

CABINET

Date: 15 July 2019

Subject: Financial Report 2019/20 – May 2019

Lead officer: Roger Kershaw

Lead member: Mark Allison

Recommendations:

- A. That Cabinet note the financial reporting data relating to revenue budgetary control, showing a forecast net overspend at year end of £1.98 million, 0.11% of gross budget.
- B. That Cabinet note the contents of Section 4 of the report and approve the amendments below.

Scheme	2019/20 Budget	2020/21 Budget	Narrative
Corporate Service			
Spectrum Spatial Analysis (GIS)	120,000	(60,000)	Merton Improvement Board £60k Funding and re-profiling
Children, Schools and Families			
Primary ASD base	200,000	(200,000)	Re-profiled in line with projected spend
Total	320,000	(260,000)	

- C. Cabinet are requested to approve releases from Outstanding Council Programme Board (OCPB) reserve of £152,007 relating to Project Management and £149,219 relating to SCIS – Post Go Live.
- D. That Cabinet approves the release from the Outstanding Council Programme Board (OCPB) reserve of £181,422 relating to the Community and Housing MIB project bid for the scanning and digital archiving of files.
- E. That Cabinet approve the release of £100k that was set aside in the Culture, Environment & Planning Contribution reserve to meet the demolition costs of Battle Close. Demolition of the site has now been completed.
- F. That Cabinet approve the release of £150k that was set aside in the Culture, Environment & Planning Contribution reserve to contribute towards projects to promote long-term sustainable transport provision in Council–managed car parks. This includes the provision of charging points for electric vehicles, cycle storage, pedestrian safety and help points across all relevant car parks.
- G. That Cabinet approve a virement of £52k from Parking Services to Regulatory Services. As part of the Air Quality Action Plan 2018-23 Cabinet previously agreed the recommendations, which included the recruitment of an Air Quality Officer, to be funded from the revenue generated from the vehicle emissions charge.
- H. Cabinet to approve the virement of £102k from the Children and Education grant reserve to social care budgets.
- I. Cabinet to approve the virement of £631k from the vulnerable children's social worker team (VCT) to safeguarding and care planning team 6.

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This is the financial monitoring report for period 2, 31st May 2019 presented in line with the financial reporting timetable.

This financial monitoring report provides-

- The income and expenditure at period 2 and a full year forecast projection.
- An update on the capital programme and detailed monitoring information;
- An update on Corporate Items in the budget 2019/20;
- Progress on the delivery of the 2019/20 revenue savings

2. THE FINANCIAL REPORTING PROCESS

- 2.1 The budget monitoring process in 2019/20 continues to focus on children's social care, which overspent in 2018/19 and continues to have budget pressures. There will also be focus on adult social care placements where there is continued pressure. Equally budget monitoring will focus on accuracy of forecasting as the 2018/19 outturn underspend demonstrates some over cautious forecasting in certain services. It is equally important to forecast expected underspends as it is overspends to ensure the overall Council forecast position is accurate.
- 2.2 Chief Officers, together with budget managers and Service Financial Advisers are responsible for keeping budgets under close scrutiny and ensuring that expenditure within budgets which are overspending is being actively and vigorously controlled and where budgets are underspent, these underspends are retained until year end. Any final overall overspend on the General Fund will result in a call on balances; however this action is not sustainable longer term.

2.3 2019/20 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

Executive summary – At period 2 to 31st May 2019, the year-end forecast is a net £1.98m overspend compared to the current budget.

Summary Position as at 31st May 2019

	Current Budget 2019/20 £000s	Full Year Forecast (May) £000s	Forecast Variance at year end (May) £000s	Outturn variance 2018/19 £000s
Department				
3A. Corporate Services	11,080	10,314	(766)	(2,511)
3B. Children, Schools and Families	60,933	63,778	2,845	2,271
3C. Community and Housing	63,753	64,027	274	(197)
3D. Public Health	0	0	0	0
3E. Environment & Regeneration	15,832	15,459	(373)	(1,526)
Overheads	0	0	0	(33)
NET SERVICE EXPENDITURE	151,597	153,578	1,980	(1,996)
3E. Corporate Items				
Impact of Capital on revenue budget	10,481	10,481	0	403
Other Central budgets	(19,763)	(19,763)	0	(6,064)
Levies	949	949	0	0
TOTAL CORPORATE PROVISIONS	(8,333)	(8,333)	0	(5,661)
TOTAL GENERAL FUND	143,265	145,245	1,980	(7,657)
FUNDING				
Revenue Support Grant	0	0	0	0
Business Rates	(44,026)	(44,026)	0	0
Other Grants	(8,169)	(8,169)	0	0
Council Tax and Collection Fund	(91,070)	(91,070)	0	0
FUNDING	(143,265)	(143,265)	0	0
NET	(0)	1,980	1,980	(7,657)

The current level of GF balances is £13.778m and the minimum level reported to Council for this is £12.53m. This means that another reserve or further savings will need to be found to offset the remaining £0.732m overspend.

