Cabinet

Date: 17 September 2018

Subject: **Financial Report 2018/19 – July 2018**

Lead officer: Roger Kershaw

Lead member: Mark Allison

Recommendations:

A. That Cabinet note the financial reporting data relating to revenue budgetary control, showing a forecast net overspend at year end of £ 1.95million, 0.4% of gross budget.

B. Cabinet are requested to approve a virement of £230k between Building Control and Development control as part of the ongoing process of realigning budget managers' budgets.

C. That Cabinet note the adjustments to the Capital Programme contained in Appendix 5b and approve the items summarized below:

Scheme	2018/19 Budget	2019/20 Budget	2020/21 Budget	2021/22 Budget	Narrative
Environment and Regeneration					
Figges Marsh Bus Priority Scheme	150,000	0	0	0	New TfL Funding

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 This is the financial monitoring report for period 4, 31st July 2018 presented in line with the financial reporting timetable.

This financial monitoring report provides:-

- The income and expenditure at period 4 and a full year forecast projection.
- An update on the capital programme and detailed monitoring information;
- An update on Corporate Items in the budget 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 4 to 31st July 2018, the year end forecast is a net £1.95m overspend compared to the current budget, 0.4% of the gross revenue budget (£2.6m forecast overspend at period 3).

Summary Position as at 31st July 2018

	Current Budget 2018/19 £000s	Full Year Forecast (July) £000s	Forecast Variance at year end (July) £000s	Forecast Variance at year end (June) £000s	Outturn variance 2017/18 £000s
Department					
3A.Corporate Services	10,529	9,311	(1,218)	(1,160)	(812)
3B.Children, Schools and Families	56,495	59,899	3,404	3,877	2,249
3C.Community and Housing	64,078	64,467	389	678	922
3D.Public Health	0	108	108	109	0
3E.Environment & Regeneration	18,540	17,841	(698)	(830)	(1,211)
Overheads	0	0	0	0	0
NET SERVICE EXPENDITURE	**149,642**	**151,627**	**1,985**	**2,673**	**1,148**
3E.Corporate Items					
Impact of Capital on revenue budget	8,403	8,371	(32)	(32)	(103)
Other Central budgets	(14,692)	(14,692)	0	0	(823)
Levies	938	938	0	0	0
TOTAL CORPORATE PROVISIONS	**(5,351)**	**(5,383)**	**(32)**	**(32)**	**(926)**
TOTAL GENERAL FUND	**144,292**	**146,244**	**1,953**	**2,641**	**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	**(42)**	**1,911**	**1,953**	**2,641**	**(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 £1.27m overspend.

3. DEPARTMENTAL SUMMARY OF CURRENT POSITION

Corporate Services

Division	2018/19 Current Budget £000	2018/19 Full year Forecast (July) £000	2018/19 Full Year Forecast Variance (July) £000	2018/19 Full Year Forecast Variance (June) £000	2017/18 Outturn Variance £000
Customers, Policy & Improvement	3,492	3,485	-7	49	46
Infrastructure & Technology	11,152	10,912	-240	-219	71
Corporate Governance	2,426	2,438	12	11	-229
Resources	5,969	5,801	-168	-186	-515
Human Resources	1,807	1,790	-17	-16	-207
Corporate Other	874	75	-799	-799	22
Total (Controllable)	**25,719**	**24,501**	**-1,218**	**-1,160**	**-812**

Overview

At the end of period 4 (July) the Corporate Services (CS) department is forecasting an underspend of £1,218k 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 £58k compared to the period 3 (June) position.

Customers, Policy and Improvement - £7k under

The principal reasons for the forecast underspend are additional income within the registrars and translation services reflecting an increased level of demand and a lower than budgeted cost of the cash collection service. This is partly offset by lower than budgeted advertising income within the Communications Service. There has been a favourable movement of £55k from the position reported in June, mainly due to an increased income forecast within the registrars and translation services.

Infrastructure & Technology - £240k under

There is a forecast underspend against the corporate print strategy budget that reflects the recharge 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. There has been a favourable movement of £21k from the position reported in June, mainly due to an increase in the expected rental income from the professional development centre and the Garth Road storage facility.

Corporate Governance - £12k over

The budget for the South London Legal partnership (SLLp) is forecast to overspend by £28k. The latest income projections, based on chargeable hours at the end of July, alongside the latest expenditure projections, 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 £150k and Merton's share of that deficit would be £28k. The income levels will continue to be assessed in the coming months and adjustments to the forecast will be made if necessary. There has been an adverse movement of £20k from the position reported in June as we have now recognised the Merton element of the forecast deficit on SLLp within the figures.

Resources - £168k under

The Merton Bailiff Service is forecasting to over-achieve income by £284k which is in line with the over-achievement in 2017/18. There is a forecast underspend of £149k 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 of £67k principally due to additional IT licence and postage costs. There is a forecast underspend within the Assistant Director's budget of £63k mainly within consultancy that will be used to part fund a forecast overspend of £179k on the Financial Information System budget. There is also a forecast overspend within the budget for external audit fees to reflect the latest agreement with Ernst & Young.

Human Resources – £17k 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 £000	Full year Forecast (July) £000	Forecast Variance at year end (July) £000	Forecast Variance at year end (June) £000	2017/18 Outturn Variance £000
Public Protection	(11,002)	(11,993)	(991)	(938)	(1,602)
Public Space	15,129	14,893	(236)	(560)	632
Senior Management	1,001	1,109	108	105	3
Sustainable Communities	8,058	8,480	422	563	(244)
Total (Controllable)	**13,186**	**12,489**	**(697)**	**(830)**	**(1,211)**

Description	2018/19 Current Budget £000	Forecast Variance at year end (July) £000	Forecast Variance at year end (June) £000	2017/18 Variance at year end £000
Overspend within Regulatory Services	566	65	86	78
Underspend within Parking Services	(12,025)	(1,016)	(970)	(1,663)
Underspend within Safer Merton	457	(40)	(47)	(47)
Total for Public Protection	**(11,002)**	**(991)**	**(938)**	**(1,602)**
Underspend within Waste Services	13,870	(580)	(807)	97
Breakeven within Leisure & Culture	735	0	0	(166)
Overspend within Greenspaces	1,399	291	241	754
Overspend within Transport Services	(875)	53	6	(53)
Total for Public Space	**15,129**	**(236)**	**(560)**	**632**
Overspend within Senior Management & Support	1,001	108	105	3
Total for Senior Management	**1,001**	**108**	**105**	**3**
Overspend within Property Management	(2,903)	58	283	(422)
Overspend within Building & Development Control	(35)	174	99	397
Overspend within Future Merton	10,996	190	181	(219)
Total for Sustainable Communities	**8,058**	**422**	**563**	**(244)**
Total Excluding Overheads	**13,186**	**(697)**	**(830)**	**(1,211)**

Overview

The department is currently forecasting an underspend of £697k at year end. The main areas of variance are Parking Services, Waste Services, Greenspaces, Building & Development Control, and Future Merton.

Public Protection

Parking & CCTV Services underspend of £1,016k
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. a reduction in congestion and improved traffic flow. An over achievement in Ringo parking fees is also forecast (£209k). Customers choose to pay additional fees for extra services as part of the cashless parking suite of options.

Included within this forecast is employee related overspend of c£118k due to a combination of savings not yet implemented and increased demand.

There have been delays in implementing all of the parking savings to date. 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. This has led to the need to continue to employ additional agency staff. 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.

Regulatory Services
On the 1st November 2017, Wandsworth become the third member of the Regulatory Services Partnership, joining Merton and Richmond. A management restructure is currently out for staff consultation, with an estimated go live date of 1st November. Work is also well under way with updating and agreeing a revised cost allocation methodology for the three partners, which will have an impact of the section's forecast. Therefore, a revised forecast will need to be provided as soon as this has been agreed.

Public Space

Waste Services underspend of £580k
The forecast underspend is largely as a result of an in-year underspend on disposal costs of £1,197k, 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 now begun 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 (£314k) and mobilisation costs relating to the October 2018 service change (£350k), although the section is seeking alternative funding arrangements for part of the mobilisation costs.

Greenspaces overspend of £291k
Although significant savings have been realised, the section is forecasting to overspend on the idverde parks and ground maintenance 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 (£99k), whereby related savings of £170k have been implemented 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.

Leisure & Culture nil variance
As part of the contractual arrangements with our Leisure Centre provider, the Authority may receive income as part of a profit share arrangement. However, the amount, if any, will not be known until later in the year.

Sustainable Communities

Building & Development Control overspend of £174k
The section is forecasting to underachieve on income by £204k, in particular within building control, which reflects the continued reduction in the Authority's market share against target.

The section is forecasting an overachievement on development control income of £273k, of which £165k can be attributed to the 20% fee increase effective from January 2018. Notwithstanding the fee increase, the section is forecasting a like-for-like reduction, when compared to 2017/18, of c£65k as the section has experienced a drop in planning applications and pre-application requests.

