

Financial Monitoring Task Group

Date: 30 August 2018

Subject: Financial Report 2018/19 – June 2018

Lead officer: Roger Kershaw

Lead member: Mark Allison

Recommendations:

- A. That Financial Monitoring Task Group discuss and comment on the financial reporting data relating to revenue budgetary control, showing a forecast net overspend at year end of £2.6 million, 0.5% of gross budget.
- B. That Financial Monitoring Task Group note the adjustments to the Capital Programme contained in Appendix 5b and summarised in the Table below:

Scheme		2018/19 Budget	2019/20 Budget	2020/21 Budget	2021/22 Budget	Funding/Re-profiling
<u>Community and Housing</u>						
Laptops for Other Staff		(3,500)	0	0	0	Revenue Expenditure
Mosaic Report Development		(1,820)	0	0	0	Revenue Expenditure
<u>Children, Schools and Families</u>						
Cricket Green	(1)	195,560	0	0	0	Virement
Scheme 4 New School Extra 6fe	(1)	(195,560)				Virement
<u>Environment and Regeneration</u>						
Mitcham Regen - Canons Parks for People	(1)	(2,533,020)	1,000,000	1,000,000	533,020	Re-profiling
Parks - Canons Parks for People	(1)	(1,178,770)	500,000	500,000	178,770	Specific Government Grant
Total		(2,717,110)	1,500,000	1,500,000	711,790	

* Requires Cabinet Approval

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This is the financial monitoring report for the first quarter, 30th June 2018 presented in line with the financial reporting timetable.

This financial monitoring report provides:-

- The income and expenditure at period 3 and a full year forecast projection.
- An update on the capital programme and detailed monitoring information;
- An update on Corporate Items in the budget 2018/19;
- Progress on the delivery of the 2018/19 revenue savings

2. THE FINANCIAL REPORTING PROCESS

- 2.1 The budget monitoring process in 2018/19 will continue to focus on adult social care and children's social care as these areas overspent in 2017/18 and continue to have budget pressures.

2.2 Chief Officers, together with budget managers and Service Financial Advisers are responsible for keeping budgets under close scrutiny and ensuring that expenditure within budgets which are overspending is being actively and vigorously controlled and where budgets are underspent, these underspends are retained until year end. Any final overall overspend on the General Fund will result in a call on balances; however this action is not sustainable longer term.

2.3 2018/19 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

Executive summary – At period 3 to 30th June 2018, the year end forecast is a net £2.6m overspend compared to the current budget, 0.5% of the gross revenue budget.

Summary Position as at 30th June 2018

	Current Budget 2018/19 £000s	Full Year Forecast (June) £000s	Forecast Variance at year end (June) £000s	Forecast Variance at year end (May) £000s	Outturn variance 2017/18 £000s
Department					
3A. Corporate Services	10,441	9,281	(1,160)	(1,105)	(812)
3B. Children, Schools and Families	56,431	60,308	3,877	3,637	2,249
3C. Community and Housing	64,046	64,723	678	425	922
3D. Public Health	0	109	109	200	0
3E. Environment & Regeneration	18,122	17,291	(830)	(1,127)	(1,211)
Overheads	0	0	0	0	0
NET SERVICE EXPENDITURE	149,039	151,712	2,673	2,030	1,148
3E. Corporate Items					
Impact of Capital on revenue budget	8,403	8,371	(32)	0	(103)
Other Central budgets	(14,047)	(14,047)	0	0	(823)
Levies	938	938	0	0	0
TOTAL CORPORATE PROVISIONS	(4,706)	(4,738)	(32)	0	(926)
TOTAL GENERAL FUND	144,333	146,974	2,641	2,030	222
FUNDING					
Revenue Support Grant	0	0	0	0	1
Business Rates	(45,636)	(45,636)	0	0	182
Other Grants	(11,258)	(11,258)	0	0	(670)
Council Tax and Collection Fund	(87,439)	(87,439)	0	0	0
FUNDING	(144,333)	(144,333)	0	0	(487)
NET	(0)	2,641	2,641	2,030	(265)

The current level of GF balances is £12.778m and the minimum level reported to Council for this is £12.09m. This means that another reserve or further savings will need to be found to offset the remaining £1.95m overspend.

3. DEPARTMENTAL SUMMARY OF CURRENT POSITION

Corporate Services

Division	2018/19 Current Budget £000	2018/19 Full year Forecast (June) £000	2018/19 Full Year Forecast Variance (June) £000	2018/19 Full Year Forecast Variance (May) £000	2017/18 Outturn Variance £000
Customers, Policy & Improvement	3,456	3,504	49	105	46
Infrastructure & Technology	11,047	10,828	-219	-174	71
Corporate Governance	2,404	2,415	11	-4	-229
Resources	5,866	5,680	-186	-66	-515
Human Resources	1,775	1,759	-16	-3	-207
Corporate Other	1,084	285	-799	-964	22
Total (Controllable)	25,632	24,471	-1,160	-1,106	-812

Overview

At the end of period 3 (June) the Corporate Services (CS) department is forecasting an underspend of £1,160k at year end. The table above reflects the new structure within Corporate Services in 2018/19. This is an increase in the forecast underspend of £54k compared to the period 2 (May) position.

Customers, Policy and Improvement - £49k over

The principal reason for the forecast overspend is lower than budgeted advertising income within the Communications Service. This is partly offset by underspends elsewhere in the service, in particular within the Registrars service where additional income is forecast to be generated.

Infrastructure & Technology - £219k under

There are forecast underspends against the corporate print strategy and post service budgets that reflect the recharges to clients for the services provided within the division. There is an underspend against the Business Systems budget principally due to vacant posts and recharge income to CHAS. There is also additional rental income compared to the budget for the Civic Centre. These underspends are partly offset by a lower than expected income from the professional development centre (Chaucer Centre) where the number of bookings is expected to be below the budgeted level.

Corporate Governance - £11k over

There are no significant variations from budget at this stage.

However, it should be noted that whilst the budget for the South London legal partnership (SLLp) has been forecast to be on budget overall, there is an emerging risk to that position. The latest income projections, based on chargeable hours at the end of June, would suggest that a significant deficit on the SLLp trading position could be incurred in 2018/19 unless action is taken. At the moment, the deficit is projected to be in the region of £270k and Merton's share of that deficit would be c£50k (not currently shown in the numbers). The income levels will continue to be assessed in the coming months and adjustments to the forecast will be made if necessary.

Resources - £186k under

The Merton Bailiff Service is forecasting to over-achieve income by £275k which is in line with the over-achievement in 2017/18. There is a forecast underspend of £102k within Benefits Administration principally due to additional one-off unbudgeted income from DWP for a number of schemes. There is a forecast overspend with Local Taxation Services and Local Welfare Support of £210k principally due to additional IT licence and postage costs.

There is a forecast underspend within the Assistant Director's budget that will fund a forecast overspend on the Financial Information System budget where some additional temporary staffing resource is required. There is also an overspend on bank charges within the Corporate Accountancy budget.

Human Resources – £16k under

There are a number of vacant posts within the division that are offset by a number of budget pressures including lower than budgeted income from schools as part of the buy back scheme and higher than budgeted costs of the shared payroll system and iTrent client team that are charged by the London Borough of Kingston.

Corporate Items - £799k under

The Housing Benefit budget shows a forecast surplus of £1.6m on the account against a budgeted surplus of £1m. The £0.6m unbudgeted surplus principally relates to an underspend against the budget to top-up the bad debt provision. It has been assessed that no increase to the provision will be required in 2018/19 given that the existing level of provision is prudent, subject to final audit.

The remaining underspend relates to the budget held for corporately funded items which is not forecast to be required at this stage. This is partly offset by a forecast overspend on Merton's share of the coroners' court due to unbudgeted costs of the Westminster Bridge inquiry.

Environment & Regeneration

Environment & Regeneration	2018/19 Current Budget	Full year Forecast (June)	Forecast Variance at year end (June)	Forecast Variance at year end (May)	2017/18 Outturn Variance
	£000	£000	£000	£000	£000
Public Protection	(11,070)	(12,008)	(938)	(803)	(1,602)
Public Space	15,072	14,512	(560)	(603)	632
Senior Management	1,143	1,248	105	89	3
Sustainable Communities	7,624	8,187	563	190	(244)
Total (Controllable)	12,769	11,939	(830)	(1,127)	(1,211)

Description	2018/19 Current Budget	Forecast Variance at year end (June)	Forecast Variance at year end (May)	2017/18 Variance at year end
	£000	£000	£000	£000
Overspend within Regulatory Services	550	86	146	78
Underspend within Parking Services	(12,072)	(970)	(906)	(1,663)
Underspend within Safer Merton	452	(47)	(43)	(47)
Total for Public Protection	(11,070)	(938)	(803)	(1,602)
Underspend within Waste Services	13,857	(807)	(639)	97
Breakeven within Leisure & Culture	728	0	0	(166)
Overspend within Greenspaces	1,393	241	37	754
Overspend within Transport Services	(906)	6	(1)	(53)
Total for Public Space	15,072	(560)	(603)	632
Overspend within Senior Management & Support	1,143	105	89	3
Total for Senior Management	1,143	105	89	3
Overspend within Property Management	(2,906)	283	48	(422)
Overspend within Building & Development Control	(63)	99	(22)	397
Overspend within Future Merton	10,593	181	164	(219)
Total for Sustainable Communities	7,624	563	190	(244)
Total Excluding Overheads	12,769	(830)	(1,127)	(1,211)

Overview

The department is currently forecasting an underspend of £830k at year end. The main areas of variance are Parking Services, Waste Services, Greenspaces, Property Management, and Future Merton.

Public Protection

Parking & CCTV Services underspend of £970k

The underspend is mainly as a result of additional penalty charge notices being issued following the implementation of the ANPR system across the borough (£999k). The positive effects of this fully functional system are beginning to be realised e.g. improved traffic flow. An over achievement in Ringo parking fees is also forecast (£209k).

Included within this forecast is employee related overspend of c£165k 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.

In terms of ANPR, there was an initial assumption that there would be a peak in the processing work and, balanced with on-going compliance, the processing volume would drop. However, this has not yet occurred to the level expected as processing volumes remain above estimated levels, but the section still expects compliance to further increase. Staffing restructures have been further delayed by the recent retirement of the Parking Services Manager, but this will be revisited when the new Manager starts in mid-September.

Public Space

Waste Services underspend of £807k

The forecast underspend is largely as a result of an in-year underspend on disposal costs of £1,190k, which can be attributed to two main factors. Firstly, the section has experienced a c11% reduction in waste being landfilled this financial year – this is fairly consistent with the c8% reduction in total waste tonnages being generated across all of the authority's waste streams. Secondly, Viridor our disposal contractor, is scheduled to begin testing the new ERF facility. During this commissioning phase, currently three months, the authority will benefit from reduced disposal costs leading to an estimated cost reduction of c£500k this financial year only.

This forecast underspend is being partially offset by a forecast overspend relating to the Phase C contract (£194k), and mobilisation costs relating to the October 2018 service change (£250k).

Greenspaces overspend of £241k

Although significant savings have been realised, the section is forecasting to overspend on the idverde parks and ground maintenance contract service by around £168k. Work is underway to reduce this and to resolve the overspend.

The section is also currently forecasting to underachieve on its income expectations in the following areas. Firstly, on events related income (£51k), whereby related savings of £170k have been agreed over the last few 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, it is now recognised that saving E&R26 (£60k) i.e. P&D within certain parks, will only achieve c£8k. In part, this is as a consequence of the proposal to include charging on Saturdays being dropped following consultation alongside a significant reduction in commuter [paid for] parking. Mitigating actions are being considered and will be reported accordingly.

Sustainable Communities

Property Management overspend of £283k

The principal reason for the forecast overspend relates to costs involved with the management of Battle Close, which is now the responsibility of the Authority following the recent departure of the leaseholder (£391k). Consideration is being given to reducing the holding costs for Battle Close by short term lettings or demolition.

The section is also forecasting to incur some significant, but essential, costs this year on several of the buildings the Authority manages, resulting in a forecast premises related overspend of £263k. However, if applications to fund some of the essential health and safety items (fire doors at New Horizons Community Centre and boiler at Colliers Wood Community Centre) from capital are successful, this would reduce pressures on the revenue budget by approximately £90k.

These pressures are being partially mitigated by exceeding their commercial rental income expectations by £395k mainly due to conducting the back log of rent reviews in line with the tenancy agreements. £190k relates to ongoing rental income but £205k is back rent due this year only.

Future Merton overspend by £181k

£119k of the forecast overspend relates to the costs incurred with disabled bays, and consulting on and, where applicable, implementing Controlled Parking Zones. The section is also forecasting to underachieve on skip licence income by £51k.

