

# Cabinet

9 December 2013

Agenda item:

**Business Plan Update 2014-2018**

**Lead officer:** Caroline Holland

**Lead member:** Councillor Mark Allison

**Key Decision Reference Number:** This report is written and any decisions taken are within the Budget and Policy Framework Procedure Rules as laid out in Part 4-C of the Constitution.

**Contact officer:** Paul Dale

## Urgent report:

Reason for urgency: The chairman has approved the submission of this report as a matter of urgency as it provides the latest available information on the Business Plan and Budget 2014/15 and requires consideration of issues relating to the Budget process and Medium Term Financial Strategy 2014-2018. It is important that this consideration is not delayed in order that the Council can work towards a balanced budget at its meeting on 5 March 2014 and set a Council Tax as appropriate for 2014/15.

## Recommendations:

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1. That Cabinet agrees the amendment to savings and alternative proposals put forward as set out in Appendix 2 of the report.
  2. That Cabinet reviews the savings proposals put forward by officers, refers them to the Overview and Scrutiny panels and Commission for consideration in January 2014 (Appendix 3) and requests officers to produce equalities impact assessments for each proposal.
  3. That Cabinet agrees the latest amendments to the draft Capital Programme 2014-2018 which was considered by Cabinet on 21 October 2013 and scrutiny in November 2013.
  4. That Cabinet considers the feedback from the Scrutiny Panels and Overview and Scrutiny Commission on the previous information referred to them by Cabinet in October 2013, particularly the draft Capital Programme 2014-2018, and comments as appropriate.
  5. That Cabinet notes the latest draft Medium Term Financial Strategy (MTFS) for 2014-18 and comments as appropriate (Appendix 6).
  6. That Cabinet agrees the Council Tax Base for 2014/15 set out in paragraph 2.7 and Appendix 10.
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## 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report provides an update to Cabinet on the Business Planning process for 2014-18 and in particular on the progress made so far towards setting a balanced revenue budget for 2014/15 and over the MTFS period as a whole.

- 1.2 Specifically, the report provides details of revenue savings proposals put forward by officers in order to meet the savings targets agreed by Cabinet in September 2013.
- 1.3 The report also sets out the latest proposals for producing an achievable and affordable capital programme for 2014-18 and minimising the implications for the MTFs.
- 1.4 The report provides a general update on all the latest information relating to the Business Planning process for 2014-18 including the provisional Local Government Finance Settlement, a proposed Council Tax Base for 2014/15 and an assessment of the implications for the Medium Term Financial Strategy 2014-2018.
- 1.5 This report is one of the budget updates through the financial year and will go onto the Overview and Scrutiny Panels and Commission in January 2014.

## 2. DETAILS

### Introduction

- 2.1 A review of assumptions in the MTFs was undertaken and reported to Cabinet on 21 October 2013. There was also a report to Cabinet on 11 November 2013 which provided an update on progress made towards achieving savings previously agreed and proposed some amendments to these.
- 2.2 Taking into account the information contained in both the October and November Cabinet reports, the overall position of the MTFs is summarised as follows:-

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Budget Gap reported to Cabinet 21/10/13	167	7,282	11,741	18,088
Use of Reserves	(167)	(5,585)	0	0
Budget Gap reported to Cabinet 21/10/13	0	1,697	11,741	18,088
Effect of Revisions to Previously Agreed Savings by Cabinet 11/11/13	651	53	(63)	(63)
Sub-total	651	1,750	11,678	18,025
Re-phase Use of Reserves	(651)	651	0	0
Revised Gap after October & November Cabinets	0	2,401	11,678	18,025

### 2.3 Review of Assumptions

Since Cabinet in November, work has been continuing to review assumptions, identify new savings and analyse information which has been received since then.

#### 2.3.1 Pay

The latest estimates of pay inflation are:-

	2014/15	2015/16	2016/17	2017/18
Pay inflation in MTFs (%)	1%	1%	1.5%	1.5%
Estimate (cumulative £000)	807	1,614	2,825	4,035

There has been a pay freeze for the past three years. A 1% pay increase for 2013/14 has been agreed. The council has also agreed to implement the London Living wage for permanent and temporary staff. The Government had previously announced its intention that public sector pay awards in 2014/15 will average only 1% and in the recent Spending Round 2013, the government announced that public sector pay awards will also be limited to an average of up to 1 per cent in 2015-16.

### Pay Claim 2014/15

The UNISON NJC Committee have agreed to consult its members on the following two alternative options for the proposed 2014/15 NJC pay claim:

#### Option 1

The Living Wage (LW) hourly rate to be the minimum pay rate, with an equivalent percentage increase on all other spinal column points; or

#### Option 2

A flat rate increase of £1 an hour on all pay points, which would achieve the current Living Wage as the bottom NJC spinal column point.

Unison's claim proposes to increase the lowest local government pay scale of £6.45 an hour to the non-London living wage level of £7.45. This represents a 15.5% increase and option 1 proposes an equivalent increase on all other spinal column points. Under Option 2, the increase for the lowest pay scale level would be applied to other pay scales as a monetary increase of £1. This would result in an average increase of about 8.2%.

### 2.3.2 Prices

The current assumptions regarding price inflation incorporated into the MTFs are

	2014/15	2015/16	2016/17	2017/18
Price inflation in MTFs (%)	1.5%	1.5%	1.5%	1.5%
Estimate (cumulative £000)	2,250	4,500	6,750	9,000

CPI annual inflation stands at 2.2% in October 2013, which is down from 2.7% in September 2013. The main reasons for the fall were a drop in transport costs, particularly motor fuels, and also reduced education costs (tuition fees).

CPIH, the new measure of consumer price inflation including owner occupiers' housing costs, grew by 2.0% in the year to October 2013, down from 2.5% in September. Owner occupiers' housing costs increased by 0.1% between September and October 2013.

RPI annual inflation stands at 2.6% in October 2013, down from 3.2% in September 2013.

It is proposed that no change is made to the financial planning assumption for inflation at the present time.

### 2.3.3 Inflation > 1.5%:

There is also a corporate provision which is held to assist services that may experience price increases greatly in excess of the 1.5% inflation allowance provided when setting the budget. This will only be released for specific demonstrable demand.

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Inflation exceeding 1.5%	576	1,008	1,008	1,008

The cash limiting strategy is not without risks but if current levels of inflation were applied undamped across the period then the budget gap would increase by c.£5m by 2017/18.

### 2.3.4 Income

The MTFs assumes that departments will achieve an additional 2% p.a. on their fees and charges.

Income based on 2% p.a. increase	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Income	669	1,339	2,008	2,676

### 2.3.5 Growth

The current forecast includes a net £1m in each of 2014/15 and 2015/16 for pressures in Adult Social Care. Given the scale of pressures from inflation, the capital programme and grant losses this is the maximum that can be sustained and service pressures must be managed within the base budget.

### 2.3.6 Taxicards and Freedom Passes

These schemes are administered by London Councils on behalf of London boroughs. Final details of the cost allocations will be reported to London Councils' Transport and Environment Committee on 12 December 2013.

Initial information from London councils indicates that there is more than sufficient provision in the latest draft MTFs to fund the cost of these schemes in 2014/15. The latest available details are set out in the following table:-

Freedom Passes and Taxicards 2014/15	
<u>Budget 2013/14</u>	£
Freedom Passes	8,613,910
Taxicards	165,230
<b>Total Budget 2013/14</b>	<b>8,779,140</b>
Increase allowed for in MTFS in 2014/15	436,000
<b>Total Provision 2014/15 in latest draft MTFS</b>	<b>9,215,140</b>
<b><u>Latest Details from London Councils</u></b>	
Charge to Merton for Freedom Passes	(8,943,606)
Charge to Merton for Taxicards	(210,000)
<b>Latest Estimated Cost for 2014/15</b>	<b>(9,153,606)</b>
<b>Estimated Surplus Provision in MTFS</b>	<b>61,534</b>

### 2.3.7 Collection Fund

While there remains a single Collection Fund, local authorities will need to be able to separate the elements relating to council tax and non-domestic rates and calculate separate surpluses and deficits on each.

#### i) Council Tax

In preparing the budget for 2013/14 the estimated surplus on the Collection Fund as at 31<sup>st</sup> March 2013 was £3.284m and this was shared £0.739m to the GLA and £2.545m to Merton. However, the 2012/13 audited total surplus on the Collection Fund is £6.365m as at 31<sup>st</sup> March 2013. This takes into account the adjustment to the bad debt provision for council tax arising from the Audit Report for 2012/13.

In the report to Cabinet in September, 2013 the latest forecast surplus was updated and it was noted that this assumed an increase in the Council Tax Base of 0.5% and an increase in collection rate from 96.5% to 97%. The report indicated that the estimated surplus at 31/03/14 was £4.044m to be shared £3.154m to Merton and £0.890m to the GLA.

	2013/14 £000	2014/15 £000
Balance b/f	(6,365)	(4,044)
Estimated Additional Yield	(963)	0
<u>Share of (Surplus)/Deficit</u>		
GLA (22%)	739	890
Merton (78%)	2,545	3,154
<b>Balance c/f</b>	<b>(4,044)</b>	<b>0</b>

Estimates of the bad debt provision, and collection rate will continue to be reviewed and the implications for the Collection Fund reported to future Cabinet meetings

Assuming the assumptions regarding council tax collection rate and growth in the council tax base are accurate, there should not be a surplus/deficit on the collection fund to distribute beyond 2014/15, whilst the current Council Tax Benefit Localisation scheme is in place.

ii) Business Rates - National Non-Domestic Rates (NNDR)

The Collection Fund also accounts for Business Rates but there have been significant changes to the treatment of these due to the changes to local government funding arising from business rates retention and the Local Government Finance Act 2012 (Section 3, part 2)

Under the previous methodology before 2013/14, the Council paid all of its business rates into a national pool and received a proportion of this back as part of Formula Grant. Under the old arrangements this meant that no surplus or deficit ever arose on the Collection Fund due to business rates. However, this will not be the case from 2013/14 onwards and surpluses/deficits will be possible.

It was noted in the Audit Results for 2012/13 that the Council over-provided for bad debt provisions by £2 million on non-domestic rates (NDR) and £1.2million on council tax. The Council adjusted for council tax in the revised financial statements but it was decided that no NDR adjustment should be made until 2013/14 when the position on collection rates and bad debts will become clearer. Merton's share of this £2m adjustment will be £0.6m (30%) and will be taken into account in calculating the 2014/15 surplus/deficit on the Collection Fund due to business rates.

Under the new arrangements, authorities are required to provide a mid-year estimate of business rates collection, losses, appeals etc compared to the estimates provided when the budget 2013/14 was formulated in March 2013. This indicates that collectable rates in 2013/14 are estimated at £79.862m compared to an estimate of £81.575m provided on the NNDR 1 form in January 2013 which was used in the budget for 2013/14. This implies that there will be a deficit of approximately £1.7m on the Collection Fund at year end due to Business Rates.

Some further analysis of business rates is currently being undertaken and the position will continue to be monitored with updates provided in future reports on the Business Plan 2014-18.

This analysis will form the basis of the information included in the NNDR1 Return which has to be submitted to central Government by 31 January 2014. The Government have not yet issued this return but it will be used to calculate the estimated business rates for 2014/15 and the amounts due to Merton, Central Government and the GLA on a 30%:50%:20% basis.

## **2.4 Pension Fund Actuarial Review**

- 2.4.1 Barnett Waddingham, the Council's actuaries, are carrying out the triennial actuarial valuation of the Pension Fund during the current financial year and this will take effect in 2014/15.
- 2.4.2 This work will be finalised over the next few months and there will be updates during the business planning period. Initial estimates of the revenue budget required to meet the estimated deficit have been included in the MTFs, using a model to frontload the contributions to generate savings over the life of the MTFs and beyond to reduce both the annual aggregate, cost to the council of dealing with the deficit and maintain the health of the pension fund as reported to Cabinet previously. This will be modelled further with the actuaries and proposals made later in the budget process. There will be further updates to Cabinet in January 2014 and February 2014.

## **2.5 Revenues**

In recent budgets it has been recognised that some expenditure formerly included in the capital programme could no longer be justified as it did not meet the definition of expenditure for capital purposes. Nevertheless, it is important that some of this expenditure takes place and provision has been included in the latest MTFs to revenueise this expenditure. The expenditure charged to capital during the current year is being closely monitored and is being reported through the monitoring report. Further updates will be provided as the budget process develops.

## **2.6 Capital Financing Costs**

- 2.6.1 As previously reported the Capital Programme has been reviewed and revised and a draft programme for 2013-2018 was approved by Cabinet on 21 October 2013, along with an indicative programme for 2014-18.
- 2.6.2 Section 5 of this report sets out details of progress made towards preparing the draft capital programme 2014-18.
- 2.6.3 The estimated capital financing costs based on the latest draft programme, which includes the best estimate of new schemes commencing in 2017/18, the effect of estimated government grant funding and slippage/reprofiling based on 2012/13 outturn and latest monitoring information are set out in the following table:-



Capital financing costs (net of investment income)	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
MRP	7,423	8,392	9,135	10,325
Interest	6,692	6,692	6,692	6,698
<b>Capital Financing Costs</b>	<b>14,115</b>	<b>15,084</b>	<b>15,827</b>	<b>17,023</b>
Investment Income	(435)	(357)	(328)	(217)
<b>Net</b>	<b>13,680</b>	<b>14,727</b>	<b>15,499</b>	<b>16,806</b>

## 2.7 Council Tax Base

The Council Tax Base is a key factor which is required by levying bodies and the Council for setting the levies and Council Tax for 2014/15. The council tax base is the measure of the number of dwellings to which council tax is chargeable in an area or part of an area. The Council Tax base is calculated using the properties from the Valuation List together with information held within Council Tax records. The properties are adjusted to reflect the number of properties within different bands in order to produce the Council Tax Base (Band D equivalent). This will be used to set the Council Tax at Band D for 2014/15. The Council is required to determine its Council Tax Base by 31 January 2014.

In 2013/14 the Council Tax Base calculation was significantly affected by the introduction of the new local council tax support scheme and technical reforms to council tax. On 30 November 2012, new regulations set out in the Local Authorities (Calculation of council Tax Base) Regulations 2012 (SI 2012:2914) came into force. These regulations ensured that new local council tax support schemes, implemented under the Local Government Finance Act 2012, were fully reflected in the council tax base for all authorities.

For 2014/15 the Council Tax Base Return to central Government has been revised to take into account reductions in Council Tax Base due to the Council Tax Support Scheme and also reflects the latest criteria set for discounts and exemptions. The CTB Return for October 2013 is the basis for the calculation of the Council Tax Base for 2014/15.

Details of how the Council Tax Base is calculated are set out in Appendix 10. A summary of the Council Tax Bases for the Merton general area and the addition for properties within the Wimbledon and Putney Commons Conservators area for 2014/15 compared to 2013/14 is set out in the following table:-

<b>Council Tax Base</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Change</b>
			%
Whole Area	66,981.2	68,087.4	1.65
Wimbledon & Putney Common Conservators	9,645.2	10,708.8	11.03



## 2.8 Proposed Amendments to Previously Agreed Savings

2.8.1 Cabinet on 11 November 2013 agreed some proposed amendments to savings which had been agreed in previous year's budgets and also agreed that the financial implications should be incorporated into the draft MTFs 2014-18.

2.8.2 Some additional amendments are proposed within this report

(i) Environment and Regeneration

Proposed deferral of savings and one saving replaced by an alternative saving of the same amount. There is also substitution of savings instead of inflation of income. Details of these proposed changes are set out in Appendix 2.

(ii) Corporate Services

Proposed deferral of savings. Details of these proposed changes are set out in Appendix 2.

### 2.8.3 Summary

The overall effect of the proposed amendments is set out in the following table:-

	<b>2014/15 £000</b>	<b>2015/16 £000</b>	<b>2016/17 £000</b>	<b>2017/18 £000</b>	<b>Total £000</b>
Children, Schools & Families	0	0	0	0	0
Corporate Services	140	0	(140)	0	0
Community & Housing	0	0	0	0	0
Environment & Regeneration	614	(200)	(414)	0	0
<b>Total</b>	<b>754</b>	<b>(200)</b>	<b>(554)</b>	<b>0</b>	<b>0</b>
<b>Cumulative total</b>	<b>754</b>	<b>554</b>	<b>0</b>	<b>0</b>	

To ensure that a balanced budget is achieved in 2014/15, the overall effects of rephrasing savings between years will be adjusted using the reserve set up for closing future years budget gaps.

## 2.9 Provisional Local Government Finance Settlement 2014/15

2.9.1 The Chancellor of the Exchequer will announce the Autumn Statement for 2013 on 5 December 2013. The statement provides an update on the government's plans for the economy based on the latest forecasts from the Office for Budget Responsibility. These forecasts will be published alongside the Autumn Statement on 5 December.

2.9.2 The provisional Local Government Finance Settlement is usually published about two weeks later so is expected around 19 December 2013.

2.9.3 The estimates for central Government funding currently included in the draft MTFs are based on the latest information available following analysis of the Spending Review 2013 but an initial update will be provided in the Business Plan Update report to Cabinet in January 2014.

3. **FEEDBACK FROM THE OVERVIEW AND SCRUTINY PROCESS IN NOVEMBER 2013**

3.1 The information available on the Business Planning process reported to Cabinet on 21 October 2013 was subject to review by the Overview and Scrutiny Panels and Commission in November 2013.

3.2 Feedback will be provided as a separate report to Cabinet in December.

4. **SAVINGS PROPOSALS 2014-18 AND SERVICE PLANNING**

4.1 At its meeting on 16 September 2013, Cabinet agreed the following departmental savings targets, based on controllable budgets:-

	<b>2014/15 £000</b>	<b>2015/16 £000</b>	<b>2016/17 £000</b>	<b>2017/18 £000</b>	<b>Total £000</b>
Community and Housing	0	491	2,492	2,093	5,076
Children, Schools and Families	0	265	1,344	1,129	2,738
Environment and Regeneration	0	645	3,276	2,752	6,673
Corporate Services	0	296	1,507	1,265	3,068
<b>Total Savings</b>	<b>0</b>	<b>1,697</b>	<b>8,619</b>	<b>7,239</b>	<b>17,555</b>
<b>Cumulative</b>	<b>0</b>	<b>1,697</b>	<b>10,316</b>	<b>17,555</b>	

4.2 In agreeing these targets, Cabinet noted the rolled forward MTFs and the use of reserves in order to eliminate the gap of £0.305m in 2014/15 with further use of reserves of £5.447m in 2015/16.

4.3 Given the fact that some significant information is still to be announced and the draft capital programme is subject to change (from slippage, reprofiling, new grant information etc.) it is expected that the budget gap will change in each year. However, the use of reserves will be profiled to ensure that 2014/15 will maintain a balanced budget.

4.4 Service departments have been reviewing their services in order to identify savings proposals to address the savings targets. The progress made so far is summarised in the following table:-

<b>IDENTIFIED SAVINGS BY DEPARTMENT</b>	<b>2015/16 £000</b>	<b>2016/17 £000</b>	<b>2017/18 £000</b>	<b>Total £000s</b>
Community and Housing	321	814	484	<b>1,619</b>
Children, Schools and Families	150	7	564	<b>721</b>
Environment and Regeneration	935	225	125	<b>1,285</b>
Corporate Services	291	417	493	<b>1,201</b>
<b>Total Savings</b>	<b>1,697</b>	<b>1,463</b>	<b>1,666</b>	<b>4,826</b>
<b>Total Cumulative Savings</b>	<b>1,697</b>	<b>3,160</b>	<b>4,826</b>	

4.5 Based on the savings identified, there is the following (shortfall)/surplus against the targets:

<b>(SHORTFALL)/SURPLUS</b>	<b>2015/16 £000</b>	<b>2016/17 £000</b>	<b>2017/18 £000</b>	<b>Total £000s</b>
Community and Housing	(170)	(1,678)	(1,609)	(3,457)
Children, Schools and Families	(115)	(1,337)	(565)	(2,017)
Environment and Regeneration	290	(3,051)	(2,627)	(5,388)
Corporate Services	(5)	(1,090)	(772)	(1,867)
Total Savings	0	(7,156)	(5,573)	(12,729)
<b>Total Cumulative Savings</b>	<b>0</b>	<b>(7,156)</b>	<b>(12,729)</b>	

4.6 Where departments have not met their target or put forward options that are deemed not to be acceptable then the shortfall will be carried forward to later meetings and future years budget processes to be made good.

#### 4.7 Service Plans

4.7.1 As previously reported to Cabinet in October, the timetable for service planning is different this year and Service plans will be presented in the new year.

#### 4.8 Summary

4.8.1 The draft MTFs 2014-18 has been updated based on the latest information discussed in this report and is set out in Appendix 6. It does not include any of the proposed draft savings summarised in paragraph 4.4 and detailed in Appendix 3.

4.8.2 Service department budget summaries are included in Appendix 8. These do not include any of the proposed draft savings summarised in paragraph 4.4 and detailed in Appendix 3.

### 5. **CAPITAL PROGRAMME 2014-18: UPDATE**

5.1 The proposed draft Capital Programme 2014-18 and an Indicative Capital Programme 2018-23 were presented to Cabinet on 21 October 2013. These have now been incorporated into a draft Capital Strategy 2014-18.

5.2 The programme has been reviewed by scrutiny panels.

The programme has been amended since October and detail of changes are reported in the Financial Monitoring Report at this meeting.

Children, Schools and Families are also reviewing new scheme costs in light of latest tendering reported elsewhere to Cabinet

- 5.3 Monthly monitoring of the approved programme for 2013/14 has been ongoing and there will inevitably be further changes arising from slippage, and reprofiling which will be presented to Cabinet next month and the announcement of capital grants as part of the local government finance settlement which has yet to be announced.
- 5.4 The latest draft programme is attached as Appendix 4 for the second round of scrutiny. A summary of the latest estimated expenditure and funding is set out in the following table:-

	<b>2014/15 Budget £000</b>	<b>2015/16 Budget £000</b>	<b>2016/17 Budget £000</b>	<b>2017/18 Budget £000</b>
<b>Capital Expenditure</b>	<b>42,365</b>	<b>37,186</b>	<b>36,463</b>	<b>31,213</b>
<b><u>Funded by:</u></b>				
<b>Grants and contributions</b>	<b>24,787</b>	<b>12,441</b>	<b>9,057</b>	<b>8,562</b>
<b>Internally funded</b>	<b>17,578</b>	<b>24,745</b>	<b>27,406</b>	<b>22,651</b>
<b>Total Funding</b>	<b>42,365</b>	<b>37,186</b>	<b>36,463</b>	<b>31,213</b>

- 5.5 The estimated revenue implications of funding the draft capital programme are summarised in paragraph 2.6.3 and these have been incorporated into the latest draft MTFS 2014-18. (See Appendix 6)

5.6 Treasury Management Strategy

The draft Treasury Management Strategy will be incorporated into the January 2014 report to Cabinet as some key grant information is currently awaited.

6. **CONSULTATION UNDERTAKEN OR PROPOSED**

- 6.1 There will be extensive consultation as the business plan process develops. This will include the Overview and Scrutiny panels and Commission, business ratepayers and all other relevant parties.
- 6.2 In accordance with statute, consultation is taking place with business ratepayers and a meeting will be arranged for early in 2014.

8. **TIMETABLE**

- 8.1 A chart of the agreed timetable is attached at Appendix 1.

9. **FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

- 9.1 All relevant implications have been addressed in the report.

10. **LEGAL AND STATUTORY IMPLICATIONS**

10.1 All relevant implications have been addressed in the report.

11. **HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

11.1 Equalities Impact Assessments will be produced for each savings proposal.

12. **CRIME AND DISORDER IMPLICATIONS**

12.1 Not applicable

13. **RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

13.1 Not applicable

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

**Appendix 1: Budget Timetable (Revenue)**

**Appendix 2: Revision to departmental savings previously approved**

**Appendix 3: Draft Savings proposals 2014-18**

**Appendix 4: Draft Capital Strategy 2014-18 including draft Capital Programme 2014-18 and Indicative Capital Programme 2018-23**

**Appendix 5: Draft Risk Management Strategy**

**Appendix 6: Update of MTFS 2014-18**

**Appendix 7: Standard Subjective Analysis**

**Appendix 8: Draft Departmental Budget Summaries 2014/15**

**Appendix 9: Glossary and Acronyms**

**Appendix 10: Council Tax Base 2014/15**

**BACKGROUND PAPERS**

Budget files held in the Corporate Services department.

**REPORT AUTHOR**

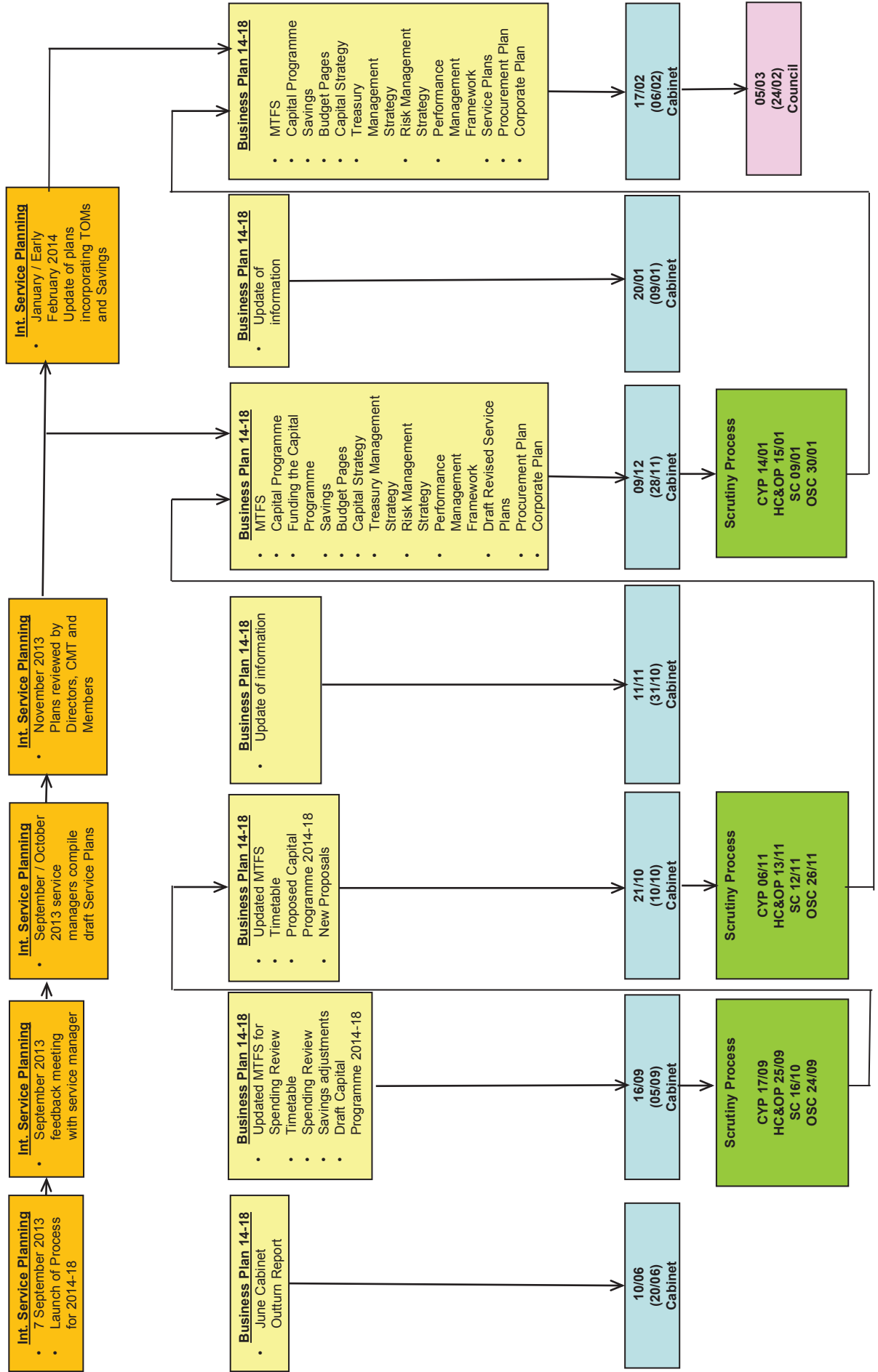
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# Business Planning Timetable - Business Plan 2014-18

Appendix 1



**ENVIRONMENT AND REGENERATION DEPARTMENT  
AMENDMENT TO PREVIOUSLY AGREED SAVINGS**

		Original Savings	Revised Savings				
Original Ref	Description of Saving	2014/15 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	Description of Saving
ER07	Development & Building Control	200	(200)	200	0	0	The Government are proposing changes to the current charging model for DC. This would mean that the council will be able to set its own fees (levels are currently prescribed) in order to recover the full cost of delivering a number of services in this area, although it will not be able to make a profit. DCLG have recently proposed a one-off adjustment to increase planning application fees in line with inflation amounting to around 15%, as the Government, who set the fee, have not increased it since 2008.
ER23	Future Merton	414	(414)	0	414	0	To be determined through TOM - greater emphasis on income generation through targeted regeneration delivery.
<b>Total Environment and Regeneration Savings</b>		<b>614</b>	<b>(614)</b>	<b>200</b>	<b>414</b>	<b>0</b>	



## APPENDIX 2

### DEPARTMENT: ENVIRONMENT AND REGENERATION - REPLACEMENT OF PREVIOUSLY AGREED SAVING

#### Previously Agreed Savings

Ref	Description of Saving		2014/15 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
EN12	<b>Service/Section</b> <b>Description</b> <b>Service</b> <b>Implication</b> <b>Staffing</b> <b>Implications</b> <b>Business Plan</b> <b>implications</b> <b>Impact on</b> <b>other</b> <b>Equalities</b> <b>Implications</b>	<b>Parking Services</b> Deletion of back office manager post The development of the TOM, particularly relating to processes, will ensure effective management of the impact of this proposal. Reduction of 1 FTE Managing of service enquiries during the initial transition period will need careful management None None	48	Low	Medium	SS2

#### Replacement Savings proposal

Ref	Description of Saving		2014/15 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
EN12	<b>Service/Section</b> <b>Description</b>  <b>Service</b> <b>Staffing</b> <b>Implications</b> <b>Business Plan</b> <b>implications</b> <b>Impact on</b> <b>other</b> <b>Equalities</b> <b>Implications</b>	<b>Parking Services</b> The original saving proposal EN12 was put forward and subsequently agreed based on the work programme of the Parking Services team at that time. Based on that programme it was felt that the service could absorb the staff reduction. However, since that time, a number of new projects and work programmes are being developed which would greatly benefit from the skill and knowledge of the existing post holder. By means of an alternative, the £48k saving can be achieved through refocusing resources on areas of non compliance in order to tackle traffic congestion hotspots and increase efficiency of the service. Will save the Council redundancy payments This will result in the retention of 1 FTE The retention of this post will enable business plan proposals to benefit from the skills and knowledge of the postholder and give greater certainty in realising business plan targets. The retention of skills will reduce dependency on other service areas such as Traffic & Highways. None	48	Low	Low	SI2

REPLACEMENT OF INCOME INFLATION FOR 2014/15

DEPARTMENT: ENVIRONMENT AND REGENERATION SAVINGS - BUDGET PROCESS 2014-18

Panel	Ref	Description of Saving		Baseline Budget 13/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving
SC	ENV1	<b>Service/Section Description</b>	<b>Various</b> In order to meet the division's inflation on income target, savings on associated expenditure budgets will be implemented i.e. the senior management budget and across the department.		334			Low	Low	SI2/SNS1
		<b>Service Implication</b>	None							
		<b>Staffing Implications</b>	None							
		<b>Business Plan implications</b>	None							
		<b>Impact on other departments</b>	None							
		<b>Equalities Implications</b>	None							
<b>Total Environment and Regeneration Savings</b>					<b>334</b>	<b>0</b>	<b>0</b>			

There is no overall financial implication arising from this proposal.