3. DEPARTMENTAL SUMMARY OF CURRENT POSITION

Corporate Services

Division	2019/20 Current Budget	2019/20 Full year Forecast (May)	2019/20 Full Year Forecast Variance (May)	2018/19 Outturn Variance
	£000	£000	£000	£000
Customers, Policy & Improvement	3,624	3,481	(143)	(246)
Infrastructure & Technology	11,568	11,652	84	(64)
Corporate Governance	2,432	2,320	(112)	(294)
Resources	5,791	5,371	(420)	(707)
Human Resources	1,900	1,918	18	16
Corporate Other	853	660	(193)	(1,216)
Total (Controllable)	26,168	25,402	(766)	(2,511)

Overview

At the end of period 2 (May) the Corporate Services (CS) department is forecasting an underspend of £766k at year end.

Customers, Policy and Improvement - £143k under

There is a forecast underspend of £29k on cash collections, capturing part of a future year saving early in 2019/20. The translations service has a forecast underspend of £53k, mainly as a result of additional income from internal translation requests and a vacancy within the team. Marketing and communications have a £45k underspend forecast from less than budgeted spend on the council magazine and graphic design, this is in line with level of spend in 2018/19. A further £46k underspend is forecast on press and PR, this is a result of maternity leave in the team as well as there being no resident survey planned for 2019/20.

A £17k overspend is forecast on the registrars service relating to various running cost budgets such as ground maintenance and marketing. This is partly offset by the overachievement of income, however income for 19/20 is expected to be £100k less than that achieved in 18/19 due to the Home Office no longer providing additional work.

Infrastructure & Technology - £84k over

The main areas of overspend forecast within I&T are telecoms (£102k) due to delays in the PABX telecoms implementation and the Professional Development Centre (Chaucer Centre) (£84k) due to the underachievement of rental income. The business systems team is forecasting a further £34k overspend due to the underachievement of income and an unmet saving on support and maintenance from 2018/19 (CSREP 2018-19 (13)).

Various underspends within the division are partly offsetting the above overspends. IT service delivery is forecasting a £72k underspend due to less than budgeted licence costs and additional recharges to clients. The Civic Centre is forecasting a £33k underspend due

to additional rental income and the print and post room are forecasting a £40k underspend with a vacancy held in the team.

Corporate Governance – £112k under

The underspend within Corporate Governance is formed of £26k from various running cost budgets held by the AD, £23k from democracy services largely due to a vacancy and £15k inflation. A further £25k underspend is forecast in the information governance team due to vacancies and consultants budget not required in year. The South London Legal Partnership (SLLp) are forecasting a £106k surplus, of which £20k is to be retained by Merton.

Resources - £420k under

There are various underspends forecast within senior management, made up of the Chief Executive's budget (£48k under), Director of Corporate Services (£71k under) and AD Resources (£89k under) due to subscription and consultancy budgets not expected to be required in year.

Accountancy has a £204k overspend forecast on corporate accountancy due to agency spend and additional bank charges being incurred in relation to RingGo payments. Mitigating actions to reduce the additional bank charges are being reviewed and the current forecast represents a worst case scenario if no changes were to be implemented. This is part offset by a £20k underspend within budget management due to vacancies within the team.

A £34k overspend is forecast on the financial information system team mainly due to staffing costs, with a business case pending to review ongoing budget pressures within the team.

The insurance and treasury teams are forecasting a £66k underspend due to recovery of insurance premiums and additional recharges to the pension fund, part offset by an underachievement of schools buyback income.

The Merton bailiff service is forecasting to underspend by £247k due to additional income in excess of the budget. Benefits administration is forecasting a £148k underspend mainly due to additional income from DWP for various schemes, though this is in part offset by agency spend. There is a forecast overspend of £18k on local taxation services due to various running costs and agency spend which is not fully offset by additional income relating to the cost of collection for NDR and council tax.