Children Schools and Families

Children, Schools and Families	2017/18 Current Budget £000	Full year Forecast (Jun) £000	Forecast Variance at year end (Jun) £000	Forecast Variance at year end (May) £000	2017/18 Variance at year end £000
Education	19,063	19,704	641	665	(703)
Social Care and Youth Inclusion	21,280	24,792	3,512	3,322	3,596
Cross Department budgets	502	462	(40)	(20)	(95)
PFI	8,075	7,839	(236)	(330)	(342)
Redundancy costs	2,124	2,124	0	0	(207)
Total (controllable)	51,044	54,921	3,877	3,637	2,249

Overview

At the end of June Children Schools and Families had a forecast overspend of £3.877m on local authority funded services. This was mainly due to the volatile nature of placement and SEN transport budgets, and the current volume of CSC activity and Education, Health and Care Plan (EHCP) requests. Despite an increasing population, Merton is managing to keep our number of looked after children in care stable through a combination of actions, which is detailed in the management action section below.

The department received £500k growth for the current financial year that has mainly been used to fund the additional eight social workers that were previously funded through contingency for three years and were last year part of the departmental overspend. Last year's overspend also included planned underspends and non-recurring management action which, together with additional demographic growth for this year, is currently forecast to result in a higher overspend for the current financial year.

Local Authority Funded Services

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

Description	Budget £000	Jun £000	May £000	2017/18 £000
Procurement & School organisation	608	(215)	(236)	(319)
SEN transport	4,183	960	939	566
Other small over and underspends	14,272	(104)	(38)	(738)
Subtotal Education	19,063	641	665	(703)
Fostering and residential placements (ART)	5,302	372	429	813
Supported lodgings/housing	1,792	136	125	156
Un-accompanied asylum seeking children (UASC)	647	1,089	1,150	693
Community Placement	0	956	956	750
No Recourse to Public Funds (NRPF)	21	319	339	353
MASH & First Response staffing	1,559	281	180	403
Other small over and underspends	11,959	359	143	288
Subtotal Children's Social Care and Youth Inclusion	21,280	3,512	3,322	3,596

Education Division

Procurement and school organisation budgets are forecast to underspend by £215k because of lower spend on re-venueisation budgets. This budget relates to construction projects that cannot be classified as capital. The majority of this is required for temporary classrooms due to rising pupil demand when it is not viable to provide permanent buildings.

The SEN transport budget is forecasting to overspend by £960k at the end of the financial year, which includes £842k taxi cost and £118k direct payments. The forecast outturn for taxis is £3,222k, circa £450k more than last year. The forecast increase reflects the 35 extra taxi service agreements (21% increase in routes) compared to this time last year. Due to the increase in EHCPs requiring a specialist placement, the number of children needing to be transported is expected to continue to go up through the financial year and particularly from September. Strategies are in place to alleviate this further pressure, including maximising any further opportunities for placing more children on the buses, re-tendering routes and considering any consolidation possible. The position is unlikely to be much clearer until the October 2018 budget return when the outcome of summer tendering and 2018/19 academic year placements will be better known.

There are various other small over and underspends forecast across the division netting to a £104k underspend. These combine with the items described above to arrive at the total reported divisional overspend of £641k.

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. Between May and June we have reduced the forecast placement overspend by £57k despite there being two more children in placements. This has been achieved by reducing the number of children in residential care and independent fostering placements, and increasing the number placed with in house foster carers.

Service	Budget £000	Forecast spend £000	Variance		Placements	
			Jun £000	May £000	Jun Nr	May Nr
Residential Placements	2,271	2,140	(131)	(211)	11	14
Independent Agency Fostering	1,816	2,062	246	417	45	47
In-house Fostering	978	1,472	494	460	68	62
Secure accommodation	136	0	(136)	(136)	0	0
Mother and baby	101	0	(101)	(101)	0	0
Total	5,302	5,674	372	429	125	123

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

- The residential placement expenditure is forecast to underspend by £131k. The placement numbers reduced due to one young person moving to semi-independent accommodation, one returning home and one young person was receiving respite only. These changes were included in last month's forecast. The underspend reduced due to one placement now expecting to stay longer than previously expected as well as including respite cost we were not aware of last month.
- The agency fostering placement expenditure is expected to overspend by £246k. The decrease from last month is due to 4 placements ending (one of which was a mother and baby foster placement) and two new placements starting.
- The in-house foster carer expenditure is forecast to overspend by £494k. The increase from last month is due to 6 new placements, 3 of which are short term respite.
- We have had no young people in secure accommodation for this year yet and are therefore forecasting no expected spend at this stage.
- We have had no mother and baby unit placements for this year yet and are therefore forecasting no expected spend at this stage.

The budget for semi-independent and supported lodgings/housing placements are estimated to overspend by £136k. These are for young people who require semi-independent provision and for Care Leavers through to independence or, in some cases, through to the age of 21 (older in exceptional circumstances), as part of our statutory duties. There were 61 semi-independent placements for young people at the end of June 2018.

The UASC placements are expected to overspend by £1.089m this year.

Service	Budget £000	Forecast spend £000	Variance		Placements	
			Jun £000	May £000	Jun Nr	May Nr
Independent Agency Fostering	375	435	60	29	10	9
In-house Fostering	105	495	390	538	20	20
Supported lodgings/housing	167	806	639	583	30	28
Total	647	1,736	1,089	1,150	60	57

- At the end of June we had 25 placements for UASC young people under 18. We are part of the London rota system for receiving UASC young people aged under 18 and there will be other young people referred to us throughout the year for whom we have not budgeted up to our cap of 32. We receive a proportion of the UASC grant received by the Council towards these placements, the rest being allocated to 14+.
- We have 35 young people aged 18+ with no recourse to public funds in semi-independent accommodation who were formerly UASC young people. Once UASC young people reach 18, we retain financial responsibility for them until their immigration status is agreed. We have budgeted for those young people currently in placement who are under 18 and who will become 18 during this financial year.

We are forecasting a £956k overspend on a community placement. This provision relates to a complex case currently under discussion between the CCG and the local authority. The figure is our best estimate at this stage but is subject to change. A review is underway to change the current provision that will, when agreed, be phased in later the year with the aim to limit disruption to the child. This should reduce the cost to Merton, but we are not able to quantify this until the CCG progress this further.

The NRPF budget is £21k this year, which is the same as last year. It is forecast to overspend by £319k in the current financial year. This will be less than last year's overspend. 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 have 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. Strong gate keeping has resulted in a reduction of overall numbers from a peak of about 30 in 2016/17 to a current caseload of 15.

The MASH and First Response team's staffing costs are expected to overspend by £281k. This is due to the team having to cover 14 vacancies with agency staff due to difficulty in recruiting permanent members of staff.

There are various other small over and underspends forecast across the division netting to a £359k overspend. These combine with the items described above to arrive at the total reported divisional overspend of £3,512k.

Dedicated Schools Grant

DSG funded services is forecast to overspend by £3.681m. Any overspend will initially be funded from the DSG reserve. At the current estimate, the DSG will be going into a deficit position during the current financial year. This will be carried forward as a negative reserve, similar to other boroughs. Variances between individual nominals have been shown in the overall departmental analyses.

The main reasons for the forecast relates to an estimated overspend of £1.952m on Independent Day School provision, £714k on EHCP allocations to Merton maintained primary and secondary schools, £585k on EHCP allocations to out of borough maintained primary, secondary and special schools, and £703k on one-to-one support, OT/SLT and other therapies as well as alternative education. The table below shows the increase in number of EHCPs over the past 7 years.

Type of Provision	Jan 2012 (Statements)		Jan 2013 (Statements)		Jan 2014 (Statements)		Jan 2015 (Statements and EHCPs)		Jan 2016 (Statements and EHCPs)		Jan 2017 (Statements and EHCPs)		Jan 2018 (Statements and EHCPs)	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Mainstream School (inc. Academies)	436	47%	451	46%	470	45%	456	44%	423	39%	432	34%	526	35%
State Funded Special School	287	31%	327	33%	339	33%	338	32%	354	33%	386	31%	415	28%
Independent/Non-Maintained Provision (including Other Independent Special Schools)	96	10%	91	9%	110	11%	119	11%	145	13%	178	14%	217	15%
ARP (Additional Resourced Provision)	92	10%	101	10%	109	10%	113	11%	108	10%	137	11%	116	8%
Further Education	0	0%	1	0%	1	0%	0	0%	20	2%	97	8%	164	11%
Early Years (inc. Private & Voluntary Settings)	10	1%	8	1%	2	0%	4	0%	5	0%	2	0%	7	0%
Other (including children Educated at Home, Pupil Referral Units and Secure Units)	7	1%	9	1%	8	1%	15	1%	23	2%	32	3%	41	3%
Total	928	100%	988	100%	1039	100%	1045	100%	1078	100%	1264	100%	1486	100%
Percentage increase in total numbers			6%		5%		1%		3%		17%		18%	

There are various other smaller over and underspends forecast across the DSG netting to a £273k underspend which, combined with the items above, equates to the net overspend of £3.681m.

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. We are also working with other authorities on the deficit DSG issue.

New burdens

There are a number of duties placed on the Local Authority that have not been fully funded or not funded at all through additional burdens funding from Central Government. Excluding the cost of these duties would leave a net departmental overspend of £2.333m, 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	Jun overspend forecast £000	May overspend forecast £000	2017/18 over £000
Supported lodgings/housing- care leavers	1,792	136	125	156
Supported lodgings/housing- UASC	167	639	567	520
Un-accompanied asylum seeking children (UASC)	375	450	583	173
No Recourse to Public Funds (NRPF)	21	319	339	353
Total	2,355	1,544	1,614	1,202

Following changes introduced through the Children & Social Work Act, local authorities took on new responsibilities in relation to children in care and care leavers. Local authorities are required to offer support from a Personal Adviser to all care leavers to age 25. New burdens funding of £21k was provided to support implementation of this change. There has been no on-going funding for the additional work required.

Other unfunded burdens include:

- the increase the age range of EHCPs, particularly for those young people aged 18-25, due to legislation changes, which are causing cost pressures in both the general fund (in education psychology and SEN transport) and the DSG (High Needs Block costs relating to most EHCP services);
- new statutory duties in relation to children missing from education has increased the cases dealt with by the Education Welfare Service by 79% (from 290 in the 6 months from September to March 2016 to 519 in the same 6 months the following year and the level of referrals has remained at this level)

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.
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Management action

Staffing

Agency cost continues to be a cost pressure for the department as permanent social worker recruitment continues to be challenging in certain services. 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. As other London Boroughs have reached the agreed cap on numbers of asylum-seeking children accepted under the National Transfer Scheme, the pace of transfers to those authorities still below the cap (such as Merton) has increased. Despite this, we remain in the lowest rate of care range in London.

We are continuing to work with colleagues in CCGs in order to secure appropriate health contribution to children with complex needs, particularly through continuing healthcare funding. Our ART service is driving down placement costs through negotiations with providers

Our ART Fostering Recruitment and Assessment team is continuing to recruit new foster carers who will offer locally based placements. This is slowing down the increase in more expensive agency foster placements, but there is a time lag. We currently have only four vacancies in our in house fostering service- three are for children aged 0-4 whereas much of the pressure relates to the need for placements for adolescents.

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 cost framework agreed for semi-independent providers and this has resulted in more appropriately priced placements for Care Leavers and older LAC.

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 £1,800 per week including support costs. This is a significantly better financial deal than using the semi-independent market for our care leavers. We have 5 young people living there, fully utilising these cost-effective placements.

We have updated our Staying Put policy for young people aged 18+ to enable them to remain with their foster carers in line with statutory requirements and as recommended by Ofsted in our inspection. We currently have 8 young people remaining with in-house foster carers and a further 4 with IFAs. 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 of further IFA placements in the near future, unless we can recruit more foster carers willing to foster adolescents. We continue to focus our foster carer recruitment on carers for teenagers to mitigate these potential additional costs.

All semi-independent placements are being reviewed over the coming weeks and all residential placements are regularly reviewed. As a result of this review process, we have been able to move two young people this month and have a further 2 during the next 3-month period. The fostering recruitment strategy was refreshed in light of the new Staying Put requirement and the need to focus on recruiting more foster carers for teenagers, mother and baby placements and UASC.

We have tried to reduce costs associated with SEND transport through a number of strategies but this is a continuing challenge with the increasing numbers of children eligible for this service. Strategies introduced include: the introduction of a dynamic taxi purchasing system; the re-provisioning of taxi routes to ensure best value for money; the introduction of bus pick-up points where appropriate; promotion of independent travel training and personal travel assistance budgets where this is an option is cheaper.