## CORPORATE SERVICES DEPARTMENT

## AMENDMENT TO PREVIOUSLY AGREED SAVINGS

		Original Savings	Revised Savings				
Original Ref	Description of Saving	2014/15 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	Description of Saving
	<b>Business Partners</b>	140	(140)	0	140	0	Deferral of saving to be able to assist organisation with necessary transformation in the short term.

## SUMMARY OF DRAFT SAVINGS PROPOSALS COMPARED WITH TARGETS

Department	Full Targets			Draft Savings Proposals			Variance			Proportion of Savings Target Accepted			
	2015/16 £'000	2016/17 £'000	2017/18 £'000	Total £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	Total £'000	2015/16 £'000		2016/17 £'000	2017/18 £'000	
Community and Housing	491	2,492	2,093	5,076	321	814	484	1,619	170	1,678	1,609	3,457	32%
Children, Schools and Families	265	1,344	1,129	2,738	150	7	564	721	115	1,337	565	2,017	26%
Environment and Regeneration	645	3,276	2,752	6,673	935	225	125	1,285	-290	3,051	2,627	5,388	19%
Corporate Services	296	1,507	1,265	3,068	291	417	493	1,201	5	1,090	772	1,867	39%
<b>Total</b>	<b>1,697</b>	<b>8,619</b>	<b>7,239</b>	<b>17,555</b>	<b>1,697</b>	<b>1,463</b>	<b>1,666</b>	<b>4,826</b>	<b>0</b>	<b>7,156</b>	<b>5,573</b>	<b>12,729</b>	<b>27%</b>
<i>Cumulative</i>	<i>1,697</i>	<i>10,316</i>	<i>17,555</i>		<i>1,697</i>	<i>3,160</i>	<i>4,826</i>		<i>0</i>	<i>7,156</i>	<i>12,729</i>		

DEPARTMENT: CORPORATE SERVICES SAVINGS - BUDGET PROCESS 2014/15

P a n e l	Ref	Description of Saving	Baseline Budget 13/14 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
O&S	CS60	<u>Corporate services</u>	109			109	Low	Low	SS2
		Description							
		Service Implication							
		Staffing Implications							
		Business Plan implications							
		Impact on other departments							
		Equalities Implications							
O&S	CS61	<u>Corporate services</u>		174	58		Low	Low	SI2
		Description							
		Service Implication							
		Staffing Implications							
		Business Plan implications							
		Impact on other departments							
		Equalities Implications							

DEPARTMENT: CORPORATE SERVICES SAVINGS - BUDGET PROCESS 2014/15

P a n e l	Ref	Description of Saving	Baseline Budget 13/14 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
O&S	CS62	<p><u>Corporate services</u></p> <p><b>Description</b> Recharges to Public Health</p> <p><b>Service Implication</b> Public Health function transferred to the local authority and is supported by numerous in house services. The recharge will reflect total cost of service</p> <p><b>Staffing Implications</b> None</p> <p><b>Business Plan implications</b> None.</p> <p><b>Impact on other departments</b> None.</p> <p><b>Equalities Implications</b> None</p>			70		Low	Low	SI1

DEPARTMENT: CORPORATE SERVICES SAVINGS - BUDGET PROCESS 2014/15

P a n e l	Ref	Description of Saving	Baseline Budget 13/14 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
	CS63	<p><b>Service Description</b></p> <p><b>Service Implication</b></p> <p><b>Staffing Implications</b></p> <p><b>Business Plan implications</b></p> <p><b>Impact on other departments</b></p> <p><b>Equalities Implications</b></p>	1122		88	74	High	Low	SS2
		<p><b>Business Improvement</b></p> <p>Reorganisation of systems development and support arrangements.</p> <p>The anticipated streamlining of systems and support arrangements is expected to increase efficiency and reduce overheads without impacting negatively on the quality of services.</p> <p>Reduction in posts anticipated.</p> <p>None - proposal is in line with intended streamlining and rationalisation of systems and support arrangements.</p> <p>None - proposal is supported by transformational work planned to streamline systems and reduce support demand.</p> <p>None</p>							



DEPARTMENT: CORPORATE SERVICES SAVINGS - BUDGET PROCESS 2014/15

P a n e l	Ref	Description of Saving	Baseline Budget 13/14 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
O&S	CS64	<p><b>Resources</b> Description</p> <p>Reduction of treasury running costs through review, improvement and efficiency None as savings will be derived from efficiency</p> <p>None</p> <p>None</p> <p>None</p> <p>None</p> <p>None</p> <p>None</p> <p>None</p>	34		20		Low	Low	SNS1
O&S	CS65	<p><b>Resources</b> Description</p> <p>Consolidation of various budgets within Resources division None as savings will be derived from efficiency</p> <p>None</p> <p>None</p> <p>None</p> <p>None</p> <p>None</p>	95		35	31	Low	Low	SNS1

DEPARTMENT: CORPORATE SERVICES SAVINGS - BUDGET PROCESS 2014/15

P a n e l	Ref	Description of Saving	Baseline Budget 13/14 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
O&S	CS66	<p><u>Resources</u> Description Service Implication Staffing Implications Business Plan implications Impact on other departments Equalities Implications</p> <p>Review recharges of Resources support function to pension fund None None None None None None</p>	47			47	Low	Low	SNS1
O&S	CS67	<p><u>Resources</u> Description Service Implication Staffing Implications Business Plan implications Impact on other departments Equalities Implications</p> <p>Reduction in bank and giro charges None None None None None</p>	237		12		Low	Low	SP1

DEPARTMENT: CORPORATE SERVICES SAVINGS - BUDGET PROCESS 2014/15

P a n e l	Ref	Description of Saving	Baseline Budget 13/14 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
O&S	CS68	<b>Resources Description</b>		117			Low	Low	SP1
		Reduction in interest charges through cash management.							
		Service Implication		None					
		Staffing Implications		None					
		Business Plan implications		None					
		Impact on other departments		None					
		Equalities Implications		None					
O&S	CS69	<b>Infrastructure &amp; Transactions Description</b>				5	Low	Low	SNS2
		Cease Councillors courier service and send items electronically or via the standard postal system.							
		Service Implication		None					
		Staffing Implications		None					
		Business Plan implications		None					
		Impact on other departments		None					
		Equalities Implications		None					

DEPARTMENT: CORPORATE SERVICES SAVINGS - BUDGET PROCESS 2014/15

P a n e l	Ref	Description of Saving	Baseline Budget 13/14 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)	
O&S	CS70	<b>Infrastructure &amp; Transactions</b>				35	Low	High	SI2	
		<b>Description</b>								Apply a £3 administrative charge to customers requesting a hard copy paper invoice for services administered by Transactional Services team.
		<b>Service Implication</b>								None
		<b>Staffing Implications</b>								None
		<b>Business Plan implications</b>								None
		<b>Impact on other departments</b>								None
		<b>Equalities Implications</b>								None
O&S	CS71	<b>Infrastructure &amp; Transactions</b>				85	Low	Low	SS2	
		<b>Description</b>								Delete two in house trainers posts
		<b>Service Implication</b>								None
		<b>Staffing Implications</b>								2 posts
		<b>Business Plan implications</b>								None
		<b>Impact on other departments</b>								None
		<b>Equalities Implications</b>								None

## DEPARTMENT: CORPORATE SERVICES SAVINGS - BUDGET PROCESS 2014/15

P a n e l	Ref	Description of Saving	Baseline Budget 13/14 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
		<b>Infrastructure &amp; Transactions</b>							
		<b>Description</b>							
O&S	CS72	Consolidation of Infrastructure & Transactions revenue budgets None None None None None None None				34	Low	Medium	SNS1
		<b>Corporate Governance</b>							
O&S	CS73	Saving from 4 borough shared legal service None Likely to be 2 FTE reduction None Need to ensure level of service received by departments is maintained None	1032		60	20	Medium	Medium	SS1

DEPARTMENT: CORPORATE SERVICES SAVINGS - BUDGET PROCESS 2014/15

P a n e l	Ref	Description of Saving	Baseline Budget 13/14 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
	CS74	<p><b>Human Resources</b></p> <p><b>Description</b></p> <p>Review of L&amp;D spend</p> <p><b>Service Implication</b></p> <p>Learning and development spend to be reduced in light of experience from consolidation of budgets, improved strategic alignment of L&amp;D activity, 4-borough opportunities.</p> <p><b>Staffing Implications</b></p> <p>Likely to be x1 FTE reduction arising from staffing review</p> <p><b>Business Plan implications</b></p> <p>Need to ensure budgets and spend are correctly aligned to the Workforce strategy aims and support the Council's business plans</p> <p><b>Impact on other departments</b></p> <p>Need to ensure that L&amp;D needs can be appropriately met - training needs analysis and business impact assessment will be key to delivery</p> <p><b>Equalities Implications</b></p> <p>Need to ensure equal access to learning and development opportunities across the Council</p>	622		69		M	M	SNS1

DEPARTMENT: CORPORATE SERVICES SAVINGS - BUDGET PROCESS 2014/15

P a n e l	Ref	Description of Saving	Baseline Budget 13/14 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
	CS75	<p><b>Service Description</b> Review of COT team staffing in light of potential for 4-borough shared service opportunities</p> <p><b>Service Implication</b> Aims to improve efficiencies and economies of scale through a wider partnership approach</p> <p><b>Staffing Implications</b> Likely to be x1 FTE reduction arising from staffing review</p> <p><b>Business Plan implications</b> Need to ensure service standards are maintained</p> <p><b>Impact on other departments Equalities Implications</b> Need to ensure that service standards are maintained in light of staffing reductions Given the profile of the workforce is mainly female this will have an equality impact</p>	506			58	M	M	SS1
<b>Total Corporate Services Savings</b>				291	417	493			
<b>Total Corporate Services Target Savings</b>									
<b>(Shortfall)/Surplus</b>				291	417	493			

Panel

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

Savings Type

SS1 Staffing: reduction in costs due to efficiency  
SS2 Staffing: reduction in costs due to deletion/reduction in service  
SNS1 Non - Staffing: reduction in costs due to efficiency  
SNS2 Non - Staffing: reduction in costs due to deletion/reduction in service  
SP1 Procurement / Third Party arrangements - efficiency  
SG1 Grants: Existing service funded by new grant  
SG2 Grants: Improved Efficiency of existing service currently funded by unringfenced grant  
SPROP Reduction in Property related costs  
SI1 Income - increase in current level of charges  
SI2 Income - increase arising from expansion of existing service/new service



## DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES SAVINGS - BUDGET PROCESS 2014/18

Panel	Ref	Description of Saving	Baseline Budget 13/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
C&YP	CSF01	<p><b>Service Description</b></p> <p><b>Early Years</b> Substantial reduction in EY budgets whilst retaining existing Children's Centres targeted work in areas of higher deprivation (up to 10% reduction overall to Children's Centre services). Reduction in funding and in kind contributions to voluntary sector organisations</p> <p><b>Service Implication</b> Substantial reduction in services to support Children's Centres and early years day care providers , virtually no quality assurance capability to support early years provision, will cover safeguarding issues only; no training programme. Only limited cover of statutory requirements. Reduction in standards of early years provision and reduction in integrated service delivery</p> <p><b>Staffing Implications</b> Approximately 10 FTE staff redundancies.</p> <p><b>Business Plan implications</b> Reduced service offering. Potential adverse impact on educational standards for older children and increased pressure on children's social care. Dependent on government changes to DSG which may impact negatively on the overall funding of the early years service; such changes are uncertain and will not impact before 2015/16.</p> <p><b>Impact on other departments</b> None.</p> <p><b>Equalities Implications</b> Will lead to a reduction in service to disadvantaged and vulnerable groups within the community, particularly very young children and their families.</p>	1,204		150	7	250	Medium	High	SS2

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES SAVINGS - BUDGET PROCESS 2014/18

Panel	Ref	Description of Saving	Baseline Budget 13/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
C&YP	CSF02	<p><b>Service Description</b>  <b>School Improvement</b>                      Reduced service offer</p> <p><b>Service Implication</b>                      Support for schools requiring improvement would remain and high level monitoring of good or better schools. Reduced commissioning of schools to secure advanced skills teachers, expert teachers, sharing of best practice and school to school support. Training programme moves towards self funding.</p> <p><b>Staffing Implications</b>                      Limited - given time frame hope to secure through natural turnover</p> <p><b>Business Plan implications</b>                      Reduced service offering, Increased dependency on DSG and school funding for LA core functions. Changes to the DSG may impact on this through the national education funding review. Such changes are uncertain and will not impact before 2015/16</p> <p><b>Impact on other departments</b>                      None.</p> <p><b>Equalities Implications</b>                      Reduction to service will impact on LA work to narrow the gap in education achievement for disadvantaged groups unless the schools' increase their funding of this work.</p>	448				75	Low	High	SS2 & SP2

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES SAVINGS - BUDGET PROCESS 2014/18

Panel	Ref	Description of Saving	Baseline Budget 13/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
C&YP	CSF03	<p><b>Service Description</b> Further reductions in staffing across CSF. Detailed proposals will need to be determined nearer the time in the context of statutory requirements and regulatory arrangements, demographic changes in overall numbers and the profile of the population. Will involve reduced thresholds and management of increased risks in relation to safeguarding. May require us to challenge regulatory staffing ratios.</p> <p><b>Staffing Implications</b> Approximately 8 staff FTE redundant.</p> <p><b>Business Plan implications</b> Reduced service offering. Significantly increased risk. Unlikely to be significant but will need to be assessed in light of detailed proposals at the time.</p> <p><b>Equalities Implications</b> Will lead to a reduction in service to disadvantaged groups within the community.</p>	22,661				239	High	High	SS2
<b>Total Children, Schools and Families Savings</b>				0	150	7	564			

Shortfall

**Savings Type**

- SS1 Staffing: reduction in costs due to efficiency
- SS2 Staffing: reduction in costs due to deletion/reduction in service
- SNS1 Non - Staffing: reduction in costs due to efficiency
- SNS2 Non - Staffing: reduction in costs due to deletion/reduction in service
- SP1 Procurement / Third Party arrangements - efficiency
- SP2 Procurement / Third Party arrangements - Deletion/reduction in service
- SG1 Grants: Existing service funded by new grant
- SG2 Grants: Improved Efficiency of existing service currently funded by unringfenced grant
- SPROP Reduction in Property related costs
- SI1 Income - increase in current level of charges
- SI2 Income - increase arising from expansion of existing service/new service

**Panel**

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

DEPARTMENT: ENVIRONMENT AND REGENERATION SAVINGS - BUDGET PROCESS 2014-18

Panel	Ref	Description of Saving	Baseline Budget 13/14 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)	
O&S	EV01	<b>Service/Section Description</b>	151	36			Medium	Low	SP1	
		<b>Service Implication</b>								<b>Safer Merton</b> Reprocurement of CCTV maintenance contract leading to efficiency savings.
		<b>Staffing Implications</b>								None
		<b>Business Plan implications</b>								None
		<b>Impact on other departments</b>								None
<b>Equalities Implications</b>	None									
SC	EV02	<b>Service/Section Description</b>	(340)	4			Low	High	S11	
		<b>Service Implication</b>								<b>Parking Services</b> Increase charges for the following types of parking permits:- Business £5, Trade £5, Teachers £5. Please note no allowance has been made for elasticity of demand this figure could reduce by 10%.  Need to ensure that any increase in permit charges is legally compliant with DFT guidance regarding the rationale for increasing permit charges.
		<b>Staffing Implications</b>								None
		<b>Business Plan implications</b>								This revenue increase is over and above estimates already given.
		<b>Impact on other departments</b>								None
<b>Equalities Implications</b>	None									

DEPARTMENT: ENVIRONMENT AND REGENERATION SAVINGS - BUDGET PROCESS 2014-18

Panel	Ref	Description of Saving	Baseline Budget 13/14 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
SC	EV03	<b>Building &amp; Development Control</b>	<p>Deletion of two enforcement officer posts. Although a non-statutory service, this will lead to a sharp decrease in the sections ability to respond to enforcement complaints.</p> <p>Loss of 2 FTE's.</p> <p>Significantly reduced ability to respond to enforcement complaints and resulting inability to support built environment objectives. Complaints will not cease so significant impact on DC sections ability to operate and generate income.</p> <p>Ability to progress joint actions to improve areas will be reduced.</p> <p>None</p>	184	80		Low	High	SS2
		<b>Service/Section Description Service Implication</b>							
		<b>Staffing Implications</b>							
		<b>Business Plan implications</b>							
		<b>Impact on other departments</b>							
<b>Equalities Implications</b>									
SC	EV04	<b>Building &amp; Development Control</b>	<p>Outsourcing of certain administrative functions. It is not entirely proven that outsourcing (scanning) will be more efficient as the team works very well. Other authorities have had issues with loss of control. Further analysis will be needed.</p> <p>1FTE although depends on which functions are outsourced and the cost of those services.</p> <p>Loss of control of functions could lead to a slow down in business processes.</p> <p>None envisaged if successful.</p> <p>None</p>	204	30		Medium	Medium	SS2
		<b>Service/Section Description Service Implication</b>							
		<b>Staffing Implications</b>							
		<b>Business Plan implications</b>							
		<b>Impact on other departments</b>							
<b>Equalities Implications</b>									

## DEPARTMENT: ENVIRONMENT AND REGENERATION SAVINGS - BUDGET PROCESS 2014-18

Panel	Ref	Description of Saving	Baseline Budget 13/14 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
SC	EV05	<b>Building &amp; Development Control</b> Development of shared service for Planning and Building Control admin	204	30			Medium	Medium	SS1
		<b>Service Description</b> The admin service has already been reduced to a point where it is not possible to progress work on time resulting in reduced service performance. Conjoining the admin teams may provide resilience but efficiencies are unlikely							
		<b>Service Implication</b> Loss of one FTE							
		<b>Staffing Implications</b> Reduced ability to progress cases to professional officers on time resulting in further reduced performance, more complaints and downward spiral in service provision							
		<b>Business Plan implications</b> Reduced performance will slow respond times for other council projects i.e. Schools None							
SC	EV06	<b>Building &amp; Development Control</b> Deletion of two planning officer posts	217	80			Low	High	SS2
		<b>Service Description</b> This will lead to a sharp decrease in the sections ability to respond to and provide an acceptable level of service.							
		<b>Service Implication</b> Loss of 2 professionally qualified planners							
		<b>Staffing Implications</b> Significantly reduced ability to determine planning applications on time, with resulting complaints and restriction on economic development in the borough. Potential service performance failure with resulting Government intervention. HPDG (The Housing & Planning Delivery Grant) has historically funded 2 posts. This grant aid will expire in June 2014 in any event. This will significantly exacerbate the impact of these savings proposals.							
		<b>Business Plan implications</b> Reduced ability to progress councils own developments on time e.g. Schools expansion programme .Future Merton regeneration initiatives. None							

## DEPARTMENT: ENVIRONMENT AND REGENERATION SAVINGS - BUDGET PROCESS 2014-18

Panel	Ref	Description of Saving	Baseline Budget 13/14 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
SC	EV07	<b>Building &amp; Development Control</b>	126	50			Low	High	SS2
		<b>Service/Section Description</b> Deletion of one planning area team leader post This will lead to a sharp decrease in the sections ability to respond to and provide an acceptable level of service.							
		<b>Service Implication</b> Loss of one professionally qualified team leader.							
		<b>Staffing Implications</b>							
		<b>Business Plan implications</b> Significantly reduced ability to progress planning applications on time, with resulting complaints and restriction on economic development in the borough. Potential service performance failure with resulting Gov't intervention							
SC	EV08	<b>Impact on other departments</b> Reduced ability to progress councils own developments on time e.g. Schools expansion programme ,Future Merton regeneration initiatives.	4,526	250			Medium	Medium	SNS1
		<b>Equalities Implications</b> None							
		<b>Service/Section Description</b> <b>Waste disposal</b> Increased recycling rate by 3% following education and communications activity funded by WCSS. This will be driven by the incentivisation and education programme due to commence in March 2014							
		<b>Service Implication</b> None							
		<b>Staffing Implications</b> None							
		<b>Business Plan implications</b> None							
		<b>Impact on other departments</b> None							
		<b>Equalities Implications</b> None							



## DEPARTMENT: ENVIRONMENT AND REGENERATION SAVINGS - BUDGET PROCESS 2014-18

Panel	Ref	Description of Saving		Baseline Budget 13/14 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
SC	EV09	<b>Service/Section Description</b>	<b>Leisure &amp; Culture Development</b> Renegotiation of contract with GLL for management of Leisure Centres	220	120			Medium	Low	SP1
		<b>Service Implication</b>	None							
		<b>Staffing Implications</b>	None							
		<b>Business Plan implications</b>	None							
		<b>Impact on other departments Equalities Implications</b>	Legal and corporate finance input to contract renegotiations							
			None							
	EV10	<b>Service/Section Description</b>	<b>Greenspaces</b> To be determined through TOM, which will generate a series of business cases for volunteering channel shift and commercialisation of service.	2,763	130	100		Medium	High	SP1
		<b>Service Implication</b>	To be determined through TOM; working with volunteering channel shift to mitigate impact and maintain current level of service delivery; increase income through further commercialisation to offset budget reduction.							
		<b>Staffing Implications</b>	To be determined through TOM							
		<b>Business Plan implications</b>	To be determined through TOM							
		<b>Impact on other departments Equalities Implications</b>	To be determined through TOM							
			To be determined through TOM							

DEPARTMENT: ENVIRONMENT AND REGENERATION SAVINGS - BUDGET PROCESS 2014-18

Panel	Ref	Description of Saving		Baseline Budget 13/14 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
SC	EV11	<b>Service/Section</b>	<b>Parking Services</b>							
		<b>Description</b>	Increase all pay and display charges for on and off street parking by 10% over three years, which is broadly in line with inflation and with price increases for public transport, and follows no price increase in 2014/15. It should be noted that although increases are in line with inflation no allowance has been made for elasticity of demand and this figure could reduce.	(3,692)	125	125	125	Medium	High	S11
		<b>Service Implication</b>	Need to ensure that any increase in permit charges is legally compliant with DFT guidance regarding the rationale for increasing permit charges.							
		<b>Staffing Implications</b>	The initial changes will require considerable work in changing all the electronic chips. It will take 15 working days plus cost of electronic chips of £20K.							
		<b>Business Plan implications</b>	This revenue increase is over and above figures already given.							
		<b>Impact on other departments</b>	Complaints and FOI requests							
		<b>Equalities Implications</b>	None							
<b>Total Environment and Regeneration Savings</b>				<b>935</b>	<b>225</b>	<b>125</b>	<b>125</b>			

**DEPARTMENT: ENVIRONMENT AND REGENERATION SAVINGS - BUDGET PROCESS 2014-18**

Panel	Ref	Description of Saving	Baseline Budget 13/14 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
<b>Savings Type</b>									
SI1		Income - increase in current level of charges							
SI2		Income - increase arising from expansion of existing service/new service							
SS2		Staffing: reduction in costs due to deletion/reduction in service							
SNS1		Non - Staffing: reduction in costs due to efficiency							
SNS2		Non - Staffing: reduction in costs due to deletion/reduction in service							
SP1		Procurement / Third Party arrangements - efficiency							
SP2		Procurement / Third Party arrangements - deletion/reduction in service							
SG1		Grants: Existing service funded by new grant							
SG2		Grants: Improved Efficiency of existing service currently funded by unringfenced grant							
SPROP		Reduction in Property related costs							
<b>Panel</b>									
<b>O&amp;S</b>									
<b>C&amp;YP</b>									
<b>CC</b>									
<b>HC&amp;OP</b>									
<b>SC</b>									
<b>Overview &amp; Scrutiny</b>									
<b>Children &amp; Young People</b>									
<b>Corporate Capacity</b>									
<b>Healthier Communities &amp; Older People</b>									
<b>Sustainable Communities</b>									

DEPARTMENT: COMMUNITY AND HOUSING SAVINGS - BUDGET PROCESS 2014/15

Panel	Ref	Description of Saving	Baseline Budget 2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)	
CH1		<b>Service</b>	<p><b>Commissioning</b></p> <p><b>Placement budget:</b> Further reduction of the ASC placement budget, increasing the targets on 3 already agreed and ambitious proposals as follows: Brokerage efficiency savings, by finding the best value option and setting personal budgets on this basis</p> <p>These savings add to the targets of existing programmes: procurement, brokerage and contracting for home care. The ASC transformation plan will continue with its existing principles of promoting greater independence. This approach would be driven through all ASC access channels (Brokerage, MAAAT, OT and MILES), and through reviews.</p> <p>None identified.</p> <p>None identified.</p> <p>None identified.</p> <p>ASC customers are more likely to be older and have disabilities compared with the general population.</p>	36,658	31	242	107	High	High	SNS2
		<b>Description</b>								
		<b>Service Implication</b>								
		<b>Staffing Implications</b>								
		<b>Business Plan implications</b>								
		<b>Impact on other departments</b>								
<b>Equalities Implications</b>										
CH2		<b>Service</b>	<p><b>Placements</b></p> <p>Remodelling and re-procuring the domiciliary care service, following the end of the 3 year contract starting in 2012</p> <p>These savings add to the targets of existing programmes: procurement, brokerage and contracting for home care. The ASC transformation plan will continue with its existing principles of promoting greater independence. This approach would be driven through all ASC access channels (Brokerage, MAAAT, OT and MILES), and through reviews</p> <p>None identified.</p> <p>None identified.</p> <p>None identified.</p> <p>ASC customers are more likely to be older and have disabilities compared with the general population.</p>	36,658	31	242	107	High	High	SNS2
		<b>Description</b>								
		<b>Service Implication</b>								
		<b>Staffing Implications</b>								
		<b>Business Plan implications</b>								
		<b>Impact on other departments</b>								
<b>Equalities Implications</b>										

