250	(352,650)	55,876,090
Corporate Services	23,482,360	5,050,920	(9,036,660)	0	0	19,496,620
Business Improvement	2,412,000	1,147,980	0	0	0	3,559,980
Customer Contact Programme	1,050,000	849,010	0	0	0	1,899,010
Aligned Assets	75,000	0	0	0	0	75,000
Environmental Asset Management	0	26,240	0	0	0	26,240
Revenue and Benefits	400,000	0	0	0	0	400,000
Capita Housing	100,000	0	0	0	0	100,000
Planning & Public Protection Sys	395,000	72,730	0	0	0	467,730
Spectrum Spatial Analysis	42,000	0	0	0	0	42,000
Replacement SC System	350,000	200,000	0	0	0	550,000
Facilities Management Total	2,960,000	341,220	0	0	0	3,301,220
Morden Park House Courtyard	0	45,040	0	0	0	45,040
Capital Building Works	300,000	0	0	0	0	300,000
Asbestos Safety Works	250,000	0	0	0	0	250,000
Water Safety Works	100,000	0	0	0	0	100,000
Civic Centre Boilers	300,000	0	0	0	0	300,000
Civic Centre Staff Entrance	0	198,610	0	0	0	198,610
Civic Centre Block Paving	0	69,820	0	0	0	69,820
Invest to Save schemes	2,010,000	27,750	0	0	0	2,037,750
Infrastructure & Transactions	1,085,000	1,170,290	0	0	0	2,255,290
Disaster recovery site	0	394,290	0	0	0	394,290
Disaster recovery	0	394,290	0	0	0	394,290
Planned Replacement Programme	1,085,000	776,000	0	0	0	1,861,000
Project General	275,000	0	0	0	0	275,000
Data Centre Support Equipment	300,000	0	0	0	0	300,000
PABX Replacement	0	776,000	0	0	0	776,000
IT Equipment	510,000	0	0	0	0	510,000
Resources	0	132,050	0	0	0	132,050
ePayments Project	0	91,050	0	0	0	91,050
Invoice Scanning SCIS/FIS	0	41,000	0	0	0	41,000
Corporate Items	17,025,360	2,259,380	(9,036,660)	0	0	10,248,080
Acquisitions Budget	5,791,770	1,309,910	0	0	0	7,101,680
Capital Bidding Fund	1,186,400	0	0	0	0	1,186,400
Housing Company	9,587,190	0	(9,036,660)	0	0	1,500,000
Westminster Coroners Court	460,000	0	0	0	0	460,000

Movement in the Approved Capital Programme 2018-19

2018-19 Budget							
Narrative	Budget 2018-19	Slippage into 2018-19	Reprofiled into 2019-20	New 2018-19	Virement	Clawback	Revised Budget 2018-19
Community and Housing	772,650	164,660	0	0	0	0	937,310
Adult Social Care	43,750	5,320	0	0	0	0	49,070
Laptops for Other Staff	0	3,500	0	0	0	0	3,500
Mosaic Report Development	0	1,820	0	0	0	0	1,820
Telehealth	43,750	0	0	0	0	0	43,750
Housing	628,900	142,600	0	0	0	0	771,500
Disabled Facilities Grant	628,900	142,600	0	0	0	0	771,500
Libraries	100,000	16,740	0	0	0	0	116,740
Colliers Wood Library Re-Fit	0	16,740	0	0	0	0	16,740
Libraries Management System	100,000	0	0	0	0	0	100,000
Children Schools & Families	15,158,000	952,510	(3,946,000)	495,000	0	(28,730)	12,630,780
Primary Schools	650,000	119,930	0	0	0	(28,730)	741,200
Dundonald Capital maintenance	0	20,280	0	0	0	0	20,280
Dundonald School Expansion	0	30,700	0	0	0	0	30,700
Morden Capital maintenance	0	16,380	0	0	0	0	16,380
Singlegate School Expansion	0	11,000	0	0	0	0	11,000
St Marks Capital maintenance	0	9,240	0	0	0	0	9,240
Stanford Capital maintenance	0	32,330	0	0	0	0	32,330
School Capital Maintenance	650,000	0	0	0	0	(28,730)	621,270
Secondary School	7,105,010	588,210	(700,000)	495,000	0	0	7,488,220
Harris Academy Morden	843,560	0	(700,000)	0	0	0	143,560
Harris Academy Merton	320,960	383,130	0	0	0	0	704,090
St Mark's Academy	200,000	0	0	0	0	0	200,000
Rutlish School Synthetic Pitch	0	0	0	495,000	0	0	495,000
Harris Academy Wimbledon	5,740,490	205,080	0	0	0	0	5,945,570
SEN	7,264,090	216,060	(3,246,000)	0	0	0	4,234,150
Perseid School Expansion	610,000	65,960	0	0	0	0	675,960
Cricket Green School Expansion	0	42,170	(2,046,000)	0	5,114,000	0	3,110,170
Harris Morden Sec Autism Unit	1,330,000	30,000	(1,200,000)	0	0	0	160,000
Further SEN Provision	5,324,090	77,930	0	0	(5,114,000)	0	288,020
CSF Schemes	138,900	28,310	0	0	0	0	167,210
Children's Safeguarding	30,000	28,310	0	0	0	0	58,310
Devolved Formula Capital	0	0	0	0	0	0	0