Human Resources – £18k over

A £31k underspend on the AD budget is forecast as a result of a vacancy being held for part of the year. Staffing underspends within learning and development and the payroll teams are as a result of a restructure in year which captures a future year saving early.

Overspends are forecast on staff side (£30k) pending confirmation on the amount to be recharged to UNISON. The underachievement of schools buy back income is also contributing to the HR overspend. A significant budget pressure within HR is from the transactions budget which is currently forecasting a £75k overspend. This is due a £15k budget pressure on DBS recharges to clients which no longer include an internal admin charge as the work is conducted by the London Borough of Kingston. The remainder relates to the shared payroll system and iTrent client team charges by the London Borough of Kingston.

Corporate Items - £193k under

The Housing Benefit budget shows a forecast surplus of £1.23m on the account against a budgeted surplus of £1m. The unbudgeted surplus relates to an underspend against the budget to top-up the bad debt provision, part offset by an overpayment recovery shortfall.

The Coroners court is forecasting an overspend, pending updated information from Westminster. This part offsets with additional income from the Magistrates court.

There is a budget pressure of £388k as an admin charge is no longer applied to users of the corporate agency contract. This pressure is currently being mitigated by the corporately funded items budget which, at this stage, is not expected to be fully utilised in year.

Environment & Regeneration

Environment & Regeneration	2019/20 Current Budget	Full year Forecast (May)	Forecast Variance at year end	2018/19 Outturn Variance
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	£000	£000	(May) £000	£000
Public Protection	(13,064)	(13,188)	(124)	(753)
Public Space	14,682	14,752	70	(1,449)
Senior Management	975	937	(38)	(17)
Sustainable Communities	8,074	7,793	(281)	694
Total (Controllable)	10,667	10,294	(373)	(1,525)

Description	2019/20 Current Budget £000	Forecast Variance at year end (May) £000	2018/19 Variance at year end £000
Overspend within Regulatory Services	481	116	112
Underspend within Parking Services	(14,409)	(452)	(964)
Overspend within Safer Merton & CCTV	864	212	99
Total for Public Protection	(13,064)	(124)	(753)
Overspend within Waste Services	13,716	113	(1,611)
Nil variance within Leisure & Culture	416	0	(222)
Underspend within Greenspaces	1,245	(119)	145
Overspend within Transport Services	(695)	76	239
Total for Public Space	14,682	70	(1,449)
Underspend within Senior Management & Support	975	(38)	(17)
Total for Senior Management	975	(38)	(17)
Underspend within Property Management	(2,792)	(340)	368
Overspend within Building & Development Control	4	109	275
Underspend within Future Merton	10,862	(50)	51
Total for Sustainable Communities	8,074	(281)	694
Total Excluding Overheads	10,667	(373)	(1,525)

Overview

The department is currently forecasting an underspend of £373k at year end. The main areas of variance are Parking Services, Safer Merton & CCTV, and Property Management.

Public Protection

Parking Services underspend of £452k

The underspend is mainly as a result of additional penalty charge notices being issued, following the implementation of the ANPR system across the borough (£1,279k), and P&D income (£428k).

The section has a £1,900k saving this year relating to the review of parking charges, based on an October start date. As the implementation date for the revised charges is still subject to Cabinet approval and subject to change, the forecast reflects a prudent approach to the likely implementation date, and associated income of £950k.

Included within this forecast is employee related overspend of £122k due to a combination of savings not yet implemented and increased demand, and a £75k overspend in relation to debt registration and Parking and Traffic Appeals Service (PATAS) costs due to the increased volume of PCNs following the implementation of ANPR system. A piece of work is currently being

undertaken to realign the parking budgets, which will include the associated costs involved with operating the ANPR system.

There have been delays in implementing all of the parking savings to date. In terms of ANPR, there was an initial assumption that there would be a peak in the processing work and, balanced with on-going compliance, the processing volume would drop. However, although the section still expects compliance to further increase, it has not yet occurred to the level expected as processing volumes remain above estimated levels, leading to the need to continue to employ additional agency staff.

Safer Merton & CCTV overspend of £212k

The section is forecasting to overspend on annual network and connection costs by £28k, and by c£40k on one-off CCTV upgrade and relocation costs. In addition, the section has a 2019/20 saving of £100k relating to charging local businesses for monitoring of their CCTV, which will not be achieved.

The CCTV budgets are currently being reviewed by the Safer Merton & CCTV manager and the AD of Public Protection in order to mitigate these pressures, which may include an alternative saving being presented to Cabinet in due course.