DEPARTMENT: COMMUNITY AND HOUSING SAVINGS - BUDGET PROCESS 2014/15

Panel	Ref	Description of Saving	Baseline Budget 2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
	CH3	<p><b>Description</b></p> <p><b>Service Implication</b></p> <p><b>Staffing Implications</b></p> <p><b>Business Plan implications</b></p> <p><b>Impact on other departments</b></p> <p><b>Equalities Implications</b></p>	36,658	32	244	108	High	High	SNS2
<p><b>Placements</b></p> <p>Procurement Opportunities (Placement budget)</p> <p>These savings add to the targets of existing programmes: procurement, brokerage and contracting for home care. The ASC transformation plan will continue with its existing principles of promoting greater independence. This approach would be driven through all ASC access channels (Brokerage, MAA T, OT and MILES), and through reviews</p> <p>None identified.</p> <p>None identified.</p> <p>None identified.</p> <p>ASC customers are more likely to be older and have disabilities compared with the general population.</p>									
<b>Total Commissioning &amp; Placements</b>				94	728	322			
	CH4	<p><b>Service Description</b></p> <p><b>Service Implication</b></p> <p><b>Staffing Implications</b></p> <p><b>Business Plan implications</b></p> <p><b>Impact on other departments</b></p> <p><b>Equalities Implications</b></p>	5,895	170	0	0	Medium	High	SS2
<p><b>Access &amp; Assessment</b></p> <p><b>Staffing reductions across Access and Assessment</b></p> <p>Less capacity within the A&amp;A team which will mean less professional support available for ASC customers, reduced capacity to conduct customer reviews, increased waiting times for assessment and delayed access to services.</p> <p>Loss of staff and therefore capacity. Proposed 4 FTE posts.</p> <p>None identified.</p> <p>None identified.</p> <p>ASC customers are more likely to be older and have disabilities compared with the general population</p>									
<b>Total Access &amp; Assessment</b>				170	0	0			

DEPARTMENT: COMMUNITY AND HOUSING SAVINGS - BUDGET PROCESS 2014/15

Panel	Ref	Description of Saving		Baseline Budget 2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
		<u>Library &amp; Heritage Service</u>								
	CH5	<b>Service</b> Description <b>Service Implication</b> <b>Staffing Implications</b> <b>Business Plan implications</b> <b>Impact on other departments</b> <b>Equalities Implications</b>	<b>Reduction in media fund</b> Reduced expenditure on library stock will be balanced by improvements in the way stock is purchased. None identified. None identified. None identified. Whilst less stock would be purchased the criteria will still be to supply a broad range of stock to meet community needs.	513	12	0	0	Low	Medium	SNS1
	CH6	<b>Service</b> Description <b>Service Implication</b> <b>Staffing Implications</b> <b>Business Plan implications</b> <b>Impact on other departments</b> <b>Equalities Implications</b>	<b>Increase income</b> Increased income will be delivered by maximising the use of space for commercial activities in library halls etc. None identified. None identified. None identified. Making more space available for commercial usage in halls may restrict some usage for community meetings but bookings will be taken on a first come first served basis.	333	10	0	0	Medium	Low	SNS1

DEPARTMENT: COMMUNITY AND HOUSING SAVINGS - BUDGET PROCESS 2014/15

Panel	Ref	Description of Saving	Baseline Budget 2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
		<b>Library &amp; Heritage Service</b>							
	CH7	<p><b>Service</b></p> <p><b>Description</b> Introduce self-serve libraries at off peak times</p> <p><b>Service Implication</b> Smaller libraries to be self-service and supported only by a security guard during off peak times.</p> <p><b>Staffing Implications</b> 3.5 FTE at risk</p> <p><b>Business Plan implications</b> None identified.</p> <p><b>Impact on other departments</b> None identified.</p> <p><b>Equalities Implications</b> Limited support for customers would be available during the self-service periods but this will be clearly promoted.</p>	1,224	0	0	90	Medium	High	SS2
<b>Total Library &amp; Heritage Service</b>				22	0	90			
		<b>Housing Needs &amp; Enabling</b>							
	CH8	<p><b>Service</b></p> <p><b>Description</b> <b>Reduction of Homelessness Prevention Grant</b> The HPG is used for the prevention of homelessness thus minimising the use of temporary accommodation. To date there has been an underspend of the HPG.</p> <p><b>Staffing Implications</b> None identified.</p> <p><b>Business Plan implications</b> The reduction in the Homelessness Prevention Grant may impact upon our ability to respond to homelessness.</p> <p><b>Impact on other departments</b> Increased homelessness has impacts on both CSF and ASC. Increased rough sleeping will impact on crime and disorder/ Safer Merton.</p> <p><b>Equalities Implications</b> BME communities are over represented nationally in homeless statistics and this may lead to a further increase in episodes of homelessness for these groups.</p>	400	35	56	0	Medium	Medium	SG2

DEPARTMENT: COMMUNITY AND HOUSING SAVINGS - BUDGET PROCESS 2014/15

Panel	Ref	Description of Saving		Baseline Budget 2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
	CH9	<b>Service Description</b> Service Implication	<b>Housing Needs &amp; Enabling</b> <b>Rationalisation of admin budget</b> Little projected impact on service overall. Potential difficulties in service improvement/TOM and retention of Customer Service Excellence accreditation.	172	0	30	36	Low	Low	SNS1
		<b>Staffing Implications</b>	None identified.							
		<b>Business Plan implications</b>	None identified.							
		<b>Impact on other departments</b>	None identified.							
		<b>Equalities Implications</b>	None identified.							
	CH10	<b>Service Description</b> Service Implication	<b>Housing Needs &amp; Enabling</b> <b>Deletion of one staffing post</b> The loss of front line operational staff may affect the council's ability to respond to housing need particularly in its ability to respond in a timely manner to prevent homelessness. Currently the council continues to maintain its position in having the lowest number of households in temporary accommodation in London despite the implementation of welfare reform.	1,048	0	0	36	Medium	Medium	SS2
		<b>Staffing Implications</b>	Deletion of one FTE post.							
		<b>Business Plan implications</b>	Homelessness Preventions: The reduction of staff could see a decrease in the number of homeless preventions being achieved.							
		<b>Equalities Implications</b>	Increased homelessness has impacts on both CSF and ASC. Increased rough sleeping will impact on crime and disorder/ Safer Merton.							
<b>Total Housing Needs and Enabling</b>					35	86	72			
<b>Total Community and Housing Savings</b>					321	814	484			



DEPARTMENT: COMMUNITY AND HOUSING SAVINGS - BUDGET PROCESS 2014/15

Panel	Ref	Description of Saving	Baseline Budget 2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
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**Savings Type**

- SS2 Staffing: reduction in costs due to deletion/reduction in service
- SNS1 Non - Staffing: reduction in costs due to efficiency
- SNS2 Non - Staffing: reduction in costs due to deletion/reduction in service
- SP1 Procurement / Third Party arrangements - efficiency
- SP2 Procurement / Third Party arrangements - deletion/reduction in service
- SG1 Grants: Existing service funded by new grant
- SG2 Grants: Improved Efficiency of existing service currently funded by unringfenced grant
- SPROP Reduction in Property related costs
- SI1 Income - increase in current level of charges
- SI2 Income - increase arising from expansion of existing service/new service

**Panel**

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

# A) CAPITAL STRATEGY

## Appendix 4

(Produced based on October 2013 monitoring data)

### 1 Introduction

1.1 Merton's Capital Strategy for 2014-18 has been aligned and integrated with the Business Plan for the period 2014-18. The Business Plan sets out how the Authority's objectives have been shaped by Merton Partnership in the Community Plan. The Community Plan sets out the overall vision and strategic direction of Merton which are embodied into five strategic themes:-

- Sustainable Communities and Transport;
- Safer and Stronger;
- Health and Well Being;
- Children and Young People;
- Corporate Capacity

1.2 Merton Partnership works towards improving the outcomes for people who work, live and learn in the borough and, in particular, to 'bridge the gap' between the eastern and western wards in the borough.

1.3 The financial reality facing local government dominates the choices the council will make for the future of the borough. The development of the Business Plan 2014/18 is therefore based on the set of guiding strategic priorities and principles, as adopted by the council on 13 July 2011:

- Merton should continue to provide a certain level of essential services for residents. The order of priority of 'must' services should be:
  - i) Continue to provide everything that is statutory.
  - ii) Maintain services – within limits – to the vulnerable and elderly.
- After meeting these obligations Merton should do all that it can to help residents who aspire. This means we should address the following as priorities in this order:
  - i) Maintain clean streets and keep council tax low.
  - ii) Keep Merton as a good place for young people to go to school and grow up.
  - iii) Be the best it can for the local environment.
  - iv) All the rest should be open for discussion.

The financial pressures facing Merton mean we should no longer aim to be a 'place-maker' but be a 'place-shaper'. The council should be an enabler, working with partners to provide services.

1.4 Merton's scrutiny function reflects these five strategic themes above and the themes have been incorporated into the bidding process for capital funding to ensure that scarce financial resources are targeted towards strategic objectives.

## **2 Planning Infrastructure**

### **2.1 Business Plan 2014-2018**

2.1.1 The Business Plan sets out the council's vision and ambitions for improvement over the next four years and how this will be achieved. Business Planning and financial planning frameworks are closely aligned and integrated.

### **2.2 Service Plans**

2.2.1 In developing the Capital Strategy, clear linkages have also been identified with not only the Business Plan but also departmental service plans beneath this. It reflects the capital investment implications of the approved objectives of those plans, which themselves reflect the council's proposals set out in service based strategies such as the Primary Places Strategy, Local Implementation Plan (Transport), and Asset Management Plans. Priorities for the Corporate Services department are based around how the council manages its resources effectively and how it carries out its wider community leadership role.

2.2.2 This Capital Strategy is a fundamental component of our approach since it reflects our strategic priorities across the council and endeavours to maximise the contribution of the council's limited capital resources to achieving our vision. We will work closely with residents, community organisations and businesses to focus our resources and those of our partners effectively. The strategy also sets out the management arrangements for allocating resources to individual schemes, establishing funding for projects, monitoring progress, managing performance and ensuring that scarce capital resources are allocated efficiently.

## **3 Accounting Definitions and Practices**

3.1 The council's approach to Capital Accounting follows the Code of Practice on Local Authority Accounting, which itself is based on the International Financial Reporting Standards (IFRS) and guidance issued by CIPFA and professional accounting networks.

3.2 As in previous years, there has been continual review of the Capital Programme to ensure that expenditure meets the strict definition and to identify any items which would be more appropriate to be charged to revenue. This has not resulted in any major changes to the future programme.

## **4 Corporate and strategic capital expenditure appraisal planning and control**

### **4.1 Capital Programme Board**

4.1.1 Merton's Capital Strategy is coordinated by the Capital Programme Board. The board, which is effectively a sub-group of the Corporate Management Team (CMT), consists of the Directors and their nominated senior officers from each service department, together with officers from the Business Planning Team.

4.1.2 The role of the board is to ensure that all capital expenditure and investment decisions are made in an informed way, consistent with the achievement of the council's overall corporate strategic objectives (paragraph 1.1) along with monitoring the asset disposals programme. It also has a co-ordinating, reviewing, developing, encouraging, and reporting role, which ensures that Merton makes effective and efficient use of its capital resources, including management of its capital assets. During 2012/13 considerable work has been undertaken reviewing and developing the systems and processes for:

- i) Compiling the Capital Programme
- ii) Monitoring Expenditure and year end / multi-year projection
- iii) Identification and Realisation of Scheme Benefits
- iv) Financing the Programme

4.1.3 The board recommends to cabinet how capital resources should be allocated. The recommendations are based on a review of existing schemes and consideration of growth proposals. The existing Capital Programme is examined for potential reductions and reprofiling. The growth bids are prioritised on the criteria as set out later in this document.

4.1.4 During the budget process the Director of Corporate Services recommends to cabinet an initial view as to how the Capital Programme should be funded. However, this recommendation will be informed by the Capital Programme Board's consideration of the capital receipts available and the forecast of future property disposals and the final funding during the closure of accounts will depend on the precise financial position. At this stage it is intended to utilise internal borrowing, capital grant, revenue RCCO and earmarked reserves. Any capital loans given out by the authority will be funded from capital receipts as the repayments will be received as capital receipts. It will be reported to Members as and when it is proposed to use external borrowing and any other use of capital receipts.

4.1.5 The council has had a robust policy for many years of reviewing and disposing of surplus property, detailed in the Asset Management Plan (AMP) which also includes policy and procedures for land and property acquisition. However, the economic recession has slowed disposals in recent years and will continue to have an effect for 2014/15 and probably future years. All capital receipts are pooled, unless earmarked by cabinet, and are used either

to finance further capital investment or for the payment of premiums on repayment of higher interest loans.

## **4.2 Capital Programme Approval and Amendment**

4.2.1 The Capital Programme is approved by Council each year. Any change which substantially alters the programme (and therefore the Prudential Indicators) requires full council approval. Rules for changes to the Capital Programme are detailed in the Council's Constitution Financial Regulations and Financial Procedures and the key points are summarised here.

4.2.2 For virements which do not substantially alter the programme the below approval limits apply:

- Virements up to £5k can be signed off by the budget manager, the Chief Financial Officer (CFO) is informed of these changes as part of the monthly financial monitoring
- Virements £5k up to £100k must be approved by the Chief Officer of the area or areas affected along with the Chief Financial Officer, typically this will be as part of the monthly financial monitoring report to CMT however approval can be sought from these officers at any time if necessary
- Virements £100k and upwards go to Cabinet
- Any virement which diverts resources from a scheme not started, resulting in a delay to that scheme, will be reported to Cabinet

(Please note virement rules are cumulative i.e. two virements of £5,000 from one code; the latter would require the approval of Chief Officers)

4.2.3 For increases to the programme, the source of funding and any other financial or non-financial impacts must be reported and the limits below apply:

- Budgets of up to £50k can be approved by the Chief Financial Officer in consultation with the relevant Chief Officer
- Budgets of £50k up £500k will be submitted to Cabinet for approval
- Budgets over £500k will be submitted to full Council for approval

## **4.3 Capital Monitoring**

4.3.1 The Council approves the four year Capital Programme in March each financial year. Amendments to the programme are approved appropriately by CMT, Cabinet and Council. Budget managers are required to monitor their budget regularly (normally monthly), key reviews are undertaken quarterly. December monitoring provides the final opportunity for budget managers to re-profile their budgets for the current financial year.

- 4.3.2 November monitoring information feeds into the Authority's Medium Term Financial Strategy (MTFS) and is used to assess the revenue impact over the period of the strategy.
- 4.3.3 Councillors receive regular monitoring reports on the overall position of capital expenditure in relation to the budget. They also receive separate progress reports on key spend areas. For example, in relation to the Primary School Expansion programme, the progress on each school is set out e.g. consultation, planning consent, start on site etc.

#### **4.4 Risk Management**

- 4.4.1 The management of risk is strategically driven by the Corporate Risk Management group. The group collates on a quarterly basis the headline departmental risks and planned mitigation activity from each department, project and partnership. From this information a Key Strategic Risk Register is compiled and presented to CMT and cabinet quarterly for discussion as part of the financial monitoring report. The Authority's Risk Management Strategy is reviewed and updated annually and presented to CMT, cabinet and Council.

### **5 Revenue budget implications of capital investment**

#### **5.1 Revenue cost or savings**

- 5.1.1 The council recognises that the prudential framework provides the council with flexibility, subject to the constraints of the council's revenue budget. This flexible ability to borrow, either from internal cash resources or by external borrowing, coupled with the revised treatment of finance leases with effect from 1 April 2010, means that prudential borrowing is used for the acquisition of equipment, where it is prudent, affordable and sustainable. In 2012/13 and 2013/14, it was possible to borrow from internal cash resources rather than external borrowing and it is forecast that this will continue to be the case until 2017/18. This will be kept under review as part of general Treasury Management.
- 5.1.2 The revenue effects of the capital programme are from capital financing charges and from additional revenue costs such as annual maintenance charges. The capital financing charges are made up of interest payable on loans to finance the expenditure and of principal repayments on those loans. The principal repayments commence in the year after the expenditure is incurred and are calculated by the application of the statutory Minimum Revenue Provision. The interest commences immediately the expenditure is incurred. The revenue effects of the capital programme are fully taken account of in the MTFS, with appropriate adjustments for slippage, timing of capital payments and the use of internal investment funds.

The revenue effects of the capital programme, are built into the MTFS and are summarised below:

<b>Revenue effects of Capital Programme</b>				
	2014/15	2015/16	2016/17	2017/18
	£000	£000	£000	£000
MRP	7,423	8,392	9,135	10,325
Interest	6,692	6,692	6,692	6,698
<b>Capital financing costs</b>	<b>14,115</b>	<b>15,084</b>	<b>15,827</b>	<b>17,023</b>
Investment Income	(435)	(357)	(328)	(217)
<b>Net</b>	<b>13,680</b>	<b>14,727</b>	<b>15,499</b>	<b>16,806</b>

## **6 Capital resources 2014-18**

### **6.1 Variety of sources**

6.1.1 Capital expenditure is funded from a variety of sources:-

- Grants which are not ring-fenced to be spent on a specific project or service
- Specific grants - earmarked for a specific project or purpose
- Capital receipts from the disposal of surplus and under-utilised land and property
- Other contributions such as Section 106
- Council Funding – through revenue funding, use of reserves or borrowing.

### **6.2 Annual Minimum Revenue Provision (MRP) Statement**

6.2.1 Under guidance from the Department for Communities and Local Government, authorities are required to prepare an annual statement on their policy on making MRP. This mirrors the existing requirements to report to the council on the Prudential borrowing limit and investment policy.

6.2.2 The statement is set out in the Treasury Management Strategy (Draft to be included in January Business Plan report to Cabinet).

## **7 Asset management review**

### **7.1 Capital receipts**

7.1.1 Capital receipts generated from the disposal of surplus and under-utilised land and property are a major source of funding and the potential available capital resources are under constant review and revision. The forecast of capital receipts included in this report are primarily based on the Corporate Asset Management Plan 2011-15, from which is derived a multi-year forecast of planned land and property disposals. In addition, after the transfer of the housing stock to Merton Priory Homes, the council continues to receive a share of the receipts from Right to Buy applications and through future



sharing arrangements, receipts from the sales of void properties, sales of development land and VAT saving on expenditure on stock enhancements.

7.1.2 Progress and estimates of capital receipts are considered at each meeting of the Capital Programme Board by consideration of the Capital Disposals Programme.

## **7.2 Property as a corporate resource**

7.2.1 The council treats its property as a corporate resource, oriented towards achieving its overall goals, underpinned by:

- Clear links to financial plans and budgets.
- Effective arrangements for cross-service working.
- Champions at senior officer and member level.
- Significant scrutiny by councilors.

7.2.2 It ensures that its properties are fit for purpose by making proper provision and action for maintenance and repair. The organisation makes investment and disposal decisions based on thorough option appraisal. The capital programme gives priority to potential capital projects based on a formal objective approval process.

7.2.3 Whole life project costing was used at the design stage for significant projects where appropriate, incorporating future periodic capital replacement costs, projected maintenance and decommissioning costs.

7.2.4 Whole life costing of significant projects, which span more than one year, also forms part of the regular monitoring reports.

7.2.5 A Strategic Asset Plan and the Corporate Asset Plan are currently being developed and will be used for asset management.

7.2.6 A new IT system for asset accounting has been brought into use and the possibility of this system being used for more widespread asset management will be explored.

## **8 Summary of estimated disposals 2014-2018**

### **8.1 Potential capital receipts**

8.1.1 Due to difficulties in the property market since the economic recession a cautious view has been taken of the potential capital receipts identified. Much of the anticipated capital receipts are as a result of the VAT shelter agreement entered into with Merton Priory Homes as part of the housing stock transfer. There are current proposals for some of the properties under this agreement to be redeveloped which would result in a reduction in receipts from the VAT shelter agreement, however a Development and Disposals Clawback Agreement was entered into as part of the same transfer and this should



result in a significant capital receipt should these development plans go ahead. The following table represents a 'best prudent view' at this time in respect of an anticipated cash flow and therefore future capital receipts have not been assumed as a source of funding for the capital programme at this stage, but do replace the need for external borrowing:-

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
<b>Total</b>	2,100	2,800	1,800	1,200

Note a) The above includes Right to Buys and the VAT shelter  
Although difficult to accurately predict, other sales of assets could improve the position.

8.1.2 Under the requirements of the Localism Act 2011 parish councils and local voluntary and community organisations have the right to nominate local land or buildings they would like to see included in a list of assets of community value which is maintained by the Local Authority. Once listed the owner must allow community interest groups up to six months to make an offer before the property can be sold to another. It is envisaged that this may lengthen the disposal time for some properties if they are listed as assets of community value by the Council.

## 8.2 Debt repayment

8.2.1 The council has had a strategy to reduce its level of debt. Since 1 April 2008, the average interest payable on outstanding debt has fallen from 6.6% to 5.72%. For the period 2014-18, capital receipts may continue to be used to pay the premiums on the repayment of those authority debts which have high fixed interest charges, if the terms offered make this economic and the option makes appropriate revenue savings, but will also be considered for funding parts of the programme.

## 9 Grant Funding Capital Resources

### 9.1 Environmental and Regeneration

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Transport for London LIP ( <b>earmarked</b> )	1,839	1,839	TBA	TBA
Disabled Facilities Grant ( <b>non-ringfenced</b> )	444	444	444	TBA
<b>Total: E&amp;R</b>	<b>2,283</b>	<b>2,283</b>	<b>444</b>	<b>TBA</b>

Note: Disabled Facilities Grant is an on-going grant programme, it has not been announced for the whole period 2014/17 but there are no indications that it will change in this time.

## 9.2 Children, Schools and Families

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Maintenance	TBA	TBA	TBA	TBA
Basic Need	7,150	TBA	TBA	TBA
<b>Total Local Authority Funding</b> (Both of the above grants are <b>non-ringfenced</b> )	<b>7,150</b>	<b>TBA</b>	<b>TBA</b>	<b>TBA</b>
Targeted Basic Need	10,855	696	0	0
Devolved Formula Capital ( <b>Earmarked</b> )	TBA	TBA	TBA	TBA
<b>TOTAL: CS&amp;F</b>	<b>18,005</b>	<b>TBA</b>	<b>TBA</b>	<b>TBA</b>
Assumed Maintenance and Basic Need	1,350	8,000	8,000	8,000

TBA – To Be Advised

Note: Basic Need was announced for 2014/15 in March 2013, however as yet the Capital Maintenance allocation has not been announced. Targeted Basic Need relates to specific schemes and must be spent by the end of the August of the financial year after it is received. It was allocated for 2013/14 and 2014/15 but the above shows when it is anticipated to be spent within this constraint.

## 9.3 Community and Housing

	2014/15 £000	2015/16 £000	2016/17 £000	2016/17 £000
C&H Adult Social Care Grant	410	TBA	TBA	TBA
Total C&H	410	TBA	TBA	TBA

TBA – To Be Advised

## 9.4 Summary of Grant Funding 2014-2018

9.4.1 The new resources notified to date are summarised in the following table. It is expected that there will be additional earmarked resources notified during the financial year 2014/15:-

Grant Funding	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Environment and Regeneration	2,583	2,283	TBA	TBA
Children, Schools and Families	18,005	TBA	TBA	TBA
Community and Housing	410	TBA	TBA	TBA
<b>Total New Grant Funding</b>	<b>20,988</b>	<b>TBA</b>	<b>TBA</b>	<b>TBA</b>
Assumed source of funding - CSF	1,350	8,000	8,000	8,000

## 10 Summary of Total Resources 2014-18:

### 10.1 Summary

10.1.1 The total anticipated resources over the plan period 2014-18, including existing grant funding and anticipated CS&F grants, is summarised in the following table:-

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Grant & Contributions	24,787	12,441	9,057	8,562
Council Funding	17,578	24,745	27,406	22,651
Total	42,365	37,186	36,463	31,213

10.1.2 Projects for which earmarked resources have been notified have been given authority to proceed, subject to a detailed specification and programme of works being agreed which ensures that the maximum benefits accrue to the council within the overall constraints of the approved funding. Those schemes, on their own, represent a considerable capital investment.

10.1.3 The Table below summarises the Indicative Capital Programme for 2018 to 2023. Additional detail is provided as Annex 5:

#### Indicative Capital Programme 2018 to 2023

Department	Indicative 2018/19 Budget £000s	Indicative 2019/20 Budget £000s	Indicative 2020/21 Budget £000s	Indicative 2021/22 Budget £000s	Indicative 2022/23 Budget £000s
Corporate Services	1,785	1,500	1,760	1,645	875
Children, Schools and Families	27,578	6,250	6,600	4,758	3,920
Environment and Regeneration*	5,324	5,050	4,515	4,515	4,515
Community and Housing	0	0	0	0	0
<b>Total</b>	<b>34,687</b>	<b>12,800</b>	<b>12,875</b>	<b>10,918</b>	<b>9,310</b>

\* Please note these figures do not include any allowance of grant funding for Transport for London and Disabled Facilities.

10.1.4 For every £1 million capital expenditure that is funded by external borrowing it is estimated that there will be annual revenue debt charges of between £242,000 for assets with a life of 5 years to £62,000 for an asset life of 50 years.

## **11 Capital bids and prioritisation criteria**

### **11.1 Prioritisation of schemes 2017/18**

The allocation of capital resources, on those schemes to be funded by borrowing, is focused towards the achievement of the council's key strategic objectives as agreed by councillors as highlighted in section 1 of this strategy.

The prioritisation criteria used in respect of growth were 'Statutory', Need (demand and / or priority), attracts match funding and revenue impact (including invest to save). Due to officers' awareness of the need to restrain the capital programme to affordable levels, the growth put forward over the period 2014-18, on the basis of these criteria by the board to cabinet was £32.097 million.

## **12 Detailed Capital Programme 2014-18**

### **12.1 Corporate Services**

This department is responsible for the administration of finance and staff, together with the corporate buildings including IT and utility services. Its main capital expenditure is on IT software and hardware, and on improvements to buildings. It is nearing the end of a major project for the restacking of offices in the Civic Centre to enable the economic concentration of staff and services on the borough's main civic site and replacement of Civic Centre Windows and the biggest remaining component of this is the replacement of the Civic Centre lifts. There are also budgets held centrally under Corporate Services to ensure funds are available to take up opportunities arising in the local property market, to leverage match funding or to enable transformation of services. The new schemes for this department are listed in Annex 1, Annex 3 provides a detailed breakdown of projects and Annex 4 provides the overall programme at scheme level for approval.

### **12.2 Children, Schools and Families**

This department's main capital focus is the need for increased provision of pupil places. There was already provision in the 2013-17 capital programme, but the revised programme is as follows:

	<b>2014/15 £000s</b>	<b>2015/16 £000s</b>	<b>2016/17 £000s</b>	<b>2017/18 £000s</b>
Primary Expansion	19,604	5,157	3,992	7,099
Secondary Expansion	275	1,475	14,495	13,700
<b>Total</b>	<b>19,879</b>	<b>6,632</b>	<b>18,487</b>	<b>20,799</b>

This is the most significant item in the council's capital programme and as such is set out in detail on the next page:

## **CSF capital programme 2014-18**

The requirement to provide sufficient school places is a key statutory requirement. The government provides capital grant to meet some of this need, but there is a significant shortfall for the council to fund.

The vast majority of the CSF capital programme for 2014-16 relates to the requirement to provide sufficient primary school places but there is also some capital for other categories of expenditure. The focus then changes to provision of secondary school places, with some expansion of special school provision also required.

### **Primary school places**

The 2013-17 capital programme approved provision to deliver the primary school expansion for an additional 23 forms of entry (FE) as permanent and to start 2 further FEs along with 3 FE of temporary provision, compared to that provided in 2007/08.

As a result the council has either completed, or is in the progress of permanent expansion to provide 21 additional forms of entry since 2007/08. These are at the following 20 schools: Wimbledon Chase, Holy Trinity CE, St. Thomas of Canterbury, Benedict, Hollymount, Joseph Hood, Aragon, Cranmer, Merton Abbey, St Mary's, All Saints CE, Gorringe Park, Hillcross, Pelham, Dundonald, Poplar, Liberty, Singlegate (2FE extra, through additional adjacent site), Wimbledon Park, and William Morris.