Movement in the Approved Capital Programme 2018-19

2018-19 Budget							
Narrative	Budget 2018-19	Slippage into 2018-19	Reprofiled into 2019-20	New 2018-19	Virement	Clawback	Revised Budget 2018-19
Environment and Regeneration	21,852,890	1,243,160	(1,000,000)	1,039,250	0	(323,920)	22,811,380
Public Protection and Developm	0	0	0	39,490	0	0	39,490
CCTV Investment	0	0	0	39,490	0	0	39,490
Street Scene & Waste	5,931,500	77,130	0	0	0	0	6,008,630
Replacement of Fleet Vehicles	542,000	20,900	0	0	0	0	562,900
Alley Gating Scheme	40,000	0	0	0	0	0	40,000
Wheelie Bins Pilot	5,500	0	0	0	0	0	5,500
Project General	0	56,230	0	0	0	0	56,230
SLWP - Waste Bins	2,674,000	0	0	0	0	0	2,674,000
SLWP - Replacement of Fleet Vehic	2,670,000	0	0	0	0	0	2,670,000
Sustainable Communities	15,921,390	1,166,030	(1,000,000)	999,760	0	(323,920)	16,763,260
Street Tree Programme	60,000	0	0	0	0	0	60,000
Bus Stop Compliance	0	6,500	0	(6,500)	0	0	0
s106 Mawson Close (B719)	0	7,180	0	0	0	0	7,180
Street Lighting Replacement Pr	509,000	0	0	0	0	(10,720)	498,280
Accessability Programme	0	17,680	0	180,000	0	0	197,680
Casualty Reduction & Schools	0	(7,380)	0	211,950	0	0	204,570
A298/A238 Strategic Corridor	0	39,820	0	41,180	0	0	81,000
Traffic Schemes	150,000	0	0	0	0	(1,680)	148,320
Surface Water Drainage	72,000	0	0	0	0	0	72,000
Borough wide 20mph Limit	0	0	0	74,000	0	0	74,000
Repairs to Footways	1,000,000	0	0	0	0	(5,960)	994,040
Maintain AntiSkid and Coloured	90,000	0	0	0	0	0	90,000
Borough Roads Maintenance	1,500,000	0	0	0	0	0	1,500,000
Highways bridges & structures	260,000	0	0	0	0	0	260,000
Cycling in Residential Streets	0	0	0	180,000	0	0	180,000
Commonside East/Windmill Rd	0	0	0	40,000	0	0	40,000
Safer Walking Routes/Streets	0	0	0	18,000	0	0	18,000
Tfl Principal Road Maint	0	7,550	0	92,450	0	0	100,000
B706 Boxley Road	0	13,810	0	0	0	0	13,810
TfL Cycle Quietways	0	18,700	0	(18,700)	0	0	0
Cycle access/parking	0	23,080	0	36,920	0	0	60,000
Cycle Improvements	0	54,830	0	0	0	0	54,830
Beddington Lane Cycle Route	0	(27,710)	0	393,710	0	0	366,000
Figges Marsh Roundabout	0	0	0	64,000	0	0	64,000
Mitcham Town Centre	0	46,680	0	453,000	0	0	499,680
Unallocated TfL	1,000,000	0	0	(1,000,000)	0	0	0
Mitcham Major schemes - TfL	0	14,360	0	0	0	0	14,360
Mitcham Cricket Green Imps	0	0	0	50,000	0	0	50,000