To limit the increased costs, to the DSG High Needs block, of the increased number of children with EHCPs we have expanded existing specialist provision and have recently approved a contract to expand Cricket Green special school. We have increased Additionally Resourced Provision in Merton mainstream schools and have further plans for new ARP provision and expansion of existing bases. Additional local provision should also assist with minimising increases to transport costs.

Community & Housing Current Summary Position

Community and Housing is currently forecasting an overspend of £785k as at June 2018

The department is currently forecasting an over spend of £785k as at June 2018 which is an increase of £160k since May. The main variances are in Public Health, Housing and Adult Social Care. The increase is due to increased packages of care in adult services. The pressure in Public Health budgets, caused by activity levels in the sexual health contract, have been mitigated in part, which is reflect in the reduced forecast overspend.

Community and Housing	2018/19 Current Budget £000	Forecast (Jun18) £'000	Forecast Variance (Jun18) £000	Forecast Variance (May 18) £000	2017/18 Outturn Variance £000
Access and Assessment	45,863	46,219	356	176	455
Commissioning	4,569	4,644	75	(49)	211
Direct Provision	4,303	4,343	40	84	(195)
Directorate	943	1,007	64	64	181
Adult Social Care	55,678	56,213	536	275	652
Libraries and Heritage	1,982	1,991	9	(3)	20
Merton Adult Learning	(14)	(14)	0	0	(6)
Housing General Fund	1,829	1,960	131	152	256
Sub-total	59,475	60,150	676	424	922
Public Health	(143)	46	109	200	0
Grand Total	59,331	60,196	785	624	922

Access & Assessment - £356k overspend

This section is forecasting an over spend of £356k which made up of under and overspends as set out in the table below. Part of the pressure relates to unachieved savings in housing support contracts from 2017/18, and an increase in transitions cost 2018/19

The table below shows areas of significant expenditure

Access & Assessment	Forecast Variances Jun 18 £'000	Forecast Variances May 18 £000	Outturn Variances March 18 £000
Underspend on Concessionary Fares	(15)	(15)	(100)
Overspend on Better Care Fund Risk Share	0	0	425
Other	(297)	(315)	(307)
Placements	1,255	1,093	1,671
Income	(587)	(587)	(1,234)
Total	356	176	455

There are a range of movements each month, which are monitored in detail. This month the main cause of the increase is the increases in packages of care to reflect the increased needs of existing service users. The impact of the exceptionally hot weather has not yet been felt in social care, although hospitals are very busy. There is often a time lag and we expect the impact to start to show next month.

There is pressure on the pool equipment budget, which is joint with the Merton Clinical Commission Group (MCCG). Part of the pressure is due to a new requirement to increase the frequency of equipment inspection. We are however looking at options with our insurer. Further analysis is in progress to ascertain reasons for increase in health prescriptions of equipment. Actions are being agreed with MCCG to mitigate or reduce this budget pressure

The department continues to manage demand, whilst planning for the future. Work is continuing on savings, although proposed savings on transport and mental health staffing will take more time than anticipated to deliver. Underspend elsewhere on the budget are expected to compensate for these shortfalls.

The table below sets on the movement in the number of service users in each care group between months. It shows a net decrease of 19 packages since April. This is for a range of reasons including client death, moves to other boroughs and care no longer required.

Total Number of Clients with an external care package

Placements	Nos. of Clients June'18	Nos. of Client May'18	Nos. of Client Apr'18
Older People	1150	1157	1167
Physical/Sensory	214	215	219
Learning Disabilities	353	353	356
LD Housing Support	2	2	2
Mental Health	130	126	125
MH Housing Support	11	11	11
Substances Misuse	2	2	1
Grand Total	1862	1866	1881

Commissioning - £75k overspend

The commissioning service is forecasting an overspend of £75k as at June which is mainly due to picking up staff costs that were previously part of a capital project and the costs of sickness cover in essential posts.

Direct Provision - £40k overspend

Direct Provision service is currently forecasting an over spend at Riverside Drive which is an internal 8 bed residential home for people with learning disabilities. Staffing costs have also been high due to sickness in night cover posts; which are expensive shifts to cover but are necessary to meet CQC requirements. A temporary delay in processing bank time sheets led to a large number being paid in April and May. A grading claim by a group of staff is in the process of being

settled; this could add between £6 and £12k to the staffing costs. The situation is monitored on a weekly basis and a new rota has been introduced. Some mitigation will come from underspending in day services; a more accurate view on this will be possible next month.

Adult Social Care: other management action 2018/19

Adult Social Care will continue its senior management scrutiny of budgets and spend and the action plan to manage budget pressures.

Key elements of the current financial year action plan:-

- Transitions from Children's to Adult Services
- Detailed monitoring of placements activity and spend
- Ensuring that Direct Payments are used for the designated purposes
- Riverside Drive staffing/salary rota
- Ensuring an efficient and effective financial assessment service, so that service users are assessed for their contribution as soon as possible so they know what they need to pay, and invoices for care adjusted accordingly.
- There is also additional pressure of legal costs to be incurred by this service which is unquantified at this time.

C&H - Other Services

Libraries - £9k overspend

This service is currently forecasting a £9k overspend. This is attributable to the cost of maternity cover and the under achievement of income in the school library service

Merton Adult Education – Breakeven

The Merton Adult Learning service is expected to breakeven in 2018/19.

Housing - £131k overspend

Housing is forecasting an over spend of £131k which is mainly due to rent deposits but temporary accommodation will continue to be a pressure on this budget. To meet new burdens this service is also using the Homelessness Reduction Grant of £166k which has minimised overspends.

As part of the homelessness prevention agenda and in line with Homeless Reduction Act 2017 rent deposits are made available to households experiencing acute housing need. This is a critical part of the prevention agenda as it not only avoids the need to provide expensive temporary accommodation and a cost to the housing general fund it also seeks to increase housing supply, thus reducing reliance upon the social housing rented sector. There is however an over spend of £131k linked to rent deposits.

Analysis of Housing Temporary Accommodation Expenditure

Housing	Budget 2018/19 £000	Forecast Variance (Jun 18) £'000	Forecast Variances (May 18) £000	Outturn Variances (Mar 18) £000
Temporary Accommodation-Expenditure	2,330	528	0	909
Temporary Accommodation-Client Contribution	(140)	(622)	0	(595)
Temporary Accommodation-Housing Benefit Income	(2,000)	(60)	0	(160)
Temporary Accommodation-Subsidy Shortfall	322	280	199	517
Temporary Accommodation- Grant	-	(166)	-	(406)
Sub-total Temporary Accommodation	512	(40)	199	259
Housing Other Budgets-Over(under)spend	1,317	169	(47)	(3)
Total	1,829	131	152	256

Temporary Accommodation (TA) Movements to date

The data below shows the number of households i.e. families and single (placements) in TA.

Temporary Accommodation	Numbers IN	Numbers OUT	Total for the Month
March 2018	16	16	165
April 2018	22	17	170
May 2018	21	16	175
June 2018	14	17	172

Public Health - £109k overspend

This service is forecasting £109k overspend on sexual health services. The team is currently working on plans to mitigate this pressure which is caused by a combination of an increase in activity at some South West London providers; and higher tariff prices in Sutton & Croydon services, which have not yet been recommissioned in line with the London framework. There is also the added pressure of increase in demand for this service.

Mitigating actions to contain pressures on sexual health services include:

- In-depth work/review of the key drivers and activity trends behind these financial pressures, which will ensure we better understand the need/demand and people accessing services.

- Close collaborative work with partners in South West London, including discussion with Sutton and Croydon about recommissioning of services from 2019 in line with the London tariff.
- Close collaboration with pan-London Sexual health programme, including continued commitment to preventative work.
- Working with partners to explore negotiation of a cap across wider services, in order to have more control and predictability.
- Work with local services in order to repatriate service users to the Merton integrated services.
- Introduction of an e-service which will provide testing services for asymptomatic patients over 16 years old.
- Identify potential underspends across the public health budget which can offset this pressure.
- Work on establishing an online tool which will undertake initial assessment of symptoms and provide recommendation and thus reduce attendance at clinics.

Corporate Items

The details comparing actual expenditure up to 30 June 2018 against budget are contained in Appendix 2. The main areas of variance as at 30 June 2018 are:-

Corporate Items	Current Budget 2018/19 £000s	Full Year Forecast (June) £000s	Forecast Variance at year end (June) £000s	Forecast Variance at year end (May) £000s	2016/17 Year end Variance £000s
Impact of Capital on revenue budget	8,403	8,371	(32)	0	(103)
Investment Income	(759)	(759)	0	0	408
Pension Fund	3,346	3,346	0	0	(389)
Pay and Price Inflation	2,486	2,486	0	0	(736)
Contingencies and provisions	4,291	4,291	0	0	(2,447)
Income Items	(1,367)	(1,367)	0	0	(104)
Appropriations/Transfers	(1,897)	(1,897)	0	0	2,445
Central Items	6,100	6,100	0	0	(823)
Levies	938	938	0	0	0
Depreciation and Impairment	(19,008)	(19,008)	0	0	0
TOTAL CORPORATE PROVISIONS	(3,567)	(3,599)	(32)	0	(926)

There is a small underspend of £32,000 forecast at year end which arises from the capital financing costs of the Capital Programme. This results mainly from reprofiling of the programme following a review of schemes and slippage in the programme following outturn in 2017/18.

4 Capital Programme 2018-22

4.1 The Table below shows the movement in the 2018/22 corporate capital programme since the last meeting of Cabinet:

Depts	Current Budget 18/19	Variance	Revised Budget 18/19	Current Budget 19/20	Variance	Revised Budget 19/20	Current Budget 20/21	Variance	Revised Budget 20/21	Revised Budget 21/22	Variance	Revised Budget 21/22
CS	10,062		10,062	26,002	0	26,002	3,945	0	3,945	12,150	0	12,150
C&H	937	(5)	932	480	0	480	630	0	630	280	0	280
CSF	11,497	1,000	12,497	13,626	(1,000)	12,626	3,202	0	3,202	650	0	650
E&R	23,372	(3,713)	19,659	6,560	1,500	8,060	6,017	1,500	7,517	6,552	712	7,264
TOTAL	45,868	(2,718)	43,150	46,668	500	47,168	13,794	1,500	15,294	19,632	712	20,344

4.2 The table below summarises the position in respect of the 2018/19 Capital Programme as at May 2018. The detail is shown in Appendix 5a

Capital Budget Monitoring June 2018

Department	2018/19 Actuals £	Profiled Budget To June £	Variance £	Revised Annual Budget £	June Year End Forecast £	Forecast Full Year Variance £
Corporate Services	652,162	2,103,740	(1,451,578)	10,061,540	9,645,277	(416,263)
Community and Housing	176,201	278,130	(101,929)	931,990	910,323	(21,667)
Children Schools & Families	548,322	1,239,960	(691,638)	11,496,600	10,519,287	(977,313)
Environment and Regeneration	2,300,427	1,633,110	667,317	19,660,310	19,626,799	(33,511)
Total	3,677,112	5,254,940	(1,577,828)	42,150,440	40,701,686	(1,448,754)

- Corporate Services – There is currently one projected in year underspend Customer Contact (£416k) (*wording outstanding*).
- Community and Housing – Two small schemes have been removed from the programme as expenditure will be classified as revenue. Officers are projecting a small underspend of Libraries IT (£22k) due to a slippage in the project.
- Children, Schools and Families – After all proposed adjustments to the programme officers are currently projecting one in-year underspend of £977k for the new secondary school. A virement of £196k is proposed from the new secondary school to Cricket Green School.
- Environment and Regeneration – Officers are currently projecting an underspend of (£46k) in Parks and a £12k overspend on fleet vehicles. The budget for Canons Parks for the people held within both Parks and Mitcham Regeneration Cost Centres has been re-profiled over the approved programme in accordance with expected spend.