A forecast underspend on supplies & services of £70k is also contributing towards mitigating the income shortfall.

Future Merton overspend by £190k
£130k 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 £47k.

Virement
Cabinet are requested to approve a virement of £230k between Building Control and Development control as part of the ongoing process of realigning budget managers' budgets.

Children Schools and Families

Children, Schools and Families	2017/18 Current Budget £000	Full year Forecast (Jul) £000	Forecast Variance at year end (Jul) £000	Forecast Variance at year end (Jun) £000	2017/18 Variance at year end £000
Education	19,289	19,897	608	641	(703)
Social Care and Youth Inclusion	21,511	24,838	3,327	3,512	3,596
Cross Department budgets	480	455	(25)	(40)	(95)
PFI	8,075	7,839	(236)	(236)	(342)
Redundancy costs	2,124	1,854	(270)	0	(207)
Total (controllable)	**51,479**	**54,883**	**3,404**	**3,877**	**2,249**

Overview

At the end of July Children Schools and Families had a forecast overspend of £3.404m on local authority funded services; a reduction in overspend from June's forecast. 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 CSF 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	Jul £000	Jun £000	2017/18 £000
Procurement & School organisation	643	(163)	(215)	(319)
SEN transport	4,133	960	960	566
Other small over and underspends	14,513	(189)	(104)	(738)
Subtotal Education	**19,289**	**608**	**641**	**(703)**
Fostering and residential placements (ART)	7,094	445	508	813
Un-accompanied asylum seeking children (UASC)	665	1,133	1,089	693
Community Placement	0	956	956	750
No Recourse to Public Funds (NRPF)	21	261	319	353
MASH & First Response staffing	1,587	242	281	403
Other small over and underspends	12,144	290	359	288
Subtotal Children's Social Care and Youth Inclusion	**21,511**	**3,327**	**3,512**	**3,596**

Education Division

Procurement and school organisation budgets are forecast to underspend by £163k because of lower spend on revenuisation 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. We will report details on leavers as part of the September reporting cycle.

There are various other small over and underspends forecast across the division netting to a £189k underspend. These combine with the items described above to arrive at the total reported divisional overspend of £608k.

Children's Social Care and Youth Inclusion Division

The numbers of Looked after Children (LAC) in Merton remains relatively stable and we continue to maintains relatively low levels of children in care as detailed in the table below.

Overview	2016	2017	2018
Number of children in care as at 31st March	163	152	154
Rate per 10,000	35	33	33
London Rate	51	50	n/a
England Rate	60	62	n/a

While the numbers remain relatively stable, 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 June and July we have reduced the forecast placement overspend by £63k, linked to a reduction of 13 in the number of placements.

Service	Budget £000	Forecast spend £000	Variance		Placements	
			Jul £000	Jun £000	Jul Nr	Jun Nr
Residential Placements	2,271	2,218	(53)	(131)	11	11
Independent Agency Fostering	1,816	2,013	197	246	43	45
In-house Fostering	978	1,367	389	494	60	68
Secure accommodation	136	52	(84)	(136)	1	0
Mother and baby	101	0	(101)	(101)	0	0
Supported lodgings/housing	1,792	1,889	97	136	57	61
Total	**7,094**	**7,539**	**445**	**508**	**172**	**185**

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 £53k. The underspend on this budget has decreased as two new young people were placed in residential care. The numbers of young people in residential care remain the same as we had already previously forecast for two young people who have left this month. The placements for the two new young people have been agreed initially and budgeted for a 3 month period. These will be reviewed at the new IFA/Residential panel which has been established to maintain close scrutiny on costs in this area.
- The agency fostering placement overspend has reduced by £49k. This is due to three children leaving and one new child being placed.
- The in-house foster carer expenditure is forecast to overspend by £389k. Eight placements ended this month, one was transferred into the UASC budget and one new placement was made. Of the eight that ended, three of the children were in connected placements and one was respite.
- We have one young person in secure accommodation at the moment and are forecasting to underspend by £84k.
- We have had no mother and baby assessment placements for this year yet and are therefore forecasting no expected spend at this stage.
- We are forecasting that the budget for semi-independent accommodation and supported lodgings/housing placements will overspend by £97k. There were 57 semi-independent placements for young people at the end of June 2018. This is a net decrease of four placements this month resulting in a decreased overspend of £39K.

The UASC placements are expected to overspend by £1.133m this year.

Service	Budget £000	Forecast spend £000	Variance Jul £000	Variance Jun £000	Placements Jul Nr	Placements Jun Nr
Independent Agency Fostering	272	455	183	60	12	10
In-house Fostering	225	494	269	390	20	20
Supported lodgings/housing	167	848	681	639	30	30
Total	**664**	**1,797**	**1,133**	**1,089**	**62**	**60**

- At the end of July we had 32 placements for UASC young people under 18. We receive a proportion of the UASC grant received by the Council towards these placements, the rest being allocated to 14+.
- We have budgeted for 30 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 included those young people currently in placement who are under 18 and who will become 18 during this financial year in the forecast.
- For 2017/18 Merton received additional UASC capacity support funding of £94k. We are expecting a higher allocation for the current financial year as we have now reached our target of UASC numbers equivalent to 0.07% of our child population on the Pan London Rota, but have not had the allocation confirmed. Once our allocation has been confirmed, we will adjust the forecast.

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 has been underway to change the current provision with the intention that this should reduce the cost to Merton, but unfortunately the intended provider has withdrawn from the review and as a result it will not be possible to quantify any likely reduction in costs until fresh proposals are agreed. The current position of the CCG is that this is accepted as a continuing care case and that the council should be responsible for the education cost only. Once settled it is likely to mean that the reduced cost apportioned to the council will transfer from the general fund to the DSG.

The NRPF budget is £21k this year, which is the same as last year. It is forecast to overspend by £261k in the current financial year. This is about £90k less than last year's overspend. The NRPF worker is working closely with housing colleagues to manage cases as they arise and also reviews 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.

We are expecting to overspend by £242k on the MASH and First Response teams' staffing costs. This is due to the team having to cover 14 vacancies out of an establishment of 30 with agency staff due to difficulty in recruiting permanent members of staff, but again, this is a reduction from last month's overspend.

There are various other small over and underspends forecast across the division netting to a £290k overspend (£69k lower than last month's forecast). These combine with the items described above to arrive at the total reported divisional overspend of £3,327k.

Dedicated Schools Grant (DSG)

DSG funded services are forecast to overspend by £4.788m. Of this overspend £340k can be funded from the DSG reserve, but at the current estimate, the DSG will be going into a deficit position during this 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 £2.678m on Independent Day School provision. This is an increase of about £750k linked to an increase in the numbers of placements from 159 last month to 176 now expected for the remainder of the year. It is likely that these numbers will increase further towards year-end. There will be a review of contributions from the CCG for placement costs.

Other pressures include £714k on EHCP allocations to Merton primary and secondary schools, £759k on EHCP allocations to out of borough maintained primary, secondary and special schools, and £725k 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 4 years.

Type of Provision	Jan 2015 (Statements and EHCPs)		Jan 2016 (Statements and EHCPs)		Jan 2017 (Statements and EHCPs)		Jan 2018 (Statements and EHCPs)	
	No.	%	No.	%	No.	%	No.	%
Mainstream School (inc. Academies)	456	44%	423	39%	432	34%	526	35%
State Funded Special School	338	32%	354	33%	386	31%	415	28%
Independent/Non-Maintained Provision (including Other Independent Special Schools)	119	11%	145	13%	178	14%	217	15%
ARP (Additional Resourced Provision)	113	11%	108	10%	137	11%	116	8%
Further Education	0	0%	20	2%	97	8%	164	11%
Early Years (inc. Private & Voluntary Settings)	4	0%	5	0%	2	0%	7	0%
Other (including children Educated at Home, Pupil Referral Units and Secure Units)	15	1%	23	2%	32	3%	41	3%
Total	**1045**	**100%**	**1078**	**100%**	**1264**	**100%**	**1486**	**100%**

There are various other smaller over and underspends forecast across the DSG netting to a £88k underspend which, combined with the items above, equates to the net overspend of £4.788m.

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.

Although the pressures on the high needs block are clear from the budget monitoring figures highlighted above, some schools are also having trouble in setting balanced budgets with the funding provided to them through the funding formula. The number of schools setting deficit budgets has increased from five in 2017/18 to eleven in 2018/19. The main reasons for setting deficit budgets relate to a combination of factors. These include unfunded pay increases, increased cost relating to children that require additional support but do not meet statutory thresholds, reduction in pupil numbers and reduced levels of reserves that schools would previously have used to balance their budgets.