Movement in the Approved Capital Programme 2018-192018-19 Budget

Narrative	Budget 2018-19	Slippage into 2018- 19	Reprofiled into 2019- 20	New 2018- 19	Virement	Clawback	Revised Budget 2018-19
Canons - Parks for People	2,032,100	622,920	0	0	0	0	2,655,020
Transportation Enhancements	1,000,000	0	(1,000,000)	0	0	0	0
Wandle Project	0	111,820	0	46,000	0	0	157,820
B591b Shop Front Improvement	0	0	0	79,000	0	0	79,000
Morden Leisure Centre	6,389,320	0	0	0	0	(185,960)	6,203,360
Wimbledon Park Lake De-Silting	106,500	0	0	0	0	0	106,500
Leisure Centre Plant & Machine	300,000	0	0	0	0	(109,490)	190,510
Parks Bins - Finance Lease	27,500	0	0	0	0	0	27,500
Parks Investment	307,500	0	0	0	0	(10,110)	297,390
Canons - Parks for People	1,117,470	162,300	0	0	0	0	1,279,770
Abbey Rec Improvements	0	0	0	39,750	0	0	39,750
B737b Merton Park Green Walks	0	0	0	25,000	0	0	25,000
Mortuary Provision	0	53,890	0	0	0	0	53,890

Movement in the Approved Capital Programme 2019-22

	2019-20 Budget			2020-21 Budget			2021-22 Budget			
	Budget 2019-20	Reprofiled from 2018-19	Reprofiled to 2020-21	Revised Budget 2019-20	Budget 2020-21	Reprofiled from 2019-20	Revised Budget 2020-21	Budget 2021-22	Reprofiled from 2020-21	Revised Budget 2021-22
Corporate Services	15,818,360	9,036,660	0	24,855,020	3,944,980	0	3,944,980	3,862,000	0	3,862,000
Community and Housing	480,000	0	0	480,000	630,000	0	630,000	280,000	0	280,000
Children Schools & Families	8,107,240	3,946,000	0	12,053,240	3,202,300	0	3,202,300	650,000	0	650,000
Environment and Regeneration	9,060,170	0	(2,000,000)	7,060,170	5,017,000	2,000,000	7,017,000	4,052,000	1,000,000	5,052,000
Total	33,465,770	12,982,660	(2,000,000)	44,448,430	12,794,280	2,000,000	14,794,280	8,844,000	1,000,000	9,844,000
Capital	33,465,770	12,982,660	(2,000,000)	44,448,430	12,794,280	2,000,000	14,794,280	8,844,000	1,000,000	9,844,000
Corporate Services	15,818,360	9,036,660	0	24,855,020	3,944,980	0	3,944,980	3,862,000	0	3,862,000
Customer Contact Programme	250,000	0	0	250,000	0	0	0	1,900,000	0	1,900,000
Capital Building Works	300,000	0	0	300,000	300,000	0	300,000	300,000	0	300,000
Asbestos Safety Works	250,000	0	0	250,000	250,000	0	250,000	250,000	0	250,000
Water Safety Works	100,000	0	0	100,000	100,000	0	100,000	100,000	0	100,000
Civic Centre Lighting Upgrade	300,000	0	0	300,000	0	0	0	0	0	0
Invest to Save schemes	300,000	0	0	300,000	300,000	0	300,000	300,000	0	300,000
I&T Project General	200,000	0	0	200,000	200,000	0	200,000	200,000	0	200,000
IT Equipment	430,000	0	0	430,000	860,000	0	860,000	770,000	0	770,000
ePayments Project	0	0	0	0	125,000	0	125,000	0	0	0
Housing Company	13,088,360	9,036,660	0	22,125,020	1,809,980	0	1,809,980	0	0	0
Multi-Functioning Device (MFD)	600,000	0	0	600,000	0	0	0	0	0	0
Community and Housing	480,000	0	0	480,000	630,000	0	630,000	280,000	0	280,000
Disabled Facilities Grant	280,000	0	0	280,000	280,000	0	280,000	280,000	0	280,000
West Barnes Library Re-Fit	200,000	0	0	200,000	0	0	0	0	0	0
Library Self Service	0	0	0	0	350,000	0	350,000	0	0	0
Children Schools & Families	8,107,240	3,946,000	0	12,053,240	3,202,300	0	3,202,300	650,000	0	650,000
Unlocated Primary School Proj	650,000	0	0	650,000	650,000	0	650,000	650,000	0	650,000
Harris Academy Morden	2,199,940	700,000	0	2,899,940	0	0	0	0	0	0
St Mark's Academy	2,552,300	0	0	2,552,300	2,552,300	0	2,552,300	0	0	0
Harris Academy Wimbledon	1,600,000	0	0	1,600,000	0	0	0	0	0	0
Cricket Green School Expansion	0	2,046,000	0	2,046,000	0	0	0	0	0	0
Harris Morden Sec Autism Unit	0	1,200,000	0	1,200,000	0	0	0	0	0	0
Further SEN Provision	1,000,000	0	0	1,000,000	0	0	0	0	0	0
Admissions IT System	105,000	0	0	105,000	0	0	0	0	0	0
Environment and Regeneration	9,060,170	0	(2,000,000)	7,060,170	5,017,000	2,000,000	7,017,000	4,052,000	1,000,000	5,052,000
Public Protection and Developm	60,000	0	0	60,000	0	0	0	35,000	0	35,000
Replacement of Fleet Vehicles	300,000	0	0	300,000	300,000	0	300,000	300,000	0	300,000
Alley Gating Scheme	40,000	0	0	40,000	40,000	0	40,000	40,000	0	40,000
Street Tree Programme	60,000	0	0	60,000	60,000	0	60,000	60,000	0	60,000
Street Lighting Replacement Pr	290,000	0	0	290,000	290,000	0	290,000	290,000	0	290,000
Traffic Schemes	150,000	0	0	150,000	150,000	0	150,000	150,000	0	150,000
Surface Water Drainage	77,000	0	0	77,000	77,000	0	77,000	77,000	0	77,000
Repairs to Footways	1,000,000	0	0	1,000,000	1,000,000	0	1,000,000	1,000,000	0	1,000,000
Maintain AntiSkid and Coloured	90,000	0	0	90,000	90,000	0	90,000	90,000	0	90,000
Borough Roads Maintenance	1,200,000	0	0	1,200,000	1,200,000	0	1,200,000	1,200,000	0	1,200,000
Highways bridges & structures	260,000	0	0	260,000	260,000	0	260,000	260,000	0	260,000
Canons - Parks for People	301,040	0	0	301,040	0	0	0	0	0	0
Transportation Enhancements	3,000,000	0	(2,000,000)	1,000,000	1,000,000	2,000,000	3,000,000	0	1,000,000	1,000,000
Morden Leisure Centre	241,590	0	0	241,590	0	0	0	0	0	0
Wimbledon Park Lake De-Silting	1,250,000	0	0	1,250,000	0	0	0	0	0	0
Leisure Centre Plant & Machine	250,000	0	0	250,000	250,000	0	250,000	250,000	0	250,000
Parks Investment	295,000	0	0	295,000	300,000	0	300,000	300,000	0	300,000
Canons - Parks for People	195,540	0	0	195,540	0	0	0	0	0	0