4.3 Appendix 5b details the adjustments being made to the Capital Programme this month.

Scheme	2018/19 Budget	2019/20 Budget	2020/21 Budget	2021/22 Budget	Funding/Re-profiling	
Community and Housing						
Laptops for Other Staff	(3,500)	0	0	0	Revenue Expenditure	
Mosaic Report Development	(1,820)	0	0	0	Revenue Expenditure	
Children, Schools and Families						
Cricket Green	(1)	195,560	0	0	Virement	
Scheme 4 New School Extra 6fe	(1)	(195,560)			Virement	
Environment and Regeneration						
Mitcham Regen - Canons Parks for People	(1)	(2,533,020)	1,000,000	1,000,000	533,020	Re-profiling
Parks - Canons Parks for People	(1)	(1,178,770)	500,000	500,000	178,770	Specific Government Grant
Total		(2,717,110)	1,500,000	1,500,000	711,790	

* Requires Cabinet Approval

4.4 Appendix 5c details the impact all the adjustments to the Capital Programme have on the funding of the programme in 2018-22. The table below summarises the movement in 2018/19 funding since its approval in February 2018:

Depts.	Original Budget 18/19	Net Slippage 2018/19	Adjustments	New External Funding	New Internal Funding	Re-profiling	Revised Budget 18/19
Corporate Services	23,482	5,051				(18,472)	10,062
Community & Housing	773	165	(5)			0	932
Children Schools & Families	15,158	924		933		(5,518)	11,497
Environment and Regeneration	21,853	919		1,600		(4,713)	19,659
Total	61,266	7,059	(5)	2,533	0	(28,703)	42,150

4.5 The table below compares capital expenditure (£000s) to June 2018 to that achieved over the last few years:

Depts.	Spend To June 2015	Spend To June 2016	Spend To June 2017	Spend to June 2018	Variance 2015 to 2018	Variance 2016 to 2018	Variance 2017 to 2018
CS	131	79	195	652	521	573	457
C&H	(13)	(26)	98	176	189	203	78
CSF	1,869	699	367	548	(1,321)	(151)	181
E&R	376	1,051	1,625	2,300	1,924	1,249	675
Total Capital	2,363	1,803	2,285	3,677	793	1,301	935

Outturn £000s	29,327	30,626	32,230	
Budget £000s				42,150
Projected Spend June 2018 £000s				40,702
Percentage Spend to Budget				8.72%
% Spend to Outturn/Projection	8.06%	5.89%	7.09%	9.03%
Monthly Spend to Achieve Projected Outturn £000s				4,114

4.6 During June 2018 departments have spent a total of £3.677 million. It is apparent from the annual spend over the past few years and the average monthly spend required to achieve outturn that the current budget for 2018/19 is approximately £10-12 million above that likely to be achieved. Finance officers will continue to work with budget managers to reduce 2018/19 budget to a more realistic level.

5. DELIVERY OF SAVINGS FOR 2018/19

Department	Target Savings 2018/19	Projected Savings 2018/19	Period 3 Forecast Shortfall	Period Forecast Shortfall (P3)	2019/20 Expected Shortfall
	£000	£000	£000	%	£000
Corporate Services	2,024	1,549	475	23.5%	375
Children Schools and Families	489	489	0	0.0%	0
Community and Housing	2,198	1,858	340	15.5%	(100)
Environment and Regeneration	1,874	1,388	486	25.9%	162
Total	6,585	5,284	1,301	19.8%	437

Appendix 6 details the progress on savings for 2018/19 by department.

Progress on savings 2017/18

Department	Target Savings 2017/18	2017/18 Shortfall	2018/19 Period 3 Projected shortfall	2019/20 Period 3 Projected shortfall	2018/19 Period 2 Projected shortfall	2019/20 Period 2 Projected shortfall
	£000	£000	£000	£000	£000	£000
Corporate Services	2,316	196	0	0	0	0
Children Schools and Families	2,191	0	0	0	0	0
Community and Housing	2,673	201	149	49	200	200
Environment and Regeneration	3,218	1,953	805	0	443	0
Total	10,398	2,350	954	49	643	200

Appendix 7 details the progress on savings for 2017/18 by department and the impact on the current year.

6. CONSULTATION UNDERTAKEN OR PROPOSED

6.1 All relevant bodies have been consulted.

7. TIMETABLE

7.1 In accordance with current financial reporting timetables.

8. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

8.1 All relevant implications have been addressed in the report.

9. LEGAL AND STATUTORY IMPLICATIONS

9.1 All relevant implications have been addressed in the report.

10. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

10.1 Not applicable

11. CRIME AND DISORDER IMPLICATIONS

11.1 Not applicable

12. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

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

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

Appendix 1-	Detailed position table
Appendix 2 –	Detailed Corporate Items table
Appendix 3 –	Pay and Price Inflation
Appendix 4 –	Treasury Management: Outlook
Appendix 5a –	Current Capital Programme 2018/19
Appendix 5b -	Detail of Virements
Appendix 5c -	Summary of Capital Programme Funding
Appendix 6 –	Progress on savings 2018/19
Appendix 7 –	Progress on savings 2017/18
Appendix 8 -	Debt Report

14. BACKGROUND PAPERS

14.1 Budgetary Control files held in the Corporate Services department.

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APPENDIX 1

Summary Position as at 30th June 2018

	Original Budget 2018/19 £000s	Current Budget 2018/19 £000s	Year to Date Budget (June) £000s	Year to Date Actual (June) £000s	Full Year Forecast (June) £000s	Forecast Variance at year end (June) £000s	Forecast Variance at year end (May) £000s	Outturn variance 2017/18 £000
Department	-	-	-	-	-	-	-	-
3A. Corporate Services	9,495	10,441	7,004	5,467	9,281	(1,160)	(1,105)	(812)
3B. Children, Schools and Families	56,145	56,431	4,264	2,388	60,308	3,877	3,637	2,249
3C. Community and Housing	-	-	-	-	-	-	-	-
Adult Social Care	58,778	59,245	14,196	12,650	59,783	537	276	646
Libraries & Adult Education	2,771	2,678	829	726	2,687	9	(3)	20
Housing General Fund	2,207	2,122	457	(234)	2,254	131	152	256
3D. Public Health	(0)	0	27	(2,445)	109	109	200	0
3E. Environment & Regeneration	17,951	18,122	3,131	(5,267)	17,291	(830)	(1,127)	-1,211
NET SERVICE EXPENDITURE	147,345	149,039	29,908	13,285	151,712	2,673	2,030	1,148
3E. Corporate Items	-	-	-	-	-	-	-	-
Impact of Capital on revenue budget	8,403	8,403	1,579	1,212	8,371	(32)	0	(103)
Other Central items	(12,353)	(14,047)	(1,674)	(338)	(14,047)	0	0	(823)
Levies	938	938	306	306	938	0	0	0
TOTAL CORPORATE PROVISIONS	(3,012)	(4,706)	211	1,180	(4,738)	(32)	0	(926)
TOTAL GENERAL FUND	144,333	144,333	30,118	14,465	146,974	2,641	2,030	222
Funding	-	-	-	-	-	-	-	-
- Business Rates	(45,636)	(45,636)	48	48	(45,636)	0	0	182
- RSG	0	0	0	0	0	0	0	1
- Section 31 Grant	(1,975)	(1,975)	(1,295)	(1,295)	(1,975)	0	0	(672)
- New Homes Bonus	(2,371)	(2,371)	(593)	(593)	(2,371)	0	0	2
- PFI Grant	(4,797)	(4,797)	(1,199)	(1,199)	(4,797)	0	0	0
- Adult Social Care Grant 2017/18	(2,115)	(2,115)	0	0	(2,115)	0	0	0
Grants	(56,894)	(56,894)	(3,039)	(3,039)	(56,894)	0	0	(487)
Collection Fund - Council Tax Surplus(-)/Deficit	(1,653)	(1,653)	0	0	(1,653)	0	0	0
Collection Fund - Business Rates Surplus(-)/Deficit	1,223	1,223	0	0	1,223	0	0	0
Council Tax	-	-	-	-	-	-	-	-
- General	(86,678)	(86,678)	0	0	(86,678)	0	0	0
- WPCC	(331)	(331)	0	0	(331)	0	0	0
Council Tax and Collection Fund	(87,439)	(87,439)	-	-	(87,439)	0	0	0
FUNDING	(144,333)	(144,333)	(3,039)	(3,039)	(144,333)	0	0	(487)
NET	(0)	(0)	27,079	11,426	2,641	2,641	2030	(265)

Appendix 2

3E. Corporate Items	Council 2018/19 £000s	Original Budget 2018/19 £000s	Current Budget 2018/19 £000s	Year to Date Budget (June) £000s	Year to Date Actual (June) £000s	Full Year Forecast (June) £000s	Forecast Variance at year end (June) £000s	Forecast Variance at year end (May) £000s	Outturn Variance 2017/18 £000s
Cost of Borrowing	8,403	8,403	8,403	1,579	1,212	8,371	(32)	0	(103)
Impact of Capital on revenue budget	8,403	8,403	8,403	1,579	1,212	8,371	(32)	0	(103)
Investment Income	(759)	(759)	(759)	(190)	(169)	(759)	0	0	408
Pension Fund	3,346	3,346	3,346	0	0	3,346	0	0	(389)
Provision for Pay Award	2,108	2,108	2,108		0	2,108	0	0	0
Provision - excess inflation	378	378	378		0	378	0	0	(436)
Utilities Inflation Provision	0	0	0		0	0	0	0	(300)
Pay and Price Inflation	2,486	2,486	2,486	0	0	2,486	0	0	(736)
Contingency	1,500	1,500	1,500		0	1,500	0	0	(1,500)
Single Status/Equal Pay	100	100	100		9	100	0	0	(96)
Bad Debt Provision	500	500	500		0	500	0	0	395
Loss of income - P3/P4	200	200	200		0	200	0	0	(400)
Loss of HB Admin grant	179	179	179		0	179	0	0	(179)
Apprenticeship Levy	450	450	450	413	(60)	450	0	0	(235)
Revenuisation and miscellaneous	1,361	1,361	1,361		252	1,361	0	0	(432)
Contingencies/provisions	4,291	4,291	4,291	413	200	4,291	0	0	(2,447)
Other income	0	0	0	0	(6)	0	0	0	(56)
CHAS IP/Dividend	(1,367)	(1,367)	(1,367)		0	(1,367)	0	0	(48)
Income items	(1,367)	(1,367)	(1,367)	0	(6)	(1,367)	0	0	(104)
Appropriations: CS Reserves	0	0	(555)	(555)	(406)	(555)	0	0	0
Appropriations: E&R Reserves	4	4	4	4	43	4	0	0	2
Appropriations: CSF Reserves	49	49	49	49	0	49	0	0	0
Appropriations: C&H Reserves	(104)	(104)	(104)	(104)	0	(104)	0	0	(600)
Appropriations: Public Health Reserves	(1,200)	(1,200)	(1,200)	(1,200)	0	(1,200)			600
Appropriations: Corporate Reserves	(91)	(91)	(91)	(91)	0	(91)	0	0	2,443
Appropriations/Transfers	(1,342)	(1,342)	(1,897)	(1,897)	(363)	(1,897)	0	0	2,445
Depreciation/Impairment	(19,008)	(19,008)	(19,008)	0	0	(19,008)	0	0	0
Central Items	(3,950)	(3,950)	(4,505)	(96)	874	(4,537)	(32)	0	(926)
Levies	938	938	938	306	306	938	0	0	0
TOTAL CORPORATE PROVISIONS	(3,012)	(3,012)	(3,567)	211	1,180	(3,599)	(32)	0	(926)

Pay and Price Inflation as at June 2018

In 2018/19, the budget includes 2.7% for increases in pay and 1.5% for increases in general prices, with an additional amount, currently £0.378m which is held to assist services that may experience price increases greatly in excess of the inflation allowance provided when setting the budget. With CPI inflation currently at 2.4% and RPI at 3.4% this budget will only be released when it is certain that it will not be required

Pay:

The local government pay award for 2018/19 was agreed in April 2018 covering 2018/19 and 2019/20. For the lowest paid (those on spinal points 6-19) this agreed a pay rise of between 2.9% and 9.2%. Those on spinal points 20-52 received 2%. The Chief Officers pay award is 2% for 2018/19.

Prices:

The Consumer Prices Index (CPI) 12-month rate was 2.4% in June 2018, unchanged from May 2018. The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 2.3% in June 2018, unchanged from May 2018. The rate has fallen back from a recent high of 2.8% during autumn 2017.

Rising prices for motor fuels and domestic gas and electricity produced the largest upward contributions to change in the rate between May and June 2018. Falling prices for clothing and games, toys and hobbies provided the largest downward effects.

The RPI 12-month rate for June 2018 stood at 3.4%, up from 3.3% in May 2018.

Outlook for inflation:

The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target and in a way that helps to sustain growth and employment. At its meeting ending on 20 June 2018, the MPC voted by a majority of 6-3 to maintain Bank Rate at 0.5%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion. The Committee also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion. The next Bank Rate decision by the MPC is on 2 August.

The latest Inflation Report was published on the 10 May 2018.

In the May 2018 Inflation Report, the MPC noted that "Labour demand growth remains robust and a very limited degree of slack is left in the economy. Productivity growth is projected to rise from its recent weak pace, but to remain well below pre-crisis rates. As a result, the pace at which output can grow without generating inflationary pressures is likely to be modest."