Management action

Staffing

At the end of quarter one, the number of employed Social Workers rose again in the last quarter to 125 (117.30 WTE) from 120 (113.6 WTE) in Q4. This increase is positive as it indicates a reduction in reliance on more expensive agency workers to cover establishment posts. Vacancy rates have continued to decrease to 22.32% (23.86% in Q4). This reflects an ongoing strong recruitment campaign in CSC. There were 12 new starters this quarter, including a HoS (Safeguarding &Care Planning (S&CP)), 2 Team Managers (Children With Disabilities & Quality Assurance) and 9 SW's (5 X First Response (FR), 3 S&CP and 1 Vulnerable Children Team). Additionally a TM (S&CP3) and IRO are due to start in Q2. Offers have been made for; a Team Manager (MASH) and 8 SW’s (inc. 4 NQWS’s from Front line).

Turnover went up slightly in Q1 to 18.45% (17.95% in Q4) and reflects a sharp increase in the number of leavers(12 leavers).

The use of Agency Social Workers has reduced to 17% (from 20% in March 2018), as has agency expenditure (£470,225 in Q1 from £559,743 in Q4). 45% of all agency workers are working in MASH or First Response (FR), although strong recruitment to the vacant posts in FR is steadily reducing this figure. Most agency workers are covering vacant posts (74%). 16% are covering long-term vacancies (mainly secondments & maternity leave cover). 10% are over the establishment to meet service needs (mainly handovers as permanent staff are starting and will therefore only be over establishment for a short period of time). We are considering whether we can further reduce use of agency over the establishment.

Placements

We have good management oversight of children coming into care and our numbers remain stable. This stability disguises a reduction in the number of local children coming into care which is offset by the number of UASC entering our care. This pattern suggests that our early help arrangements continue to be effective in reducing the need for higher level interventions in those populations where early help can have an impact. We are aiming to strengthen this demand management further by the use of panel processes going forward. We are introducing a new panel process to overview the use of IFAs as well as continuing our scrutiny on residential children’s home placements.

Our ART Fostering Recruitment and Assessment team is continuing to recruit new foster carers who will offer locally based placements with a campaign targeted at attracting foster carers for teenagers and UAS young people. We have recruited three new sets of foster carers and there are fifteen new sets of mainstream carers in assessment, eight of whom are interested in fostering either teenagers or UAS young people, which is our area of greatest need. Whilst there may be a drop out in these applications, we are currently confident that we will be able to approve a significant number of carers this year. These figures compare favourably with last year when at the same point, only six carers were in assessment. Our aim is to slow down the increase in more expensive agency foster placements and our use of IFA placements has decreased slightly this month, but there will be a time lag whilst assessments are completed. In addition, we are implementing actions to retain our experienced existing foster carers such as increasing the support offer to them through the Domiciliary Care Framework to enable them to take and retain children with more challenging behaviours in placement.

We are also targeting our recruitment to increase our number of in house mother and child foster placements. Although there is no use of parenting assessment units at present this year, we placed 8 families for parental assessments during the course of last year. We have continued to support four of those families in IFA foster placements during on-going court processes, significantly affecting our IFA costs for the past 4 months.

Our ART Placement service is working with providers to establish more local provision and offer better value placements to the Council. There is an established cost framework agreed for semi- independent providers. However, despite a reduction in numbers this month, we still have 57 young people in Semi-independent Accommodation (SIA) placements. We are reintroducing the SIA panel and will be recording cost reductions as a result of this going forward.

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 five placements in the provision, this cost is £1,800 per week including support costs. This is a better financial deal than using the semi-independent market for our care leavers where the average cost for five placements averages at £2,500 per week for a similar service. We have five young people living there, fully utilising these cost-effective placements. We expect to be able to procure further placements of this type over the next quarter.

Our average placements costs against each budget code are reported each month. Whilst the majority of unit costs have remained stable, costs for residential placements have risen due to three young people being placed in specialist outreach projects for a short period.

	May	June	July	July
Description	£	£	£	No
ART Independent Agency Fostering	925	907	905	43
ART In-house Fostering	449	444	428	60
UASC Independent Agency (Grant)	782	783	791	11
UASC In house Fostering (Grant)	504	498	498	13
UASC Independent Agency (Non-Grant)	766	770	761	1
UASC In house Fostering (Non-Grant)	485	482	437	7
ART Residential Placements	3,878	4,174	4,022	11
ART Secure Accommodation	0	0	3,752	1
Supported Housing & Lodgings (Art 16+ Accommodation)	605	614	627	57
Supported Housing & Lodgings - UASC (Grant)	834	835	841	6
Supported Housing & Lodgings - UASC (Non Grant)	480	486	520	24

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 eight young people remaining with in house foster carers and a further four with IFAs. However, the increased use of Staying Put for young people aged 18+ impacts on available placements for younger teenagers, therefore highlighting again the need for targeted recruitment for foster carers for teenager and UAS young people. As already stated, we continue to focus our foster carer recruitment on carers for teenagers to mitigate these potential additional costs.

<u>Children with additional needs</u>
We are working with colleagues in CCGs through the tripartite process in order to secure appropriate health contribution to children with complex needs, particularly through continuing healthcare funding. This is an area we need to improve and closer working with the CCG is a focus going forward. This will mainly affect the CWD budget as many of the children discussed will be placed at home with shared packages of care. Details of any arrangements made will be recorded and reflected in budget returns.

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 option is cheaper.

We have a multi-agency SEND panel providing strategic oversight of the statutory assessment process to ensure that at both a request for assessment stage and the agreement of a final EHCP, criteria and thresholds are met and the best use of resources is agreed.

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.

We are also part of a South West London consortium, which uses a dynamic purchasing system for the commissioning of specialist independent places, this enables LAs together to challenge any increases in cost and ensure best value for money in the costs of these placements.

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 £1.836m, however that figure masks substantial once off windfalls and non-recurrent and recurrent management action. The table below highlights the continued estimated overspends relating to these unfunded duties:

Description	Budget £000	Jul overspend forecast £000	Jun overspend forecast £000	2017/18 over £000
Supported lodgings/housing- care leavers	1,792	97	136	156
Supported lodgings/housing- UASC	167	681	639	520
Un-accompanied asylum seeking children (UASC)	498	452	450	173
No Recourse to Public Funds (NRPF)	21	261	319	353
Total	**2,478**	**1,491**	**1,544**	**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 in 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.

Community & Housing Current Summary Position

Community and Housing is currently forecasting an overspend of £497k as at July 2018

The department is currently forecasting an over spend of £497k as at July 2018 which is a reduction of £288k since June. The Adult Social Care forecasted overspend has reduced again, in July'18 by £519k. This is due to the considerable improvement in the forecasted expenditure on placements.

However, the department's overall position as at July'18 was impacted by a judicial review currently in progress, which is estimated to cost £150k. There are also additional pressures in the joint community equipment service which are being investigated. Overall, Adult Social Care is now only £17k short of being in balance.

However, there are areas in Community & Housing in which an adverse variance has continued, particularly Public Health and Housing. The Public Health pressures are due to demand on sexual health services. Work is continuing to identify compensating underspends elsewhere in the budget.

The pressure on housing arises from the shortfall in subsidy for temporary housing. The forecast shortfall has increased since last period.

Community and Housing	2018/19 Current Budget £000	Forecast (Jul'18) £'000	Forecast Variance (Jul'18) £000	Forecast Variance (Jun'18) £000	2017/18 Outturn Variance £000
Access and Assessment	45,982	45,840	(142)	356	455
Commissioning	4,577	4,574	(3)	75	211
Direct Provision	4,427	4,386	(41)	40	(195)
Directorate	993	1,196	203	64	181
Adult Social Care	**55,979**	**55,996**	**17**	**536**	**652**
Libraries and Heritage	1,996	2,008	12	9	20
Merton Adult Learning	(13)	(13)	0	0	(6)
Housing General Fund	1,848	2,207	359	131	256
Sub-total	**59,810**	**4,202**	**388**	**676**	**922**
Public Health	**(143)**	**(34)**	**109**	**109**	**0**
Grand Total	**59,667**	**60,164**	**497**	**785**	**922**

Access & Assessment - £142k underspend

This section is forecasting an under spend of £142k which made up of under and overspends as set out in the table below.

The table below shows areas of significant expenditure

Access & Assessment	Forecast Variances Jul'18 £'000	Forecast Variances Jun'18 £000	Outturn Variances March 18 £000
Underspend on Concessionary Fares	(14)	(15)	(100)
Overspend on Better Care Fund Risk Share	0	0	425
Other	32	(297)	(307)
Placements	427	1,255	1,671
Income	(587)	(587)	(1,234)
Total	(142)	356	455

There has been a further improvement in the forecast for the placements budget due to the continued focus on demand management. The placements budget is showing a small forecast underspend, when income is taken into account. However, it should be noted that we have not yet seen the impact of the additional pressure on hospitals caused by the hot weather, as there is usually a time-lag between increased admissions and increased discharges.

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 at an annual cost of £43K. 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 forecast also does not take account of forthcoming winter pressures. The impact of winter is difficult to assess, with each winter being different in its social care impact to the one before. The impact will depend on factors such as the frequency and duration of cold weather and the prevalence and strain of influenza. However, we should expect an increase in activity, including in short term placements and the
reablement team. We have submitted a bid for winter resilience for £250k jointly with our community health provider and are awaiting the outcome.