Sustainable Communities

Property Management underspend of £340k

The principal reason for the forecast underspend relates to exceeding the commercial rental income expectations by £468k mainly due to conducting the back log of rent reviews in line with the tenancy agreements.

This is being partially offset by an overspend of £89k on premises related expenditure, for example, utility and repairs & maintenance costs.

Virements

During 2018/19 £100k was set aside in a reserve to meet the demolition costs of Battle Close. Demolition at the site has now been completed so Cabinet are requested to approve the release of these funds.

During 2018/19 £150k was set aside in a reserve to contribute towards projects to promote long-term sustainable transport provision in Council–managed car parks. This will include the provision of charging points for electric vehicles, cycle storage, pedestrian safety and help points across all relevant car parks. Cabinet are now requested to approve the release of these funds.

As part of the Air Quality Action Plan 2018-23 Cabinet previously agreed the recommendations which included the recruitment of an Air Quality Officer, to be funded from the revenue generated from the vehicle emissions charge. Therefore, Cabinet are now requested to approve a virement of £52k from Parking Services to Regulatory Services.

Children Schools and Families

Children, Schools and Families	2019/20 Current Budget £000	Full year Forecast May £000	Forecast Variance at year end (May) £000	2018/19 Variance at year end £000
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Education	22,985	23,603	618	(37)
Social Care and Youth Inclusion	21,562	24,504	2,942	3,211
Cross Department budgets	519	519	0	(20)
PFI	8,573	8,228	(345)	(354)
Redundancy costs	2,183	2,183	(370)	(529)
Total (controllable)	55,822	59,037	2,845	2,271

Overview

At the end of May Children Schools and Families forecast to overspend by £3.215m on local authority funded services; an increase in overspend from March's outturn of £944k. The overspend is mainly due to the volatile nature of placement and SEN transport budgets, and the current volume of CSC activity and Education, Health and Care Plan (EHCP) requests. Despite an increasing population, Merton has managed to reduce our number of looked after children in care slightly through a combination of actions, which is detailed in the management action section below.

Due to the SEN inspection coinciding with May's budget monitoring, some services were not able to return full monitoring information for May. These areas were either put to budget or variances forecast in line with outturn figures. These forecasts will be reviewed during June monitoring. Some underspends which reduced cost pressures last year, i.e. redundancy cost, have also not been quantified yet as this can only be done later in the year once the September school redundancies have been finalised.

The CSF department received £500k growth for 2019/20 which was all allocated against the SEN transport cost due to the pressure in this area.

Local Authority Funded Services

Significant budget variances identified to date are detailed in the table below:

Description	Budget £000	May £000	2018/19 £000
Procurement & School organisation	594	(207)	(411)
SEN transport	4,705	978	1,223
Other small over and underspends	17,686	(153)	(849)
Subtotal Education	22,985	618	(37)
Fostering and residential placements (ART)	7,111	871	1,057
Un-accompanied asylum seeking children (UASC)	550	1,195	774
UASC grant	(475)	(537)	(286)
Community Placement	0	500	500
No Recourse to Public Funds (NRPF)	21	141	301
MASH & First Response staffing	1,618	346	354
Legal costs	526	251	280
Other small over and underspends	11,736	175	231
Subtotal Children's Social Care and Youth Inclusion	21,562	2,942	3,211

Education Division

The procurement and school organisation budget is forecast to underspend by £207k because of lower spend on re-venueisation budgets. This budget relates to the revenue cost of construction projects and is affected by slippage of capital schemes. The majority of this is required for temporary classrooms due to rising pupil demand when it is not viable to provide permanent buildings.

The SEN transport budget is forecast to overspend by £978k at the end of May. The forecast for maintained school taxis is £3.535m, circa £250k more than last year. This is our best estimate based

on the information available at the end of May. More work is being undertaken to forecast the full year effect of the packages that started from September 2018. A more accurate forecast for the current financial year is expected in October once all the changes of the new academic year have been procured. To support the cost pressure in this area, the £500k growth allocated to the department in 2019/20 has been allocated against this budget.

There are various other small over and underspends forecast across the division netting to a £153k underspend. These combine with the items described above to arrive at the total divisional overspend forecast of £618k.

Children's Social Care and Youth Inclusion Division

At the end of May we had 148 looked after children (LAC). This is a reduction of 12 children from the previous report (at March 2019). This is considerably lower than the rate at which children are looked after across London and nationally as per the table below. The reasons for the reduction are that, five turned 18 years and became adults, five returned home to live with parents, relatives, or another person with parental responsibility, one was referred to the National Asylum Support Service and the other child was adopted.