Appendix 4

Subject: Miscellaneous Debt Update March 2018

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

- 1.1 A breakdown of departmental net miscellaneous debt arrears, as at 31 March 2018, is shown in column F of the table below.
- 1.2 Please note that on the 6 February 2017 the new financial computer system E5 went live and this included the raising and collection of invoices and the debt recovery system.

Sundry Debtors aged balance – 31 March 2018 – not including debt that is less than 30 days old (Please note the new system reports debt up to 30 days whereas previously we reported up to 39 days)

Department a	30 days to 6 months b	6 months to 1 year c	1 to 2 years d	Over 2 years e	March 18 arrears f	Sept 17 Arrears	Direction of travel
	£	£	£	£	£	£	
Env & Regeneration	1,025,710	141,926	500,947	197,143	1,865,726	2,330,047	↓
Corporate Services	755,601	73,195	92,603	57,380	978,779	1,399,184	↓
Housing Benefits	887,048	633,920	1,003,820	2,170,925	4,695,713	4,242,542	↑
Children, Schools & Families	239,450	354,443	231,454	227,370	1,052,717	1,360,416	↓
Community & Housing	1,429,695	704,959	1,112,573	1,688,347	4,935,575	4,204,826	↑
Chief Executive's	0	0	0	0	0	0	↓
CHAS 2013	12,272	6,643	35,145	43,416	97,475	160,380	↓
Total	4,349,776	1,915,086	2,976,542	4,384,581	13,625,985	13,697,395	↓
Mar-17	2,876,902	1,575,563	2,399,199	3,700,147	10,551,811		
<i>Variance March 17 to March 18</i>	<i>1,472,874</i>	<i>339,523</i>	<i>577,343</i>	<i>684,434</i>	<i>3,074,174</i>		↑

- 1.3 Since the position was last reported on 30 September 2017, the net level of arrears, i.e. invoices over 30 days old, has reduced by £71,410.