Savings for 2018/19 are largely on track. Two savings will not be achieved fully in year. The work on the mental health savings will continue into next year. The savings related to transport require further in depth work and will not be delivered this year. We expect these shortfalls to be met by the demand management work. The position on savings is fully reflected in the period 4 forecast.

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 24 packages since May. This is due to a number of reasons including moves to other boroughs, care no longer required and client death. Service user deaths have been within the normal range for the time of year, despite the unusually hot weather.

Total Number of Clients with an external care package

Placements	Nos. of Clients Jul'18	Nos. of Client Jun'18	Nos. of Client May'18
Older People	1135	1150	1157
Physical/Sensory	211	214	215
Learning Disabilities	347	353	353
LD Housing Support	2	2	2
Mental Health	132	130	126
MH Housing Support	12	11	11
Substances Misuse	3	2	2
Grand Total	**1842**	**1862**	**1866**

Commissioning - £3k underspend

The commissioning service is currently forecasting a small under spend of £3k as at July'18.

Direct Provision - £41k underspend

Direct Provision service is forecasting an under spend of £41 which is a much improved position compared to June'18. The service continues to overspend on employee cost at Riverside Drive.

Residential services are increasingly difficult to manage within budget for a number of reasons. CQC regulations, as well as best practice, determine the number of staff required per shift. The increasing complexity of residents, particularly at Riverside, where eight people live means this is usually a minimum of three, apart from overnight when there is one staff member awake and one sleeping in. Meadowsweet, with six residents has lower ratios but this will be kept under review as more of the residents there acquire additional support needs. Pay increases in recent years, including the Single Status settlement of 2014 which added around £40k to the salaries budget, have not been funded centrally. Supported Living is able to contain costs by not requiring sleep-in staff, having fewer staff on shift, and having more flexibility as to when and how the staff are deployed, topping up core staff hours with bank staff. This model is difficult to replicate in Residential care.
Management are reviewing Riverside weekly to ensure that staffing is controlled as effectively as possible. There is an issue of long term sickness with a member of night staff which has added to the cost pressure as these shifts are expensive to cover.
This overspend is currently being mitigated by underspending in parts of day services and increased income from Eastway and JMC.

Adult Social Care: other management action 2018/19

The detailed scrutiny of placements activity and commitments is reflected in the continued improvement in the budget forecast for Adult Social Care. This level of scrutiny will continue. The increase in income forecast is a reflection of the focus on improving the work of the financial assessment team.

We are renewing our focus on several areas

- Transitions from Children's to Adult Services
- Ensuring that Direct Payments are used for the designated purposes
- Staff rostering in in-house services to minimise the use of agency and bank staff

C&H - Other Services

Libraries - £12k overspend

The Library & Heritage Service is reporting a slight increase in overspend due to reduced take up of the Schools Library Service, which impacts on income collection. Salary forecasts have also been reviewed and costs have also gone up to reflect maternity cover.

Merton Adult Education – Breakeven

The Merton Adult Learning service continues to forecast a breakeven position for 2018/19.

Housing - £359k overspend

Housing is forecasting an over spend as at July'18 of £359k which is an increase of £228k since June'18. This is due to the shortfall in subsidy and reduction in client contributions.

The market for temporary housing is distorted by its reliance on housing benefit and the introduction of a subsidy cap on housing benefit. It bears resemblance to the wider housing market in London e.g. inexpensive accommodation is rare and in high demand, it has a key distortion which is driven by the Welfare Benefits system it supports.

Generally speaking the supply of temporary accommodation is owned by a number of private landlords with properties. The pricing of this accommodation is reliant on Welfare Benefit subsidy arrangements, rather than the more natural market pricing

In recognition of this pricing mechanism and in the face of escalating Housing Benefit costs, government imposed a cap on subsidy cost, and thereby temporary accommodation costs in 2011, when it fixed Local Housing Allowances, which were previously increased at an inflationary rate on annual basis. The cap has been fixed at 90% of Local Housing Allowance levels in 2011, with a fixed additional £40 per week (notional administration costs. Temporary accommodation pricing has settled therefore at 90% of Local Housing Allowance plus £40.

In April 2017, the £40 per week management fee was removed from Housing Benefit subsidy formula with at "least equivalent "funding being devolved to the Council through a new grant (Flexible Homeless support Grant). This is included in current forecast.

Despite this, and despite the cap on subsidy, the demand for temporary accommodation continues to be fierce and the competition for it across London is great. Landlords continue to demand the LHA formula plus a premium. The effect of this there is a net cost to the budget for this type of accommodation, which falls fully on the housing General fund. Furthermore in an attempt to control the pricing structure for accommodation London Councils Housing Directors have adopted a maximum fee rate for landlords. Officers continue to be compliant with these arrangements

Demand arrangement

This revolves around increasing homeless prevention activities and providing housing solutions

By way of a background, we have little room to improve here and this is demonstrated by

This service continues to maintain the lowest numbers of homeless households in temporary accommodation (TA) in London, as at the end of July 2018 there were 175 households in TA accommodation.

The average number of households in temporary accommodation as at the end of March 18,using data from 8 boroughs (including Merton) which include Croydon, Kingston, Lambeth, Richmond, Wandsworth, Bromley and Sutton is 1,139.

In addition despite the implementation of the HRA on the 3rd April 2018 the service has assessed 479 new cases, which is an increase of 57% in case load from last financial year. It is important also to point out that of the 479 cases assessed, only 72 cases were accommodated in TA (15% and 62 households left TA in the same period

Analysis of Housing Temporary Accommodation Expenditure

Housing	Budget 2018/19 £000	Forecast Variance (Jul'18) £'000	Forecast Variances (Jun'18) £000	Outturn Variances (Mar'18) £000
Temporary Accommodation-Expenditure	2,330	769	528	909
Temporary Accommodation-Client Contribution	(140)	(565)	(622)	(595)
Temporary Accommodation-Housing Benefit Income	(2,000)	(81)	(60)	(160)
Temporary Accommodation-Subsidy Shortfall	322	517	280	517
Temporary Accommodation- Grant	-	(466)	(166)	(406)
Sub-total Temporary Accommodation	**512**	**174**	**(40)**	**259**
Housing Other Budgets-Over(under)spend	1,317	185	169	(3)
Total	**1,829**	**359**	**131**	**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**
July 2018	**15**	**12**	**175**

Public Health - £109k overspend

This service is forecasted overspend remains unchanged at £109k. The service had identified mitigating actions which it anticipates will result in a breakeven position. There is however an unexpected additional pressure due to the on-set of a new sexual health bug.

Mitigating actions to contain pressures on the demand led 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.
- Channel shift of asymptomatic clients to online Pan London Service.
- Providers outside of Merton moving from shadow tariffs to agreed ISH rates;- (Chelsea & Westminster, Guys & St Thomas, Imperial and Kings).

Corporate Items

The details comparing actual expenditure up to 31st July 2018 against budget are contained in Appendix 2. The main areas of variance as at 31st July 2018 are:-

Corporate Items	Current Budget 2018/19 £000s	Full Year Forecast (July) £000s	Forecast Variance at year end (July) £000s	Forecast Variance at year end (Jun.) £000s	2016/17 Year end Variance £000s
Impact of Capital on revenue budget	**8,403**	**8,371**	**(32)**	**(32)**	**(103)**
Investment Income	(759)	(759)	0	0	408
Pension Fund	3,346	3,346	0	0	(389)
Pay and Price Inflation	1,347	1,347	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	(1,899)	(1,899)	0	0	2,445
Central Items	**4,959**	**4,959**	**0**	**0**	**(823)**
Levies	938	938	0	0	0
Depreciation and Impairment	(19,008)	(19,008)	0	0	0
TOTAL CORPORATE PROVISIONS	**(4,708)**	**(4,740)**	**(32)**	**(32)**	**(926)**

There are no major changes to the forecast this month.

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	Current Budget 21/22	Variance	Revised Budget 21/22
CS	10,062	(184)	9,878	26,002	250	26,252	3,945	0	3,945	12,150	-67	12,083
C&H	932		932	480	0	480	630	0	630	280	0	280
CSF	11,497	10	11,507	13,626	0	13,626	3,202	0	3,202	650	0	650
E&R	19,659	151	19,810	8,060	0	8,060	7,517	0	7,517	7,264	0	7,264
TOTAL	**42,150**	**(23)**	**42,127**	**48,168**	**250**	**48,418**	**15,294**	**0**	**15,294**	**20,344**	**(67)**	**20,277**

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

Capital Budget Monitoring July 2018

Department	2018/19 Actuals £	Profiled Budget To July £	Variance £	Revised Annual Budget £	July Year End Forecast £	Forecast Full Year Variance £
Corporate Services	1,527,206	2,626,840	(1,099,634)	9,878,040	9,461,777	(416,263)
Community and Housing	264,387	379,310	(114,923)	931,990	930,323	(1,667)
Children Schools & Families	1,553,435	3,315,360	(1,761,925)	11,506,450	11,162,890	(343,560)
Environment and Regeneration	4,022,986	2,196,488	1,826,498	19,810,310	19,777,793	(32,517)
Total	**7,368,014**	**8,517,998**	**(1,149,983)**	**42,126,790**	**41,332,783**	**(794,007)**

a) Corporate Services – There is currently one projected in year underspend Customer Contact (£416k). Budget of £67k is beingl be re-profiled from 2021/22 into 2018/19 to meet costs associated with the purchase of 22 Abbotsbury Road.

b) Community and Housing – Officers are projecting a small underspend of (£2k) on Libraries IT.

c) Children, Schools and Families – Officers are currently projecting two underspend of (£144k) in Harris Academy Morden and (£200k) St Mark's Academy, the re-profiling of these two schemes is currently under review.

d) Environment and Regeneration – Officers are currently projecting one underspend of (£33k) in Parks Investment.