Following analysis of more recent demographic information and admissions data, officers are adopting a prudent and cautious approach to planning for future expansions. No further permanent expansions will be undertaken until additional sustained demand for places is identified. The capital programme enables temporary accommodation to be provided in up to three schools in 2016-17 with additional budget also allocated from 2015-16 to enable further permanent expansions to be undertaken should the need materialise. The position will be kept under regular review by officers.

### **Secondary and special school places**

The significant increase in demand for school places will reach the secondary phase from 2015/16 but it is expected this can be met through existing accommodation for the first two years. New build, expansion and enabling works will be required to provide sufficient places thereafter so significant budget is proposed for this from 2016-17.

The capital programme for 2014/18 includes £29.9 million for 5 secondary FE classes attached to our existing schools and some preliminary costs in respect of a new secondary school. The costs of the new school and an additional 5 secondary FE classes have yet to be built into the Capital Programme. Currently, there is uncertainty over the size, timing and cost of

the secondary expansion, this includes a lack of clarity regarding government funding.

The capital programme also includes a sum for additionally resourced SEN provision for pupils on the autism spectrum and more will be required after 2016 for permanent additional special school places.

### **Other schemes**

With regard to other capital schemes, £500,000 is provided for schools capital improvement works in 2014/15 and this increased to £600,000 per annum thereafter. This is an increase from previous years, but will be limited to urgent health and safety related needs, with the council expecting schools to fund all works below £20,000.

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## 12.3 Environment and Regeneration

This department provides a co-ordinated approach to managing the public realm (all borough areas to which the public has access), as well as the regeneration of our town centres and neighbourhoods.

The individual projects for this department are all listed in Annex 3. Other than the grant funded Transport for London scheme for the upgrade of principal roads and also Environmental Health grants, the departments main schemes relate to 10 main areas:

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Highways Planned Road Works	1,500	1,500	1,500	1,500
Footways Planned Works	1,000	1,000	1,000	1,000
Highways General Planned Works	589	412	159	419
Leisure Centres	1,300	10,300	300	300
Future Merton	3,800	3,878	1,037	0
Replacement of Fleet Vehicles	500	500	500	500
Traffic and Parking management	135	135	306	
Parks Investment	250	250	425	250
Street Lighting Replacement Programme	410	200	462	290
Street Scene	315	275	100	0
<b>Total</b>	<b>9,799</b>	<b>18,450</b>	<b>5,889</b>	<b>4,259</b>

### 12.3.1 Highways Planned Road Works and Footways Planned Works

These works are based on annual condition surveys of the whole of the borough. As a result, items are prioritised and drawn up in programmes of works. These programmes may be amended as circumstances alter.

### 12.3.2 Highways General Planned Works

An indicative list of the major works to be done under this budgeted scheme is as follows:

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Demand for Surface Water Drainage - Flooding	62	62	69	69
Highways bridges and structures improvements	370	260	0	260
Anti-Skid and Coloured	90	90	90	90

### 12.3.3 Leisure

The major works relate to the authority's three Leisure Centres. The first scheme is for general improvements to the three Leisure Centres. The second scheme, Morden Park Pools, is a major investment for the council, with the replacement of the current centre with a new facility.

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Replacement of Leisure Centre Plant and Machinery	300	300	300	300
Morden Park Pools	1,000	10,000	0	0

### 12.3.4 Future Merton

Regeneration is a major part of the council's strategy. A vision for Morden town centre is being developed and Mitcham town centre will be sustainably developed. The main areas of expenditure over the Capital Programme period will be those below.

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Investment in industrial estates to create high-tech industrial park for key sectors	250	500	0	0
Town Centre Investment	750	878	1,037	0
Mitcham – TfL Major Schemes	300	0	0	0
Transportation Enhancements	2,500	2,500	0	0



## 12.4 Community and Housing

This department aims to provide residents with the chance to live independent and fulfilling lives, in suitable homes within sustainable communities, with chances to learn, use information, and acquire new skills.

The departmental Capital Programme for 2014/15 comprises:

	2014/15 £000
Adult Social Care Information Technology	991
Housing	760
Total	1,751

At present there are no Community and Housing Schemes in the Capital Programme for 2015/16 or 2017/18. In 2016/17 there is a £550,000 budget for re-provision of Colliers Wood Library.

## 12.5 Overall Programme

12.5.1 The approved Capital Programme for 2014/18 follows at Annex 1`, Annex 3 provides an additional breakdown detail of the approved schemes. The summary is as follows:

Capital Programme	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
Corporate Services	5,132	2,591	3,162	2,806
Children, Schools & Families	22,241	8,920	22,087	21,399
Environment & Regeneration	13,037	21,143	6,623	4,599
Community and Housing	1,751	0	550	0
<b>Total</b>	<b>42,161</b>	<b>32,654</b>	<b>32,422</b>	<b>28,804</b>

12.5.2 The funding details for the programme follow at Annex 2

12.5.3 Within the funding details the authority has anticipated some slippage for schemes that require a consultation process or a planning application or where the implementation timetable is not certain. The slippage anticipated reduces the spend in the year it is budgeted but increases the spend in the following year when it is incurred. When slippage from 2013/14 is approved, the 2014/15 Capital Programme will be adjusted accordingly.

12.5.4 Annex 1	Capital Investment Programme - Schemes for Approval
Annex 2	Funding the Capital Programme 2014-18
Annex 3	Detailed Capital Programme 2014-18
Annex 4	Analysis of Growth
Annex 5	Indicative Capital Programme 2018-23

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**CAPITAL INVESTMENT PROGRAMME – SCHEMES FOR APPROVAL**

Department	2014/15	2015/16	2016/17	2017/18
Corporate Services	5,132	2,591	3,162	2,806
Children, Schools and Families	22,241	8,920	22,087	21,399
Environment and Regeneration	13,037	21,143	6,623	4,599
Community and Housing	1,751	0	550	0
<b>Total</b>	<b>42,161</b>	<b>32,654</b>	<b>32,422</b>	<b>28,804</b>

Corporate Services	2014/15	2015/16	2016/17	2017/18
	£000s	£000s	£000s	£000s
Corporate Budgets	1,573	2,007	500	0
Business Improvement	1,525	0	0	0
Resources	517	0	0	0
I&T - Information Technology	217	384	1,662	1,806
I&T - Facilities Management	1,300	200	1,000	1,000
<b>Total</b>	<b>5,132</b>	<b>2,591</b>	<b>3,162</b>	<b>2,806</b>

**CAPITAL INVESTMENT PROGRAMME – SCHEMES FOR APPROVAL**

Children, Schools and Families	2014/15	2015/16	2016/17	2017/18
	£000s	£000s	£000s	£000s
<b>Primary School Expansions</b>				
Cranmer expansion	919	492	0	0
Dundonald expansion	1,728	2,740	1,117	0
Gorringer Park expansion	22	0	0	0
Hillcross School Expansion	2,627	250	0	0
Merton Abbey	2,823	200	0	0
Pelham School Expansion	3,849	226	0	0
Poplar Permanent Expansion	3,084	953	0	0
St Mary's expansion	1,632	100	0	0
Singlegate expansion	2,750	100	0	0
Wimbledon Park expansion	170	0	0	0
22 FE School Expansion	0	95	2,575	2,075
23 FE School Expansion	0	0	100	555
24 FE School Expansion	0	0	100	1,625
25 FE School Expansion	0	0	100	1,625
26 FE School Expansion	0	0	0	619
27 FE School Expansion	0	0	0	300
28 FE School Expansion	0	0	0	300
<b>Total Primary School Expansions</b>	<b>19,604</b>	<b>5,157</b>	<b>3,992</b>	<b>7,099</b>
<b>Secondary School Expansion</b>				
Scheme 1 Phased extra 4FE	50	150	2,800	
Scheme 2 Phased extra 4FE	50	150	2,800	
Scheme 3 Phased extra 4FE	50	150	2,800	
Scheme 4 New school phased 6-8FE	100	1,000	4,000	7,000
Scheme 5 Phased extra 2FE			95	1,500
Scheme 6 Phased extra 2FE	25	25	1,900	3,000
Scheme 7 - extra 1FE			50	1,100
Scheme 8 - extra 1FE			50	1,100
<b>Total Secondary School Expansion</b>	<b>275</b>	<b>1,475</b>	<b>14,495</b>	<b>13,700</b>
<b>Other</b>				
Total Schs Cap Maint & Accessibility	500	600	600	600
Primary school autism unit	662	238	0	0
Perseid	800	500	0	0
Secondary School Autism Unit	350	850	0	0
Cricket Green	50	100	3,000	0
<b>Total Other</b>	<b>2,362</b>	<b>2,288</b>	<b>3,600</b>	<b>600</b>
<b>Total</b>	<b>22,241</b>	<b>8,920</b>	<b>22,087</b>	<b>21,399</b>

**CAPITAL INVESTMENT PROGRAMME – SCHEMES FOR APPROVAL**

<b>Environment and Regeneration</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Total Footways Planned Works	1,000	1,000	1,000	1,000
Total Greenspaces	250	250	425	250
Total Highways General Planned Works	589	412	159	419
Total Highways Planned Road Works	1,500	1,500	1,500	1,500
Total Leisure Centres	1,300	10,300	300	300
Total Regeneration Partnerships	1,130	1,378	1,037	0
Total Plans and Projects	70	0	0	0
Total Street Lighting	410	200	462	290
Total Street Scene	315	275	100	0
Total Transport for London	1,839	1,839	0	0
Total Traffic and Parking Management	135	135	306	0
Total Transport and Plant	3,000	3,000	500	500
Total Safer Merton - CCTV & ASB	145	0	0	0
Total Environmental Health	1,264	764	784	340
Total Waste Operations	90	90	50	0
<b>TOTAL</b>	<b>13,037</b>	<b>21,143</b>	<b>6,623</b>	<b>4,599</b>

<b>Community and Housing</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Libraries	0	0	550	0
Adult Social Care	991	0	0	0
Housing	760	0	0	0
<b>Total</b>	<b>1,751</b>	<b>0</b>	<b>550</b>	<b>0</b>

Merton	Capital Programme £000s	Merton Funded £000s	Funded by Grant & Capital Contributions £000s
<b>TOTAL Revised 2013/14</b>	<b>44,546</b>	24,285	20,261
Potential Slippage c/f	<b>(12,830)</b>	<b>(9,854)</b>	<b>(2,975)</b>
<b>TOTAL Spend 2013/14</b>	<b>31,717</b>	14,430	17,286
<b>2014/15 Revised Budget</b>	<b>42,160</b>	18,205	23,955
Potential Slippage b/f	<b>12,830</b>	9,854	2,975
Potential Slippage c/f	<b>(12,625)</b>	<b>(10,481)</b>	<b>(2,143)</b>
<b>TOTAL Spend 2014/15</b>	<b>42,365</b>	17,578	24,787
<b>2015/16 Draft Budget</b>	<b>32,654</b>	21,175	11,479
Potential Slippage b/f	<b>12,625</b>	10,481	2,143
Potential Slippage c/f	<b>(8,093)</b>	<b>(6,912)</b>	<b>(1,181)</b>
<b>TOTAL Spend 2015/16</b>	<b>37,186</b>	24,745	12,441
<b>2016/17 Draft Budget</b>	<b>32,422</b>	23,978	8,444
Potential Slippage b/f	<b>8,093</b>	6,912	1,181
Potential Slippage c/f	<b>(4,051)</b>	<b>(3,483)</b>	<b>(568)</b>
<b>TOTAL Spend 2016/17</b>	<b>36,463</b>	27,406	9,057
<b>2017/18 Draft Budget</b>	<b>28,804</b>	20,804	8,000
Potential Slippage b/f	<b>4,051</b>	3,483	568
Potential Slippage c/f	<b>(1,643)</b>	<b>(1,636)</b>	<b>(6)</b>
<b>TOTAL Spend 2017/18</b>	<b>31,213</b>	22,651	8,562

<b>Corporate Services</b>	<b>Scrutiny Panel *</b>	<b>2014/15 £000s</b>	<b>2015/16 £000s</b>	<b>2016/17 £000s</b>	<b>2017/18 £000s</b>
<b>Corporate Budgets</b>					
Acquisitions Budget	OSC	573	500	500	0
Transformation Budgets	OSC	0	507	0	0
Capital Bidding Fund	OSC	1,000	1,000	0	0
<b>Total Corporate Budgets</b>		<b>1,573</b>	<b>2,007</b>	<b>500</b>	<b>0</b>
<b>Business Improvements</b>					
Replace doc management system	OSC	740	0	0	0
Customer Contact Programme	OSC	785	0	0	0
<b>Total Business Improvements</b>		<b>1,525</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Resources</b>					
Improving Information Systems	OSC	517	0	0	0
<b>Total Resources</b>		<b>517</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Information Technology</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Planned Replacement Programme	OSC	182	299	1,412	1,686
ITSD Enhancements	OSC	35	85	250	120
<b>Total Information Technology</b>		<b>217</b>	<b>384</b>	<b>1,662</b>	<b>1,806</b>
<b>Facilities Management</b>					
Civic Centre refurbishment	OSC	100	0	0	0
Energy Utility Invest to Save	SC	100	0	150	150
Invest to Save schemes-General	OSC	100	0	150	150
Water Safety Works	OSC	0	0	150	150
Asbestos Safety Works	OSC	0	0	250	250
Capital Works - Facilities	OSC	200	200	300	300
Civic Centre Passenger Lifts	OSC	650	0	0	0
Civic Centre Windows	OSC	150	0	0	0
<b>Total Facilities Management</b>		<b>1,300</b>	<b>200</b>	<b>1,000</b>	<b>1,000</b>
<b>TOTAL</b>		<b>5,132</b>	<b>2,591</b>	<b>3,162</b>	<b>2,806</b>

\* OSC= Overview and Scrutiny Commission, CYP = Children and Young People, HCOP = Healthier Communities and Older People SC = Sustainable Communities,

Children, Schools and Families	Scrutiny Panel *	2014/15	2015/16	2016/17	2017/18
		£000s	£000s	£000s	£000s
<b>Primary School Expansions</b>					
Cranmer expansion	CYP	919	492	0	0
Dundonald expansion	CYP	1,728	2,740	1,117	0
Gorrington Park expansion	CYP	22	0	0	0
Hillcross School Expansion	CYP	2,627	250	0	0
Merton Abbey	CYP	2,823	200	0	0
Pelham School Expansion	CYP	3,849	226	0	0
Poplar Permanent Expansion	CYP	3,084	953	0	0
St Mary's expansion	CYP	1,632	100	0	0
Singlegate expansion	CYP	2,750	100	0	0
Wimbledon Park expansion	CYP	170	0	0	0
22 FE School Expansion	CYP	0	95	2,575	2,075
23 FE School Expansion	CYP	0	0	100	555
24 FE School Expansion	CYP	0	0	100	1,625
25 FE School Expansion	CYP	0	0	100	1,625
26 FE School Expansion	CYP	0	0	0	619
27 FE School Expansion	CYP	0	0	0	300
28 FE School Expansion	CYP	0	0	0	300
<b>Total Primary School Expansions</b>		<b>19,604</b>	<b>5,157</b>	<b>3,992</b>	<b>7,099</b>
<b>Other</b>					
Schs Cap Maint & Accessibility	CYP	500	600	600	600
Primary school autism unit	CYP	662	238	0	0
Perseid	CYP	800	500	0	0
Secondary School Autism Unit	CYP	350	850	0	0
Cricket Green	CYP	50	100	3,000	0
<b>Total Other</b>		<b>2,362</b>	<b>2,288</b>	<b>3,600</b>	<b>600</b>
<b>Secondary School Expansion</b>					
Scheme 1 Phased extra 4FE	CYP	50	150	2,800	
Scheme 2 Phased extra 4FE	CYP	50	150	2,800	
Scheme 3 Phased extra 4FE	CYP	50	150	2,800	
Scheme 4 New school phased 6-8FE	CYP	100	1,000	4,000	7,000
Scheme 5 Phased extra 2FE	CYP			95	1,500
Scheme 6 Phased extra 2FE	CYP	25	25	1,900	3,000
Scheme 7 - extra 1FE	CYP			50	1,100
Scheme 8 - extra 1FE	CYP			50	1,100
<b>Total Secondary School Expansion</b>		<b>275</b>	<b>1,475</b>	<b>14,495</b>	<b>13,700</b>
<b>TOTAL</b>		<b>22,241</b>	<b>8,920</b>	<b>22,087</b>	<b>21,399</b>

\* OSC= Overview and Scrutiny Commission, CYP = Children and Young People, HCOP = Healthier Communities and Older People SC = Sustainable Communities,



Environment and Regeneration	Scrutiny Panel *	2014/15	2015/16	2016/17	2017/18
		£000s	£000s	£000s	£000s
<b>Footways Planned Works</b>					
Repairs to Footways	SC	1,000	1,000	1,000	1,000
<b>Total Footways Planned Works</b>		<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>
<b>Greenspaces</b>					
Parks Investment	SC	250	250	425	250
<b>Total Greenspaces</b>		<b>250</b>	<b>250</b>	<b>425</b>	<b>250</b>
<b>Highways General Planned Works</b>					
Surface Water Drainage	SC	62	62	69	69
Highways bridges & structures	SC	370	260	0	260
Maintain AntiSkid and Coloured	SC	90	90	90	90
B497/8 Lombard Rd Improvements	SC	24	0	0	0
B639a Fair Green	SC	43	0	0	0
<b>Total Highways General Planned Works</b>		<b>589</b>	<b>412</b>	<b>159</b>	<b>419</b>
<b>Highways Planned Road Works</b>					
Borough Roads Maintenance	SC	1,500	1,500	1,500	1,500
<b>Total Highways Planned Road Works</b>		<b>1,500</b>	<b>1,500</b>	<b>1,500</b>	<b>1,500</b>
<b>Leisure Centres</b>					
Leisure Centre Plant & Machine	SC	300	300	300	300
Morden Park Pool and LC Invest	SC	1,000	10,000	0	0
<b>Total Leisure Centres</b>		<b>1,300</b>	<b>10,300</b>	<b>300</b>	<b>300</b>
<b>Regeneration Partnerships</b>					
Industrial Estate Investment	SC	250	500	0	0
Mitcham Major schemes	SC	300	0	0	0
Town Centre Investment	SC	750	878	1,037	0
<b>Total Regeneration Partnerships</b>		<b>1,300</b>	<b>1,378</b>	<b>1,037</b>	<b>0</b>
<b>Plans and Projects</b>					
Climate Change Initiatives	SC	70	0	0	0
<b>Total Plans and Projects</b>		<b>70</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Street Lighting</b>					
Street Lighting Replacement Pr	SC	410	200	462	290
<b>Total Street Lighting</b>		<b>410</b>	<b>200</b>	<b>462</b>	<b>290</b>
<b>Street Scene</b>					
Street scene enhancements	SC	250	250	0	0
Street Tree Programme	SC	65	25	100	0
<b>Total Street Scene</b>		<b>315</b>	<b>275</b>	<b>100</b>	<b>0</b>
<b>Transport for London</b>					
Unallocated	SC	1,839	1,839	0	0
<b>Total Transport for London</b>		<b>1,839</b>	<b>1,839</b>	<b>0</b>	<b>0</b>
<b>Traffic and Parking Management</b>					
Minor traffic/danger reduction	SC	120	120	0	0
Traffic surveys & Safety Measu	SC	15	15	0	0
Traffic Schemes	SC	0	0	306	0
<b>Total Traffic and Parking Management</b>		<b>135</b>	<b>135</b>	<b>306</b>	<b>0</b>

\* OSC= Overview and Scrutiny Commission, CYP = Children and Young People, HCOP = Healthier Communities and Older People SC = Sustainable Communities,

Environment and Regeneration	Scrutiny Panel *	2014/15	2015/16	2016/17	2017/18
<b>Transport and Plant</b>					
Replacement of Fleet Vehicles	SC	500	500	500	500
Transportation Enhancements	SC	2,500	2,500	0	0
<b>Total Transport and Plant</b>		<b>3,000</b>	<b>3,000</b>	<b>500</b>	<b>500</b>
<b>Safer Merton - CCTV &amp; ASB</b>					
CCTV (match funding)	SC	145	0	0	0
<b>Total Safer Merton - CCTV &amp; ASB</b>		<b>145</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Environmental Health</b>					
Disabled Facilities Grant DCLG	SC	444	444	444	0
Disabled Facilities Grant LBM	SC	780	280	280	280
Small Repairs Grant	SC	40	40	60	60
<b>Total Environmental Health</b>		<b>1,264</b>	<b>764</b>	<b>784</b>	<b>340</b>
<b>Waste Operations</b>					
Alley Gating Scheme - Fly Tip	SC	50	50	50	0
Re-use/recycling Site Maintena	SC	40	40	0	0
<b>Total Waste Operations</b>		<b>90</b>	<b>90</b>	<b>50</b>	<b>0</b>
<b>TOTAL</b>		<b>13,037</b>	<b>21,143</b>	<b>6,623</b>	<b>4,599</b>

\* OSC= Overview and Scrutiny Commission, CYP = Children and Young People, HCOP = Healthier Communities and Older People SC = Sustainable Communities,

<b>Community and Housing</b>	<b>Scrutiny Panel *</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
		<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Adult Social Care</b>					
CareFirst report Development	HCOP	14	0	0	0
Captive E-Learning CareFirst	HCOP	6	0	0	0
Contingency	HCOP	71	0	0	0
Replacement SC System	HCOP	900	0	0	0
<b>Total Adult Social Care</b>		<b>991</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Housing</b>					
Western Road *	SC	760	0	0	0
<b>Total Housing</b>		<b>760</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Libraries</b>					
Relocation of Colliers Wood Library	SC	0	0	550	0
<b>Total Libraries</b>		<b>0</b>	<b>0</b>	<b>550</b>	<b>0</b>
<b>Total</b>		<b>1,751</b>	<b>0</b>	<b>550</b>	<b>0</b>

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Department	2014/15	2015/16	2016/17	2017/18
	£000s	£000s	£000s	£000s
Corporate Services	297	489	(10)	2,806
Children, Schools and Families	1,271	1,888	3,200	17,500
Environment and Regeneration	507	0	50	4,599
Community and Housing	0	0	0	0
<b>Total</b>	<b>2,075</b>	<b>2,377</b>	<b>3,240</b>	<b>24,905</b>

Corporate Services	Scrutiny Panel *	2014/15	2015/16	2016/17	2017/18
		£000s	£000s	£000s	£000s
<b>Infrastructure &amp; Transactions</b>					
Transformation (IT) - I&T **	OSC		(11)		
IT SD Stability **	OSC			(10)	1,806
<b>Business Improvement</b>		297			
<b>Resources</b>					
<b>Corporate Governance</b>					
<b>Corporate</b>					
Capital Bidding Fund	OSC		500		
Acquisitions Budget	OSC				
<b>FM Capital Works</b>					
Energy Utilities Invest to Save	SC				150
Invest to Save schemes - General	OSC				150
Water Safety Works	OSC				150
Asbestos Works	OSC				250
FM Capital Works - Facilities	OSC				300
<b>Total</b>		<b>297</b>	<b>489</b>	<b>(10)</b>	<b>2,806</b>

\* OSC= Overview and Scrutiny Commission, CYP = Children and Young People, HCOP = Healthier Communities and Older People SC = Sustainable Communities,

\*\* Negative growth in the capital programme is as a result of identifying some works as revenue rather than capital as part of on-going reviews of the programme

Children, Schools and Families	Scrutiny Panel *	2014/15	2015/16	2016/17	2017/18
		£000s	£000s	£000s	£000s
School expansion 19FE to 25FE (Garfield) **	CYP	(29)			
Beecholme 2 Temp. classrooms	CYP				
23 FE School to be Confirmed	CYP				
24 FE School to be Confirmed	CYP				1,600
25 FE School to be Confirmed	CYP				1,600
26FE Temporary Solution for Sept. 2015	CYP				
27FE Temporary Solution for Sept. 2016	CYP				
28FE Temporary Solution for Sept. 2016	CYP				
29FE School Expansion					
Primary School autism unit			238		
<b>Primary School Expansions</b>		<b>(29)</b>	<b>238</b>	<b>0</b>	<b>3,200</b>
Schools Capital Maintenance and Accessibility	CYP	100	200	200	600
Secondary School expansion	CYP	1,200	1,450	3,000	13,700
<b>Other</b>		<b>1,300</b>	<b>1,650</b>	<b>3,200</b>	<b>14,300</b>
<b>Total</b>		<b>1,271</b>	<b>1,888</b>	<b>3,200</b>	<b>17,500</b>

\* OSC= Overview and Scrutiny Commission, CYP = Children and Young People, HCOP = Healthier Communities and Older People SC = Sustainable Communities,

\*\* Negative growth in the capital programme is as a result of identifying some works as revenue rather than capital as part of on-going reviews of the programme

Environment and Regeneration	Scrutiny Panel *	2014/15	2015/16	2016/17	2017/18
		£000s	£000s	£000s	£000s
<b>Transport for London</b>					
<b>CCTV and Anti-Social Behaviour (ASB) **</b>		(13)			
<b>Environmental Health</b>					
Disabled Facilities Grant - LBM Contribution	SC	300			280
Small Repairs Grant (Private Sector Housing Programme)	SC				60
<b>Highway Maintenance</b>					
Bridges and Structures		110			260
<b>Footways</b>					
Footways Planned Works	SC				1,000
<b>General</b>					
Demand for Surface Water Drainage - Flooding	SC				69
Maintenance Anti-Skid and Coloured	SC				90
<b>Roads</b>					
Highways Planned Roadworks	SC				1,500
<b>Greenspaces</b>					
Parks Investment	SC				250
<b>Leisure Centres</b>					
Replacement of Leisure Centre Plant and Machinery including accelerated schemes in 2009/10	SC				300
<b>Street Lighting</b>					
Street Lighting Replacement Programme	SC	110			290
<b>Transport and Plant</b>					
Replacement of Fleet Vehicles	SC				500
<b>Other</b>				50	
<b>TOTAL</b>		<b>507</b>	<b>0</b>	<b>50</b>	<b>4,599</b>

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\*\* Negative growth in the capital programme is as a result of identifying some works as revenue rather than capital as part of on-going reviews of the programme

**Community and Housing**

No growth for community and Housing is proposed as part of the 2014-18 capital programme

<b>Corporate Services</b>	<b>Scrutiny Panel*</b>	<b>Indicative 2018/19 Budget</b>	<b>Indicative 2019/20 Budget</b>	<b>Indicative 2020/21 Budget</b>	<b>Indicative 2021/22 Budget</b>	<b>Indicative 2022/23 Budget</b>
		£000s	£000s	£000s	£000s	£000s
<b>Information Technology</b>						
Planned Replacement Programme	OSC	560	575	860	770	0
ITSD Enhancements	OSC	275	0	0	0	0
<b>Total Information Technology</b>		<b>835</b>	<b>575</b>	<b>860</b>	<b>770</b>	<b>0</b>
<b>Facilities Management</b>						
Energy Utility Invest to Save	SC	150	150	150	150	150
Invest to Save schemes-General	OSC	150	150	150	150	150
Water Safety Works	OSC	100	75	50	25	25
Asbestos Safety Works	OSC	250	250	250	250	250
Capital Works - Facilities	OSC	300	300	300	300	300
<b>Total Facilities Management</b>		<b>950</b>	<b>925</b>	<b>900</b>	<b>875</b>	<b>875</b>
<b>Information Technology</b>						
Planned Replacement Programme	OSC	560	575	860	770	0
ITSD Enhancements	OSC	275	0	0	0	0
<b>Total Information Technology</b>		<b>835</b>	<b>575</b>	<b>860</b>	<b>770</b>	<b>0</b>
<b>TOTAL</b>		<b>1,785</b>	<b>1,500</b>	<b>1,760</b>	<b>1,645</b>	<b>875</b>

Children, Schools and Families	Scrutiny Panel*	Indicative 2018/19 Budget	Indicative 2019/20 Budget	Indicative 2020/21 Budget	Indicative 2021/22 Budget	Indicative 2022/23 Budget
		£000s	£000s	£000s	£000s	£000s
<b>Primary School Expansions</b>						
23 FE School Expansion	CYP	2,575	1,600	0	0	0
24 FE School Expansion	CYP	1,600	1,600	0	0	0
25 FE School Expansion	CYP	1,600	1,600	0	0	0
<b>Total Primary School Expansions</b>		<b>5,775</b>	<b>4,800</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other</b>						
Schs Cap Maint & Accessibility	CYP	600	600	600	600	600
Perseid	CYP	850	850	0	0	0
Secondary School expansion	CYP	20,353	0	6,000	4,158	3,320
<b>Total Other</b>		<b>21,803</b>	<b>1,450</b>	<b>6,600</b>	<b>4,758</b>	<b>3,920</b>
<b>TOTAL</b>		<b>27,578</b>	<b>6,250</b>	<b>6,600</b>	<b>4,758</b>	<b>3,920</b>



Environment and Regeneration	Scrutiny Panel*	Indicative 2018/19 Budget	Indicative 2019/20 Budget	Indicative 2020/21 Budget	Indicative 2021/22 Budget	Indicative 2022/23 Budget
		£000s	£000s	£000s	£000s	£000s
<b>Footways Planned Works</b>						
Repairs to Footways	SC	1,000	1,000	1,000	1,000	1,000
<b>Total Footways Planned Works</b>		<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>
<b>Greenspaces</b>						
Parks Investment	SC	350	350	350	350	350
<b>Total Greenspaces</b>		<b>350</b>	<b>350</b>	<b>350</b>	<b>350</b>	<b>350</b>
<b>Highways General Planned Works</b>						
Surface Water Drainage	SC	69	69	69	69	69
Highways bridges & structures	SC	260	260	260	260	260
Maintain AntiSkid and Coloured	SC	90	90	90	90	90
<b>Total Highways General Planned Works</b>		<b>419</b>	<b>419</b>	<b>419</b>	<b>419</b>	<b>419</b>
<b>Highways Planned Road Works</b>						
Borough Roads Maintenance	SC	1,600	1,600	1,600	1,600	1,600
<b>Total Highways Planned Road Works</b>		<b>1,600</b>	<b>1,600</b>	<b>1,600</b>	<b>1,600</b>	<b>1,600</b>
<b>Leisure Centres</b>						
Leisure Centre Plant & Machine	SC	300	300	300	300	300
<b>Total Leisure Centres</b>		<b>300</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Street Lighting</b>						
Street Lighting Replacement Pr	SC	509	535	0	0	0
<b>Total Street Lighting</b>		<b>509</b>	<b>535</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Traffic and Parking Management</b>						
Traffic Schemes	SC	306	306	306	306	306
<b>Total Traffic and Parking Management</b>		<b>306</b>	<b>306</b>	<b>306</b>	<b>306</b>	<b>306</b>
<b>Transport and Plant</b>						
Replacement of Fleet Vehicles	SC	500	500	500	500	500
<b>Total Transport and Plant</b>		<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>500</b>
<b>Environmental Health</b>						
Disabled Facilities Grant LBM	SC	280	280	280	280	280
Small Repairs Grant	SC	60	60	60	60	60
<b>Total Environmental Health</b>		<b>340</b>	<b>340</b>	<b>340</b>	<b>340</b>	<b>340</b>
<b>TOTAL</b>		<b>5,324</b>	<b>5,350</b>	<b>4,815</b>	<b>4,815</b>	<b>4,815</b>



# London Borough of Merton Risk Management Strategy

November 2013 (V10)

DRAFT

## **Introduction**

Risk management should take place at every level within the council and across our partnerships. Risk management should be a central part of any organisation's strategic management and should be seen as the means by which business opportunities are maximised and potential losses associated with unwanted events are reduced.