In the minutes to its June 2018 meeting the MPC noted that "CPI inflation was 2.4% in May, unchanged from April. Inflation is expected to pick up by slightly more than

projected in May in the near term, reflecting higher dollar oil prices and a weaker sterling exchange rate. Most indicators of pay growth have picked up over the past year and the labour market remains tight, suggesting that domestic cost pressures will continue to firm gradually, as expected.

The Committee’s best collective judgement remains that were the economy to develop broadly in line with the May Inflation Report projections, an ongoing tightening of monetary policy over the forecast period would be appropriate to return inflation sustainably to its target at a conventional horizon All members agree that any future increases in Bank Rate are likely to be at a gradual pace and to a limited extent.”

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

Table 11: Forecasts for the UK Economy

Source: HM Treasury - Forecasts for the UK Economy (July 2018)			
	Lowest %	Highest %	Average %
2018 (Quarter 4)			
CPI	1.9	3.0	2.3
RPI	2.5	3.6	3.1
LFS Unemployment Rate	1.0	4.8	4.1
2019 (Quarter 4)	Lowest %	Highest %	Average %
CPI	1.5	3.5	2.1
RPI	2.5	4.2	3.0
LFS Unemployment Rate	0.8	5.1	4.1

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

Independent medium-term projections for the calendar years 2018 to 2022 are summarised in the following table:-

Source: HM Treasury - Forecasts for the UK Economy (May 2018)					
	2018	2019	2020	2021	2022
	%	%	%	%	%
CPI	2.5	2.0	2.0	2.1	2.1
RPI	3.4	3.0	3.0	3.2	3.2
LFS Unemployment Rate	4.2	4.3	4.4	4.4	4.5

Treasury Management: Outlook

At its meeting ending on 20 June 2018, the MPC voted by a majority of 6-3 to maintain Bank Rate at 0.5%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion. The Committee also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion. The next Bank Rate decision by the MPC is on 2 August.

In the May 2018 Inflation Report, the MPC discussed potential increases in Bank Base Rate. Over the period of the next MTFs, it was stated that “The MPC continues to judge, however, that a very limited degree of slack remains in the economy. As in February, based on a conditioning path for Bank Rate that embodies three 25 basis point rises over the next three years, a small margin of excess demand is likely to emerge by early 2020, raising domestic inflationary pressures such that inflation settles at the 2% inflation target.”

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

	End Q.2 2018	End Q.3 2018	End Q.4 2018	End Q.1 2019	End Q.2 2019	End Q.3 2019	End Q.4 2019	End Q.1 2020	End Q.2 2020	End Q.3 2020	End Q.4 2020	End Q.1 2021	End Q.2 2021
May '18	0.6	0.7	0.7	0.8	0.9	1.0	1.0	1.1	1.1	1.2	1.2	1.2	1.2
Feb.'18	0.5	0.6	0.7	0.8	0.9	0.9	1.0	1.0	1.1	1.1	1.1	1.2	
Nov.'17	0.6	0.7	0.7	0.8	0.8	0.8	0.9	0.9	0.9	1.0	1.0		
Aug.'17	0.4	0.5	0.5	0.5	0.6	0.6	0.7	0.7	0.7	0.8			
May '17	0.3	0.3	0.3	0.4	0.4	0.4	0.5	0.5	0.5				
Feb'17	0.4	0.4	0.4	0.5	0.5	0.6	0.6	0.7					
Nov.'16	0.2	0.3	0.3	0.3	0.3	0.4	0.4						
Aug.'16	0.1	0.1	0.2	0.2	0.2	0.2							
May '16	0.6	0.6	0.7	0.7	0.8								
Feb. '16	0.9	1.0	1.0	1.1									
Nov '15	1.1	1.2	1.3										
Aug.'15	1.7	1.7											
May '15	1.4												

Source: Bank of England Inflation Reports

In order to maintain price stability, the Government has set the Bank’s Monetary Policy Committee (MPC) a target for the annual inflation rate of the Consumer Prices Index of 2%. Subject to that, the MPC is also required to support the Government’s economic policy, including its objectives for growth and employment.

The MPC’s projections are underpinned by four key judgements:-

1. global growth remains robust
2. investment and net trade support UK demand, while consumption growth remains subdued
3. very little slack remains and the pace of potential supply growth is modest
4. with demand outstripping potential supply, domestic inflationary pressures continue to build while the contribution from energy and import prices dissipates further.

Merton Capital Programme June 2018 Monitoring

Narrative	2018/19 Actuals	Profiled Budget To June	Variance	Revised Annual Budget	June Year End Forecast	Forecast Full Year Variance
Capital	3,677,112	5,254,940	(1,577,828)	42,150,440	40,701,686	(1,448,754)
Corporate Services	652,162	2,103,740	(1,451,578)	10,061,540	9,645,277	(416,263)
Business Improvement	48,000	363,970	(315,970)	2,412,980	1,996,717	(416,263)
Customer Contact Programme			0	1,899,010	1,482,747	(416,263)
IT Systems Projects		163,970	(163,970)	363,970	363,970	0
Social Care IT System	48,000	200,000	(152,000)	150,000	150,000	0
Facilities Management Total	335,358	939,720	(604,362)	3,301,220	3,301,220	0
Works to other buildings	(6,616)	130,040	(136,656)	695,040	695,040	0
Civic Centre	61,201	268,430	(207,229)	568,430	568,430	0
Invest to Save schemes	264,824	541,250	(276,426)	2,037,750	2,037,750	0
Asbestos Safety Works	15,950		15,950			0
Infrastructure & Transactions	203,805	668,000	(464,195)	2,255,290	2,255,290	0
Disaster recovery site		105,000	(105,000)	394,290	394,290	0
Planned Replacement Programme	203,805	563,000	(359,195)	1,861,000	1,861,000	0
Resources		132,050	(132,050)	132,050	132,050	0
ePayments System		91,050	(91,050)	91,050	91,050	0
Invoice Scanning SCIS/FIS		41,000	(41,000)	41,000	41,000	0
Corporate Items	65,000		65,000	1,960,000	1,960,000	0
Acquisitions Budget	65,000		65,000		0	0
Transformation Budgets			0	1,500,000	1,500,000	0
Westminster Ccl Coroners Court			0	460,000	460,000	0
Community and Housing	176,201	278,130	(101,929)	931,990	910,323	(21,667)
Adult Social Care	5,160	4,790	370	43,750	43,750	0
ASC IT Equipment	5,160	4,790	370	0	0	0
Telehealth			0	43,750	43,750	0
Housing	163,350	256,600	(93,250)	771,500	771,500	0
Disabled Facilities Grant	163,350	256,600	(93,250)	771,500	771,500	0
Libraries	7,690	16,740	(9,050)	116,740	95,073	(21,667)
Library Enhancement Works	7,113	16,740	(9,627)	16,740	16,740	0
Major Library Projects	578		578			0
Libraries IT			0	100,000	78,333	(21,667)

Merton Capital Programme June 2018 Monitoring

Narrative	2018/19 Actuals	Profiled Budget To June	Variance	Revised Annual Budget	June Year End Forecast	Forecast Full Year Variance
Children Schools & Families	548,322	1,239,960	(691,638)	11,496,600	10,519,287	(977,313)
Primary Schools	(34,912)	791,330	(826,242)	796,200	796,200	0
Hatfeild	0	50,000	(50,000)	50,000	50,000	0
Joseph Hood	2,836	2,900	(64)	2,900	2,900	0
Dundonald	(22,695)	50,980	(73,675)	50,980	50,980	0
Poplar	(8,569)	40,000	(48,569)	40,000	40,000	0
Wimbledon Chase	(1,337)		(1,337)			0
Wimbledon Park		23,500	(23,500)	23,500	23,500	0
Abbotsbury	(628)		(628)			0
Morden	(3,829)	74,380	(78,209)	74,380	74,380	0
Cranmer		72,000	(72,000)	72,000	72,000	0
Gorringer Park		60,000	(60,000)	60,000	60,000	0
Haslemere		50,000	(50,000)	50,000	50,000	0
Liberty		70,000	(70,000)	70,000	70,000	0
Links	(690)		(690)			0
Singlegate		11,000	(11,000)	11,000	11,000	0
St Marks		99,240	(99,240)	99,240	99,240	0
Lonesome		55,000	(55,000)	55,000	55,000	0
Stanford		132,330	(132,330)	132,330	132,330	0
Unlocated Primary School Proj			0	4,870	4,870	0
Secondary School	233,412	328,210	(94,798)	6,459,960	5,482,650	(977,310)
Harris Academy Morden			0	143,560	143,560	0
Harris Academy Merton	(1,021)	123,130	(124,151)	444,090	444,090	0
St Mark's Academy			0	200,000	200,000	0
Rutlish			0	495,000	495,000	0
Harris Academy Wimbledon	234,433	205,080	29,353	5,177,310	4,200,000	(977,310)
SEN	258,297	301,460	(43,163)	3,719,840	3,719,840	0
Perseid	214,954	325,960	(111,006)	935,960	935,960	0
Cricket Green	19,033	(162,430)	181,463	2,305,860	2,305,860	0
Secondary School Autism Unit		30,000	(30,000)	160,000	160,000	0
Unlocated SEN	24,310	77,930	(53,620)	288,020	288,020	0
Melbury College - Smart Centre		30,000	(30,000)	30,000	30,000	0
CSF Schemes	91,524	(181,040)	272,564	520,600	520,597	(3)
CSF - IT Schemes	3,735	28,310	(24,575)	58,310	58,310	0
School Equipment Loans		(209,350)	209,350	108,900	108,900	0
Devolved Formula Capital	87,789		87,789	353,390	353,387	(3)

Merton Capital Programme June 2018 Monitoring

Narrative	2018/19 Actuals	Profiled Budget To June	Variance	Revised Annual Budget	June Year End Forecast	Forecast Full Year Variance
Environment and Regeneration	2,300,427	1,633,110	667,317	19,660,310	19,626,799	(33,511)
Public Protection and Developm	(12,796)		(12,796)	39,490	39,490	0
CCTV Investment	(12,796)		(12,796)	39,490	39,490	0
Street Scene & Waste	3,150	222,630	(219,480)	6,008,630	6,021,063	12,433
Fleet Vehicles		156,400	(156,400)	562,900	575,333	12,433
Alley Gating Scheme	3,150	10,000	(6,850)	40,000	40,000	0
Smart Bin Leases - Street Scene			0	5,500	5,500	0
Waste SLWP		56,230	(56,230)	5,400,230	5,400,230	0
Sustainable Communities	2,310,073	1,410,480	899,593	13,612,190	13,566,246	(45,944)
Street Trees			0	60,000	60,000	0
Highways & Footways	323,637	563,160	(239,523)	4,479,880	4,479,880	0
Cycle Route Improvements	81,266	155,200	(73,934)	480,830	480,830	0
Mitcham Transport Improvements	1,248	51,680	(50,432)	563,680	563,680	0
Tackling Traffic Congestion	(16,743)		(16,743)			0
Mitcham Area Regeneration	8,210	59,360	(51,150)	186,360	186,360	0
Borough Regeneration	212,405	196,820	15,585	559,590	559,590	0
Morden Leisure Centre	1,639,775		1,639,775	6,203,360	6,203,360	0
Sports Facilities	(5,192)		(5,192)	446,960	446,960	0
Parks	65,467	330,370	(264,903)	577,640	531,696	(45,944)
Mortuary Provision		53,890	(53,890)	53,890	53,890	0

Virement, Re-profiling and New Funding - June 2018

Appendix 5b

		2018/19 Budget	Virements	Funding Adjustments	Reprofiling	Revised 2018/19 Budget	2019/20 Budget	Reprofiling	Revised 2019/20 Budget	Narrative
-	-	£	£		£	£	£		£	
Community and Housing										
Laptops for Staff		3,500		(3,500)		3,500	0		0	Revenue Expenditure
Mosaic Report Development		1,820		(1,820)		1,820	0		0	Revenue Expenditure
Children, Schools and Families										
	-					0				
Cricket Green	(1)	2,110,170	195,560			2,305,730	3,046,000	0	3,046,000	Re-profiled & Budget in accordance with expected spend and Tender Price
Scheme 4 New School Extra 6fe	(1)	5,373,000	(195,560)			5,177,440	2,172,570	0	2,172,570	Re-profiled & Budget in accordance with expected spend and Tender Price
Environment and Regeneration										
	-					0				
Mitcham Regen - Canons Parks for People	(1)	2,655,020			(2,533,020)	122,000	301,040	1,000,000	1,301,040	Re-profiling
Parks - Canons Parks for People	(1)	1,279,770			(1,178,770)	101,000	195,540	500,000	695,540	Re-profiling
						0				
Total		11,423,280	0	(5,320)	(3,711,790)	7,711,490	5,715,150	1,500,000	7,215,150	