4.3 Appendix 5b details the adjustments being made to the Capital Programme this month, these are summarised below.

Scheme		2018/19 Budget	2019/20 Budget	2020/21 Budget	2021/22 Budget	Narrative
Corproate Service						
Acquisitions Budget		**66,500**	**0**	**0**	**(66,500)**	For the Acquisition of 22 Abbotsbury Road
Data Centre Support Equipment		**(250,000)**	**250,000**	**0**	**0**	Re-profiled in accordance with projected spend
Children, Schools and Families						
Cranmer		(6,000)	0	0	0	Virement from Cramer back to the Unallocated Scheme
Gorringe Park		(20,000)	0	0	0	Virement to Hollymount
Melbury College - SMART Centre		(30,000)	0	0	0	Works has been cancelled for 18/19, contribution removed and remaining budget vired to Hollymount
Hollymount Primary School		59,850	0	0	0	Vired form Gorringe and Melbury College, £5k school contribution and £14.87k Insurance Fund Contribution.
Unlocated Primary School Proj		6,000	0	0	0	Balance of Unallocated Budget
Environment and Regeneration						
Figges Marsh Bus Priority Scheme	(1)	150,000	0	0	0	New TfL Funding
Total		**(23,650)**	**250,000**	**0**	**(66,500)**	

(1) 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				(18,656)	**9,878**
Community & Housing	773	165	(5)			0	**932**
Children Schools & Families	15,158	924		928	15	(5,518)	**11,507**
Environment and Regeneration	21,853	919		1,751		(4,713)	**19,810**
Total	**61,266**	**7,059**	**(5)**	**2,679**	**15**	**(28,887)**	**42,127**

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

Depts.	Spend To July 2015	Spend To July 2016	Spend To July 2017	Spend to July 2018	Variance 2015 to 2018	Variance 2016 to 2018	Variance 2017 to 2018
CS	221	242	417	1,527	1,306	1,285	1,110
C&H	23	65	114	264	242	199	150
CSF	4,109	1,167	682	1,553	(2,556)	386	871
E&R	767	3,074	2,642	4,023	3,255	949	1,381
Total Capital	**5,121**	**4,549**	**3,855**	**7,368**	**942**	**1,535**	**2,403**

Outturn £000s	29,327	30,626	32,230	
Budget £000s				42,127
Projected Spend July 2018 £000s				41,333
Percentage Spend to Budget				17.49%
% Spend to Outturn/Projection	17.46%	14.85%	11.96%	17.83%
Monthly Spend to Achieve Projected Outturn £000s				4,246

4.6 July is one third of the way through the financial year and departments have spent just under 20% of the budget. Spend it to date is higher than each of the previous financial years shown.

Department	Spend To June 2018 £000s	Spend To July 2018 £000s	Increase £000s
CS	652	1,527	875
C&H	176	264	88
CSF	548	1,553	1,005
E&R	2,300	4,023	1,723
Total Capital	3,677	7,368	3,691

4.7 During July 2018 officers spent £3.691 million. If spend can be maintained throughout the rest of the financial year then this will result in a higher outturn than the last three financial years. Finance officers will continue to work with budget managers to re-profile budgets across the approved programme.

5. DELIVERY OF SAVINGS FOR 2018/19

Department	Target Savings 2018/19	Projected Savings 2018/19	Period 4 Forecast Shortfall	Period 3 Forecast Shortfall	Period Forecast Shortfall (P4)	2019/20 ExpectedShortfall
	£000	£000	£000	£000	%	£000
Corporate Services	2,024	1,549	475	475	23.5%	375
Children Schools and Families	489	489	0	0	0.0%	0
Community and Housing	2,198	1,896	302	340	13.7%	0
Environment and Regeneration	1,874	1,238	636	486	33.9%	127
Total	**6,585**	**5,172**	**1,413**	**1,301**	**21.5%**	**502**

Appendix 6 details the progress on savings for 2018/19 by department, with the position deteriorating by £112k since last month.

Progress on savings 2017/18

Department	Target Savings 2017/18	2017/18 Shortfall	2018/19 Period 4 Projected shortfall	2019/20 Period4 Projected shortfall	2018/19 Period 3 Projected shortfall	2019/20 Period 3 Projected shortfall
	£000	£000	£000	£000	£000	£000
Corporate Services	2,316	196	0	0	0	0
Children Schools and Families	2,191	7			0	0
Community and Housing	2,673	201	149	49	149	49
Environment and Regeneration	3,218	1,953	1,114	45	1,114	45
Total	**10,398**	**2,357**	**1,263**	**94**	**1,263**	**94**

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

14. BACKGROUND PAPERS

14.1 Budgetary Control files held in the Corporate Services department.

15. REPORT AUTHOR

– Name: Roger Kershaw

– Tel: 020 8545 3458

– email: roger.kershaw@merton.gov.uk

APPENDIX 1

Summary Position as at 31st July 2018

	Original Budget 2018/19 £000s	Current Budget 2018/19 £000s	Full Year Forecast (July) £000s	Forecast Variance at year end (July) £000s	Forecast Variance at year end (June) £000s	Outturn variance 2017/18 £000
Department	-	-	-	-	-	-
3A.Corporate Services	9,495	10,529	9,311	(1,218)	(1,160)	(812)
3B.Children, Schools and Families	56,145	56,495	59,899	3,404	3,877	2,249
3C.Community and Housing	-	-	-			-
Adult Social Care	58,778	59,245	59,263	18	537	646
Libraries & Adult Education	2,771	2,692	2,704	12	9	20
Housing General Fund	2,207	2,141	2,500	359	131	256
3D.Public Health	(0)	0	108	108	109	0
3E.Environment & Regeneration	17,951	18,540	17,841	(698)	(830)	-1,211
NET SERVICE EXPENDITURE	**147,345**	**149,642**	**151,627**	**1,985**	**2,673**	**1,148**
3E.Corporate Items	-	-	-	-		-
Impact of Capital on revenue budget	8,403	8,403	8,371	(32)	(32)	(103)
Other Central items	(12,353)	(14,692)	(14,692)	0	0	(823)
Levies	938	938	938	0	0	0
TOTAL CORPORATE PROVISIONS	**(3,012)**	**(5,351)**	**(5,383)**	**(32)**	**(32)**	**(926)**
TOTAL GENERAL FUND	**144,333**	**144,292**	**146,244**	**1,953**	**2,641**	**222**
-	-	-	-	-		-
Funding						
- Business Rates	(45,636)	(45,636)	(45,636)	0	0	182
- RSG	0	0	0	0	0	1
- Section 31 Grant	(1,975)	(1,975)	(1,975)	0	0	(672)
- New Homes Bonus	(2,371)	(2,371)	(2,371)	0	0	2
- PFI Grant	(4,797)	(4,797)	(4,797)	0	0	0
- Adult Social Care Grant 2017/18	(2,115)	(2,115)	(2,115)	0	0	0
Grants	**(56,894)**	**(56,894)**	**(56,894)**	**0**	**0**	**(487)**
Collection Fund - Council Tax Surplus(-)/Deficit	(1,653)	(1,653)	(1,653)	0	0	0
Collection Fund - Business Rates Surplus(-)/Deficit	1,223	1,223	1,223	0	0	0
Council Tax						
- General	(86,678)	(86,678)	(86,678)	0	0	0
- WPCC	(331)	(331)	(331)	0	0	0
Council Tax and Collection Fund	**(87,439)**	**(87,439)**	**(87,439)**	**0**	**0**	**0**
FUNDING	**(144,333)**	**(144,333)**	**(144,333)**	**0**	**0**	**(487)**
NET	**(0)**	**(42)**	**1,911**	**1,953**	**607**	**(265)**