Local authorities are under increasing external pressure to improve outcomes for the public and at the same time reduce costs. As such the council is required to rethink how it operates in order to achieve its desired outcomes. Risks have to be understood, managed and controlled if we are to meet our objectives and therefore we need to ensure that we have a robust system of risk management in place. This will ensure that decisions are made on the best available information and the likelihood of success is increased.

## **Risk Management Strategy**

The process of identifying and evaluating risks is known as risk assessment. By understanding the risks we face we are able to be actively aware of where uncertainty surrounding events or outcomes exists and therefore identify steps that can be taken to protect the council, its staff, residents, customers and assets from these risks.

This strategy sets out to provide a structured approach to identifying emerging risks as well as assessing and managing current risk. It builds in a process for regularly reviewing and updating identified risks.

This strategy will be reviewed on annual basis and updated where required.

## **What is risk?**

Risk is the threat that an event or action may adversely affect an organisation's ability to achieve its objectives and to successfully execute its strategies'. A risk can be a threat, obstacle, barrier, concern, problem or event that may prevent us fulfilling our objectives.

Risks should not be confused with issues. Issues are current problems, questions, outstanding items, tasks or a request that is here today. There is a strong element of fact surrounding it. An issue becomes a risk when the issue cannot be addressed and could continue or get worse.

## **Definitions of Risk Management**

Risk Management is the process by which organisations methodically address risks with the goal of achieving sustained benefit within each activity and across the portfolio of all activities.

Organisations exist to achieve their ambitions, aims and objectives. Risk management is the process of how we identify the risks that may prevent us from achieving this, enabling us to anticipate, identify, manage, and where possible mitigate these risks. Ultimately, risk management is about creating a better understanding of the most important problems facing our organisation.

As risk is very much concerned with our objectives, the management of it will be closely linked to the creation of our strategic, service, project and

partnership objectives and plans. The established processes for the creation of these plans will act as an “anchor” for the risk management process.

Risk is also implicit in the decisions we make; how we make those decisions will affect how successful we are in achieving our objectives. Decision making is, in turn, an integral part of the day to day existence and is particularly prominent in times of change. Risk management therefore is a key component in the management of change and to decision making.

Our risk management process will be continuous and will support internal and external change. The risk management process will be fully integrated with the normal business management processes across the authority.

By being aware of and managing the risks we face, it is more likely that we will achieve our objectives and that, should a risk occur, we will be better placed to deal with it.

We endeavour to identify all risks facing the council and to monitor, manage and mitigate (where possible) all those risks which are deemed to be high (scored Amber or Red). Risks are monitored via Departmental Risk Registers, and key crosscutting risks to the council are placed on the Key Strategic Risk Register (KSRR).

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

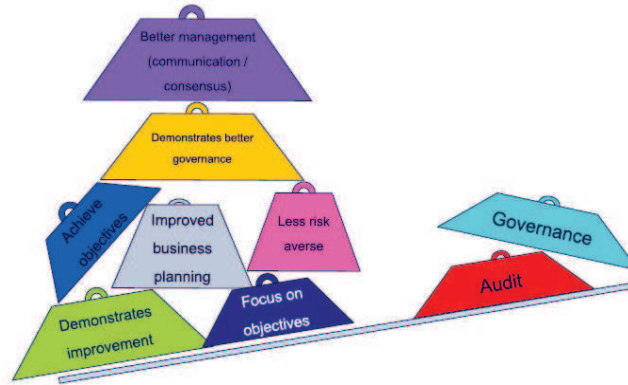
- Establish and maintain a robust framework and procedures for the identification, analysis, assessment and management of risk, including reporting and recording.
- To not expose the council to unacceptable levels of risk, minimise injury, damage, loss and inconvenience to staff, residents and service users.
- Integrate risk management into the day to day activities of staff and the culture of the organisation, raising awareness of the importance and need for risk management.
- Ensure consistent application of our methodology across all of our activities, including partnerships and projects.
- Effectively manage the total cost of risk.

### **The benefits and National drivers behind risk management**

We are required to undertake risk management as it forms part of the Annual Governance Statement, we must demonstrate a systematic strategy, framework and process for managing risk. The council recognises that the benefits of risk management far outweigh the requirement to undertake the activity and such benefits include;

- Achieving our ambitions, aims and objectives as key risks are managed.
- Better decision making as we are more aware of risk.
- Ability to take advantage of opportunities because we understand the risks attached to them.
- Better governance and the ability to demonstrate it to our stakeholders.
- Reduction in failure, loss, damage and injury caused by risk
- Improvement in ability to adapt to change

- Improvement in corporate governance
- Compliance with statutory and regulatory requirements



### Risk management awareness

Ensuring awareness of risk management will be undertaken on an on-going basis through training sessions, reviews, departmental meetings, briefings and staff bulletins. Each department has a risk champion who will be able to offer guidance to staff where required. The [risk management intranet page](#) will be regularly reviewed and staff will be signposted to the information they need to pro-actively identify and manage risk e.g. the risk management toolkit and guidance.

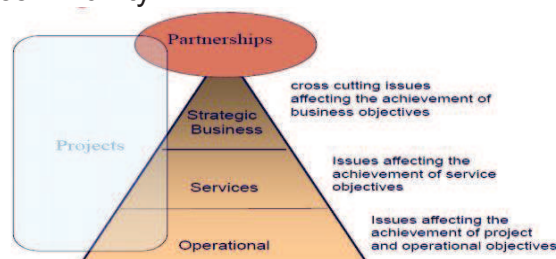
### Risk Appetite

The council recognises that its risk appetite to achieve its corporate priorities identified within its business plan could be described in general as an informed and cautious approach. Where significant risk arises, we will take effective control action to reduce these risks to an acceptable level.

It is also recognised that a higher level of risk may need to be taken, for example to support innovation in service delivery. To offset this there are areas where the council will maintain a very cautious approach for example in matters of compliance with the law, and public confidence in the council, supporting the overall informed and cautious position on risk.

### How does risk management fit in?

Risk management links closely with Health and Safety, Business Continuity, Emergency Planning and Insurance, by ensuring close links we can enhance the resilience of the organisation. Generally, a single issue or risk will fall into only one of these categories; however some may fall into two or more. As Business Continuity is a way of mitigating risk, the link with risk management is key to ensuring the continuous delivery of services that are important to the community.



### Risk management in projects

Risk management is a key part of the ongoing management of projects and partnerships and is clearly defined in [Merton's Approach to Projects \(MAP\)](#).

### Risk management in partnerships

The council is involved in a wide range of partnerships to achieve our ambitions, aims and objectives. It is vital we assess the risks to achievement within our key partnerships, and ensure that they are monitored regularly.

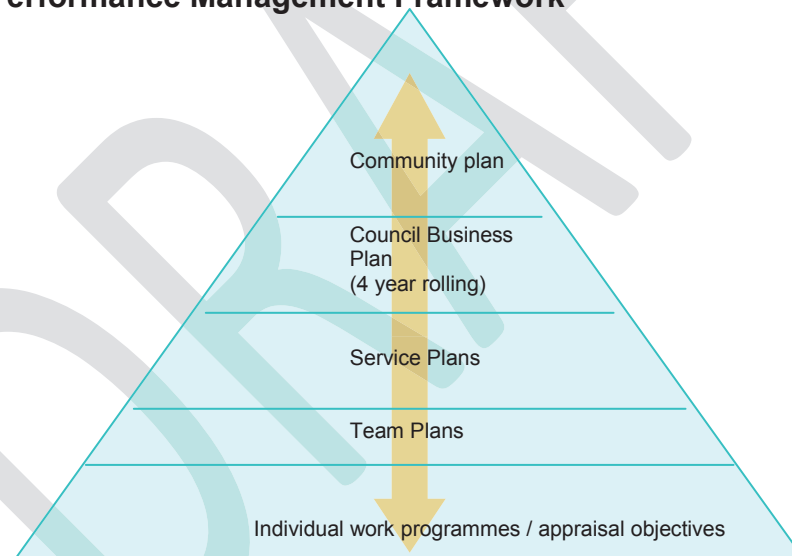
### Risk management and financial planning

Risk management is an important part of financial planning. As part of the budget setting process a robust risk assessment is completed and reviewed on a regular basis.

### Corporate approach to risk management

In order to formalise and structure risk management, it is recognised there is an obvious and clear link with the business planning process and therefore risk management sits within the Business Planning team. The overall council Business Plan and service plans set out what a team, division, department, or the council as a whole, want to achieve in a set time frame, as shown below.

### Merton Performance Management Framework



- CMT is ultimately accountable for delivering the council's Business Plan therefore they are responsible for the corporate KSRR.
- DMTs are responsible for their own service risk registers.
- Divisions or teams are responsible for their own risk registers, if applicable.

It is important that risks identified and assessed at an operational level can be escalated to a departmental or corporate level. However, because a risk may have a great impact on a team it does not necessarily follow that it may have the same impact on the department, or the organisation as a whole. Ultimately, it is the respective management team who decide if a risk is worthy of inclusion on their risk register.

## Scoring Risk

In conjunction with this strategy more detailed guidance will be issued to assist officers in identifying risks and issues and the scoring, managing and reporting of those risks identified.

When determining a score for each risk, the matrix, together with the definitions of likelihood and impact as detailed below should be used. Therefore, if the likelihood of a risk is 4, significant, (occurs or likely to occur more than 25%, and up to 50% of the time) and the impact is 3, critical, (service provision - service suspended short term) – then the risk rating will be 12 which is amber.

<b>Likelihood</b>							<b>Impact</b>	
6	= Very High		6	12	18	24	4	= Catastrophic
5	= High		5	10	15	20	3	= Critical
4	= Significant		4	8	12	16	2	= Significant
3	= Possible		3	6	9	12	1	= Marginal
2	= Low		2	4	6	8		
1	= Almost Impossible		1	2	3	4		
		<b>Likelihood</b>						
			<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>		
							<b>Impact</b>	

## Defining the Likelihood of Risk

Classification	Definition
6 - Very High	Occurs or likely to occur more than 90% of the time
5 - High	Occurs or likely to occur more than 50%, and up to 90% of the time
4 - Significant	Occurs or likely to occur more than 25%, and up to 50% of the time
3 - Possible	Occurs or likely to occur more than 5% and up to 25% of the time
2 - Low	Occurs or likely to occur more than 1% and up to 5% of the time
1 - Almost Impossible	Occurs or likely to occur up to 1% of the time



### Defining the Impact of Risk

Categories	1 Marginal	2 Significant	3 Critical	4 Catastrophic
<b>Financial Impact - FI</b>	Up to £2.5m per annum or up to £10m one off	£2.5m up to £5m per annum or up to £20m one off	£5m up to £7.5m per annum or up to £30m one off	£7.5m up to £10m per annum or above £30m one off
<b>Service Provision - SP</b>	Reduced service	Significant reduction	Service suspended short term	Service suspended long term / statutory duties not delivered
<b>Health and Safety - HS</b>	Broken bones / illness	Major illness / threat not life threatening	Loss of life / major illness	Major loss of life / large scale illness (pandemic)
<b>Objectives - O</b>	Objectives of one service area not met	Departmental objectives not met	Corporate objectives not met	Statutory objectives not met
<b>Reputation - R</b>	Adverse local media lead story short term	Adverse local media story long term. Adverse national publicity short term.	Adverse national publicity longer term	Remembered for years

### Reporting and escalating risks

During the year, new risks will arise that have not previously been considered and there may be changes to existing risks. Therefore the risk registers need to be regularly managed. The reviews of risk registers should be managed by exception. The reporting cycle takes place during April, July, October and January. However, risks with a score of 15 and above (red risks) should be reviewed on a more frequent basis (at least monthly) with the responsible officer ensuring that the action plan is monitored and updated until the risk has been managed down to a score of 12 or below, where possible.

1 <sup>st</sup> week	2 <sup>nd</sup> week	4 <sup>th</sup> week
DMT – review operational service risks and propose KSRs as per the definitions of likelihood and impact for crosscutting risks	Corporate Risk Management Group (CRMG) – review service risks and proposed KSRs	CMT – identify and review KSRs

Those risks identified on departmental risk registers as Red or Amber and with a score of between 10 to 24 (inclusive) having been reviewed against the definition of likelihood and risk, and which will impact across the whole organisation are escalated to the KSRR.



## **Roles, Responsibilities and Governance**

Across the organisation we all have a responsibility to identify and manage risk.

### **Councillors**

Elected councillors are responsible for governing the delivery of services to the local community. Councillors have a responsibility to understand the key risks the council faces and will be made aware of how these risks are being managed through the annual business planning process. All Councillors will have the responsibility to consider the risks associated with the decisions they undertake and will be informed of these risks in the plans and reports submitted to them.

### **Chief Executive and CMT**

The Chief Executive and CMT are ultimately accountable in ensuring that risk management is fully embedded in the council's business planning and monitoring processes as well as having overall accountability and responsibility for leading the delivery of the council's Risk Management Strategy and Framework. CMT are to take a leading role in the risk management process ensuring that risk management is communicated, understood and implemented by Councillors, managers and staff, and establish a supportive culture.

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

### **Directors**

Each Director is accountable for proper monitoring of their departmental risk register, action plans and the embedding of risk management into the business planning process of their directorate. They will need to be actively involved in the risk management process within their department and CMT, including nominating an appropriate Risk Champion for their department. Directors are also accountable and responsible for leading the delivery of the council's Risk Management Framework in their respective Directorate.

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

The Section 151 officer and internal audit will be responsible for carrying out independent reviews of the risk management strategy and processes, providing assurance and giving an independent and objective opinion, to the council on the adequacy of risk management, control procedures and governance.

An annual Audit Plan, based on a reasonable evaluation of risk, will be carried out and an annual assurance statement will be provided to the council based on work undertaken in the previous year. The section 151 officer will chair the CRMG group.

### **Risk Champions**

Risk champions will work with their Director, Heads of Service, Managers and Team Leaders to ensure the RM Strategy and Framework is embedded in the Directorate and departmental planning, performance, project and partnership

management, offering support and challenge. They will also represent their directorate at CRMG meetings.

They will assist management teams to identify and record all key risks to service, project and partnership objectives, monitoring and reviewing risks against performance.

### **Service Managers**

Managers have a responsibility not only for the risks for which they are the risk owner, but are also accountable for those risks, within their service, which are owned / managed by others.

They are to maintain an awareness of risk and feed those identified into the risk management process, understanding and acting upon the key risks that could significantly impact on the achievement of their service/team objectives. Managers should encourage staff to be open about risk so that treatment actions can be agreed.

### **Risk Owners**

Risk owners are responsible for identifying and implementing risk treatment that will bring the risk/s they own to a tolerable level. Regularly reviewing the progress of the risk treatment actions and report on the risk treatment progress to the responsible body.

### **Individual Employees**

Individual employees need to have an understanding of risks and consider risk management as part of their everyday activities, identifying risks surrounding their everyday work, processes and environment. Risks that could impact on service delivery the achievement of objectives or their own or other wellbeing must be identified and actively managed with risk actions in place, where appropriate.

### **Business Planning team**

The business planning team are responsible for ensuring that risk management is embedded throughout the council, as well facilitating and supporting the risk management process and supporting risk owners. The team will ensure risk management documentation and intranet pages up to date and relevant, as well as updating the KSRR with emerging risks, new risks and updating existing risks.

In addition the Business Planning team will ensure risk is part of the annual service planning process, facilitate the CRMG meetings and submit strategic updates and reports on risk management to CMT, Cabinet, Audit and Assurance Committee etc.

### **Corporate Risk Management Group**

The Corporate Risk Management Group will provide strategic direction and leadership to ensure a risk strategy is maintained and updated and that risks are appropriately identified and managed within the organisation. It will provide a forum that brings together risk specialists for the benefit of the council, it's staff and the wider community.

CRMG will strive to ensure that the risk management framework is embedded within the council's overall strategic and operational policies, practices and processes in a consistent and standardised manner.

In addition it will provide assurance that all risk based systems and processes are operating effectively to minimize the overall risk exposure to the Council. On a quarterly basis the headline departmental risks and planned mitigation activity from each department, project and partnership, will be discussed by CRMG and will then forward for discussion at CMT.

### **Cabinet**

Cabinet will receive reports on the risk management strategy to determine whether corporate risks are being actively managed. They are responsible for agreeing the strategy on an annual basis, or when significant changes are made, and to report to full Council on the risk management framework.

### **General Purposes Committee**

To provide an independent oversight of the adequacy of the risk management framework and the associated control environment. The committee will receive an annual review of internal controls and be satisfied it properly reflects the risk environment and any actions required to improve it. Reports will also be provided regarding the KSRR in order that the committee can determine whether strategic risks are being actively managed.

On an annual basis, the committee will review and recommend the adoption of the risk management strategy to cabinet, or if significant changes are identified, to request a revision.

### **Risk management in committee reports**

When a report is submitted to a committee the author is required to complete a section on Risk Management and Health and Safety Implications. The committee should be informed of any significant risks involved in taking a recommended course of action or if it decides not to follow the recommend course of action. The risk assessment should follow the corporate procedure and scored using the risk matrix. The report should also give details of any controls proposed, or in place, to manage the significant risks identified. Where appropriate, reference should be made to any existing risk.

Report authors are advised to consult with the Business Planning team or their departmental risk champion, for further advice and to propose any risks to be considered for inclusion in the departmental or KSRR.

DRAFT MEDIUM TERM FINANCIAL STRATEGY 2014-18				
	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000
<b>Departmental Base Budget 2013/14</b>	<b>151,915</b>	<b>151,915</b>	<b>151,915</b>	<b>151,915</b>
Departmental Budget Changes	(7,513)	(6,600)	(5,534)	(1,220)
<b>Departmental Re-priced Budget</b>	<b>144,402</b>	<b>145,315</b>	<b>146,381</b>	<b>150,695</b>
Treasury items	13,854	14,727	15,499	16,806
Other Corporate items	658	(6,389)	(7,016)	(7,017)
Levies	646	646	646	646
Appropriation to/from Reserves	(167)	(5,585)	0	0
<b>CORPORATE PROVISIONS</b>	<b>14,991</b>	<b>3,399</b>	<b>9,129</b>	<b>10,434</b>
<b>BUDGET REQUIREMENT</b>	<b>159,393</b>	<b>148,713</b>	<b>155,509</b>	<b>161,129</b>
FUNDING:				
RSG - Main element	(39,334)	(28,973)	(26,836)	(24,860)
RSG - Rolled in Grants element	0	0	0	0
Estimated reduction in Grant Based on IFS	0	0	0	0
<b>RSG - Total</b>	<b>(39,334)</b>	<b>(28,973)</b>	<b>(26,836)</b>	<b>(24,860)</b>
Business Rates Baseline - Main element	(24,661)	(25,571)	(26,006)	(26,455)
Business Rates Baseline - Rolled in Grants element	0	0	0	0
Additional Business Rates from NNDR1	0	0	0	0
<b>Business Rates Yield as per NNDR1</b>	<b>(24,661)</b>	<b>(25,571)</b>	<b>(26,006)</b>	<b>(26,455)</b>
Top-Up Payment	(7,778)	(7,779)	(8,010)	(8,241)
<b>Business Rates Funding</b>	<b>(32,439)</b>	<b>(33,350)</b>	<b>(34,016)</b>	<b>(34,696)</b>
<b>Sub-Total: RSG + NNDR</b>	<b>(71,773)</b>	<b>(62,323)</b>	<b>(60,852)</b>	<b>(59,556)</b>
PFI Grant	(4,797)	(4,797)	(4,797)	(4,797)
New Homes Bonus	(2,882)	(2,487)	(2,000)	(2,000)
Collection Fund t/f of surplus/deficit - Council Tax	(3,154)	0	0	0
Collection Fund t/f of surplus/deficit - Business Rates	(600)	0	0	0
Council Tax Income	(75,070)	(75,445)	(75,822)	(76,201)
Council Tax - WPCC	(269)	(269)	(269)	(269)
Council Tax Freeze Grant 2011/12	0	0	0	0
Council Tax Freeze Grant 2013/14	0	0	0	0
Council Tax Freeze Grant 2014/15	(848)	(848)	0	0
Council Tax Freeze Grant 2015/16	0	(848)	0	0
<b>TOTAL FUNDING</b>	<b>(159,392)</b>	<b>(147,016)</b>	<b>(143,739)</b>	<b>(142,822)</b>
<b>BUDGET GAP</b>	<b>0</b>	<b>1,697</b>	<b>11,770</b>	<b>18,307</b>

## **Standard Subjective Analysis – The Key**

### **Introduction**

The subjective analysis is the analysis of income and expenditure that is applicable to all Best Value reporting requirements for all accounting periods from 1 April 2008.

We use a set standard subjective analysis for a number of reasons:-

- The subjective analysis is a CIPFA recommended structure.
- It minimises the reporting requirements for Government statistical reporting.
- It provides information in a multi dimensional format for Best Value
- It improves consistency and therefore helps Authorities to make effective comparisons for Best Value and other financial requirements
- A subjective Analysis provides further information that is useful for benchmarking analysis.
- For analysing costs in reviews.

## Glossary of the standard Subjective analysis

### Details of Expenditure groups and what is included:

**1** Employees: This group includes the costs of employee expenses, both direct and indirect to the Authority.

#### Direct employee expenses

- Salaries
- Employer's National Insurance contribution
- Employers retirement benefit costs
- Agency Staff
- Employee expenses

#### Indirect employee expenses

- Relocation
- Interview
- Training
- Advertising
- Severance payments
- Employee - related schemes

**2** Premises: This group includes expenses directly related to the running of the premises and land.

- Energy costs
- Rent
- Rates
- Water Services
- Fixtures and Fittings
- Apportionment of expenses of operating buildings
- Cleaning and Domestic Supplies
- Grounds maintenance costs
- Premises Insurance
- Contribution to premises - related provisions.

**3** Transport: This group includes all costs associated with the provision, hire or use of transport, including travelling allowances and home to school transport..

#### Direct Transport costs

- Repair and maintenance, running costs and contributions to provisions in respect of vehicles.
- Repairs and maintenance of (e.g.) roads included in this heading, but should be included in the relevant subjective headings (such as staff costs, supplies and services etc),

- This could include the write-off in the year of any assets not deemed material by the authority's capital accounting policies i.e. below de minimis thresholds set).
  - Contract hire and operating leases
  - Public Transport
  - Staff Travelling expenses
  - Car allowances
  - Contribution to transport related provisions
- 4** Supplies and Services: This group includes all direct supplies and service expenditure to the authority.
- Equipment, furniture and materials
  - Catering Services
  - Communications and computing includes expenses
  - Grants and subscriptions
  - Private Finance Initiatives and Public Private Partnership schemes.
  - Contributions to provisions
  - Miscellaneous expenses
- 5** Third Party Payments: Independent units within the council; included services defined as category (a) to (e) in Appendix D of BVACOP
- Joint Authorities
  - Other Local authorities
  - Health authorities
  - Government departments
  - Voluntary associations
  - Other establishments
  - Private contractors
  - Other agencies
  - Debit resulting from soft loans
- 6** Transfer Payments: This includes the cost of payments to individuals for which no goods or services are received in return by the local authority.  
Four sub-groups are suggested: However, this list is not exhaustive.
- Schoolchildren and students
  - Adult Social Services clients
  - Housing benefits
  - Debit resulting from soft loans
- 7** Support Services: Charges for services that support the provision of services to the public.
- Finance
  - IT

- Human Resources
- Property Management /Office Accommodation
- Legal services (not included in the definition of Corporate and democratic Core)
- Procurement Services
- Corporate Services not included in the definition of Corporate and democratic Core)
- Transport Functions

**8** Depreciation and Impairment losses: This provides the subjective analysis that will record the revenue impact of capital items in the services revenue accounts for the authority,

**9** Income: This group included all income received by the services from external users or by way of charges or recharges to internal users.

Government Grants

- Specific and special government grants

Other Reimbursements and contributions

- Revenue Income received to finance a function/project jointly or severally undertaken with other bodies.
- Contributions from other local authorities.
- Value of costs recharged to outside bodies including other committees.

Customer and Client Receipts

- Sales products or materials, data technology or surplus products.
- Fee and charges for services, use of facilities, admissions and lettings
- Rents, tithes, acknowledgements. way leaves and other land and property-based charges of a non-casual user.

Interest

Recharges

- Value of costs recharged to internal users

Reserves

- All credits resulting from soft loans should be included in this subjective (as a corporate entry).