- 1.4 The new financial system (E5) was implemented on 6 February 2017 and there was an initial delay in raising new invoices. There was also a backlog of issuing invoices for Adult Social Care debt which was linked with the implementation of the new Social Care computer system (Mosaic). However, this backlog has now been addressed and invoicing was back on track in February 2018 as initially planned.
- 1.5 The two areas where there has been an increase in debt since the last reported in September 2017 are housing benefit overpayments and Community and Housing debt which is mainly due to an increase in Adult Social Care debt. Actions being taken in these two areas are detailed below in the report.

2 THE PROCESS FOR COLLECTION OF MISCELLANEOUS DEBT

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

The process for collecting debt

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

3. ACTION BEING TAKEN TO COLLECT OUTSTANDING DEBT

- 3.1 One of the two largest debts owed to the council is for Adult Social Care debt and the current level of debt is £5.43 million, an increase of £0.94 million since last reported in September 2017.

- 3.2 Over the past few year's council staff have been working closely and following new processes to manage this debt. This work involves regular joint meetings between the financial assessments, social services, client financial affairs and debt recovery teams to review the debts of individual clients and establish action plans for each one.
- 3.3 These actions include, but are not limited to: early intervention from social workers to prevent debts from getting out of control and to ensure that clients are supported earlier to get their finances in order; as part of their induction all new Social Workers spend time with the Financial Assessment Team, to understand how financial assessments are carried out; social workers also check to see if there any safeguarding issues around non-payment of bills and work very closely with the Welfare Benefits Officer; there is more use of credit checks and land registry checks when assessing/investigating debt issues; increased involvement from the client financial affairs team to take appointeeship for those without capacity or appropriate deputyship; Increased identification of cases where we will consider legal action to secure the debt and generally to share information and support each other in the collection and prevention of this debt. Although the debt has grown the actions being taken are mitigating the impact.
- 3.4 A new working group chaired by the Director of Community and Housing has been set up to monitor Community Care debt and to work across departments to improve processes and ensure best practice is in place to maximise collection of debts at all stages. As part of this a Lean review is taking place which will include the assessment and raising of invoices through to debt collection practices.
- 3.5 The table below shows the breakdown of Community Care debt by recovery action

Total Community Care Debt by recovery action as at March 2018 compared to June 2016, September 2016, December 2016, June 2017 and September 2017

Adult Social Care Debt	Jun 2016	% at stage	Sep 2016	% at stage	Dec 2016	% at stage	Jun 2017	% at stage	Sep-17	% at stage	Mar-18	% at stage
Invoice stage	387,608	9%	772,555	16%	646,210	13%	1,129,190	29%	476,610	11%	959,618	17%
Charge & Deferred Payment	775,880	18%	706,043	15%	635,671	13%	311,604	8%	305,710	7%	258,470	5%
Payment arrangement	462,801	11%	451,694	10%	235,667	5%	273,316	7%	256,469	6%	232,088	4%
Probate, DWP & Deputyship	944,870	22%	895,603	19%	771,456	15%	553,437	14%	580,404	13%	491,306	9%
Court action	141,345	3%	256,347	5%	188,264	4%	184,781	5%	142,352	3%	84,958	1%
Dept or service query	182,702	4%	51,821	1%	286,782	6%	90,530	2%	83,255	2%	71,185	1%
No action secured	1,460,347	33%	1,624,173	34%	2,186,747	44%	1,380,647	35%	2,653,529	58%	2,420,165	46%
J&P											920,885	17%
Total Debt	4,355,553		4,758,236		4,950,797		3,923,505		4,498,329		5,438,675	

