

**Colliers Wood and North East Mitcham
Community Forum Meeting
20 October 2015**

Update on Merton Council

**Cllr Martin Whelton Cabinet Member
for Education**

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Agenda Item 2



**Best
Achieving
Council**



Where Merton gets its money

- About half Merton's "spending power" is from Council Tax
- The other half comes from the main Government settlement or other Government grants
- So a fall in our government funding is bound to affect services

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The Financial Challenge

- Since 2010, the government have cut **40%** of the funding for local council's.
- In September, we calculated the budget gap until 2019/20 would be £15m.
- This will mean **significant** cuts to council services on top of all of the cuts already agreed.

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2016/17	2017/18	2018/19	2019/20
£0m	£0m	£3.5m	£15.3m

It may be even worse

- But this doesn't take into account government's recent announcement of a further **40%** cut to council funding.
- For Merton, this would mean a **further** £9m in savings, bringing the total potential gap to £24m.

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	2016/17	2017/18	2018/19	2019/20
Existing Gap	£0m	£0m	£3.5m	£15.3m
+ 40% cut	£2.8m	£6.1m	£6.8m	£8.9m
Potential Gap	£2.8m	£6.1m	£10.3m	£24.2m

Additional Pressures

- It's becoming more and more difficult to deliver services on the funding we currently have, let alone to make further cuts
- We overspent by £3.7m last year
- And we're overspending by £3.5m this year already

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Adult Social Care

- Our residents are living longer, but as a result there is a greater need for council funded care services (ASC)
- We spend almost 40% of our budget on ASC
- We overspent in ASC by £2.6m last year
- **ASC is already predicted to overspend by £1.5m this year**
- The government has announced an “in year” cut (to public health funding)
- **We expect to lose half a million pounds of public health funding**

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Children's Services

- Welcome advances in medical care mean more disabled children survive into adulthood, but this means increased need for council funded care
- It can cost £50,000 a year to care for one disabled child
- Need to look after children in care up to the age of 25, including university costs, and unaccompanied asylum seekers
- Increased birth rate means we need to expand schools
- We overspent in CSF by £2.7m last year
- **Children's Services is already predicted to overspend by £2m this year**

Can't we use our reserves?

- We are **already** using our reserves
- Last year we spent some of our reserves in order to cover the overspend of £3.7m
- This reduced our general reserve to £15m
- If we have to do the same thing this year our reserves could go down to just £10m
- What will we do if we overspend again in the following years?

What are the options?

- We can't refuse to agree a budget
- Central government would just take over the council and agree the cuts themselves
- We could cut every area equally
- Or we could try to protect services for the people who need it most
- We think it's fairer to make lower levels of cuts to Children's Services and Adult Social Care

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The principles underlying the budget process

In July 2011, Merton Council agreed the following priorities for the Administration.

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- Protect statutory services to vulnerable groups
- Low Council Tax and Clean streets
- To be a good place to grow up and go to school
- Be the best we can for the local environment
- Everything else is up for discussion

How we protect priority services

- First we look for savings in procurement, shared services, back offices and other efficiencies.
- After that, we try to protect services for the vulnerable.

Department	Budget	Savings Target	Percentage Savings
Corporate Services	£11m	£3m	27%
Chief Executives Dept	£2.5m	£0.4m	15%
Environment & Regeneration	£32m	£4.7m	15%
Community & Housing	£62m	£4.5m	7%
Children's Services	£37m	£1.4m	4%

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How we save you money

- Shared Services with other boroughs
- Better deals with our contractors
- Looked at everything the Council does and cut out inefficiencies
- Better use of IT e.g. libraries
- These moves have helped us to protect services and deliver low Council Tax

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Difficult Decisions

- Still have to make significant cuts – no area is safe
- **£2m** in Corporate Services (smallest budget)
- Over **£6m** cuts in Environment & Regeneration
- **£3.4m** in Community & Housing (including Adult Social Care)
- **£2m cuts** in Children's Services
- Currently working on finding these savings

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Our achievements

Despite the financial pressures, there's lots to be proud of:

- Introduced Street Cleaning hit squads
- New FREE Bulky Waste Collection scheme
- Food waste collection scheme rolled out borough-wide
- No Library closures and No Children's Centre closures
- New library in Colliers Wood
- Fastest improving GCSE results in London
- Expanding local schools including an additional 420 places at Singlegate
- Resident parking permit charges frozen; Visitors' parking permit prices reduced

Our six year Council Tax freeze

We have kept our promise to freeze Council Tax:

- We delivered a zero Council Tax rise for 2011/12
- We delivered a zero Council Tax rise for 2012/13
- We delivered a zero Council Tax rise for 2013/14
- We delivered a zero Council Tax rise for 2014/15
- We delivered a zero Council Tax rise for 2015/16
- And we propose a zero Council Tax rise for 2016/17
- Plus no cuts to rebates for low-income households

We have done this by taking a prudent approach to our finances.

Challenging Times - but we're confident

- We have the right strategy
- We've kept council tax low
- We've protected the services you care about
- Resident satisfaction with the Council at a record high
- Voted "Best Achieving Council" in the country

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