Appendix 2

3E.Corporate Items	Council 2018/19 £000s	Original Budget 2018/19 £000s	Current Budget 2018/19 £000s	Year to Date Budget (July) £000s	Year to Date Actual (July) £000s	Full Year Forecast (July) £000s	Forecast Variance at year end (July) £000s	Forecast Variance at year end (Jun.) £000s	Outturn Variance 2017/18 £000s
Cost of Borrowing	8,403	8,403	8,403	2,105	2,132	8,371	(32)	(32)	(103)
Impact of Capital on revenue budget	**8,403**	**8,403**	**8,403**	**2,105**	**2,132**	**8,371**	**(32)**	**(32)**	**(103)**
Investment Income	**(759)**	**(759)**	**(759)**	**(253)**	**(233)**	**(759)**	**0**	**0**	**408**
Pension Fund	**3,346**	**3,346**	**3,346**	**0**	**0**	**3,346**	**0**	**0**	**(389)**
Corporate Provision for Pay Award	2,108	2,108	969		0	969	0	0	0
Provision for 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**	**1,347**	**0**	**0**	**1,347**	**0**	**0**	**(736)**
Contingency	1,500	1,500	1,500		0	1,500	0	0	(1,500)
Single Status/Equal Pay	100	100	100		10	100	0	0	(96)
Bad Debt Provision	500	500	500		0	500	0	0	395
Loss of income arising from 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	150	(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**	**150**	**201**	**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)	(555)	(555)	0	0	0
Appropriations: E&R Reserves	4	4	4	4	43	4	0	0	2
Appropriations: CSF Reserves	49	49	47	47	28	47	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)**	**(1,899)**	**(1,899)**	**(485)**	**(1,899)**	**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)**	**(5,646)**	**103**	**1,610**	**(5,678)**	**(32)**	**(32)**	**(926)**
Levies	**938**	**938**	**938**	**380**	**380**	**938**	**0**	**0**	**0**
TOTAL CORPORATE PROVISIONS	**(3,012)**	**(3,012)**	**(4,708)**	**483**	**1,990**	**(4,740)**	**(32)**	**(32)**	**(926)**

Appendix 3

Pay and Price Inflation as at July 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 July 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 2.5% in July 2018, up from 2.4% in July 2018.The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 2.3% in July 2018, unchanged from July 2018.
Rising prices for computer games and transport fares produced the largest upward contributions to change in the 12-month rate between July and July 2018, although computer game prices tend to be highly variable from month to month. The upward effects were offset by falls in prices for clothing and footwear, and the removal of initial charges for investment in some unit trusts. Prices for clothing and footwear fell by 0.4% between July 2017 and July 2018, the first time the 12-month rate has been negative since October 2016..

The RPI 12-month rate for July 2018 stood at 3.2%, down from 3.4% in July 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 1 August 2018, the MPC voted unanimously to increase the Bank Rate by 0.25% to 0.75%. 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 13 September 2018.

The latest Inflation Report was published on the 2 August 2018.

In the August 2018 Inflation Report, the MPC noted that "The economy's supply capacity is judged likely to grow at a subdued pace — of around 1½% per year on average — over the forecast period. That is slightly lower than demand growth, with unemployment projected to fall a little further as a result and the economy moving into excess demand by late 2019. CPI inflation has fallen back since the beginning of 2018, but remains above the MPC's 2% target. The inflation overshoot reflects the impact of external cost pressures from import and energy prices. Inflation is projected to fall further towards the target as those effects wane, more than offsetting building domestic inflationary pressures. Under the market path for Bank Rate, inflation is judged likely to decline towards the target, reaching 2% in the third year of the forecast period. The projection is higher than in July, mainly reflecting the effect of the recent depreciation of sterling. The risks around the inflation projection remain balanced."

In the minutes to its August 2018 meeting the MPC stated that "Annual CPI inflation had been 2.4% in July, weaker than expected. Although it was possible that recent CPI data were signalling slightly weaker inflationary pressures, the judgement was that the news had been largely erratic. Indeed, recent developments in energy prices and the exchange rate meant that the shorter term inflation outlook was a little stronger than it had been at the time of the July Report. The combined contribution of those pressures was projected to ease over the forecast period. Taking external and domestic influences together, and conditioned on the gently rising path of Bank Rate implied by current market yields, CPI inflation remained slightly above 2% throughout most of the forecast period, reaching the target in the third year… Although the global outlook was a little softer, recent data appeared to confirm that the dip in UK output in the first quarter had been temporary, with momentum recovering in the second quarter. The labour market had continued to tighten and unit labour cost growth had firmed. Given these developments, a 0.25 percentage point increase in Bank Rate was warranted at this meeting to return inflation sustainably to the target."

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

Table 11: Forecasts for the UK Economy

Source: HM Treasury - Forecasts for the UK Economy (August 2018)			
2018 (Quarter 4)	Lowest %	Highest %	Average %
CPI	1.8	3.0	2.2
RPI	2.6	3.6	3.2
LFS Unemployment Rate	3.9	4.8	4.2
2019 (Quarter 4)	Lowest %	Highest %	Average %
CPI	1.5	3.5	2.1
RPI	2.2	4.2	3.0
LFS Unemployment Rate	3.7	5.2	4.3

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 (August 2018)					
	2018	2019	2020	2021	2022
	%	%	%	%	%
CPI	2.4	2.1	2.0	2.0	2.1
RPI	3.4	3.1	3.0	3.1	3.2
LFS Unemployment Rate	4.2	4.2	4.2	4.3	4.4

Appendix 4

Treasury Management: Outlook

At its meeting ending on 1 August 2018, the MPC voted unanimously to increase the Bank Rate by 0.25% to 0.75%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion. The Committee also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion.

In the August 2018 Inflation Report, the MPC discussed potential trends in Bank Base Rate over the current planning period. Over the period covered by the MTFS, it is the MPC's view that "Inflation was 2.4% in July, above the target due to sterling's past depreciation and higher energy prices. Those external cost pressures are projected to dissipate over the forecast period, though at a slightly slower rate than projected in July following the further fall in the sterling exchange rate over the past three months. GDP growth appears to have recovered in Q2. UK demand is expected to continue to grow at a modest pace which, given subdued potential supply growth, is likely to be more than sufficient to use up the very limited degree of slack remaining in the economy. Conditioned on a path for Bank Rate that rises to 1.1% over the next three years, a small margin of excess demand is likely to emerge by late 2019 and to build thereafter, raising domestic inflationary pressures. Taken together with diminishing external pressures, CPI inflation is projected to decline towards the target, reaching 2% in the third year of the forecast period."

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

	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	End Q.3 2021
Aug.'18	0.6	0.7	0.7	0.8	0.9	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.1
July '18	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	0.6	0.7	0.8	0.9	0.9	1.0	1.0	1.1	1.1	1.1	1.2		
Nov.'17	0.7	0.7	0.8	0.8	0.8	0.9	0.9	0.9	1.0	1.0			
Aug.'17	0.5	0.5	0.5	0.6	0.6	0.7	0.7	0.7	0.8				
July '17	0.3	0.3	0.4	0.4	0.4	0.5	0.5	0.5					
Feb'17	0.4	0.4	0.5	0.5	0.6	0.6	0.7						
Nov.'16	0.3	0.3	0.3	0.3	0.4	0.4							
Aug.'16	0.1	0.2	0.2	0.2	0.2								
July '16	0.6	0.7	0.7	0.8									
Feb. '16	1.0	1.0	1.1										
Nov '15	1.2	1.3											
Aug.'15	1.7												
July '15													

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 demand grows at above-potential rates

2. net trade and business investment continue to support UK activity, while consumption growth remains modest

3. demand growth outstrips subdued potential supply growth, and a margin of excess demand emerges, pushing up domestic cost growth

4. domestic inflationary pressures continue to build over the forecast period, while external cost pressures ease

Appendix 5a

Merton Capital Programme July 2018 Monitoring

Narrative	2018/19 Actuals	Profiled Budget To July	Variance	Revised Annual Budget	July Year End Forecast	Forecast Full Year Variance
Capital	**7,368,014**	**8,517,998**	**(1,149,983)**	**42,126,790**	**41,332,783**	**(794,007)**
Corporate Services	**1,527,206**	**2,626,840**	**(1,099,634)**	**9,878,040**	**9,461,777**	**(416,263)**
Business Improvement	**86,267**	**58,970**	**27,297**	**2,412,980**	**1,996,717**	**(416,263)**
Customer Contact Programme	4,305		4,305	1,899,010	1,482,747	(416,263)
IT Systems Projects	33,962	58,970	(25,008)	363,970	363,970	0
Social Care IT System	48,000		48,000	150,000	150,000	0
Facilities Management Total	**744,670**	**1,205,720**	**(461,050)**	**3,301,220**	**3,301,220**	**0**
Works to other buildings	22,839	195,040	(172,201)	695,040	695,040	0
Civic Centre	78,567	268,430	(189,863)	568,430	568,430	0
Invest to Save schemes	643,264	742,250	(98,986)	2,037,750	2,037,750	0
Infrastructure & Transactions	**631,269**	**1,230,100**	**(598,831)**	**2,005,290**	**2,005,290**	**0**
Disaster recovery site	393,638	140,000	253,638	394,290	394,290	0
Planned Replacement Programme	237,631	826,000	(588,369)	1,611,000	1,611,000	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**	**0**	**65,000**	**2,026,500**	**2,026,500**	**0**
Acquisitions Budget	65,000		65,000	66,500	66,500	0
Housing Company			0	1,500,000	1,500,000	0
Westminster Ccl Coroners Court			0	460,000	460,000	0
Community and Housing	**264,387**	**379,310**	**(114,923)**	**931,990**	**930,323**	**(1,667)**
Adult Social Care	**0**	**48,970**	**(48,970)**	**43,750**	**43,750**	**0**
ASC IT Equipment		5,220	(5,220)			0
Telehealth		43,750	(43,750)	43,750	43,750	0
Housing	**257,275**	**313,600**	**(56,325)**	**771,500**	**771,500**	**0**
Disabled Facilities Grant	257,275	313,600	(56,325)	771,500	771,500	0
Libraries	**7,113**	**16,740**	**(9,627)**	**116,740**	**115,073**	**(1,667)**
Library Enhancement Works	7,113	16,740	(9,627)	16,740	16,740	0
Libraries IT			0	100,000	98,333	(1,667)