1) Requires Cabinet Approval

Virement, Re-profiling and New Funding - June 2018

Appendix 5b

		2020/21 Budget	Reprofiling	Revised 2020/21 Budget	2021/22 Budget	Reprofiling	Revised 2021/22 Budget	Narrative
-	-	£	£	£	£	£	£	
Environment & Regeneration								
	-							
Mitcham Regen - Canons Parks for People	(1)	0	1,000,000	1,000,000	0	533,020	533,020	Re-profiled in line with anticipated spend
Parks - Canons Parks for People	(1)	0	500,000	500,000	0	178,770	178,770	Re-profiled in line with anticipated spend
Total		0	1,500,000	1,500,000	0	711,790	711,790	

Capital Programme Funding Summary 2018/19

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved May 2018 Monitoring	30,099	15,768	45,868
<u>Community and Housing</u>			
Laptops for Staff	(4)	0	(4)
Mosaic Report Development	(2)	0	(2)
<u>Environment and Regeneration</u>			
Mitcham Regen - Canons Parks for People	(303)	(2,230)	(2,533)
Parks - Canons Parks for People	0	(1,179)	(1,179)
Proposed Capital Programme	29,791	12,360	42,150

Capital Programme Funding Summary 2019/20

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved May 2018 Monitoring	43,545	3,123	46,668
<u>Environment and Regeneration</u>			
Mitcham Regen - Canons Parks for People	303	697	1,000
Parks - Canons Parks for People	0	500	500
Proposed Capital Programme	43,849	4,319	48,168

Capital Programme Funding Summary 2020/21

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Programme - May Monitoring	11,614	2,180	13,794
<u>Environment and Regeneration</u>			
Mitcham Regen - Canons Parks for People	0	1,000	1,000
Parks - Canons Parks for People	0	500	500
Proposed Capital Programme	11,614	3,680	15,294

Capital Programme Funding Summary 2021/22

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Programme - May Monitoring	18,702	930	19,632
<u>Environment and Regeneration</u>			
Mitcham Regen - Canons Parks for People	0	533	533
Parks - Canons Parks for People	0	179	179
Proposed Capital Programme	18,702	1,642	20,344

APPENDIX 6

Department	Target Savings 2018/19	Projected Savings 2018/19	Period 3 Forecast Shortfall	Period Forecast Shortfall (P3)	2019/20 Expected Shortfall
	£000	£000	£000	%	£000
Corporate Services	2,024	1,549	475	23.5%	375
Children Schools and Families	489	489	0	0.0%	0
Community and Housing	2,198	1,858	340	15.5%	(100)
Environment and Regeneration	1,874	1,388	486	25.9%	162
Total	6,585	5,284	1,301	19.8%	437

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2018/19

Ref	Description of Saving	2018/19 Savings Required £000	2018/19 Expected Savings £000	Shortfall £000	RAG	2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend ? Y/N
Adult Social Care											
CH55	Less 3rd party payments through "Promoting Independence" throughout the assessment, support planning and review process and across all client groups. Aim to reduce Res Care by £650k and Dom Care by £337k.	987	987	0	G	987	0	G	Richard Ellis	£561k achieved as at June 2018	Y
CH73	A review of management and staffing levels of the AMH team in line with the reductions carried out in the rest of ASC.	100	0	100	R	100	0	G	Richard Ellis	Work is ongoing regarding the integration model for mental health	Y
CH36	Single homeless contracts (YMCA, Spear, Grenfell) - Reduce funding for contracts within the Supporting People area which support single homeless people - Reduced support available for single homeless people - both in terms of the numbers we could support and the range of support we could provide. In turn this would reduce their housing options. (CH36)	38	38	0	A	38	0	G	Richard Ellis	Project lead recruitment in progress. Plan & timetable in place	Y
CH71	Transport: moving commissioned taxis to direct payments. Service users can purchase taxi journeys more cheaply than the council.	50	50	0	A	50	0	G	Richard Ellis	Analysis done. Project resource to be allocated	Y
CH72	Reviewing transport arrangements for in-house units, linking transport more directly to the provision and removing from the transport pool.	100	0	100	R	0	100	A	Richard Ellis	Not achievable in 1819	Y
CH74	The implementation of the MOSAIC social care system has identified the scope to improve the identification of service users who should contribute to the costs of their care and assess them sooner, thus increasing client income. Assessed as a 3% improvement less cost of additional staffing	231	231	0	G	231	0	G	Richard Ellis	Additional income from more efficient processes	Y
Subtotal Adult Social Care		1,506	1,306	200		1,406	100				
Library & Heritage Service											
CH56	Introduce a coffee shop franchise across 6 libraries	30	30	0	G	30	0	G	Anthony Hopkins		Y
Housing Needs & Enabling											
CH42	Further Staff reductions. This will represent a reduction in staff from any areas of the HNES & EHH :	62	62	0	A	62	0	G	Steve Langley	Work on demand and resources is in progress, alongside a review of housing related support contracts.	Y

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 18-19

Ref	Description of Saving	2018/19 Savings Required £000	Shortfall	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	<u>Schools</u>								
CSF2015-03	Increased income from schools and/or reduced LA service offer to schools	200	0	G	0	G	Jane McSherry		N
	<u>Commissioning, Strategy and Performance</u>								
CSF2015-04	Commissioning rationalisation	60	0	G	0	G	Leanne Wallder		N
	<u>Cross cutting</u>								
CSF2017-01	Review of non-staffing budgets across the department	106	0	G	0	G	Jane McSherry		N
CSF2017-02	Reduction in business support unit staff	33	0	G	0	G	Jane McSherry		N
	<u>Children Social Care</u>								
CSF2017-03	Delivery of preventative services through the Social Impact Bond	45	0	G	0	G	Jane McSherry		N
CSF2017-04	South London Family Drug and Alcohol Court commissioning	45	0	G	0	G	Jane McSherry		N
	Total Children, Schools and Families Department Savings for 2017/18	489	0		0				

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2018-19

Ref	Description of Saving	2018/19 Savings Required £000	2018/19 Savings Expected £000	Shortfall	18/19 RAG	2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
SUSTAINABLE COMMUNITIES											
E&R6	Property Management: Reduced costs incurred as a result of sub-leasing Stouthall until 2024.	18	18	0	G	18	0	G	James McGinlay		N
ENV14	Property Management: Increase in income from rent reviews of c60 properties.	100	100	0	G	100	0	G	James McGinlay	Performance dependent on implementation of commercial property review.	N
ENV16	Traffic & Highways: Further reductions in the highways maintenance contract costs following reprourement	65							James McGinlay	For both 2018-19 and 2019-20 these savings are covered by Growth (ERG1)	N
ENV17	Traffic & Highways: Reduction in reactive works budget	35							James McGinlay	For both 2018-19 and 2019-20 these savings are covered by Growth (ERG1)	N
ENV20	D&BC: Increased income from building control services.	35	0	35	R	35	0	A	James McGinlay	This has not been possible due to severe staff shortages and very difficult to fill posts	Y
ENV34	Property Management: Increased income from the non-operational portfolio.	40	40	0	G	40	0	G	James McGinlay		N
ENR8	Property Management: Increased income from rent reviews	150	150	0	G	150	0	G	James McGinlay	Performance dependent on implementation of commercial property review.	N
PUBLIC PROTECTION											
E&R7	Parking: Due to additional requests from residents, the budget will be adjusted to reflect the demand for and ongoing expansion of Controlled Parking Zone coverage in the borough.	163	163	0	G	163	0	G	Cathryn James		N
ENV07	Parking: Reduction in supplies & services/third party payment budgets.	60	13	47	R	13	47	R	Cathryn James	£13k saving will be made in CCTV but equipment savings of £47k will not be achieved in Parking due to continued necessary expenditure on P&D maintenance / technical team operations.	Y
ENR07	Regulatory Services: Funding of EH FTE by public health subsidy. As agreed between DPH and Head of PP .	40	0	40	R	0	40	R	Cathryn James	Alternative saving required	Y
ENR07	Regulatory Services: Investigate potential commercial opportunities to generate income	50	0	50	R	50	0	A	Cathryn James	Commercial income generating team to be established as part of the proposed restructure of regulatory services. Currently investigating charging for food hygiene rating rescues.	Y
ENR2	Parking & CCTV: Pay & Display Bays (On and off street)	44	22	22	R	44	0	G	Cathryn James	Implementation of saving delayed due to May 18 elections. Proposal now needs to urgently be put to new Cabinet member for approval. As a result, it is unlikely that any revenue effect be will be seen before Oct 18. The shortfall will be mitigated by over-achievement in other revenue streams.	Y
ENR3	Parking & CCTV: Increase the cost of existing Town Centre Season Tickets in Morden, Mitcham and Wimbledon.	17	0	17	R	17	0	G	Cathryn James	In May 2017, we were advised that members wanted options to review/increase permit prices for all Parking activities. These options have now been collated for presentation to the new Cabinet member following the May 18 election. Any increase in season tickets will form part of this as extensive work will be needed to change relevant TMOs / statutory notices etc. Once decided, it is unlikely that any price increases will be implemented before April 19. Shortfall will be mitigated by over-achievement in other revenue streams	Y
ALT1	Parking: The further development of the emissions based charging policy by way of increased charges applicable to resident/business permits as a means of continuing to tackle the significant and ongoing issue of poor air quality in the borough.	440	440	0	G	440	0	G	Cathryn James		N

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2018-19

Ref	Description of Saving	2018/19 Savings Required £000	2018/19 Savings Expected £000	Shortfall	18/19 RAG	2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
PUBLIC SPACE											
E&R1	Leisure Services: Arts Development - further reduce Polka Theatre core grant	4	4	0	G	4	0	G	Anita Cacchioli		N
E&R2	Leisure Services: Water sports Centre - Additional income from new business - Marine College & educational activities.	5	5	0	G	5	0	G	Anita Cacchioli		N
E&R4	Leisure Services: Morden Leisure Centre	100	100	0	G	100	0	G	Anita Cacchioli		N
E&R20	Waste: To contribute to a cleaner borough, enforcement of litter dropping under EPA/ ASB legislation with FPN fines for contraventions.	-2	-2	0	G	-2	0	G	Anita Cacchioli	The level of income from the successful issuing and processing of FPN has remained constant. High payment rates are being achieved supported by the prosecution of non payment with full cost being award	N
ENV18	Greenspaces: Increased income from events in parks	100	100	0	A	100	0	A	Anita Cacchioli	Works on going to secure additional income from events.	N
ENV31	Waste: Commencing charging schools for recyclable waste (17/18) and food waste (18/19) collection	9	9	0	G	9	0	G	Anita Cacchioli	garanteed income being achieved. Risk is now manged by our collections contractor.	N
ENV32	Transport: Review of Business Support requirements	30	0	30	R	0	30	R	Anita Cacchioli	This can no longer be delivered as the service has transferred to the CSF commissioning team.	Y
ENV35	Waste: Efficiency measures to reduce domestic residual waste rounds by 1 crew following analysis of waste volumes and spread across week	150	150	0	G	150	0	G	Anita Cacchioli	This has been achieved as part of the Phase C savings	N
ENV37	Transport workshop: develop business opportunities to market Tacho Centre to external third parties	35	0	35	R	0	35	R	Anita Cacchioli	This can no longer be delivered as the facility is now under the operational mangement of our waste contractor.	Y
ENV38	Transport Services: Delete 1 Senior Management post	76	76	0	G	76	0	G	Anita Cacchioli	Completed - establishment and budget has been amended to reflect the reduction of post.	Y
ENV39	Waste: Wider Department restructure in Waste Services	200	0	200	R	200	0	A	Anita Cacchioli	This will not be delivered in 2018. Review and restructure still outstanding	Y
ENV40	Transport Services: Shared Fleet services function with LB Sutton	10	0	10	R	0	10	R	Anita Cacchioli	This can no longer be delivered as LB Sutton no longer require this service.	Y
Total Environment and Regeneration Savings 2017/18		1,874	1,388	486		1,712	162				