# Departmental Budget Summaries 2014-15



## **2014/2015 ESTIMATES**

# **CORPORATE SERVICES DEPARTMENT**

## SUMMARY: CORPORATE SERVICES DEPARTMENT

### FULL TIME EQUIVALENTS

Number of FTE Staff

Number of FTE Sutton TUPE staff

2013/14	2014/15
414.0	386.1
41.6	40.6
<b>455.6</b>	<b>426.7</b>

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/14 Original Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000
<b>Expenditure</b>				
Employees	21,877	32	1,153	23,062
Premises	3,075	31	(224)	2,882
Transport	173	2	(32)	143
Supplies and Services	13,272	165	(2,428)	11,009
Third Party Payments	1,230	20	84	1,334
Transfer Payments	85,566	0	12,256	97,821
Support Services	10,041	0	0	10,041
Depreciation and Impairment Losses	1,688	0	231	1,919
<b>GROSS EXPENDITURE</b>	<b>136,922</b>	<b>250</b>	<b>11,039</b>	<b>148,211</b>
<b>Income</b>				
Government Grants	(87,328)	0	(11,973)	(99,301)
Other Reimbursements and Contributions	(2,402)	(2)	(1,739)	(4,143)
Customer and Client Receipts	(9,772)	(55)	3,648	(6,178)
Interest	0	0	0	0
Recharges	(26,890)	0	(245)	(27,135)
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(126,392)</b>	<b>(56)</b>	<b>(10,309)</b>	<b>(136,757)</b>
<b>NET EXPENDITURE</b>	<b>10,529</b>	<b>194</b>	<b>731</b>	<b>11,454</b>

## SUMMARY: CORPORATE SERVICES DEPARTMENT

**FULL TIME EQUIVALENTS**  
**Number of FTE Staff**  
**Number of FTE Sutton TUPE staff**

2013/14	2014/15
414.0	386.1
41.6	40.6
<b>455.6</b>	<b>426.7</b>

**SERVICE AREA ANALYSIS**

	CHANGE BETWEEN YEARS			2014/15 Estimate £000
	2013/14 Original Estimate £000	Inflation £000	Other Variations £000	
Customer Services	1,240	2	1,330	2,573
Infrastructure & Transactions	171	76	(307)	(60)
Business Improvement	504	10	265	779
Corporate Governance	1,704	24	(26)	1,701
Resources	1,487	48	(480)	1,056
HR	140	7	(70)	77
Corporate Items	5,284	26	19	5,329
<b>TOTAL EXPENDITURE</b>	<b>10,529</b>	<b>194</b>	<b>731</b>	<b>11,454</b>
Contingency / Other	0	0	0	0
Capital Financing Adjustment	0	0	0	0
Levies	0	0	0	0
<b>NET EXPENDITURE</b>	<b>10,529</b>	<b>194</b>	<b>731</b>	<b>11,454</b>

## INFRASTRUCTURE & TRANSACTIONS

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

### FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15
81.6	81.6

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/14 Original Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000
<b>Expenditure</b>				
Employees	3,304	7	(0)	3,310
Premises	2,908	28	(203)	2,733
Transport	39	1	(7)	33
Supplies and Services	2,828	42	(242)	2,627
Third Party Payments	274	3	(70)	207
Transfer Payments	0	0	0	0
Support Services	930	0	0	930
Depreciation and Impairment Losses	1,685	0	231	1,916
<b>GROSS EXPENDITURE</b>	<b>11,967</b>	<b>80</b>	<b>(292)</b>	<b>11,755</b>
<b>Income</b>				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	0	0	0	0
Customer and Client Receipts	(1,990)	(4)	(15)	(2,008)
Interest	0	0	0	0
Recharges	(9,807)	0	0	(9,807)
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(11,797)</b>	<b>(4)</b>	<b>(15)</b>	<b>(11,815)</b>
<b>NET EXPENDITURE</b>	<b>171</b>	<b>76</b>	<b>(307)</b>	<b>(60)</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(327)	(1.0)
Technical adjustments	(241)	1.0
Depreciation adjustments	261	
Overheads adjustments	0	
<b>TOTAL</b>	<b>(307)</b>	<b>0.0</b>

## CUSTOMER SERVICES

The Customer Services Division consists of: Merton Link (including the Cash Office, Translation Services and Contact Centre), Support Team, Local Taxation (including Business Rates, Baliff Team and Recovery Team), Benefits Administration, Registrars, Debt Recovery, Corporate Communications, Web Team and Consultation & Community Engagement. CHAS is now trading as a limited company and reported separately.

### FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15
156.2	133.2

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/14 Original Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000
<b>Expenditure</b>				
Employees	5,749	0	(748)	5,002
Premises	39	0	(19)	20
Transport	91	1	(28)	63
Supplies and Services	3,346	21	(1,920)	1,447
Third Party Payments	475	6	(20)	461
Transfer Payments	0	0	0	0
Support Services	2,753	0	0	2,753
Depreciation and Impairment Losses	3	0	0	3
<b>GROSS EXPENDITURE</b>	<b>12,456</b>	<b>29</b>	<b>(2,735)</b>	<b>9,750</b>
<b>Income</b>				
Government Grants	(1,826)	0	283	(1,543)
Other Reimbursements and Contributions	(930)	0	0	(930)
Customer and Client Receipts	(6,185)	(27)	4,027	(2,184)
Interest	0	0	0	0
Recharges	(2,275)	0	(245)	(2,520)
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(11,216)</b>	<b>(27)</b>	<b>4,065</b>	<b>(7,177)</b>
<b>NET EXPENDITURE</b>	<b>1,240</b>	<b>2</b>	<b>1,330</b>	<b>2,573</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(213)	(4.0)
Transfer between Corporate services divisions	(100)	(2.0)
Technical adjustments	1,888	(17.0)
Depreciation adjustments	0	0
Overhead adjustments	(245)	0
<b>TOTAL</b>	<b>1,330</b>	<b>(23.0)</b>

## BUSINESS IMPROVEMENT

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

### FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15
29.9	30.9

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/14 Original Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000
<b>Expenditure</b>				
Employees	1,477	0	64	1,541
Premises	0	0	0	0
Transport	3	0	0	3
Supplies and Services	639	10	206	854
Third Party Payments	0	0	0	0
Transfer Payments	0	0	0	0
Support Services	339	0	0	339
Depreciation and Impairment Losses	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>2,458</b>	<b>10</b>	<b>270</b>	<b>2,738</b>
<b>Income</b>				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	0	0	0	0
Customer and Client Receipts	(79)	0	(5)	(84)
Interest	0	0	0	0
Recharges	(1,875)	0	0	(1,875)
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(1,954)</b>	<b>0</b>	<b>(5)</b>	<b>(1,959)</b>
<b>NET EXPENDITURE</b>	<b>504</b>	<b>10</b>	<b>265</b>	<b>779</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(81)	(1.0)
Transfer between Corporate services divisions	100	2.0
Technical adjustments	246	
Overheads adjustments	0	
<b>TOTAL</b>	<b>265</b>	<b>1.0</b>

## CORPORATE GOVERNANCE

The Corporate Governance Division consists of the South London Legal Partnership, Internal Audit, Investigations, Democracy Services, Electoral Services, Information Governance and Safety Services.

### FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15
69.4	68.4

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/14 Original Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000
<b>Expenditure</b>				
Employees	4,441	3	2,088	6,533
Premises	9	0	1	10
Transport	29	0	5	35
Supplies and Services	1,648	25	(53)	1,620
Third Party Payments	0	0	0	0
Transfer Payments	0	0	0	0
Support Services	705	0	0	705
Depreciation and Impairment Losses	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>6,832</b>	<b>29</b>	<b>2,042</b>	<b>8,903</b>
<b>Income</b>				
Government Grants				
Other Reimbursements and Contributions	(1,472)	(2)	(1,739)	(3,212)
Customer and Client Receipts	(197)	(4)	(329)	(530)
Interest	0	0	0	0
Recharges	(3,460)		0	(3,460)
Reserves				
<b>GROSS INCOME</b>	<b>(5,129)</b>	<b>(5)</b>	<b>(2,068)</b>	<b>(7,202)</b>
<b>NET EXPENDITURE</b>	<b>1,704</b>	<b>24</b>	<b>(26)</b>	<b>1,701</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(59)	(1.0)
Technical adjustments	33	
Overhead adjustments	0	
<b>TOTAL</b>	<b>(26)</b>	<b>(1.0)</b>



## RESOURCES

The Resources Division consists of Policy & Strategy, Commercial Services, Business Planning, Accountancy and Business Partners . The Pensions service is now managed by LB Wandsworth. The costs for the directorate function are included within Resources.

### FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15
72.2	67.2

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/14 Original Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000
<b>Expenditure</b>				
Employees	4,030	0	(210)	3,820
Premises	103	2	0	105
Transport	4	0	0	4
Supplies and Services	4,198	61	(425)	3,834
Third Party Payments	14	0	155	169
Transfer Payments	9	0	0	9
Support Services	823	0	0	823
Depreciation and Impairment Losses	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>9,181</b>	<b>63</b>	<b>(480)</b>	<b>8,765</b>
<b>Income</b>				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	0	0	0	0
Customer and Client Receipts	(789)	(15)	0	(804)
Interest	0	0	0	0
Recharges	(6,905)	0	0	(6,905)
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(7,694)</b>	<b>(15)</b>	<b>0</b>	<b>(7,709)</b>
<b>NET EXPENDITURE</b>	<b>1,487</b>	<b>48</b>	<b>(480)</b>	<b>1,056</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(480)	-1.0
Technical adjustments	0	-4.0
Overheads adjustments	0	
<b>TOTAL</b>	<b>(480)</b>	<b>-5.0</b>

## HR

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

### FULL TIME EQUIVALENTS

Number of FTE Staff

Number of FTE Sutton TUPE staff

2013/14	2014/15
4.8	4.8
41.6	40.6
<b>46.4</b>	<b>45.4</b>

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/14 Original Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000
<b>Expenditure</b>				
Employees	2,220	6	(40)	2,185
Premises	17	0	(3)	15
Transport	7	0	(2)	5
Supplies and Services	210	3	5	218
Third Party Payments	255	4	0	259
Transfer Payments	0	0	0	0
Support Services	533	0	0	533
Depreciation and Impairment Losses	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>3,241</b>	<b>13</b>	<b>(40)</b>	<b>3,214</b>
<b>Income</b>				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	0	0	0	0
Customer and Client Receipts	(533)	(6)	(30)	(569)
Interest	0	0	0	0
Recharges	(2,568)	0	0	(2,568)
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(3,101)</b>	<b>(6)</b>	<b>(30)</b>	<b>(3,137)</b>
<b>NET EXPENDITURE</b>	<b>140</b>	<b>7</b>	<b>(70)</b>	<b>77</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(90)	(1.0)
Technical adjustments	20	
Overheads adjustments	0	
Transfer from departments	0	
<b>TOTAL</b>	<b>(70)</b>	<b>(1.0)</b>

## CORPORATE ITEMS

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

### FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15
0	0

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/14 Original Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000
<b>Expenditure</b>				
Employees*	657	16	(1)	672
Premises	0	0	0	0
Transport	0	0	0	0
Supplies and Services	403	4	1	407
Third Party Payments	212	7	19	238
Transfer Payments	85,556	0	12,256	97,812
Support Services	3,958	0	0	3,958
Depreciation and Impairment Losses	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>90,786</b>	<b>26</b>	<b>12,275</b>	<b>103,087</b>
<b>Income</b>				
Government Grants	(85,502)	0	(12,256)	(97,758)
Other Reimbursements and Contributions	0	0	0	0
Customer and Client Receipts	0	0	0	0
Interest	0	0	0	0
Recharges	0	0	0	0
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(85,502)</b>	<b>0</b>	<b>(12,256)</b>	<b>(97,758)</b>
<b>NET EXPENDITURE</b>	<b>5,284</b>	<b>26</b>	<b>19</b>	<b>5,329</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings		
Technical adjustments	19	
Overheads adjustments	0	
Shared legal services devolved budgets		
<b>TOTAL</b>	<b>19</b>	<b>0.0</b>

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



## **2014/2015 ESTIMATES**

# **CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT**

## CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

This Page contains the Budget for the whole Children, Schools and Families Department including funding provided directly to Merton's Schools

### FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15	DSG	LA
497.2	517.9	75.4	442.5

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/14 Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000	2014/15 DSG Estimate £000	2014/15 LA Estimate £000
<b>Expenditure</b>						
Employees	25,036	(26)	(65)	24,945	4,150	20,795
Premises	805	15	561	1,381	166	1,215
Transport	3,440	49	(149)	3,340	63	3,277
Supplies and Services	142,774	536	(5,957)	137,353	128,725	8,628
Third Party Payments	26,208	206	401	26,815	10,578	16,237
Transfer Payments	431	6	(20)	417	0	417
Support Services	4,657	0	0	4,657	138	4,519
Depreciation and Impairment Losses	4,989	0	246	5,235	0	5,235
<b>GROSS EXPENDITURE</b>	<b>208,340</b>	<b>786</b>	<b>(4,983)</b>	<b>204,143</b>	<b>143,820</b>	<b>60,323</b>
<b>Income</b>						
Government Grants	(146,458)	0	1,261	(145,197)	(140,465)	(4,732)
Other Reimbursements and Contributions	(6,999)	0	430	(6,569)	(1,160)	(5,409)
Customer and Client Receipts	(4,235)	(20)	(113)	(4,368)	(2,195)	(2,173)
Interest	(44)	0	0	(44)	0	(44)
Recharges	0	0	0	0	0	0
Reserves	108	0	(20)	88	0	88
<b>GROSS INCOME</b>	<b>(157,628)</b>	<b>(20)</b>	<b>1,558</b>	<b>(156,090)</b>	<b>(143,820)</b>	<b>(12,270)</b>
<b>NET EXPENDITURE</b>	<b>50,712</b>	<b>766</b>	<b>(3,425)</b>	<b>48,053</b>	<b>0</b>	<b>48,053</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(860)	(10.6)
Overhead adjustments	0	
Depreciation adjustments	453	
Technical adjustments	(2,622)	
Revenuisation	(390)	
Transfers between departments	(6)	
<b>TOTAL</b>	<b>(3,425)</b>	<b>(10.6)</b>

**SUMMARY: CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT****FULL TIME EQUIVALENTS**

Number of FTE Staff

2013/14	2014/15	DSG	LA
497.2	517.9	75.4	442.5

**SERVICE AREA ANALYSIS**

	2013/14 Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000	2014/15 DSG Estimate £000	2014/15 LA Estimate £000
Senior Management	1,448	12	(10)	1,450	0	1,450
Childrens Social Care	13,267	53	70	13,390	97	13,293
Commissioning, Strategy and Performance	12,645	75	134	12,854	5,123	7,731
Education	29,959	126	2,480	32,565	19,100	13,465
Schools	(15,954)	0	(3,333)	(19,287)	(24,320)	5,033
Other Childrens, Schools and Families	9,347	500	(2,766)	7,081	0	7,081
<b>TOTAL NET EXPENDITURE</b>	<b>50,712</b>	<b>766</b>	<b>(3,425)</b>	<b>48,053</b>	<b>0</b>	<b>48,053</b>

## CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

### Senior Management

This budget contains provision for the Senior Management of Children, Schools and Families Department.

#### FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15	DSG	LA
3.0	7.9	0.0	7.9

#### SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/14 Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000	2014/15 DSG Estimate £000	2014/15 LA Estimate £000
<b>Expenditure</b>						
Employees	552	0	0	552	0	552
Premises	9	0	0	9	0	9
Transport	4	0	0	4	0	4
Supplies and Services	799	12	(10)	801	0	801
Third Party Payments	0	0	0	0	0	0
Transfer Payments	0	0	0	0	0	0
Support Services	127	0	0	127	0	127
Depreciation and Impairment Losses	0	0	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>1,491</b>	<b>12</b>	<b>(10)</b>	<b>1,493</b>	<b>0</b>	<b>1,493</b>
<b>Income</b>						
Government Grants	0	0	0	0	0	0
Other Reimbursements and Contributions	(43)	0	0	(43)	0	(43)
Customer and Client Receipts	0	0	0	0	0	0
Interest	0	0	0	0	0	0
Recharges	0	0	0	0	0	0
Reserves	0	0	0	0	0	0
<b>GROSS INCOME</b>	<b>(43)</b>	<b>0</b>	<b>0</b>	<b>(43)</b>	<b>0</b>	<b>(43)</b>
<b>NET EXPENDITURE</b>	<b>1,448</b>	<b>12</b>	<b>(10)</b>	<b>1,450</b>	<b>0</b>	<b>1,450</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Overhead adjustments	0	
Transfer between departments	0	
Shared legal services devolved budgets	0	
Technical adjustments	(10)	
<b>TOTAL</b>	<b>(10)</b>	<b>0.0</b>

## CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

### Children's Social Care

This budget contains the funding for central social work; family and adolescent service; Mash and child protection; permanency, placements and looked after children; as well as safeguarding, standards and training.

#### FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15	DSG	LA
198.0	208.2	2.0	206.2

#### SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/14 Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000	2014/15 DSG Estimate £000	2014/15 LA Estimate £000
<b>Expenditure</b>						
Employees	9,331	3	279	9,613	92	9,521
Premises	121	2	0	123	0	123
Transport	191	2	(6)	187	1	186
Supplies and Services	1,204	13	(63)	1,154	4	1,150
Third Party Payments	1,844	27	(90)	1,781	0	1,781
Transfer Payments	412	6	(20)	398	0	398
Support Services	1,915	0	0	1,915	0	1,915
Depreciation and Impairment Losses	11	0	0	11	0	11
<b>GROSS EXPENDITURE</b>	<b>15,029</b>	<b>53</b>	<b>100</b>	<b>15,182</b>	<b>97</b>	<b>15,085</b>
<b>Income</b>						
Government Grants	(957)	0	(25)	(982)	0	(982)
Other Reimbursements and Contributions	(633)	0	14	(619)	0	(619)
Customer and Client Receipts	(5)	0	0	(5)	0	(5)
Interest	0	0	0	0	0	0
Recharges	0	0	0	0	0	0
Reserves	(167)	0	(19)	(186)	0	(186)
<b>GROSS INCOME</b>	<b>(1,762)</b>	<b>0</b>	<b>(30)</b>	<b>(1,792)</b>	<b>0</b>	<b>(1,792)</b>
<b>NET EXPENDITURE</b>	<b>13,267</b>	<b>53</b>	<b>70</b>	<b>13,390</b>	<b>97</b>	<b>13,293</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(100)	(2.8)
Overhead adjustments	0	
Depreciation adjustments	0	
Transfer between departments	0	
Technical adjustments	170	
<b>TOTAL</b>	<b>70</b>	<b>(2.8)</b>



## CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

### Commissioning, Strategy and Performance

This page contains the budgets for access to resources service; policy, planning and performance; joint commissioning and partnerships; as well as contract procurement and school organisation.

#### FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15	DSG	LA
53.845714	41.4	5.9	35.5

#### SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/14 Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000	2014/15 DSG Estimate £000	2014/15 LA Estimate £000
<b>Expenditure</b>						
Employees	1,831	0	3	1,834	201	1,633
Premises	129	1	350	480	82	398
Transport	34	1	0	35	7	28
Supplies and Services	6,561	52	(436)	6,177	2,110	4,067
Third Party Payments	6,361	23	(334)	6,050	4,570	1,480
Transfer Payments	0	0	0	0	0	0
Support Services	389	0	0	389	34	355
Depreciation and Impairment Losses	0	0	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>15,305</b>	<b>77</b>	<b>(417)</b>	<b>14,965</b>	<b>7,004</b>	<b>7,961</b>
<b>Income</b>						
Government Grants	(640)	0	640	0	0	0
Other Reimbursements and Contributions	(74)	0	(76)	(150)	(28)	(122)
Customer and Client Receipts	(1,946)	(2)	(13)	(1,961)	(1,853)	(108)
Interest	0	0	0	0	0	0
Recharges	0	0	0	0	0	0
Reserves	0	0	0	0	0	0
<b>GROSS INCOME</b>	<b>(2,660)</b>	<b>(2)</b>	<b>551</b>	<b>(2,111)</b>	<b>(1,881)</b>	<b>(230)</b>
<b>NET EXPENDITURE</b>	<b>12,645</b>	<b>75</b>	<b>134</b>	<b>12,854</b>	<b>5,123</b>	<b>7,731</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(350)	(2.0)
Overhead adjustments	0	
Transfer between departments	(1)	
Revenuisation	(390)	
Technical adjustments	875	
<b>TOTAL</b>	<b>134</b>	<b>(2.0)</b>

## CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

### Education

To page contains the budgets for school improvement; early years and children's centres; education inclusion; as well as special educational needs and disability integrated service.

#### FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15	DSG	LA
240.2	258.2	67.5	190.7

#### SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/14		Other	2014/15	2014/15	2014/15
	Estimate	Inflation	Variations	Estimate	DSG	LA
	£000	£000	£000	£000	Estimate	Estimate
					£000	£000
<b>Expenditure</b>						
Employees	10,588	1	(369)	10,220	3,270	6,950
Premises	511	12	211	734	50	684
Transport	3,212	48	(145)	3,115	55	3,060
Supplies and Services	13,005	61	245	13,311	11,471	1,840
Third Party Payments	8,983	21	(1,050)	7,954	4,651	3,303
Transfer Payments	19	0	0	19	0	19
Support Services	2,226	0	0	2,226	104	2,122
Depreciation and Impairment Losses	58	0	133	191	0	191
<b>GROSS EXPENDITURE</b>	<b>38,602</b>	<b>143</b>	<b>(975)</b>	<b>37,770</b>	<b>19,601</b>	<b>18,169</b>
<b>Income</b>						
Government Grants	(2,367)	0	2,011	(356)	(80)	(276)
Other Reimbursements and Contributions	(4,051)	0	1,544	(2,507)	(79)	(2,428)
Customer and Client Receipts	(2,225)	(17)	(100)	(2,342)	(342)	(2,000)
Interest	0	0	0	0	0	0
Recharges	0	0	0	0	0	0
Reserves	0	0	0	0	0	0
<b>GROSS INCOME</b>	<b>(8,643)</b>	<b>(17)</b>	<b>3,455</b>	<b>(5,205)</b>	<b>(501)</b>	<b>(4,704)</b>
<b>NET EXPENDITURE</b>	<b>29,959</b>	<b>126</b>	<b>2,480</b>	<b>32,565</b>	<b>19,100</b>	<b>13,465</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	(410)	(5.7)
Overhead adjustments	0	
Transfer between departments	(6)	
Depreciation adjustments	133	
Technical adjustments	2,763	
<b>TOTAL</b>	<b>2,480</b>	<b>(5.7)</b>

## CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

### Schools

This budget covers schools funding as well as some centrally retained DSG money to support the schools function.

#### FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15	DSG	LA
0.0	0.0	0.0	0.0

#### SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/14 Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000	2014/15 DSG Estimate £000	2014/15 LA Estimate £000
<b>Expenditure</b>						
Employees	625	0	(39)	586	586	0
Premises	34	0	0	34	34	0
Transport	0	0	0	0	0	0
Supplies and Services	120,830	0	(5,690)	115,140	115,140	0
Third Party Payments	0	0	1,357	1,357	1,357	0
Transfer Payments	0	0	0	0	0	0
Support Services	0	0	0	0	0	0
Depreciation and Impairment Losses	4,920	0	113	5,033	0	5,033
<b>GROSS EXPENDITURE</b>	<b>126,409</b>	<b>0</b>	<b>(4,259)</b>	<b>122,150</b>	<b>117,117</b>	<b>5,033</b>
<b>Income</b>						
Government Grants	(142,363)	0	1,979	(140,384)	(140,384)	0
Other Reimbursements and Contributions	0	0	(1,053)	(1,053)	(1,053)	0
Customer and Client Receipts	0	0	0	0	0	0
Interest	0	0	0	0	0	0
Recharges	0	0	0	0	0	0
Reserves	0	0	0	0	0	0
<b>GROSS INCOME</b>	<b>(142,363)</b>	<b>0</b>	<b>926</b>	<b>(141,437)</b>	<b>(141,437)</b>	<b>0</b>
<b>NET EXPENDITURE</b>	<b>(15,954)</b>	<b>0</b>	<b>(3,333)</b>	<b>(19,287)</b>	<b>(24,320)</b>	<b>5,033</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Depreciation adjustments	320	
Technical adjustments	(3,653)	
<b>TOTAL</b>	<b>(3,333)</b>	<b>0.0</b>

## CHILDREN, SCHOOLS AND FAMILIES DEPARTMENT

### Other Children Schools and Families Budgets

This budget covers residual schools retained budgets, asylum seeker costs, past and present pension and redundancy costs and PFI unitary charges.

#### FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15	DSG	LA
2.2	2.2	0.0	2.2

#### SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/14 Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000	2014/15 DSG Estimate £000	2014/15 LA Estimate £000
<b>Expenditure</b>						
Employees	2,109	(30)	61	2,140	0	2,140
Premises	0	0	0	0	0	0
Transport	0	0	0	0	0	0
Supplies and Services	377	396	(2)	771	0	771
Third Party Payments	9,019	135	519	9,673	0	9,673
Transfer Payments	0	0	0	0	0	0
Support Services	0	0	0	0	0	0
Depreciation and Impairment Losses	0	0	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>11,505</b>	<b>501</b>	<b>578</b>	<b>12,584</b>	<b>0</b>	<b>12,584</b>
<b>Income</b>						
Government Grants	(130)	0	(3,344)	(3,474)	0	(3,474)
Other Reimbursements and Contributions	(2,198)	0	0	(2,198)	0	(2,198)
Customer and Client Receipts	(60)	(1)	0	(61)	0	(61)
Interest	(44)	0	0	(44)	0	(44)
Recharges	0	0	0	0	0	0
Reserves	274	0	0	274	0	274
<b>GROSS INCOME</b>	<b>(2,158)</b>	<b>(1)</b>	<b>(3,344)</b>	<b>(5,503)</b>	<b>0</b>	<b>(5,503)</b>
<b>NET EXPENDITURE</b>	<b>9,347</b>	<b>500</b>	<b>(2,766)</b>	<b>7,081</b>	<b>0</b>	<b>7,081</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Savings	0	
Overhead adjustments	0	
Technical adjustments	(2,766)	
<b>TOTAL</b>	<b>(2,766)</b>	<b>0.0</b>



## **2014/2015 ESTIMATES**

# **ENVIRONMENT AND REGENERATION DEPARTMENT**

## SUMMARY: ENVIRONMENT & REGENERATION

### FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15
655.6	641.2

### SERVICE AREA ANALYSIS

	CHANGE BETWEEN YEARS			2014/2015 Estimate £000
	2013/2014 Original Estimate £000	Inflation £000	Other Variations £000	
	Street Scene and Waste	27,310	322	
Public Protection and Development	(4,794)	20	(629)	(5,403)
Sustainable Communities	1,945	43	(206)	1,782
Safer Merton	1,316	5	29	1,350
Senior Management and Support	(0)	1	(197)	(196)
<b>TOTAL EXPENDITURE</b>	<b>25,777</b>	<b>391</b>	<b>(3,552)</b>	<b>22,616</b>

## ENVIRONMENT AND REGENERATION DEPARTMENT

### Departmental Summary

#### FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15
655.6	641.2

#### SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/2014 Original Estimate £000	Inflation £000	Other Variations £000	2014/2015 Estimate £000
<b>Expenditure</b>				
Employees	22,314	107	(802)	21,619
Premises	3,329	30	108	3,467
Transport	5,882	37	2,219	8,138
Supplies and Services	3,811	48	87	3,946
Third Party Payments	13,384	169	(2,935)	10,618
Transfer Payments	21	0	(5)	16
Support Services	9,606	0	0	9,606
Depreciation and Impairment Losses	6,588	0	746	7,334
<b>GROSS EXPENDITURE</b>	<b>64,935</b>	<b>391</b>	<b>(582)</b>	<b>64,744</b>
<b>Income</b>				
Government Grants	(424)	0	(146)	(570)
Other Reimbursements and Contributions	(2,587)	0	(929)	(3,516)
Customer and Client Receipts	(30,758)	0	(2,373)	(33,131)
Interest	0	0	0	0
Recharges	(4,325)	0	0	(4,325)
Reserves	(1,063)	0	478	(585)
<b>GROSS INCOME</b>	<b>(39,158)</b>	<b>0</b>	<b>(2,970)</b>	<b>(42,128)</b>
<b>NET EXPENDITURE</b>	<b>25,777</b>	<b>391</b>	<b>(3,552)</b>	<b>22,616</b>

Other variations are analysed as follows:

Major Items	£000	fte
Savings	(3,673)	(8.2)
Depreciation adjustments	717	
Technical adjustments	(597)	(6.0)
<b>TOTAL</b>	<b>(3,553)</b>	<b>(14.2)</b>

## ENVIRONMENT AND REGENERATION DEPARTMENT

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

### FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15
361.0	353.4

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/2014 Original Estimate £000	Inflation £000	Other Variations £000	2014/2015 Estimate £000
<b>Expenditure</b>				
Employees	10,917	105	(301)	10,721
Premises	1,532	18	20	1,570
Transport	5,386	30	2,209	7,625
Supplies and Services	1,183	13	236	1,432
Third Party Payments	10,491	156	(2,644)	8,003
Transfer Payments	2	0	0	2
Support Services	4,780	0	0	4,780
Depreciation and Impairment Losses	5,818	0	619	6,437
<b>GROSS EXPENDITURE</b>	<b>40,109</b>	<b>322</b>	<b>139</b>	<b>40,570</b>
<b>Income</b>				
Government Grants	0	0	(288)	(288)
Other Reimbursements and Contributions	(625)	0	(1,086)	(1,711)
Customer and Client Receipts	(10,553)	0	(1,314)	(11,867)
Recharges	(1,621)	0	0	(1,621)
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(12,799)</b>	<b>0</b>	<b>(2,688)</b>	<b>(15,487)</b>
<b>NET EXPENDITURE</b>	<b>27,310</b>	<b>322</b>	<b>(2,549)</b>	<b>25,083</b>