Appendix 5a

Merton Capital Programme July 2018 Monitoring

Narrative	2018/19 Actuals	Profiled Budget To July	Variance	Revised Annual Budget	July Year End Forecast	Forecast Full Year Variance
Children Schools & Families	**1,553,435**	**3,315,360**	**(1,761,925)**	**11,506,450**	**11,162,890**	**(343,560)**
Primary Schools	**64,809**	**791,330**	**(726,521)**	**836,050**	**836,050**	**0**
Hollymount			0	59,850	59,850	0
Hatfeild	0	50,000	(50,000)	50,000	50,000	0
Hillcross			0			0
Joseph Hood	2,836	2,900	(64)	2,900	2,900	0
Dundonald	(22,245)	50,980	(73,225)	50,980	50,980	0
Poplar	(8,371)	40,000	(48,371)	40,000	40,000	0
Wimbledon Park		23,500	(23,500)	23,500	23,500	0
Abbotsbury	(628)		(628)			0
Morden	8,292	74,380	(66,088)	74,380	74,380	0
Cranmer	528	72,000	(71,472)	66,000	66,000	0
Gorringe Park	6,401	60,000	(53,600)	40,000	40,000	0
Haslemere	3,023	50,000	(46,977)	50,000	50,000	0
Liberty	7,400	70,000	(62,600)	70,000	70,000	0
Links	(690)		(690)	0		0
Singlegate		11,000	(11,000)	11,000	11,000	0
St Marks	8,000	99,240	(91,240)	99,240	99,240	0
Lonesome	264	55,000	(54,736)	55,000	55,000	0
Stanford	60,000	132,330	(72,330)	132,330	132,330	0
Unlocated Primary School Proj			0	10,870	10,870	0
Secondary School	**783,605**	**1,428,210**	**(644,605)**	**6,460,090**	**6,116,404**	**(343,686)**
Harris Academy Morden			0	143,560	0	(143,560)
Harris Academy Merton	301,920	173,130	128,790	444,090	444,090	0
St Mark's Academy		50,000	(50,000)	200,000	0	(200,000)
Rutlish			0	495,000	495,000	0
Harris Academy Wimbledon	481,685	1,205,080	(723,395)	5,177,440	5,177,314	(126)
SEN	**584,234**	**1,246,860**	**(662,626)**	**3,689,710**	**3,689,836**	**126**
Perseid	530,868	475,960	54,908	935,960	935,960	0
Cricket Green	53,158	632,970	(579,812)	2,305,730	2,305,856	126
Secondary School Autism Unit		30,000	(30,000)	160,000	160,000	0
Unlocated SEN	208	77,930	(77,722)	288,020	288,020	0
Melbury College - Smart Centre		30,000	(30,000)	0	0	0
CSF Schemes	**120,787**	**(151,040)**	**271,827**	**520,600**	**520,600**	**0**
CSF - IT Schemes	3,735	58,310	(54,575)	58,310	58,310	0
School Equipment Loans		(209,350)	209,350	108,900	108,900	0
Devolved Formula Capital	117,052		117,052	353,390	353,390	0

Appendix 5a

Merton Capital Programme July 2018 Monitoring

Narrative	2018/19 Actuals	Profiled Budget To July	Variance	Revised Annual Budget	July Year End Forecast	Forecast Full Year Variance
Environment and Regeneration	**4,022,986**	**2,196,488**	**1,826,498**	**19,810,310**	**19,777,793**	**(32,517)**
Public Protection and Developm	**219**	**0**	**219**	**39,490**	**39,490**	**0**
CCTV Investment	219		219	39,490	39,490	0
Street Scene & Waste	**4,046**	**227,630**	**(223,584)**	**6,008,630**	**6,008,630**	**0**
Fleet Vehicles		156,400	(156,400)	562,900	562,900	0
Alley Gating Scheme	4,046	15,000	(10,954)	40,000	40,000	0
Smart Bin Leases - Street Scen			0	5,500	5,500	0
Waste SLWP		56,230	(56,230)	5,400,230	5,400,230	0
Sustainable Communities	**4,018,720**	**1,968,858**	**2,049,863**	**13,762,190**	**13,729,673**	**(32,517)**
Street Trees			0	60,000	60,000	0
Highways & Footways	575,003	883,790	(308,787)	4,479,880	4,479,880	0
Cycle Route Improvements	173,266	200,200	(26,934)	480,830	480,850	20
Mitcham Transport Improvements	20,515	56,680	(36,165)	713,680	713,680	0
Mitcham Area Regeneration	8,210	124,360	(116,150)	186,360	186,360	0
Borough Regeneration	212,405	200,820	11,585	559,590	559,590	0
Morden Leisure Centre	2,904,706		2,904,706	6,203,360	6,203,360	0
Sports Facilities	(178)		(178)	446,960	446,960	0
Parks	124,793	449,118	(324,325)	577,640	545,103	(32,537)
Mortuary Provision		53,890	(53,890)	53,890	53,890	0

Virement, Re-profiling and New Funding - July 2018

Appendix 5b

		2018/19 Budget	Virements	Funding Adjustments	Reprofiling	Revised 2018/19 Budget	2019/20 Budget	Reprofiling	Revised 2019/20 Budget	Narrative
-	-	£	£		£	£	£		£	
Corproate Service	-									
Acquisitions Budget		**0**			66,500	**66,500**	**0**	**0**	**0**	For the Acquisition of 22 Abbotsbury Road
Data Centre Support Equipment		**300,000**			(250,000)	**50,000**	**0**	**250,000**	**250,000**	Re-profiled in accordance with projected spend
Children, Schools and Families	-					**0**				
Cranmer		**72,000**	(6,000)			**66,000**				Virement from Cramer back to the Unallocated Scheme
Gorringe Park		**60,000**	(20,000)			**40,000**				Virement to Hollymount
Melbury College - SMART Centre		**30,000**	(20,000)	(10,000)		**0**				Works has been cancelled for 18/19, contribution removed and remaining budget vired to Hollymount
Hollymount Primary School		**0**	40,000	19,850		**59,850**				Vired form Gorringe and Melbury College, £5k school contribution and £14.87k Insurance Fund Contribution.
Unlocated Primary School Proj		**4,870**	6,000			**10,870**				Balance of Unallocated Budget
Environment and Regeneration										
Figges Marsh Bus Priority Scheme	(1)	**0**		150,000		**150,000**				New TfL Funding
Total		**466,870**	**0**	**159,850**	**(183,500)**	**443,220**	**0**	**250,000**	**250,000**	

1 Requires Cabinet Approval

Virement, Re-profiling and New Funding - July 2018

Appendix 5b

		2020/21 Budget	Reprofiling	Revised 2020/21 Budget	2021/22 Budget	Reprofiling	Revised 2021/22 Budget	Narrative
-	-	£	£	£	£	£	£	
Corproate Service	-							
Acquisitions Budget		**0**	0	**0**	**7,101,680**	(66,500)	**7,035,180**	For the Acquisition of 22 Abbotsbury Road
Total		**0**	**0**	**0**	**7,101,680**	**(66,500)**	**7,035,180**	

Capital Programme Funding Summary 2018/19

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Proposed Cap. Prog. June Monitoring	**29,791**	**12,360**	**42,150**
Corporate Services			
Capital Bidding Fund	**67**	**0**	**67**
Data Centre Support Equipment	**(250)**	**0**	**(250)**
Children, Schools and Families			
Melbury College - SMART Centre	**0**	**(10)**	**(10)**
Hollymount Primary School	**15**	**5**	**20**
Environment and Regeneration			
Figges Marsh Bus Priority Scheme	**0**	**150**	**150**
Proposed Capital Programme	**29,622**	**12,505**	**42,127**

Capital Programme Funding Summary 2019/20

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Proposed Cap. Prog. June Monitoring	**43,849**	**4,319**	**48,168**
Corporate Services			
Data Centre Support Equipment	**250**	**0**	**250**
Proposed Capital Programme	**44,099**	**4,319**	**48,418**