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 18-19

Ref	Description of Saving	2018/19 Savings Required £000	Shortfall	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Under spend?
Customers, Policy & Improvement									
CSD19	Staff reductions - Delete 1 FTE	49	0	G	0	G	Sophie Poole		Y
CS2015-11	Reduction in corporate grants budget	19	0	G	0	G	John Dimmer		Y
CSREP 2018-19 (7)	Translation - increase in income	10	0	A	0	A	Sean Cunniffe	The decision of existing customers to refer work elsewhere, within other organisations i.e. LB Sutton using RBK translation Services.	N
CSREP 2018-19 (16)	Operating cost reduction	11	0	G	0	G	Sophie Ellis		Y
Infrastructure & Technology									
CS71	Delete two in house trainers posts	43	0	G	0	G	Richard Warren		Y
CSD2	Energy Savings (Subject to agreed investment of £1.5m)	150	0	G	0	G	Richard Neal		Y
CS2015-09	Restructure of Safety Services & Emergency Planning team	30	0	G	0	G	Adam Vicarri		Y
CS2015-10	FM - Energy invest to save	465	465	R	365	A	Richard Neal	The capital spend to achieve this was slipped and hence the saving will be delayed with £100k expected in 19/20 and the balance in 20/21. Shortfall to be funded by Corporate Services reserve	Y
CSREP 2018-19 (1)	Renegotiation of income generated through the corporate catering contract	20	0	G	0	G	Edwin O Donnell		Y
CSREP 2018-19 (2)	Review the specification on the corporate cleaning contract and reduce frequency of visits	15	0	G	0	G	Edwin O Donnell		Y
CS2015-01	Reduction in IT support / maintenance contracts	3	0	G	0	G	Clive Cooke		Y
CS2015-02	Expiration of salary protection	16	0	G	0	G	Clive Cooke		Y
CSREP 2018-19 (13)	Business Improvement - Business Systems maintenance and supp	10	0	A	0	G	Clive Cooke	At risk due to APR increases by some suppliers.	Y
CSREP 2018-19 (14)	M3 support to Richmond/Wandsworth	20	0	A	0	G	Clive Cooke	This is dependent on agreement with RSSP, may be at risk if they don't migrate to M3 system	Y
CSREP 2018-19 (15)	Street Naming and Numbering Fees/Charges Review	15	0	G	0	G	Clive Cooke		Y
Corporate Governance									
CSD43	Share FOI and information governance policy with another Council	10	10	R	10	R	Karin lane		Y
CS2015-06	Delete auditor post and fees	50	0	G	0	G	Margaret Culleton		Y

CS2015-12	Savings in running expenses due to further expansion of SLLP	41	0	G	0	G	Fiona Thomsen		Y
CSREP 2018-19 (9)	Corp Gov -Reduction in running costs budgets	11	0	G	0	G	Julia Regan		Y
CSREP 2018-19 (10)	SLLp - Increase in legal income	25	0	G	0	G	Fiona Thomsen		Y
CSREP 2018-19 (11)	Audit and investigations	50	0	G	0	G	Margaret Culleton		Y
	<u>Resources</u>								
CSD20	Increased income	16	0	G	0	G	Nemashe Sivayogan		Y
CSD27	Further restructuring (2 to 4 posts)	100	0	G	0	G	Roger Kershaw		Y
CS2015-05	Staffing costs and income budgets	75	0	G	0	G	Roger Kershaw		Y
CSREP 2018-19 (6)	Reduction in running costs budgets	9	0	G	0	G	David Keppler		Y
CSREP 2018-19 (3)	Miscellaneous budgets within Resources	13	0	G	0	G	Roger Kershaw		Y
CSREP 2018-19 (4)	Recharges to pension fund	128	0	G	0	G	Nemashe Sivayogan		Y
	<u>Human Resources</u>								
CSREP 2018-19 (12)	Reduction in posts across the department	185	0	G	0	G	Kim Brown		Y
	<u>Corporate</u>								
CSREP 2018-19 (5)	Council tax and business rates credits	220	0	G	0	G	Roger Kershaw		Y
CSREP 2018-19 (8)	Dividend from CHAS 2013 Limited	215	0	G	0	G	Ian McKinnon		Y
	Total Corporate Services Department Savings for 2018/19	2,024	475		375				

APPENDIX 7

Department	Target Savings 2017/18	2017/18 Shortfall	2018/19 Period 3 Projected shortfall	2019/20 Period 3 Projected shortfall	2018/19 Period 2 Projected shortfall	2019/20 Period 2 Projected shortfall
	£000	£000	£000	£000	£000	£000
Corporate Services	2,316	196	0	0	0	0
Children Schools and Families	2,191	0	0	0	0	0
Community and Housing	2,673	201	149	49	200	200
Environment and Regeneration	3,218	1,953	805	0	443	0
Total	10,398	2,350	954	49	643	200

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

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Expected Shortfall £000	17/18 RAG	2018/19 Expected Shortfall £000	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
CSF2012-07	Children Social Care Family and Adolescent Services Stream - Transforming Families (TF), Youth Offending Team (YOT) and in Education, Training and Employment (ETE). 2016/17 savings will be achieved by the closure of Insight and deletion of YJ management post.	100	0	R	0	G	0	G	Paul Angeli	This saving was delivered from July 2017 and the short for the first quarter covered through reduced grant-funding for targeted intervention services.	N
	Total Children, Schools and Families Department Savings for 2017/18		0				0				

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 17-18

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Shortfall	17/18 RAG	2018/19 Expected Shortfall £000	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments
	Business improvement									
CSD42	Restructure functions, delete 1 AD and other elements of management	170	70	R					Sophie Ellis	Replacement saving identified and approved for 18/19 - CSREP 2018-19 (1-16)
CS2015-	Staffing support savings	13	13	R					Sophie Ellis	Replacement saving identified and approved for 18/19 - CSREP 2018-19 (1-16)
	Infrastructure & transactions									
CS70	Apply a £3 administration charge to customers requesting a hard copy paper invoice for services administered by Transactional Services team	35	35	R					Pam Lamb	Replacement saving identified and approved for 18/19 - CSREP 2018-19 (1-16)
	Resources									
CSD26	Delete 1 Business Partner	78	78	R	0	G		G	Caroline Holland	Due to delays in projects this saving was not achieved until 18/19
	Total Corporate Services Department Savings for 2017/18		196		0		0			

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2017/18

Ref	Description of Saving	2017/18 Savings Required £000	Shortfall £000	17/18 RAG	2018/19 Expected Shortfall £000	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend ? Y/N
Adult Social Care											
CH57	Staff savings: transfer of savings from housing	50	19	R	0	G	0	G	Richard Ellis	To be met from housing related support review	Y
CH35, CH36, CH52	Supporting People: re-commissioning of former Supporting People contracts. Savings can be achieved by removing funding from community alarms and reducing the capacity for housing support (including single homeless, mental health and young people at risk)	100	100	R	100	R	0	G	Richard Ellis	Work on re-commissioning in progress	Y
Library & Heritage Service											
CH7	Introduce self-serve libraries at off peak times: Smaller libraries to be self-service and supported only by a security guard during off peak times (nb. Saving would be reduced to £45k if Donald Hope and West Barnes libraries are closed). 3.5FTE at risk	90	33	R	0	G	0	G	Anthony Hopkins	The new operating model went live in May 2018 and savings will continue to be achieved ongoing. The first year's underachievement was due to the savings only being realised over 11 months and increased one off spend for agency staff.	Y
Housing Needs & Enabling											
Page 104 H43	Further Staff reductions. This will represent a reduction in staff from any areas of the HNES & EHH :	100	49	R	49	R	49	R	Steve Langley		Y
Total C & H Savings for 2017/18			201		149		49			The department has looked at ways to mitigate unachieved savings in 18/19 by securing further under spends across C&H	

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2017-18

Ref	Description of Saving	2017/18 Savings Required £000	Shortfall	17/18 RAG	2018/19 Expected Shortfall £000	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
SUSTAINABLE COMMUNITIES											
ER23a	Staff savings from 6th month review following the merger of the traffic and highways and the FutureMerton team in to one team and further budget savings/adjustments within the controllable expenditure budgets	214							James McGinlay	For 2017/18, 2018-19 and 2019-20 this saving is covered by Growth	N
ER23b	Restructure of team to provide more focus on property management and resilience within the team.	18	18	R	18	R	0	A	James McGinlay	Business Case for restructure in progress, but due to the delay it's unlikely to be fully achieved this financial year. Saving being achieved through rents (reported through monthly budget return).	Y
E&R5	Team transformation and asset review	82	0	G	0	G	0	G	James McGinlay		N
E&R32	Income from wifi concessionary contract to be let from 2015/16	5							James McGinlay	For 2017/18, 2018-19 and 2019-20 this saving is covered by Growth	N
E&R34	Alternative delivery model of highway safety inspection service	30							James McGinlay	For 2017/18, 2018-19 and 2019-20 this saving is covered by Growth	N
E&R35	Reduce street lighting contract costs	25	0	G	0	G	0	G	James McGinlay	Contract renegotiated	N
E&R37	Introduction of Lane rental approach to Highways works to assist in reducing congestion.	50							James McGinlay	For 2017/18, 2018-19 and 2019-20 this saving is covered by Growth	N
E&R41	Staff restructure	80							James McGinlay	For 2017/18, 2018-19 and 2019-20 this saving is covered by Growth	N
D&BC1	Fast track of householder planning applications	55	55	R					James McGinlay	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
D&BC2	Growth in PPA and Pre-app income	50	50	R					James McGinlay	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
D&BC3	Commercialisation of building control	50	50	R					James McGinlay	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
D&BC4	Deletion of 1 FTE (manager or deputy) within D&BC	45	45	R	45	R	0	A	James McGinlay		Y
D&BC5	Eliminate the Planning Duty service (both face to face and dedicated phone line) within D&BC	35	35	R					James McGinlay	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
D&BC6	Stop sending consultation letters on applications and erect site notices	10	10	R					James McGinlay	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
ENV15	Reduction in street lighting energy and maintenance costs. Would require Capital investment of c£400k, which forms part of the current capital programme - Investment in LED lights in lamp Column stock most capable of delivering savings	148	48	R	0	G	0	G	James McGinlay		N
ENV16	Further reductions in the highways maintenance contract costs following reprocurement. Part year effect in 17/18 due to contract start date mid year.	65							James McGinlay	For 2017/18, 2018-19 and 2019-20 this saving is covered by Growth	N
ENV17	Reduction in reactive works budget	30							James McGinlay	For 2017/18, 2018-19 and 2019-20 this saving is covered by Growth	N
ENV20	Increased income from building control services.	35	35	R					James McGinlay	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
ENV24	Cease subscription to Urban London and Future London Leaders	10	0	G	0	G	0	G	James McGinlay		N
ENV34	Increased income from the non-operational portfolio.	8	0	G	0	G	0	G	James McGinlay		N
SENIOR MANAGEMENT											
ENV01	Reduce the level of PA support to Heads of Service by 0.6fte.	19	0	G	0	G	0	G	Chris Lee		N
PUBLIC PROTECTION											
EV11	Increase all pay and display charges for on and off street parking by 10%. it should be noted that no allowance has been made for elasticity of demand this figure could reduce by 25%	125	0	G	0	G	0	G	Cathryn James		N
E&R7	Due to additional requests from residents, the budget will be adjusted to reflect the demand for and ongoing expansion of Controlled Parking Zone coverage in the borough.	163	0	G	0	G	0	G	Cathryn James		N
E&R8	In response to residents concerns about traffic congestion, enforcement of moving traffic contraventions, following the Implementation of ANPR.	-1,540	0	G	0	G	0	G	Cathryn James		N
E&R14	Further expansion of the Regulatory shared service.	100	100	R	50	R	0	A	Cathryn James	Wandsworth staff transferred under TUPE to Merton on 1st November with the new expanded service expected to go live in August/September 2018.	Y
E&R43	Reprofiling how Safer Merton will achieve savings of £70,000 in 2017-18. The reprofiling will see staff levels maintained and budget reductions met through cutting back on non statutory budgetary spend.	70	0	G	0	G	0	G	Cathryn James		N
ENV02	Review the current CEO structure, shift patterns and hours of operation with the intention of moving toward a two shift arrangement based on 5 days on/2 days off.	190	190	R	190	R	0	A	Cathryn James	This saving is not currently being achieved as the there has been slippage in the timetable for the restructure. Mitigation could come from increased revenue.	Y