- 3.6 In February 2018 agreement was reached with a specialist Adult Social Care debt collection company to collect some of our larger debts and debts for deceased debtors. This is initially a one year trial although already one case with a value of £31,000 has been paid in full.
- 3.7 In January 2018 we received full payment of £173,000 on an outstanding debt where we had a deferred payment arrangement in place.
- 3.8 The largest area of debt owed to the council is for housing benefit overpayments with the total level of debt being £8.4 million, of which £4.7 million is within the sundry debt system and the remainder of the debt is still within the housing benefit system.
- 3.9 The Department of Work and Pensions commenced a “Real Time” Information initiative at the end of September 2014 which was aimed at ensuring that earnings and pensions data within the housing benefit system matched that held by HMRC. At the same time they also commenced another initiative to identify fraud and error.
- 3.10 The DWP have provided additional funding to the council to undertake this work and up until March 2017 granted additional income based on targets met.
- 3.11 The Real Time information initiative continued throughout 2017/18 and will again run in 2018/19. The council receives up to 700 referrals every month where the information held in the HMRC system differs from that held in the housing benefit system.

3.12 Since the start of the Real Time information initiative over £5.4 million of overpayments have been identified. Where possible these overpayments are being recovered from on-going benefit payments. We are entitled to deduct between £10.95 and £23.35 per week from on-going housing benefit dependant on circumstances. Where the change has resulted in housing benefit being cancelled or nil entitlement we can contact the claimants employer and are paid a percentage deduction of their salary each month. So far we have over £300,000 secured by this method.

3.13 Although the overall housing benefit debt has increased there has been an increase in the amount of debt either being recovered from on-going benefit or on arrangements, with £3.0 million being recovered from on going benefit by reducing current housing benefit payments. Just under £5.7 million is on a payment arrangement or recovery from on going benefit

3.14 The table below shows breakdown of all housing benefit overpayments by recovery action.

Total Housing Benefit Debt by recovery action from March 16 to March 18 by quarter

Recovery Stage	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Mar-18
Invoice and Reminder stage	1,205,885	667,690	624,877	874,548	723,613	284,713	379,477	340,008
On-going recovery	3,105,644	2,928,207	3,048,093	3,032,558	2,928,992	3,363,611	3,354,237	3,032,656
Payment Arrangements	1,792,340	1,922,400	2,134,893	2,220,007	2,314,257	2,353,352	2,511,028	2,647,525
No Arrangements secured	1,870,006	2,528,002	2,544,392	2,162,070	2,113,587	2,665,410	2,387,794	2,427,693
Total HB Debt	7,973,875	8,046,299	8,352,255	8,289,183	8,080,449	8,667,086	8,632,536	8,447,882

- 3.15 We have continued to review and target all housing benefit debt. We have tried to improve the procedures at the beginning of the process when a debt is first identified by ensuring that invoices are raised as soon as possible to give the best chance of recovery, we are targeting debtors who are now in work and we will be applying to recover the overpayments from their employers and we are looking at the oldest debts to consider if they are still collectable. However, it should be noted that a lot of the housing benefit debt is very difficult to recover as the Council's powers of recovery are very limited unless the debtor works or owns their own property.
- 3.16 We are about to participate in a new DWP initiative to assist with the collection of unpaid overpayments. We will share our data with the DWP who will compare with HMRC data and highlight where customers are now working so that we can apply for an attachment to their earnings. An update on this will be provided at the end of June 18.
- 3.17 The table below shows the amount of debt written off in accordance with financial regulations and scheme of management in 2014/15, 2015/16, 2016/17 and 2017/18.

Debt written off since 2014/15 to date by debt type

	2014/15	2015/16	2016/17	2017/18				2017/18
	Total	Total	Total	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Debt type								
Sundry Debt	£347,726	£581,419	£129,338	£291,708	£0	£0	£151,609	£443,317
Housing benefit overpayments	£1,050,105	£510,352	£517,467	£0	£308,309	£78,041	£126,029	£512,379
Council Tax	£526,881	£951,280	£623,486	£0	£211,818	£399,568	£193,601	£804,987
Business Rates	£790,373	£659,514	£567,908	£136,709	£0	£241,446	£0	£378,155
Total	£2,715,085	£2,702,565	£1,838,199	£428,417	£520,127	£719,055	£471,239	£2,138,838

- 3.18 Of the business rates debt written off a large proportion relates to debts owed by businesses that went into liquidation. From 2014/15 to 2016/17 £2.017 million of business rates debt was written off and £1.071 million related to businesses that went into liquidation.
- 3.19 Although the debt written off within any of the years does not relate to one specific year it should be noted that in 2017/18 the council was collecting a net debt of £107.1 million in council tax (this includes the GLA portion), a net debt of £93.1 million in business rates (this includes Business Rates Supplement) and approximately £44 million raised through sundry debts.
- 3.20 Every effort is made to collect all outstanding debts and debts are only written off as a last resort. The council is still collecting some council tax debts that are greater than 6 years old or will have secured the debts against properties where possible.