Capital Programme Funding Summary 2020/21

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Proposed Cap. Prog. June Monitoring	**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
Proposed Cap. Prog. June Monitoring	**18,702**	**1,642**	**20,344**
Corporate Services Capital Bidding Fund	**(67)**	**0**	**(67)**
Proposed Capital Programme	**18,636**	**1,642**	**20,277**

APPENDIX 6

Department	Target Savings 2018/19	Projected Savings 2018/19	Period 4 Forecast Shortfall	Period 3 Forecast Shortfall	Period Forecast Shortfall (P4)	2019/20 Expected Shortfall
	£000	**£000**	**£000**	**£000**	**%**	**£000**
Corporate Services	2,024	1,549	475	475	23.5%	375
Children Schools and Families	489	489	0	0	0.0%	0
Community and Housing	2,198	1,896	302	340	13.7%	0
Environment and Regeneration	1,874	1,238	636	486	33.9%	127
Total	**6,585**	**5,172**	**1,413**	**1,301**	**21.5%**	**502**

Updated 26/07/2018

APPENDIX 6

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	John Morgan	Achieved as at period 4 (cumulative reduction in placement spend April to July)	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	38	62	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	Steve Langley	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	Phil Howell	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	100	0	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. £115k achieved to date	Y
	Subtotal Adult Social Care	**1,506**	**1,344**	**162**		**1,506**	**0**				
	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
	Schools									
CSF2015-03	Increased income from schools and/or reduced LA service offer to schools	**200**	**0**	**G**		**0**	**G**	Jane McSherry		**N**
	Commissioning, Strategy and Performance									
CSF2015-04	Commissioning rationalisation	**60**	**0**	**G**		**0**	**G**	Leanne Wallder		**N**
	Cross cutting									
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**
	Children Social Care									
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**				

APPENDIX 6

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 reprocurement	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 staff shortages and difficulty with filling 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 equipmet savings of £47K will not be achieved in Parking due to continued necessary expenditure on P&D maintenance / technical team operations.	**Y**
ENV08	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**
ENV09	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 rescores.	**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**

APPENDIX 6

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	Alternative saving required	**Y**
ENV35	Waste: Efficiency measures to reduce domestic residual waste rounds by 1 crew following analysis of waste volumes and spread across week	150	0	150	R		150	0	A	Anita Cacchioli	Saving forms part of Phase C, but may not be achieved this financial year.	**Y**
ENV37	Transport workshop: develop business opportunities to market Tacho Centre to external third parties	35	0	35	R		35	0	A	Anita Cacchioli	Saving forms part of Phase C, but may not be achieved this financial year.	**Y**
ENR5	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**
ENR6	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**
ENR7	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**	**1,238**	**636**			**1,747**	**127**				

APPENDIX 6

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/Underspend?
	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
	Resources								
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
	Human Resources								
CSREP 2018-19 (12)	Reduction in posts across the department	**185**	**0**	G	**0**	G	Kim Brown		Y
	Corporate								
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 4 Projected shortfall	2019/20 Period4 Projected shortfall	2018/19 Period 3 Projected shortfall	2019/20 Period 3 Projected shortfall
	£000	£000	£000	£000	£000	£000
Corporate Services	2,316	196	0	0	0	0
Children Schools and Families	2,191	7			0	0
Community and Housing	2,673	201	149	49	149	49
Environment and Regeneration	3,218	1,953	1,114	45	1,114	45
Total	**10,398**	**2,357**	**1,263**	**94**	**1,263**	**94**

APPENDIX 7

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
	Children Social Care										
CSF2012-07	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**	**7**	**R**	**0**	**G**	**0**	**G**	Paul Angeli	The ETE 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		**7**				**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**			

APPENDIX 7

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 relaised over 11 months and increased one off spend for agency staff.	Y
	Housing Needs & Enabling											
CH43	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	2017/18 Savings Achieved £000	Shortfall	17/18 RAG	2018/19 Savings Expected £000	2018/19 Expected Shortfall £000	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													
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	0	18	R	0	18	R	18	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	82	0	G	82	0	G	82	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	25	0	G	25	0	G	25	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	0	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	0	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	0	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	0	45	R	0	45	R	0	45	R	James McGinlay	Alternative saving required	Y
D&BC5	Eliminate the Planning Duty service (both face to face and dedicated phone line) within D&BC	35	0	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 only	10	0	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 Colum stock most capable of delivering savings	148	100	48	R	148	0	G	148	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	0	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	10	0	G	10	0	G	10	0	G	James McGinlay		N
ENV34	Increased income from the non-operational portfolio.	8	8	0	G	8	0	G	8	0	G	James McGinlay		N
	SENIOR MANAGEMENT													
ENV01	Reduce the level of PA support to Heads of Service by 0.6fte.	19	19	0	G	19	0	G	19	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	125	0	G	125	0	G	125	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	163	0	G	163	0	G	163	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	-1,540	0	G	-1540	0	G	-1540	0	G	Cathryn James		N
E&R14	Further expansion of the Regulatory shared service.	100	0	100	R	15	85	R	100	0	A	Cathryn James	Wandsworth staff transfered 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	70	0	G	70	0	G	70	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	0	190	R	0	190	R	190	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	2017/18 Savings Achieved £000	Shortfall	17/18 RAG	2018/19 Savings Expected £000	2018/19 Expected Shortfall £000	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
ENV03	Reduction number of CEO team leader posts from 4 to 3	45	0	45	R	0	45	R	45	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	250	0	G	250	0	G	250	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	0	70	R	0	70	R	70	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
ENV06	Reduction in transport related budgets	46	0	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	7	43	R	0	50	R	50	0	A	Cathryn James		Y
ENV10	Reduction in Transport/Supplies and Services budget through greater efficiency	10	10	0	G	10	0	G	10	0	G	Cathryn James		N
ENV33	Development of emissions based charging policy for resident/business permits recognising the damage particulary from diesel engined motor vehicles	250	250	0	G	250	0	G	250	0	G	Cathryn James		N
ENR3	Increase the cost of existing Town Centre Season Tickets in Morden, Mitcham and Wimbledon.	16	16	0	G	16	0	G	16	0	G	Cathryn James		N
	PUBLIC SPACE													
E&R1	Arts Development - further reduce Polka Theatre core grant	5	5	0	G	5	0	G	5	0	G	Anita Cacchioli		N
E&R2	Water sports Centre - Additional income from new business - Marine College & educational activities.	10	10	0	G	10	0	G	10	0	G	Anita Cacchioli		N
E&R3	Various Budgets - Reduction in supplies & services &/or increased income over expenditure	16	16	0	G	16	0	G	16	0	G	Anita Cacchioli		N
E&R16	joint procurement of waste, street cleansing, winter maintenance and fleet maintenance services (Phase C)	1,500	1,100	400	R	1186	314	R	1500	0	A	Anita Cacchioli	Full savings not achieved in Year 1 of contract. Actual savings delivered are being monitored closely	N
E&R20	To contribute to a cleaner borough, enforcement of litter dropping under EPA/ ASB legislation with FPN fines for contraventions.	-3	-3	0	G	-3	0	G	-3	0	G	Anita Cacchioli		N
E&R25	Joint procurement of greenspace services as part 2 of the Phase C SLWP procurement contract with LB Sutton	160	44	116	R	160	0	G	160	0	G	Anita Cacchioli		N
ENV11	Outsource leisure and sports activities	59	59	0	G	59	0	G	59	0	G	Anita Cacchioli		Y
ENV12	Loss of head of section/amalgamated with head of Greenspaces	70	0	70	R	70	0	A	70	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	0	70	R	0	70	R	70	0	A	Anita Cacchioli	Saving forms part of Phase C, but may not be achieved this financial year.	N
ENV18	Increased income from events in parks	100	0	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	90	0	G	90	0	G	90	0	G	Anita Cacchioli		N
ENV21	Reduction in the grant to Wandle Valley Parks Trust	6	0	6	R	6	0	G	6	0	G	Anita Cacchioli		N
ENV22	Reduction in grant to Mitcham Common Conservators.	24	24	0	G	24	0	G	24	0	G	Anita Cacchioli		N
ENV23	Further savings from the phase C procurement of Lot 2.	160	0	160	R	62	98	R	160	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	0	191	R	62	129	R	191	0	A	Anita Cacchioli	Saving forms part of Phase C, but may not be achieved this financial year.	Y
ENV26	Re-balancing of rounds	20	20	0	G	20	0	G	20	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	66	0	G	66	0	G	66	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	37	0	G	37	0	G	37	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	20	0	G	20	0	A	20	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	30	0	G	30	0	G	30	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	102	0	G	102	0	G	102	0	G	Anita Cacchioli	Completed - Income guaranteed by waste contractor	N
ENV36	Review and removal of NRCs	50	50	0	G	50	0	G	50	0	G	Anita Cacchioli	Savings being delivered through the disposal cost to landfill.	N
	Total Environment and Regeneration Savings 2016/17	**3,218**	**1,265**	**1,953**		**1,723**	**1,114**		**2,792**	**45**				

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