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2017-18

Ref	Description of Saving	2017/18 Savings Required £000	Shortfall	17/18 RAG	2018/19 Expected Shortfall £000	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
ENV03	Reduction number of CEO team leader posts from 4 to 3	45	45	R	45	R	0	A	Cathryn James	This saving is not currently being achieved for the same reasons as those given in respect of ENV02 .	Y
ENV04	Improved management of traffic flows/congestion and availability of parking space through Increase compliance	250	0	G	0	G	0	G	Cathryn James		N
ENV05	Review the back office structure based upon the anticipated tailing off of ANPR activity and the movement of CCTV into parking services.	70	70	R	70	R	0	A	Cathryn James		Y
ENV06	Reduction in transport related budgets	46	46	R					Cathryn James	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
ENV09	Investigate potential commercial opportunities to generate income	50	43	R	25	R	0	A	Cathryn James		Y
ENV10	Reduction in Transport/Supplies and Services budget through greater efficiency	10	0	G	0	G	0	G	Cathryn James		N
ENV33	Development of emissions based charging policy for resident/business permits recognising the damage particularly from diesel engined motor vehicles	250	0	G	0	G	0	G	Cathryn James		N
ENR3	Increase the cost of existing Town Centre Season Tickets in Morden, Mitcham and Wimbledon.	16	0	G	0	G	0	G	Cathryn James		N
PUBLIC SPACE											
E&R1	Arts Development - further reduce Polka Theatre core grant	5	0	G	0	G	0	G	Anita Cacchioli		N
E&R2	Water sports Centre - Additional income from new business - Marine College & educational activities.	10	0	G	0	G	0	G	Anita Cacchioli		N
E&R3	Various Budgets - Reduction in supplies & services &/or increased income over expenditure	16	0	G	0	G	0	G	Anita Cacchioli		N
E&R16	Procurement of waste, street cleansing, winter maintenance and fleet maintenance services (Phase C)	1,500	400	R	194	R	0	A	Anita Cacchioli	Full savings not achieved in Year 1 of contract. Actual savings delivered are being monitored closely	N
E&R20	Contribute to a cleaner borough, enforcement of litter dropping under EPA/ ASB legislation with FPN fines for contraventions.	-3	0	G	0	G	0	G	Anita Cacchioli		N
E&R25	Procurement of greenspace services as part 2 of the Phase C SLWP procurement contract with LB Sutton	160	116	R	0	G	0	G	Anita Cacchioli		N
ENV11	Source leisure and sports activities	59	0	G	0	G	0	G	Anita Cacchioli		Y
ENV12	Costs of head of section/amalgamated with head of Greenspaces	70	70	R	0	A	0	A	Anita Cacchioli		N
ENV13	Staff savings through the reorganisation of the back office through channel shift from phone and face to face contact.	70	70	R	70	R	0	A	Anita Cacchioli		N
ENV18	Increased income from events in parks	100	100	R					Anita Cacchioli	A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
ENV19	Planned re-distribution of North East Surrey Crematorium funds	90	0	G	0	G	0	G	Anita Cacchioli		N
ENV21	Reduction in the grant to Wandle Valley Parks Trust	6	6	R	0	G	0	G	Anita Cacchioli		N
ENV22	Reduction in grant to Mitcham Common Conservators.	24	0	G	0	G	0	G	Anita Cacchioli		N
ENV23	Further savings from the phase C procurement of Lot 2.	160	160	R	98	R	0	A	Anita Cacchioli	Saving forms part of Phase C, but may not be achieved this financial year.	N
ENV25	Department restructure of the waste section	191	191	R	0	G	0	G	Anita Cacchioli	Saving achieved as part of Phase C procurement and outsourcing of service. Budget reduced in line with savings target	N
ENV26	Re-balancing of rounds	20	0	G	0	G	0	G	Anita Cacchioli	Saving achieved as part of Phase C procurement and outsourcing of service. Budget reduced in line with savings target	N
ENV27	Remove free provision of food waste liners	66	0	G	0	G	0	G	Anita Cacchioli	Saving achieved as part of Phase C procurement and outsourcing of service. Budget reduced in line with savings target	N
ENV28	Divert gully waste and mechanical Street sweepings from landfill through pre-treatment and recycling	37	0	G	0	G	0	G	Anita Cacchioli	On going street sweeping are being diverted from landfill and disposal savings achieved. More work to be done in relation to gully waste to generate additional disposal savings .	N
ENV29	Realign budget to reflect actual income achieved through sale of textiles	20	0	G	0	A	0	A	Anita Cacchioli	This budget income is under pressure due to the fall in textile prices. This is currently mitigated by increased savings on disposal costs.	N
ENV30	Increase annual Garden Waste subscription fees by £5 p.a.	30	0	G	0	G	0	G	Anita Cacchioli	Completed - Income guaranteed by waste contractor	N
ENV31	Commencing charging schools for recyclable waste (17/18) and food waste (18/19) collection	102	0	G	0	G	0	G	Anita Cacchioli	Completed - Income guaranteed by waste contractor	N
ENV36	Review and removal of NRCs	50	0	G	0	G	0	G	Anita Cacchioli	Savings being delivered through the disposal cost to landfill.	N
Total Environment and Regeneration Savings 2016/17		3,218	1,953		805		0				

Appendix 8

Subject: Miscellaneous Debt Update June 2018

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

- 1.1 A breakdown of departmental net miscellaneous debt arrears, as at 30 June 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 – 30 June 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	June 18 arrears f	Mar 18 Arrears	Direction of travel
	£	£	£	£	£	£	
Env & Regeneration	1,616,544	245,593	419,364	220,362	2,501,863	1,865,726	↑
Corporate Services	336,099	166,616	90,295	60,427	653,437	978,779	↓
Housing Benefits	806,407	633,650	1,012,516	2,302,092	4,754,665	4,695,713	↑
Children, Schools & Families	485,098	287,890	147,105	249,816	1,169,909	1,052,717	↑
Community & Housing	1,996,048	735,581	1,131,489	1,809,370	5,672,488	4,935,575	↑
Chief Executive's	0	0	0	0	0	0	↓
CHAS 2013	20,113	4,923	26,116	50,420	101,572	97,475	↑
Total	5,260,309	2,074,253	2,826,885	4,692,487	14,853,934	13,625,985	↑
Jun-17	6,316,331	1,793,452	2,481,712	3,599,246	14,190,741		
<i>Variance June 17 to June 18</i>	<i>-1,056,022</i>	<i>280,801</i>	<i>345,173</i>	<i>1,093,241</i>	<i>663,193</i>		↑

- 1.3 Since the position was last reported on 31 March 2018, the net level of arrears, i.e. invoices over 30 days old, has increased by £1,227,949.
- 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 There has been an increase in debt for Environment and Regeneration of over £600,000, this is due to two areas that have seen increases, Trading standards (£400,000) and Community Infrastructure Levy (£200,000). There has also been an increase in Community and Housing of over £600,000, this is due to increases in MASCOT (£250,000), Public Health Re-charges (£240,000) and Service Accountancy (£170,000).
- 1.6 Since the data was extracted at the end of June the majority of the increased debt for Trading Standards, MASCOT Public Health and Service Accountancy have now been collected.
- 1.7 Actions being taken to collect housing benefit overpayments and Adult Social Care debt 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 £4.976 million, a reduction of £0.462 million since last reported in March 2018.
- 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. New deferred payment arrangements are excluded from the debt position as the cases are managed separately within Community and Housing. 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 June 2018 compared to June 2016, December 2016, June 2017 and March 2018

Please note that debt at invoice stage is where the invoice is less than 30 days old so not included in table 1 above under Community and Housing.

Adult Social Care Debt	Jun 2016	% at stage	Dec 2016	% at stage	Jun 2017	% at stage	Mar-18	% at stage	Jun-18	% at stage
Invoice stage	387,608	9%	646,210	13%	1,129,190	11%	959,618	17%	360,575	7%
Charge & Deferred Payment	775,880	18%	635,671	13%	311,604	7%	258,470	5%	255,870	5%
Payment arrangement	462,801	11%	235,667	5%	273,316	6%	232,088	4%	178,224	4%
Probate, DWP & Deputyship	944,870	22%	771,456	15%	553,437	13%	491,306	9%	476,696	10%
Court action	141,345	3%	188,264	4%	184,781	3%	84,958	1%	84,598	2%
Dept or service query	182,702	4%	286,782	6%	90,530	2%	71,185	1%	25,097	1%
No action secured	1,460,347	33%	2,186,747	44%	1,380,647	58%	2,420,165	46%	2,271,872	45%
J&P							920,885	17%	1,323,327	26%
Total Debt	4,355,553		4,950,797		3,923,505		5,438,675		4,976,259	

- 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 for a one year trial. Already we have had three cases paid in full for £35,000, £32,000 and £12,000 debts.
- 3.7 In the last quarter the debt recovery team have obtained payments to clear debts for £66,000, £34,000 and £25,000.
- 3.8 The team are working closely with Financial Assessments to assist with obtaining information from clients so that accurate re-assessments are undertaken. This ensures that recovery of debts is based on correct charges and invoices rather than disputed amounts.
- 3.9 Additional resources within the debt recovery team have been allocated to work on adult social care cases in an attempt reduce the debt outstanding.
- 3.10 The largest area of debt owed to the council is for housing benefit overpayments with the total level of debt being £8.3 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.
- 3.11 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.

- 3.12 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.
- 3.13 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.
- 3.14 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 £450,000 secured by this method.
- 3.15 Although the overall housing benefit debt has increased over the years there has also been an increase in the amount of debt either being recovered from on-going benefit or on arrangements, with £2.7 million being recovered from on going benefit by reducing current housing benefit payments. Just over £5.6 million is on a payment arrangement or recovery from on going benefit
- 3.16 The table below shows breakdown of all housing benefit overpayments by recovery action.

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

Recovery Stage	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Mar-18	Jun-18
Invoice and Reminder stage	667,690	624,877	874,548	723,613	284,713	379,477	340,008	312,186
On-going recovery	2,928,207	3,048,093	3,032,558	2,928,992	3,363,611	3,354,237	3,032,656	2,775,552
Payment Arrangements	1,922,400	2,134,893	2,220,007	2,314,257	2,353,352	2,511,028	2,647,525	2,826,435
No Arrangements secured	2,528,002	2,544,392	2,162,070	2,113,587	2,665,410	2,387,794	2,427,693	2,384,329
Total HB Debt	8,046,299	8,352,255	8,289,183	8,080,449	8,667,086	8,632,536	8,447,882	8,298,502

- 3.17 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.
- 3.18 We commenced another new DWP initiative to assist with the collection of unpaid overpayments. On a monthly basis we provide a list of debts to the DWP who will compare it to HMRC data and highlight where customers are now working so that we can apply for an attachment to their earnings. This commenced in May 2018 and within the first month we have applied for over 180 attachment to earnings to recover unpaid overpayments. This will hopefully secure payments and improve collection.
- 3.19 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	2018/19				2018/19
	Total	Total	Total	Total	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total
Debt type									
Sundry Debt	£347,726	£581,419	£129,338	£443,317					£0
Housing benefit overpayments	£1,050,105	£510,352	£517,467	£512,379					£0
Council Tax	£526,881	£951,280	£623,486	£804,987					£0
Business Rates	£790,373	£659,514	£567,908	£378,155					£0
Total	£2,715,085	£2,702,565	£1,838,199	£2,138,838	£0				£0

- 3.20 No debt has been written off in the first quarter of 2018/19.
- 3.21 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.
- 3.22 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.

3.23 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.

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 30 June 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

	Dec-16	Mar-17	Jun-17	Sep-17	Mar 18	Jun-18
	£	£	£	£	£	£
Miscellaneous sundry debt Note 1	13,588,220	7,067,219	12,454,666	17,256,834	15,778,776	14,758,378
Housing Benefit debt	8,289,183	8,080,449	8,667,087	8,632,539	8,447,884	8,298,503
Parking Services	3,425,473	3,526,192	4,451,650	4,692,186	4,876,618	4,398,706
Council Tax Note 2	3,822,875	3,866,556	6,940,774	6,262,466	7,601,390	7,340,722
Business Rates Note 3	972,883	654,794	2,558,946	2,160,057	2,857,363	2,806,594
Total	30,098,634	23,195,210	35,073,123	39,004,082	39,562,031	37,602,903

Note 1 The amount shown against miscellaneous sundry debt above differs from the amount shown in table 1 as it shows all debt, including debt which is less than 30 days old and table 1 only includes debt over 30 days old and also includes housing benefit overpayments which is shown separate in the table above.

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 reduced by £1,959,128 since last reported at the end of March 2018.
- 6.2 The data for June 2018 cannot be directly compared to June 2017 as there was a delay in issuing invoices due to the implementation of E5 in February 2017.
- 6.3 Included in the £14.75 million sundry debt outstanding is £4.7 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 – 30 June 2018

Age of Debt	Outstanding £	Number of PCNs	Average Value £
0-3 months	1,349,495	11,379	119
3-6 months	685,858	4,205	163
6-9 months	551,086	3,123	176
9-12 months	521,357	2,964	176
12-15 months	539,198	3,131	172
Older than 15 months	751,712	4,523	166
Total June 2018	4,398,706	29,325	150

Total March 2018 **£4,876,618** **32,111**

Increase/-decrease **-£477,912** **-32,786**

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