Other variations are analysed as follows:

Major Items	£000	fte
Savings	(2,793)	(4.0)
Depreciation adjustments	618	
Technical Adjustments	(375)	
<b>TOTAL</b>	<b>(2,550)</b>	<b>(4.0)</b>



## ENVIRONMENT AND REGENERATION DEPARTMENT

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

### FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15
146.0	137.2

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/2014 Original Estimate £000	Inflation £000	Other Variations £000	2014/2015 Estimate £000
<b>Expenditure</b>				
Employees	5,559	0	(431)	5,128
Premises	676	2	13	691
Transport	229	3	(7)	225
Supplies and Services	589	10	70	669
Third Party Payments	323	5	(2)	326
Transfer Payments	2	0	0	2
Support Services	1,743	0	0	1,743
Depreciation and Impairment Losses	56	0	20	76
<b>GROSS EXPENDITURE</b>	<b>9,177</b>	<b>20</b>	<b>(337)</b>	<b>8,860</b>
<b>Income</b>				
Government Grants	(48)	0	48	(0)
Other Reimbursements and Contributions	(199)	0	61	(138)
Customer and Client Receipts	(13,619)	0	(400)	(14,019)
Recharges	0	0	0	0
Reserves	(104)	0	(1)	(105)
<b>GROSS INCOME</b>	<b>(13,970)</b>	<b>0</b>	<b>(292)</b>	<b>(14,262)</b>
<b>NET EXPENDITURE</b>	<b>(4,794)</b>	<b>20</b>	<b>(629)</b>	<b>(5,403)</b>

Other variations are analysed as follows:

Major Items	£000	fte
Savings	(518)	(3.0)
Depreciation adjustments	21	
Technical Adjustments	(132)	(6.0)
<b>TOTAL</b>	<b>(629)</b>	<b>(9.0)</b>

## ENVIRONMENT AND REGENERATION DEPARTMENT

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

### FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15
113.0	118.1

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/2014 Original Estimate £000	Inflation £000	Other Variations £000	2014/2015 Estimate £000
<b>Expenditure</b>				
Employees	4,128	2	119	4,249
Premises	1,116	10	75	1,201
Transport	259	4	17	280
Supplies and Services	1,634	21	(37)	1,618
Third Party Payments	1,003	6	(273)	736
Transfer Payments	17	0	(5)	12
Support Services	2,637	0	0	2,637
Depreciation and Impairment Losses	611	0	72	683
<b>GROSS EXPENDITURE</b>	<b>11,404</b>	<b>43</b>	<b>(32)</b>	<b>11,415</b>
<b>Income</b>				
Government Grants	(59)	0	7	(52)
Other Reimbursements and Contributions	(223)	0	25	(198)
Customer and Client Receipts	(6,580)	0	(659)	(7,239)
Recharges	(1,663)	0	0	(1,663)
Reserves	(933)	0	453	(480)
<b>GROSS INCOME</b>	<b>(9,459)</b>	<b>0</b>	<b>(174)</b>	<b>(9,633)</b>
<b>NET EXPENDITURE</b>	<b>1,945</b>	<b>43</b>	<b>(206)</b>	<b>1,782</b>

Other variations are analysed as follows:

Major Items	£000	fte
Savings	(338)	(1.2)
Depreciation adjustments	43	
Technical Adjustments	89	
<b>TOTAL</b>	<b>(206)</b>	<b>(1.2)</b>

## ENVIRONMENT AND REGENERATION DEPARTMENT

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

### FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15
25.0	22.0

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/2014 Original Estimate £000	Inflation £000	Other Variations £000	2014/2015 Estimate £000
<b>Expenditure</b>				
Employees	1,012	0	(171)	841
Premises	5	0	0	5
Transport	7	0	0	7
Supplies and Services	179	3	(3)	179
Third Party Payments	1,568	2	(16)	1,554
Transfer Payments	0	0	0	0
Support Services	331	0	0	331
Depreciation and Impairment Losses	104	0	35	139
<b>GROSS EXPENDITURE</b>	<b>3,204</b>	<b>5</b>	<b>(155)</b>	<b>3,054</b>
<b>Income</b>				
Government Grants	(317)	0	87	(230)
Other Reimbursements and Contributions	(1,539)	0	71	(1,468)
Customer and Client Receipts	(6)	0	0	(6)
Recharges	0	0	0	0
Reserves	(26)	0	26	0
<b>GROSS INCOME</b>	<b>(1,888)</b>	<b>0</b>	<b>184</b>	<b>(1,704)</b>
<b>NET EXPENDITURE</b>	<b>1,316</b>	<b>5</b>	<b>29</b>	<b>1,350</b>

Other variations are analysed as follows:

Major Items	£000	fte
Saving	(3)	
Depreciation adjustments	35	
Technical Adjustments	(3)	
<b>TOTAL</b>	<b>29</b>	<b>0.0</b>

## ENVIRONMENT AND REGENERATION DEPARTMENT

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

### FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15
10.6	10.6

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/2014 Original Estimate £000	Inflation £000	Other Variations £000	2014/2015 Estimate £000
<b>Expenditure</b>				
Employees	698	0	(18)	680
Premises	0	0	0	0
Transport	0	0	0	0
Supplies and Services	226	1	(179)	48
Third Party Payments	0	0	0	0
Transfer Payments	0	0	0	0
Support Services	116	0	0	116
Depreciation and Impairment Losses	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>1,041</b>	<b>1</b>	<b>(197)</b>	<b>845</b>
<b>Income</b>				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	0	0	0	0
Customer and Client Receipts	0	0	0	0
Recharges	(1,041)	0	0	(1,041)
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(1,041)</b>	<b>0</b>	<b>0</b>	<b>(1,041)</b>
<b>NET EXPENDITURE</b>	<b>(0)</b>	<b>1</b>	<b>(197)</b>	<b>(196)</b>

Other variations are analysed as follows:

Major Items	£000	fte
Saving	(21)	
Technical adjustments	(176)	
<b>TOTAL</b>	<b>(197)</b>	<b>0</b>



## **2014/2015 ESTIMATES**

# **COMMUNITY AND HOUSING DEPARTMENT**

## COMMUNITY AND HOUSING DEPARTMENT Total

The department includes Adult Social Care, Housing, Libraries and Merton Adult Education.

### FULL TIME EQUIVALENTS

	2013/14	2014/15
Number of FTE Staff	524.71	531.99
Number of FTE PCT TUPE staff	19.88	19.09

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/14 Original Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000
<b>Expenditure</b>				
Employees	19,500	15	(351)	19,164
Premises	1,058	16	(17)	1,057
Transport	1,415	21	9	1,445
Supplies and Services	4,824	62	(443)	4,443
Third Party Payments	41,939	637	(1,845)	40,731
Transfer Payments	13,030	0	(3,541)	9,489
Support Services	8,538	0	(534)	8,004
Depreciation and Impairment Losses	725	0	14	739
<b>GROSS EXPENDITURE</b>	<b>91,029</b>	<b>751</b>	<b>(6,708)</b>	<b>85,072</b>
<b>Income</b>				
Government Grants	(2,802)	0	(197)	(2,999)
Other Reimbursements and Contributions	(10,135)	(198)	3,815	(6,518)
Customer and Client Receipts	(11,277)	(5)	(1)	(11,283)
Interest	0	0	0	0
Recharges	(3,317)	0	493	(2,824)
Reserves	(25)	0	(52)	(77)
<b>GROSS INCOME</b>	<b>(27,556)</b>	<b>(203)</b>	<b>4,058</b>	<b>(23,701)</b>
<b>NET EXPENDITURE</b>	<b>63,473</b>	<b>548</b>	<b>(2,650)</b>	<b>61,371</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Current Year savings	(2,465)	0.00
Previous years savings	0	0
Previous years growth	1,436	0
Overheads adjustments	0	0
Depreciation adjustments	14	0
Rebasing of Income	0	0
Technical adjustments	95	0
Transfers between departments	325	6.03
Grants	26	0
Other	(2,081)	0.00
<b>TOTAL</b>	<b>(2,650)</b>	<b>6.03</b>

## COMMUNITY AND HOUSING DEPARTMENT Adult Education

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

### FULL TIME EQUIVALENTS

Number of FTE Staff

2013/14	2014/15
31.36	28.36

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/14 Original £000	Inflation £000	Other Variations £000	2014/15 Estimate £000
<b>Expenditure</b>				
Employees	1,813	0	(166)	1,647
Premises	141	2	2	145
Transport	3	0	(0)	3
Supplies and Services	334	5	(2)	337
Third Party Payments	0	0	0	0
Transfer Payments	0	0	0	0
Support Services	286	0	0	286
Depreciation and Impairment Losses	96	0	1	97
<b>GROSS EXPENDITURE</b>	<b>2,673</b>	<b>7</b>	<b>(165)</b>	<b>2,515</b>
<b>Income</b>				
Government Grants	(1,873)	0	0	(1,873)
Other Reimbursements and Contributions	(3)	0	3	0
Customer and Client Receipts	(624)	0	(3)	(627)
Interest	0	0	0	0
Recharges	0	0	0	0
Reserves	0	0	0	0
<b>GROSS INCOME</b>	<b>(2,500)</b>	<b>0</b>	<b>0</b>	<b>(2,500)</b>
<b>NET EXPENDITURE</b>	<b>173</b>	<b>7</b>	<b>(165)</b>	<b>15</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Current Year savings	(176)	
Previous years savings	0	
Previous years growth	0	
Overheads adjustments	0	
Depreciation adjustments	1	
Rebasing of Income	0	
Technical adjustments	(1)	
Transfers between departments	0	
Grants	0	
Other	11	
<b>TOTAL</b>	<b>(165)</b>	<b>0.00</b>

**COMMUNITY AND HOUSING DEPARTMENT**  
**Library & Heritage Services**

Services are provided through three main town centre libraries, Mitcham, Morden, Wimbledon and four neighbourhood libraries, Donald Hope, Pollards Hill, Raynes Park and West Barnes. Additional services available are home visits and school services. Also available is the Heritage Service located at Morden Library.

**FULL TIME EQUIVALENTS**

Number of FTE Staff

2013/14	2014/15
43.20	47.10

**SUBJECTIVE ANALYSIS OF ESTIMATES**

	2013/14 Original Estimate £000	Inflation £000	Other Variations £000	2013/14 Estimate £000
<b>Expenditure</b>				
Employees	1,319	0	13	1,332
Premises	418	6	(24)	400
Transport	3	0	(0)	3
Supplies and Services	618	9	(43)	584
Third Party Payments	66	1	(1)	66
Transfer Payments	0	0	0	0
Support Services	814	0	0	814
Depreciation and Impairment Losses	553	0	13	566
<b>GROSS EXPENDITURE</b>	<b>3,791</b>	<b>16</b>	<b>(42)</b>	<b>3,765</b>
<b>Income</b>				
Government Grants	0	0	0	0
Other Reimbursements and Contributions	(120)	0	6	(114)
Customer and Client Receipts	(343)	(4)	14	(333)
Interest	0	0	0	0
Recharges	0	0	0	0
Reserves	(25)	0	25	0
<b>GROSS INCOME</b>	<b>(488)</b>	<b>(4)</b>	<b>45</b>	<b>(447)</b>
<b>NET EXPENDITURE</b>	<b>3,303</b>	<b>12</b>	<b>3</b>	<b>3,318</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Current Year savings	(10)	
Previous years savings	0	
Previous years growth	0	
Overheads adjustments	0	
Depreciation adjustments	13	
Rebasing of Income	0	
Technical adjustments	(23)	
Transfers between departments	0	
Grants	0	
Other	23	
<b>TOTAL</b>	<b>3</b>	<b>0.00</b>



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

**Housing Needs and Enabling Service**

**FULL TIME EQUIVALENTS**

Number of FTE Staff

2013/14	2014/15
25.5	32.5

**SUBJECTIVE ANALYSIS OF ESTIMATES**

	2013/14 Original Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000
<b>Expenditure</b>				
Employees	962	0	347	1,309
Premises	1	0	37	38
Transport	18	0	10	28
Supplies and Services	190	3	18	211
Third Party Payments	909	14	231	1,154
Transfer Payments	480	0	(142)	338
Support Services	230	0	(0)	230
Depreciation and Impairment Losses	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>2,790</b>	<b>17</b>	<b>501</b>	<b>3,308</b>
<b>Income</b>				
Government Grants	(798)	0	(171)	(969)
Other Reimbursements and Contributions	0	0	(5)	(5)
Customer and Client Receipts	(34)	(1)	(62)	(97)
Interest	0	0	0	0
Recharges	0	0	0	0
Reserves	0	0	(77)	(77)
<b>GROSS INCOME</b>	<b>(832)</b>	<b>(1)</b>	<b>(315)</b>	<b>(1,148)</b>
<b>NET EXPENDITURE</b>	<b>1,958</b>	<b>16</b>	<b>186</b>	<b>2,160</b>

Other Variations are analysed as over leaf:

Other Variations are analysed as follows:

Major Items	£000	fte
Current Year savings	(92)	
Previous years savings	0	
Growth	0	
Overheads adjustments	0	
Depreciation adjustments	0	
Rebasing of Income	0	
Technical adjustments	0	
Transfers between departments	270	6.03
Grants	0	
Other	8	
<b>TOTAL</b>	<b>186</b>	<b>6.03</b>

NB: The financial information included above is the latest available but may change as the budget process develops and more up to date details become available.

## COMMUNITY AND HOUSING DEPARTMENT Adult Social Care

This area includes Older People, Mental Health, Learning Disability, Physical Disability and sensory Impaired clients. It also includes No Recourse to Public Fund, aids support and substance misuse clients, concessionary fares and clients receiving other services.

### FULL TIME EQUIVALENTS

	2013/14	2014/15
Number of FTE Staff	424.65	424.00
Number of FTE PCT TUPE staff	19.88	19.09

### SUBJECTIVE ANALYSIS OF ESTIMATES

	2013/14 Original Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000
<b>Expenditure</b>				
Employees	15,405	15	(544)	14,876
Premises	500	8	(34)	474
Transport	1,390	21	0	1,411
Supplies and Services	3,682	45	(416)	3,311
Third Party Payments	40,964	622	(2,075)	39,511
Transfer Payments	12,550	0	(3,399)	9,151
Support Services	7,208	0	(534)	6,674
Depreciation and Impairment Losses	76	0	0	76
<b>GROSS EXPENDITURE</b>	<b>81,775</b>	<b>711</b>	<b>(7,002)</b>	<b>75,484</b>
<b>Income</b>				
Government Grants	(131)	0	(26)	(157)
Other Reimbursements and Contributions	(10,012)	(198)	3,811	(6,399)
Customer and Client Receipts	(10,276)	0	50	(10,226)
Interest	0	0	0	0
Recharges	(3,317)	0	493	(2,824)
Reserves	(0)	0	0	0
<b>GROSS INCOME</b>	<b>(23,736)</b>	<b>(198)</b>	<b>4,328</b>	<b>(19,606)</b>
<b>NET EXPENDITURE</b>	<b>58,039</b>	<b>513</b>	<b>(2,674)</b>	<b>55,878</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Current Year savings	(2,187)	
Previous years savings	0	
Growth	1,436	
Overheads adjustments	0	
Depreciation adjustments	0	
Rebasing of Income	0	
Technical adjustments	119	
Transfers between departments	55	
Grants	26	
Other	(2,123)	
<b>TOTAL</b>	<b>(2,674)</b>	<b>0.00</b>

**COMMUNITY AND HOUSING DEPARTMENT**  
**Public Health**

This area includes all Public Health responsibilities .

**FULL TIME EQUIVALENTS**

Number of FTE Staff

Number of FTE PCT TUPE staff

2013/14	2014/15
9.00	10.71
0.00	0.00

**SUBJECTIVE ANALYSIS OF ESTIMATES**

	2013/14 Original Estimate £000	Inflation £000	Other Variations £000	2014/15 Estimate £000
<b>Expenditure</b>				
Employees	569	0	108	677
Premises	0	0	0	0
Transport	6	0	0	6
Supplies and Services	4,227	0	0	4,227
Third Party Payments	4,086	0	143	4,229
Transfer Payments	0	0	0	0
Support Services	97	0	0	97
Depreciation and Impairment Losses	0	0	0	0
<b>GROSS EXPENDITURE</b>	<b>8,985</b>	<b>0</b>	<b>251</b>	<b>9,236</b>
<b>Income</b>				
Government Grants	(8,985)	0	(251)	(9,236)
Other Reimbursements and Contributions	0	0	0	0
Customer and Client Receipts	0	0	0	0
Interest	0	0	0	0
Recharges	0	0	0	0
Reserves	(0)	0	0	(0)
<b>GROSS INCOME</b>	<b>(8,985)</b>	<b>0</b>	<b>(251)</b>	<b>(9,236)</b>
<b>NET EXPENDITURE</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>(0)</b>

Other Variations are analysed as follows:

Major Items	£000	fte
Current Year savings		
Previous years savings		
Growth		
Overheads adjustments		
Depreciation adjustments		
Rebasing of Income		
Technical adjustments		
Transfers between departments		
Grants		
Other		1.71
<b>TOTAL</b>	<b>0</b>	<b>1.71</b>

# **Glossary of Terms & List of Acronyms**

<b>BUSINESS PLAN - GLOSSARY OF TERMS</b>
<b>ANNUAL MINIMUM REVENUE PROVISION</b> The council is required to pay off an element of the accumulated General Fund capital spend each financial year through a revenue charge, as required by the Local Government and Housing Act 1989.
<b>ASSET MANAGEMENT PLAN / REVIEW</b> An Asset Management Plan (AMP) is a tactical plan for managing an organisation's infrastructure and other assets to deliver an agreed standard of service. This information is reviewed annually.
<b>BALANCES</b> Balances are maintained to meet expenditure pending the receipt of income and to provide a cushion against expenditure being higher or income lower than expected. Contributions to balances can be either a planned contribution from the revenue budget or a transfer of any revenue surplus at the year end. The maintenance of an appropriate level of balances is a fundamental part of prudent financial management.
<b>BORROWING STRATEGY</b> A borrowing strategy set up the parameters within which money may be borrowed by the Authority. These parameters are designed to manage the risk taken by the authority within best practice.
<b>BUDGET</b> Statement of the spending plans for the year.
<b>CAPITAL EXPENDITURE</b> Expenditure on the acquisition of a fixed asset or expenditure, which adds to, and not merely maintains, the value of an existing fixed asset.
<b>CAPITAL FINANCING REQUIREMENT (CFR)</b> Is the total historical outstanding capital expenditure which has not yet been paid for from either revenue or capital resources i.e. a measure of the underlying borrowing need.
<b>CAPITAL PROGRAMME</b> Is documentation which summarises the outcome of priority allocations contained in the capital strategy and details individual schemes for approval by Council / Cabinet.
<b>CAPITAL PROGRAMME BOARD</b> The Capital Programme Board ensures: <ul style="list-style-type: none"> <li>• that the overall capital investment strategy is consistent with strategic objectives, is affordable within the revenue budget strategy, examining potential funding options.</li> <li>• that bids are submitted in accordance with set framework and guidelines (including business cases, value for money and options appraisal) and prioritised in accordance of agreed criteria</li> <li>• compiles and manages a multi-year capital programme for consideration by CMT and approval by Cabinet</li> <li>• oversees the Council's Accommodation and disposals strategy.</li> </ul>
<b>CAPITAL PROJECTS / SCHEMES</b> Capital Projects / Schemes is the level at which Member approval is obtained.
<b>CAPITAL RECEIPTS</b> Proceeds from the sale of fixed assets and repayments of capital grants and loans. These are divided into reserved and usable parts.

<b>BUSINESS PLAN - GLOSSARY OF TERMS Continued...</b>
<p><b>CAPITAL MONITORING</b></p> <p>The monthly comparison of actual spend against the anticipated spend (profiled budget) and the revision of projected year end spend where necessary. Periodically budget managers will be required to review their in year budget requirement and re-profile their projected expenditure over subsequent financial years.</p>
<p><b>CAPITAL STRATEGY</b></p> <p>A Capital Strategy is a core planning document designed to dovetail with the MTFs and Treasury Strategy to ensure that limited capital resources are deployed in accordance with corporate priorities / achieving our vision. The document will also detail how the proposed capital programme will be funded.</p>
<p><b>CASH FLOW MANAGEMENT</b></p> <p>Cash flow is the movement of money into or out of a business. Cash flow management optimises activity and investment around these cash flows.</p>
<p><b>CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)</b></p> <p>The Institute produces standards and codes of practice that must be followed in preparing the Council's financial statements.</p>
<p><b>CODE OF PRACTICE LOCAL AUTHORITY ACCOUNTING</b></p> <p>These are designed to support consistent standards of financial accounting in local authorities. There are two accounting codes :-</p> <p>The Code of Practice on Local Authority Accounting supports consistent financial reporting at the level of the formal statements of accounts.</p> <p>The Service Reporting Code of Practice (SerCOP) supports consistent financial reporting between local authorities below the level of the formal statement of accounts. In particular the SerCOP is designed to support consistency and comparability in reporting the cost of individual services and activities. The IFRS based Code of Practice requires that the analysis of services in the Consolidated Revenue Account should follow that prescribed by the SerCOP.</p>
<p><b>COLLECTION FUND</b></p> <p>This is a statutory 'ring fenced' account. It records income and expenditure on Council Tax, Non Domestic Rates, payments to the precepting authorities and transfer to the Council's General Fund.</p>
<p><b>COMMUNITY ORGANISATION</b></p> <p>An organisation with benevolent or philanthropic purposes.</p>
<p><b>COMPACT</b></p> <p>Compacts are partnership agreements between statutory bodies and the voluntary and community sector to improve their relationships and provide a framework within which the sectors can understand what to expect from each other. Compacts offer the means of supporting the development of the voluntary and community sector's capacity so that groups can do more to meet both their aims and those of their statutory partners, thereby enhancing their contribution to the local community. The national compact (between central government and the voluntary and community sector) was launched in 1998 and it is now a requirement for all local authorities and PCTs to develop a compact with the voluntary and community sector. They are not legally binding documents but the Compact is approved and signed policy and affects the conduct of all partners.</p>

<b>BUSINESS PLAN - GLOSSARY OF TERMS Continued...</b>
<p><b>COMPREHENSIVE SPENDING REVIEW (CSR)</b> The CSR is a governmental process carried out by HM Treasury which sets out fixed three-year departmental expenditure limits and, through public sector service agreements, defines key service improvements.</p>
<p><b>CONTINGENCY</b> A contingency is the setting aside of a finite sum to offset the cost of a future event or circumstance which may or may not occur.</p>
<p><b>CORPORATE AND DEMOCRATIC CORE</b> The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities. It has two elements - corporate management and democratic representation and management. The activities within the corporate and democratic core are in addition to those which would be carried out by a series of independent, single purpose bodies managing the same services. There is, therefore, no logical basis for apportioning these costs to services.</p>
<p><b>CORPORATE GOVERNANCE</b> Corporate Governance is the system by which local authorities direct and control their functions and communicate to their communities.</p>
<p><b>COUNCIL TAX</b> This is the main source of local taxation to local authorities. It is levied on households within the authority's area and the proceeds are paid into the Collection Fund for distribution to precepting authorities and to the authority's own General Fund.</p>
<p><b>COUNTRY LIMITS</b> The current economic climate has not only affected companies and financial institutions; it has affected sovereigns as well. This will be incorporated into counterparty selection.</p>
<p><b>CREDIT APPROVAL</b> The permission to borrow given to each local authority annually by the Secretary of State. Local authorities can obtain supplementary credit approvals during the year for particular projects.</p>
<p><b>CREDITORS</b> The individual or organisation to whom the Authority owes money. Accordingly, it does not include money on taxation to the Council.</p>
<p><b>COUNCIL'S BORROWING REQUIREMENT</b> Based on projected spend, this is the amount of money a local authority will need to borrow to finance this projected spend.</p>
<p><b>COUNTERPARTIES</b> The organisation in respect of which the Authority borrows from or invests money with.</p>
<p><b>COUNTERPARTIES DOWNGRADES</b> A counterparty will be removed, suspended or kept on close watch from the council's approved list if it fails to meet the Council's criteria.</p>
<p><b>CORPORATE BONDS</b> Is a bond that a corporation issues to raise money in order to expand its business.</p>
<p><b>COUPON</b> Is the interest rate stated on a bond at the time it is issued.</p>

<b>BUSINESS PLAN - GLOSSARY OF TERMS Continued...</b>
<p><b>CREDITWORTHINESS</b> An assessment of the likelihood that a borrower will default on their debt obligations. It is based upon factors, such as their history of repayment and their credit score. Lending institutions also consider the availability of assets and extent of liabilities to determine the probability of default.</p>
<p><b>DEBTORS</b> A debtor is an organisation or individual that owes the Authority money.</p>
<p><b>DEBT RESCHEDULING</b> Where certain debt may be redeemed and a further loan obtained. This may be undertaken to provide an even spread of debt redemption date and terms, It may also be used to optimise beneficial borrowing rates in the market while maintaining activity within acceptable risk levels.</p>
<p><b>DEPRECIATION</b> Depreciation is a charge to the revenue account to reflect the reduction in the useful economic life of a fixed asset. The reduction in the value of a fixed asset in the balance sheets is in line with the expected useful life.</p>
<p><b>COUNTERPARTY DOWNGRADES</b> This is a reduction in the credit rating of an organisation during a periodic review.</p>
<p><b>EARMARKED CAPITAL REOURCES / GRANTS</b> Money received by the Authority which has certain conditions / restrictions over its use limiting the type of expenditure that it may be applied against.</p>
<p><b>FINANCIAL INSTRUMENT</b> A real or virtual document representing a legal agreement involving some sort of monetary value. In today's financial marketplace, financial instruments can be classified generally as equity based, representing ownership of the asset, or debt based, representing a loan made by an investor to the owner of the asset.</p>
<p><b>FINANCIAL YEAR</b> The financial year runs from 1 April to the following 31 March.</p>
<p><b>FIXED ASSETS</b> Assets that yield benefits to the local authority and the services it provides for a period of more than one year. These assets can be tangible or intangible.</p>
<p><b>FTSE 100</b> This is the index of the top 100 UK listed companies by market capitalisation.</p>
<p><b>GENERAL FUND</b> The main fund of the Council, from which all expenditure is met and all income is paid, with the exception of those items, which by statute have to be taken to some other account.</p>
<p><b>GOVERNMENT GRANTS</b> Financial assistance by government and other bodies, in the form of cash transfers to an authority, issued in return for compliance with certain conditions relating to the activities of the authority.</p>
<p><b>GROSS EXPENDITURE</b> The total expenditure of a fund or account.</p>
<p><b>GROUP LIMITS</b> This is a limit on the amount of money that may be invested with or borrowed from a particular conglomerate.</p>



<b>BUSINESS PLAN - GLOSSARY OF TERMS Continued...</b>
<p><b>HOUSING REVENUE ACCOUNT (HRA)</b> This is a statutory account that shows all income and expenditure relating to the provision, management and maintenance of the Council's housing stock. The government defines the items of income and expenditure that must be included in the account. This account is ring-fenced under the Local Government and Housing Act 1989.</p>
<p><b>INTERNATIONAL FINANCIAL REPORTING STANDARD (IFRS)</b> International Financial Reporting Standards are the standards that both the SORP and the UK GAAP are converging towards and local authorities have had to fully comply with since 2010/11 financial year</p>
<p><b>INVESTMENT POLICY</b> The London Borough of Merton's investment policy has regard to the CLG's Guidance on Local Government Investments and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes. The council's investment priorities will be security first, liquidity second, then return.</p>
<p><b>INVESTMENT STRATEGY</b> The investment of the Authority's cash balances to optimise its strategic and operational needs.</p>
<p><b>INVESTMENT TREASURY INDICATOR AND LIMIT</b> This is a prudential indicator for funds invested for more than 364 days, designed to measure the need for early investment redemption against the Authority's liquidity requirement.</p>
<p><b>LENDERS OPTION BORROWERS OPTION (LOBO)</b> When borrowing or lending money, certain time related limits may be established when the arrangement is made e.g. at a certain point in time the interest rate of a loan will increase; at this point both parties have the opportunity to opt in / out of the arrangement.</p>
<p><b>LEVY</b> An amount levied by a local authority or other statutory body which is paid by the Council.</p>
<p><b>LIABILITIES</b> An entity's obligations to transfer economic benefits as a result of past transactions or events.</p>
<p><b>LOCALISM ACT 2011</b> It sets out a series of proposals with the potential to achieve a substantial and lasting shift in power away from central government and towards local people. They include: new freedoms and flexibilities for local government; new rights and powers for communities and individuals; reform to make the planning system more democratic and more effective</p>
<p><b>MERTON 2015 BOARD</b> Merton 2015 Board oversees the management and monitoring of the Merton 2015 programme and the promotion of best practices within the Council. Its work falls into four main areas:</p> <ul style="list-style-type: none"> <li>• manage and monitor the Merton 2015 programme including giving the go ahead for new projects and project closure;</li> <li>• steer the implementation and future development of the Merton 2015 programme;</li> <li>• lead on developing and maintaining cross-cutting initiatives; and</li> <li>• manage, co-ordinate and monitor business improvement activity across the council.</li> </ul>