4. SUNDRY DEBT COLLECTED

- 4.1 Based on previous years performance (2013/14 to 2015/16) an average of £56 million invoices were raised each year and 97.9% collected. This data is based at 31 December 2016 prior to the implementation of E5.
- 4.2 Active recovery action continues to be undertaken on all outstanding debts. Some of the debt owed for previous years would be secured against a charge on the property or deferred payment arrangement.
- 4.3 It is hoped that for the next quarterly report a more up to date position will be provided on previous years performance.

5. PROVISION FOR BAD AND DOUBTFUL DEBTS

- 5.1 Provision has been made in the draft 2017/18 account for writing off bad and doubtful debts held within the ASH, E5 and Housing benefits systems. These provisions are £3.441m for Accounts Receivable (including former ASH) miscellaneous debt and £6.504m for debt held in the Housing Benefits system, making a total General Fund provision for bad and doubtful debts of £9.945m. Clearly, every attempt is made to collect debts before write-off is considered. The current level of General Fund provision is analysed in the table below.
- 5.2 The Council adheres to the principles of the SORP when calculating its provisions. Merton's methodology is to provide on the basis of expected non collection using estimated collection rates for individual departmental debt which take account of the age of the debt.

Provision for Bad and Doubtful Debts

Department	Total Provision	
	At 31/03/2017	At 31/03/2018
	£000's	£000's
Env & Regeneration	294	607
Corporate Services	221	171
Housing Benefits	6,947	6,504
Children, Schools & Families	296	413
Community & Housing	2,148	2,250
Total	9,906	9,945

6. TOTAL DEBT DUE TO MERTON

The total amount due to Merton as at 31 March 2018 is detailed in the table below.

Total debt outstanding as at 31 March 2018 and compared with previous periods over the past 18 months

	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Mar 18
	£	£	£	£	£	£
Miscellaneous sundry debt Note 1	12,406,364	13,588,220	7,067,219	12,454,666	17,256,834	15,778,776
Housing Benefit debt	8,352,255	8,289,183	8,080,449	8,667,087	8,632,539	8,447,884
Parking Services	2,800,371	3,425,473	3,526,192	4,451,650	4,692,186	4,876,618
Council Tax Note 2	4,524,303	3,822,875	3,866,556	6,940,774	6,262,466	7,601,390
Business Rates Note 3	1,147,749	972,883	654,794	2,558,946	2,160,057	2,857,363
Total	29,231,042	30,098,634	23,195,210	35,073,123	39,004,082	39,562,031

Note 1 This figure differs from the amount shown in Table 1 as it shows all debt, including that which is less than 30 days old.

Note 2 Council tax debt now includes unpaid council tax for 2017/18 in March 18 figures hence the increase.

Note 3 Business rates debt now includes unpaid business rates for 2017/18 in March 18 figure hence the increase.

Note 4 From April 2017 council tax and business rates debt is being reported and monitored different. From April 2017 we will report the gross debt position whereas previously we have reported the net debt position (netting off credits on accounts).

- 6.1 The overall debt outstanding has increased by £558,000 since last reported at the end of September 2017.
- 6.2 The data for March 2018 cannot be directly compared to March 2017 as council tax and business rates debts are now reported as gross figures and the delay in issuing invoices due to the implementation of E5 in February 2017.
- 6.3 Included in the £15.77 million sundry debt outstanding is £6.8 million of invoices that are less than 30 days old.
- 6.4 Detailed breakdowns of the Council Car Parking figures are shown in the table below:

Car Parking Aged Debtors – 31 March 2018

Age of Debt	Outstanding £	Number of PCNs	Average Value £
0-3 months	1,352,095	11,448	118
3-6 months	749,099	4,532	165
6-9 months	602,852	3,513	171
9-12 months	579,407	3,380	171
12-15 months	560,788	3,210	175
Older than 15 months	1,032,377	6,028	171
Total March 2018	4,876,618	32,111	152

Total September 2017 £4,692,186 32,080 146

Increase/-decrease +£184,432 +31

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