<b>BUSINESS PLAN - GLOSSARY OF TERMS Continued...</b>
<p><b>MINIMUM REVENUE PROVISION</b></p> <p>The council is required to pay off an element of the accumulated General Fund capital spend each financial year through a revenue charge, as required by the Local Government and Housing Act 1989.</p>
<p><b>NON-DOMESTIC RATE (NDR)</b></p> <p>A levy on businesses based on national 'rateable value' of the premises occupied. NDR is collected by the Council in line with national criteria, paid into a national pool and then redistributed to all local and police authorities on the basis of population.</p>
<p><b>NON-SPECIFIED INVESTMENTS</b></p> <p>A body which has been provided with a government issued guarantee for wholesale deposits within specific timeframes.</p>
<p><b>OPERATIONAL BOUNDARY</b></p> <p>The operational boundary is a prudential indicator for monitoring the total external debt, gross of investments, and separately identifying borrowing from other long term liabilities.</p>
<p><b>PENSION FUND</b></p> <p>The Local Government Pension Scheme (LGPS) is a scheme established by statute to provide death and retirement benefits for all eligible employees. The scheme's benefits are defined in the LGPS Regulations, and are geared to a scheme member's final salary and length of service (this current scheme is currently under review).</p> <p>The scheme is financed by a combination of employee and employer contributions, together with income from a fund of investments. The employee contribution rate is set at 6% of pensionable pay, whilst the employer's rate varies according to an assessment of the funds current and forecast pension/benefit costs, (the fund's liabilities), relative to its income. This assessment is undertaken, in accordance with LGPS Regulations, every three years by the Fund's appointed actuary, who sets the necessary level of employer contribution into the fund so that the fund's liabilities can be paid.</p>
<p><b>PERFORMANCE MANAGEMENT FRAMEWORK</b></p> <p>Performance management is about how an organisation consistently plans and manages to ensure continuous improvement. Sustainable improvements in services are unlikely to happen without it. A performance framework is designed to help individuals, teams, divisions etc. understand :</p> <ul style="list-style-type: none"> <li>• what the organisation is trying to achieve (golden thread),</li> <li>• the planning, monitoring and review cycle</li> <li>• their responsibilities.</li> </ul>
<p><b>PRECEPTS</b></p> <p>An amount collected by the Council as part of the Council Tax on behalf of another statutory body.</p>
<p><b>PRIVATE FINANCE INITIATIVE (PFI)</b></p> <p>PFI contracts are agreements with private sector organisations to refurbish, maintain and operate fixed assets on behalf of public sector organisations such as local authorities.</p>
<p><b>PROCUREMENT BOARD</b></p> <p>The Procurement Board provides a corporate focus for procurement issues and oversees the procurement development in Merton. The Board also provides both strategic direction for, and effective governance of, the procurement arrangements across the Authority, ensuring they are effective, efficient and utilised.</p>

<b>BUSINESS PLAN - GLOSSARY OF TERMS Continued...</b>
<p><b>PROFILE</b> Refers to budget management, where an allocated annual budget is split over the months in which it is estimated that expenditure will be incurred. For example, utility bills may well be split into four and entered into the months in which quarterly payments are due.</p>
<p><b>PROVISIONS</b> Amounts set aside for any liabilities or losses which are likely to be incurred, but which are uncertain as to the amounts or the dates on which they will arise.</p>
<p><b>PRUDENTIAL CODE OF BORROWING</b> The Local Government Finance Act (NI) 2011 requires the Council to adopt the CIPFA Prudential Code for Capital Finance in Local Authorities. In doing so, the Council is required to set and monitor a series of Prudential Indicators, the key objectives of which are to ensure that, within a clear framework, the capital investment plans of the council are affordable, prudent and sustainable.</p>
<p><b>RESCHEDULING OF DEBT</b> The switching of debt between the short term and the longer term and vice versa to obtain favourable borrowing rates.</p>
<p><b>RESERVES</b> These are amounts set aside for specific purposes. The Council has discretion in whether it wishes to set aside these amounts as distinct from sums set aside in provisions.</p>
<p><b>REVENUE EXPENDITURE</b> Expenditure incurred on day to day running costs and confined to accounts within one financial year.</p>
<p><b>REVENUE MONITORING</b> The monthly comparison of actual expenditure and income spend against the anticipated spend (profiled budget). A budget manager will then allow for known income/expenditure to project the year end position</p>
<p><b>RISK MANAGEMENT</b> A risk is a threat, obstacle, barrier, etc. that will stop the Authority from achieving its ambitions, aims and objectives. Risk management is the process of managing the risks that may prevent delivery of desired outcomes so that the organisation can anticipate and respond positively to change. Merton's approach to risk management is to raise awareness, integrate it into day to day operations and establish a robust framework and procedures to identify, analyse, assess and manage risk.</p>
<p><b>SECTION 151 OFFICER</b> Section 151 of the Local Government Act 1972 requires every local authority to make arrangements for the proper administration of their financial affairs and requires one officer to be nominated to take responsibility for the administration of those affairs. The Section 151 officer is usually the local authority's treasurer and must be a qualified accountant belonging to one of the recognised chartered accountancy bodies. The Section 151 officer has a number of statutory duties, including the duty to report any unlawful financial activity involving the authority (past, present or proposed) or failure to set or keep to a balanced budget.</p>
<p><b>SECURITISATION</b> 'Securitisation' as used in this context means the disposal of future revenues. For example, someone receiving rents from properties might transfer the entitlement to that income to a bank for (e.g.) 20 years, in exchange for an immediate lump-sum payment.</p>

<b>BUSINESS PLAN - GLOSSARY OF TERMS Continued...</b>
<p><b>SPECIFIED INVESTMENTS</b> These are to be sterling investments of a maturity period of not more than 364 days, or those which could be for a longer period but where the Council has the right to be repaid within 364 days if it wishes. These are low risk assets where the possibility of loss of principal or investment income is considered negligible.</p>
<p><b>SUPER OUTPUT AREA</b> A Super Output Area (SOA) is a geographical area designed for the collection and publication of small area statistics. It is used on the Neighbourhood Statistics site, and has a wider application throughout national statistics. SOAs give an improved basis for comparison throughout the country because the units are more similar in size of population than, for example, electoral wards</p>
<p><b>SUPPORT SERVICES</b> These are services that are not statutory local authority services but which give support to those services.</p>
<p><b>SUPPORTED CAPITAL EXPENDITURE</b> This is the term for central government support for local authority capital expenditure with effect from 1 April 2004. Under the new system, central government provides allocations to replace the previous system of credit approvals. The allocations enable services to borrow to finance capital schemes. The services also receive revenue funding through the revenue support grant to pay for the borrowing.</p>
<p><b>TAX INCREMENTAL FINANCING</b> The Local Government Finance Bill was passed in December 2011 and introduces a rate retention scheme enabling local authorities to retain a proportion of the business rates generated in their area. The Bill also includes a framework for the localisation of support for council tax in England, which alongside other council tax measures will give councils increased financial autonomy and a greater stake in the economic future of their local area, while providing continuation of council tax support for the most vulnerable in society. In determining the affordability of borrowing for capital purposes, authorities currently take account of their current income streams and forecast future income.</p>
<p><b>TREASURY MANAGEMENT</b> The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.</p>
<p><b>TREASURY MANAGEMENT PRACTICES / TREASURY MANAGEMENT CODE OF PRACTICE</b> The Local Government Finance Act (NI) 2011 requires the Council to adopt the CIPFA Prudential Code for Capital Finance in Local Authorities. In doing so, the Council is required to set and monitor a series of Prudential Indicators, the key objectives of which are to ensure that, within a clear framework, the capital investment plans of the council are affordable, prudent and sustainable.</p>
<p><b>USEFUL LIFE</b> This is the period over which the local authority derives benefit from the use of a fixed asset.</p>

<b><u>BUSINESS PLAN - GLOSSARY OF TECHNICAL TERMS ARISING FROM BUSINESS RATE RETENTION SCHEME</u></b>
<p><b>Aggregate start-up funding assessment</b> This is the total amount of funding that has been allocated to the local government sector in 2013-14. It is the adjusted local government spending control total for 2013-14.</p>
<p><b>Baseline funding level</b> The amount of a local authority's <i>start up funding assessment</i> which is provided through the <i>local share</i> of the estimated business rates aggregate at the outset of the scheme. It will form the baseline against which <i>tariffs</i> and <i>top-ups</i> will be calculated.</p>
<p><b>Billing authority</b> A local authority which bills and collects business rates, for example a district council or unitary council.</p>
<p><b>Billing authority business rates baseline</b> Determined by dividing the <i>local share</i> of the estimated business rates aggregate between billing authorities on the basis of their <i>proportionate shares</i>.</p>
<p><b>Central share</b> The percentage share of locally collected business rates that will be paid to central government by billing authorities. This will be set at 50 per cent. The <i>central share</i> will be re-distributed to local government through grants including the <i>Revenue Support Grant</i>.</p>
<p><b>Efficiency Support Grant</b> A grant awarded to local authorities who, in 2013-14 and 2014-15, would otherwise see a reduction of more than 8.8 per cent of their revenue spending power.</p>
<p><b>Estimated Business Rates Aggregate</b> The total business rates forecast to be collected by all billing authorities in England. This will include two adjustments, one to address volatility in outturn compared to forecast and the other to cover future appeals losses.</p>
<p><b>Floor damping</b> A method by which stability in funding is maintained through limiting the effect of reductions in grant. A floor guarantees a lower limit to year-on-year reductions in grant for each authority. The grant changes of authorities whose grants are above the floor are scaled back by a fixed proportion to help pay for the floor.</p>
<p><b>Formula funding</b> This refers to the element of the aggregate start-up funding assessment that used to be funded through formula grant and which is distributed according to a mathematical formula to individual local authorities.</p>

**BUSINESS PLAN - GLOSSARY OF TECHNICAL TERMS ARISING FROM BUSINESS RATE RETENTION SCHEME Continued ...**

**Individual authority business rates baseline**

Derived by apportioning the *billing authority business rates baseline* between billing and major precepting authorities on the basis of *major precepting authority shares*.

**Individual authority start-up funding assessment**

Referred to as start-up funding allocation in the technical consultation paper. A local authority's share of the *local government spending control total* which will comprise its *Revenue Support Grant* for the year in question and its *baseline funding level*.

**Levy**

A mechanism to limit disproportionate benefit from increase in business rates. The levy is applied proportionally on a 1:1 basis. Thus a 1 per cent increase in business rates income produces a corresponding 1 per cent increase in revenue from the rates retention scheme. There is a limit on the maximum levy rate of 50p in the pound. Levy payments will be used to fund the safety net.

**Local government spending control total**

The total amount of expenditure in the Department for Communities and Local Government's Local Government Departmental Expenditure Limit allocated to the local government sector by HM Treasury for each year of a Spending Review. For 2013-14, this is equal to the start-up funding assessment.

**Local share**

The percentage share of locally collected business rates that will be retained by local government. This will be set at 50 per cent. At the outset, the *local share* of the estimated business rates aggregate will be divided between billing authorities on the basis of their *proportionate shares*.

**Major precepting authority**

A local authority that does not collect business rates but is part of the business rates retention scheme. They are county councils in two tier areas, single purpose fire and rescue authorities and the Greater London Authority.

**Major precepting authority shares**

Used to establish the proportion of the *local share* that is paid by a billing authority to its major precepting authorities. Also applied to *billing authority business rates baselines* to establish *individual authority business rates baselines* for both billing and major precepting authorities.

**Multiplier**

The business rates multiplier when multiplied by the rateable value of a property determines a ratepayer's business rate bill. There are two multipliers – one for small businesses and one for larger businesses. These are set nationally. The small business multiplier is updated annually by the retail prices index (although exceptionally a lesser increase may be imposed) and the other multiplier adjusted accordingly. There will be no change to the way in which multipliers are set as a result of the introduction of the business rates retention scheme.



**BUSINESS PLAN - GLOSSARY OF TECHNICAL TERMS ARISING FROM BUSINESS RATE RETENTION SCHEME Continued ...**

**New Burdens**

The Government uses the New Burdens Assessment to keep pressure on council tax bills to a minimum. It requires all government departments to justify why new duties, powers, targets and other bureaucratic burdens should be placed on local authorities, as well as how much these policies and initiatives will cost and where the money will come from to pay for them.

**National Non-Domestic Rates 1 Form (NNDR1)**

The form submitted by 31 January by a billing authority to its major precepting authority and central government to provide an estimate of its business rate income for the upcoming financial year.

**Proportionate Share**

This is the percentage of the national business rates yield which a billing authority has collected - on the basis of the average rates collected by authorities over the two years 2010-11 and 2011-12. This percentage will be applied to the *local share* of the estimated business rates aggregate to determine the *billing authority business rates baseline*.

**Rate reliefs**

The rating system currently provides mandatory relief to charities and other categories of ratepayer (e.g. certain rural ratepayers) and permits authorities to grant discretionary relief to other rate payers. There will be no changes to the terms of existing mandatory and discretionary reliefs for businesses as a result of the introduction of the business rates retention scheme.

**Relative Needs Formulae**

These are the first stage in the calculation the Government uses to distribute formula funding.

**Reset**

New *baseline funding levels*, new *individual authority business rates baselines* (and therefore new *tariffs* or *top-ups*) are set for each authority to take account of changes in relative need and resource.

**Reset period**

The years between *resets* in which local authorities are able to retain (after taking into account the *levy* and payments owing to relevant shares) the growth in business rates income. It is the Government's intention that the initial *reset period* will run from 2013 to 2020, and thereafter for ten years.

**Revenue Support Grant**

All authorities will receive *Revenue Support Grant* from central government in addition to its *baseline funding level*. An authority's *Revenue Support Grant* amount plus its *baseline funding level* will together comprise its *start-up funding assessment*.

**Ring-fenced grant**

A grant paid to local authorities which has conditions attached to it, which restrict the purposes for which it may be spent.

<b><u>BUSINESS PLAN - GLOSSARY OF TECHNICAL TERMS ARISING FROM BUSINESS RATE RETENTION SCHEME Continued ...</u></b>	
<b>Safety net</b>	Mechanism to protect any authority which sees its business rates income drop, in any year, by more than 7.5 per cent below their <i>baseline funding level</i> . The baseline funding levels are uprated each year by the September Retail Prices Index for the purposes of assessing eligibility for the safety net.
<b>Safety net payment</b>	A payment made by central government to local authorities who are eligible for safety net support. These are payable after the end of the financial year
<b>Safety net payment on account</b>	A safety net payment made to a local authority on the basis of forecast non domestic rating income. This means it will be made in year – in advance of the calculation of actual <i>safety net payments</i> - which will be calculated on the basis of audited accounts data following the end of that financial year. Any difference between the two amounts will be reconciled and corrected.
<b>Safety net threshold</b>	This is 92.5 per cent of a local authority's baseline funding level.
<b>Service tiers</b>	There are three service tiers corresponding to the services supplied by the three types of authorities. These are upper-tier services – those services, other than fire, supplied by county councils in two-tier areas; fire and rescue services; and lower-tier services – those services supplied by district councils in two-tier areas. Some authorities may provide more than one tier of service.
<b>Spending Power</b>	The definition of revenue spending power is spending power from council tax, Government revenue grants and National Health Service Funding for social care. The calculation of each local authority's spending power is used to calculate eligibility for Efficiency Support Grant.
<b>Tariffs and top-ups</b>	Calculated by comparing an <i>individual authority business rates baseline</i> against its <i>baseline funding level</i> . <i>Tariffs</i> and <i>top-ups</i> will be self-funding, fixed at the start of the scheme and index linked to the Retail Prices Index in future years.
<b>Tariff authority</b>	An authority with a higher <i>individual authority business rates baseline</i> than its <i>baseline funding level</i> , and which therefore pays a <i>tariff</i> .
<b>Tariff payment</b>	The payment made from tariff authorities to central government over the course of the financial year.
<b>Top-up authority</b>	An authority with a lower <i>individual authority business rates baseline</i> than its <i>baseline funding level</i> , and which therefore receives a <i>top-up</i> .



**BUSINESS PLAN - GLOSSARY OF TECHNICAL TERMS ARISING FROM BUSINESS RATE RETENTION SCHEME Continued ...**

**Top-up payment**

The payment made from central government to top-up authorities over the course of the financial year.

**Transitional protection payment**

An adjustment to ensure that authorities do not experience gains or losses in rates income as a consequence of the transitional arrangements

**BUSINESS PLAN – LIST OF ACRONYMS**

<b><u>Acronym</u></b>	<b><u>Definition</u></b>
AD	Assistant Director
ADASS	Association of Directors of Adult Social Services
Apps	Applications
ASB	Anti Social Behaviour
ASC	Adult Social Care
ASH	Our miscellaneous income, invoicing and recovery system
BC	Building Control
BESD	Behavioural Emotional and Social Difficulties
BME	Black Minority Ethnic
C & YP	Children and Young People
CAF	Common Assessment framework
CAMHS	Child and Adolescent Mental Health Services
CC	Children's Centre
CC	Children's Centre
CCTV	Close Circuit Television
CEN	Creative Environmental Networks
CEO	Civil Enforcement Officer
CFR	Capital Financing Requirement
CIPFA	Chartered Institute Public Finance and Accountancy
CMT	Corporate Management Team
CNEA	Clean Neighbourhood and Environment Act
COM	Current Operating Model
CPD	Centre for Professional Development
CPD	Continuing Professional Development
CPZ	Controlled Parking Zone
CRB	Criminal Records Bureau
CRM	Customer Relationship Management
CSC	Children's Social Care
CSF	Children Schools & Families
CYP	Children and Young People
CYPP	Children and Young peoples Plan
DC	Development Control
DEFRA	Department for Environment Food and Rural Affairs
DFG	Disabled Facilities grant

<b><u>Acronym</u></b>	<b><u>Definition</u></b>
DMT	Departmental Management Team
DSG	Dedicated Schools Grant
E&R	Environment and Regeneration
EA	Equality Analysis
EAL	English as an Additional Language
EH	Environmental Health
EIA	Equalities Impact Assessment
EIG	Early Intervention Grant
ERTG	Enforcement Review Task Group
ESOL	English for Speakers of Other Languages
EU	European Union
EY	Early Years
FACS	Fair Access to Care Services
FM	Facilities Management
FOI	Freedom Of Information
FPN	Fixed Penalty Notice
FTE	Full Time Equivalent
GLA	Greater London Authority
HB	Housing Benefits
HC&OP	Healthier Communities and older People
HCA	Homes and Community Agency
HNES	Housing Needs and Enabling Services
HRRC	Household Reuse and Recycling Centre
ICT	Information and Communications Technology
IFRS	International Financial Reporting Standard
IP	Intellectual Property
IT	Information Technology
iTrent	Our new payroll system
JD	Job Description
K	£ Thousand
L & D	Learning and Development
LA	Local Authority
LAC	Looked After Children
LALO	Local Authority Liaison Officer
LATS	Landfill Allowances and Trading Scheme
LB	London Borough
LBM	London Borough of Merton
LCGS	London Councils Grant Scheme
LDD	Learning Development and Diversity
LGA	Local Government Association
LLC	Local Land Charges
LSC	Learning Skills Council
LSCB	Local Safeguarding Children's Board
LSP	Local Strategic Partnership
LOBO	Lenders Option Borrowers Option
MAE	Merton Adult Education
MARAC/DV	Multi Agency Risk Assessment Case Conference / Domestic Violence

<b><u>Acronym</u></b>	<b><u>Definition</u></b>
MCIL	Merton Centre for Independent Living
MIS	Management Information System
MP	Member of Parliament
MRP	Minimum Revenue Provision
MSLT1&2	Merton's Senior Leadership Team Levels 1 and 2
MTFS	Medium Term Financial Strategy
MVSC	Merton Voluntary Service Council
NEET	Not in Education Employment or Training
NNDR	National Non Domestic Rate
O&S	Overview and Scrutiny
OJEU	Official Journal of the European Union
OT	Occupational Therapy
PATAS	Parking And Traffic Appeals Service
PC	Police Constable
PCN	Penalty Charge Notice
PCT	Primary Care Trust
PFI	Private Finance Initiative
PM&R	Pavement Maintenance and Repair
PM&R	Pavement Maintenance and Repair
PPD	Public Protection and Development
PPP	Policy Planning and Performance
PRS	Private Rented Sector
PVI	Private Voluntary and Independent
QA	Quality Assurance
SC	Sustainable Communities
SEN	Special Educational Needs
SEND	Special Educational Needs and Disabilities
SFA	Skills Funding Agency
SLA	Service Level Agreement
SLA	Service Level Agreements
SLWP	South West London Partnership
SME	Subject Matter Expert
SMT	Senior Management team
SOAs	Super Output Areas
SSQ	School Standards and Quality
SW	South West
SWLSG	South West London and St George's Mental Health NHS Trust
TBC	To Be Confirmed
TEC	Transport and Environment Committee
TFL	Transport For London
TOM	Target Operating Model
TUPE	The Transfer of Undertaking (Protection of Employment) Regulations
VAT	Value Added Tax
VLE	Virtual Learning Environment
VS	Voluntary Sector
YOT	Youth Offending Team

## **Council Tax Base 2014/15**

### **1. INTRODUCTION**

- 1.1 The council tax base is the measure of the number of dwellings to which council tax is chargeable in an area or part of an area. The Council Tax base is calculated using the properties from the Valuation List together with information held within Council Tax records. The properties are adjusted to reflect the number of properties within different bands in order to produce the Council Tax Base (Band D equivalent). This will be used to set the Council Tax at Band D for 2014/15. The Council is required to determine its Council Tax Base by 31 January 2014.
- 1.2 In 2013/14 the Council Tax Base calculation was affected by the introduction of the new local council tax support scheme and technical reforms to council tax. On 30 November 2012, new regulations set out in the Local Authorities (Calculation of council Tax Base) Regulations 2012 (SI 2012:2914) came into force. These regulations ensured that new local council tax support schemes, implemented under the Local Government Finance Act 2012, were fully reflected in the council tax base for all authorities.

### **2. CALCULATING THE COUNCIL TAX BASE FOR 2014/15**

- 2.1 Under the regulations, the council tax base is the aggregate of the relevant amounts calculated for each valuation band multiplied by the authority's estimated collection rate for the year.
- 2.2 The relevant amounts are calculated as
- number of chargeable dwellings in each band shown on the valuation list on a specified day of the previous year,
  - adjusted for the number of discounts, and reductions for disability, that apply to those Dwellings
- 2.3 All authorities notify the DCLG of their unadjusted Council Tax Base using a CTB Form and the deadline for return was 18 October 2013 and Merton met this deadline.
- 2.4 The CTB form for 2014/15 includes the latest details about the Council Tax Support Scheme and the technical reforms which impacted on discounts and exemptions. Last year this information was not available at the time the CTB form was submitted.

## 2.5 Current Council Tax Base

2.5.1 The Council Tax Base calculation for 2013/14 is set out below:-

	Council Tax Base 2013/14
Council Tax Base (CTB Form – Original methodology)	78,270.9
Less: Reduction in CT Base for CT Reduction Scheme	(9,981.8)
Add: Increase for Technical Reform Adjustments	1,121.5
<b>Total of relevant amounts (A)</b>	<b>69,410.6</b>
Total of relevant amounts (A)	69,410.6
Authority's estimate of collection rate (B)	96.5%
<b>Council Tax Base 2013/14</b>	<b>66,981.2</b>

2.5.2 There is a separate council tax base for those properties within the area covered by Wimbledon and Putney Commons Conservators. For 2013/14 the Council Tax Base for WPCC is 9,645.2. The Conservators use this, together with the Council Tax bases from RB Kingston, and Wandsworth to calculate the levy which is charged each year.

## 2.6 Assumptions in the MTFS

2.6.1 In producing a forecast of council tax yield in future years, there are two key variables to be considered:-

- the year on year change in Council Tax Base
- the council tax collection rate

2.6.2 The draft MTFS reported to Cabinet assumes that the Council Tax Base increases 0.5% per year and that the collection rate is 97% in each of the years.

2.6.3 For 2014/15, the MTFS includes Council Tax income of £75.250m including the Wimbledon and Putney Common Conservators element, which is based on an estimated Council Tax Base of 68,003.2 and an average Band D council tax of £1,106.56.

## 2.7 Information from the October 2013 Council Tax Base Return

2.7.1 The Council makes two CTB returns, one for the whole area of the borough and the other for the area covered by the Wimbledon and Putney Common Conservators for which an additional levy is applied.

2.7.2 The information in the CTB returns has been used to calculate the council tax bases and these are summarised in the following table compared to 2013/14:-

Council Tax Base	2013/14	2014/15	Change
			%
Whole Area	66,981.2	68,087.4	1.65
Wimbledon & Putney Common Conservators	9,645.2	10,708.8	11.03

### 3. IMPLICATIONS FOR COUNCIL TAX YIELD 2014/15

3.1 Assuming that council tax charges remain as for 2013/14 the estimated income compared to 2013/14 and the current assumption in the MTFS are summarised in the following table:-

Council Tax: Whole area	2013/14	2014/15 MTFS Council 6/3/13	2014/15 MTFS Cabinet 21/10/13	2014/15 Based on CTB Return
Tax Base	66,981.2	66,981.2	68,003.2	68,087.4
Band D Council Tax	£1,102.55	£1,102.55	£1,102.55	£1,102.55
<b>Estimated Yield</b>	<b>£73.85m</b>	<b>£73.85m</b>	<b>£74.98m</b>	<b>£75.07m</b>
Change: 13/14 – latest 14/15				+ £1.22m
Change: Council–latest 14/15				+ £1.22m
Change: Cabinet–latest 14/15				+ £0.09m

A 1% change in council tax changes yield by approximately £0.750m.

#### 3.2 Analysis of changes in yield 2013/14 to latest 2014/15

3.2.1 There are a number of reasons for the change in estimated yield between 2013/14 and the latest estimate based on the CTB data.

3.2.2 Over this period the Council Tax Base increased by 1,106.2 from 66,981.2 to 68,087.4 which multiplied by the Band D Council Tax of £1,102.55 results in additional yield of £1.2m.

3.2.3 An exact reconciliation for the change between years is not possible because of changes in distribution of Council Tax Support and discounts and benefits between years varies and the methodology used in each year is different. However, broadly the changes can be analysed as follows:-

##### a) Change in collection rate from 96.5% to 97%

This increases the Council Tax Base by about 350 per year and equates to additional yield of approximately £0.39m.

b) Number of Chargeable Dwellings and Exempt Dwellings

Between years the number of properties increased by 442 from 81,799 to 82,241 and the number of exempt dwellings reduced by 850 from 1,799 to 949. This means that the number of chargeable dwellings increased by 1,292 between years. Based on a full charge, this equates to additional council tax of £1.42m

c) Amount of Council Tax Support Reduction

In 2013/14 there was a reduction of 9,981.8 to the Council Tax Base for the council tax support reduction. This has increased to 10,309.3 in 2014/15 which is a drop of 327.5 and equates to council tax loss of about £0.36m.

d) Changes in Discounts and Exemptions

Overall, the level of discounts and exemptions in the 2014/15 calculation is less than assumed in 2013/14 resulting in a reduction of about 263 in the council tax base which reduces yield by around £0.29m

e) Summary

The following puts the individual elements together to show how the potential council tax yield changes between 2013/14 and 2014/15:-

	Approx. Change in Council Tax Base	Approx. Change in Council Tax yield
		£m
Increase Collection Rate: 96.5% to 97%	350	0.39
Increase in number of chargeable dwellings	1,292	1.42
Change in Council Tax Support Reductions	(328)	(0.36)
Change in discounts and exemptions	(263)	(0.29)
Balance due to changes in distribution etc.	55	0.06
Total	1,106	1.22

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