Overview	2015/16	2016/17	2017/18	2018/19
Number of children in care as at 31st March	163	152	154	160
Of which UASC	22	20	28	34
Rate per 10,000	35	33	33	tbc
London Rate	51	50	49	tbc
England Rate	60	62	69	tbc

The complexity of a significant proportion of cases is causing cost pressures as detailed below.

Service	Budget £000	May spend £000	Variance		Placements	
			May £000	Mar £000	May No	Mar No
Residential Placements	2,306	2,606	300	350	17	19
Independent Agency Fostering	1,753	1,953	200	151	32	37
In-house Fostering	992	1,426	434	443	62	59
Secure accommodation	138	138	0	21	2	1
Mother and baby	103	103	0	40	0	2
Supported lodgings/housing	1,819	1,756	(63)	52	58	57
Total	7,111	7,982	871	1,057	171	175

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

- The Residential placement expenditure is forecast to overspend by £300k. We currently have 17 Residential (including 9 Respite) in May. We have made adjustment in anticipation of increase in expenditure over this financial year which will be updated as part of budget monitoring throughout the year.
- The Agency Fostering expenditure is forecast to overspend by £200k. We currently have 32 placements in May. We have made adjustment in anticipation of increases in expenditure over this financial year.
- The In-house Foster carer expenditure is forecast to overspend by £434k. We currently have 62 placements in May.

- The secure accommodation expenditure is projected to be on budget in May. We have 2 placements in May but we normally get more during the year which is why we are predicting to budget at this stage.
- The mother and baby assessment expenditure is projected to be within budget in May. We currently have no placements in units but based on past experience this is expected to change later in the year.
- We are forecasting that the budget for the semi-independent accommodation and supported lodgings/housing placements is forecast to underspend by £62k in May. We have 58 placements in May but based on past experience we would expect this to increase later in the year.

At the end of May, UASC placements and previous UASC that are now Care Leavers were forecasting to overspend by £1.195m, up from £774k in March. Some of this will be offset by the overachievement of grant by £537k.

Service	Budget £000	May spend £000	Variance		Placements	
			May £000	Mar £000	May No	Mar No
Independent Agency Fostering	380	469	89	11	11	9
In-house Fostering	0	534	534	200	24	25
Supported lodgings/housing	170	742	572	563	26	24
Total	550	1,745	1,195	774	61	58

At the end of May, we had 35 placements for UASC young people under 18. This will increase over the next few months due to political commitment to increase our quota to 37 (0.08% of the child population). Merton receives UASC grant towards these placements although it is not sufficient to cover the full cost.

Merton had 26 young people aged 18+ in semi-independent accommodation who were formerly UASC in our care. Once UASC young people reach age 18, we retain financial responsibility for them as Care Leavers until their immigration status is agreed.

We are currently forecasting to over-achieve our UASC grant income by £537k. This is based on the funding Merton received last year. Rate increases have been announced and these will be forecast next month and both grant and expenditure budgets adjusted to reflect the latest position.

We accrued £500k at year-end for the un-budgeted community placement and are estimating that this will continue in the current financial year. This provision relates to a complex case currently under discussion between the CCG and the local authority. The figure is our best current estimate and is subject to change as we are still in negotiation. Forecast costs are currently based on an interim arrangement in place while further work is undertaken to secure the right long term support arrangements.

The NRPF budget is forecast to overspend by £141k in the current financial year. This is £160k less than last year's overspend. The NRPF worker is working closely with housing colleagues to manage cases as they arise and also reviews historic cases to identify ones where claimant circumstances have changed and they can therefore be stepped down from services. We continue to use the Connect system to progress cases and continue to review open cases with the aim to limit the cost pressure on the council.

We are forecasting to overspend by £346k on the MASH and First Response teams' staffing costs. This is because the team is covering 16 vacancies out of an establishment of 30 (excluding Common

and Shared Assessments and management also included in this service area on iTrent) with agency staff due to difficulty in recruiting permanent members of staff in this area.

Legal costs are forecast to overspend by £251k. This cost relates to third party legal fees including Counsel, court and medical fees as well as independent expert witness and Family Drug and Alcohol Court (FDAC) costs. The investment in the FDAC is intended to reduce placement costs due to fewer children coming into care.

There are various other small over and underspends forecast across the division netting to a £175k overspend. These combine with the items described above to arrive at the total divisional forecast overspend of £2.942m.

Dedicated Schools Grant (DSG)

DSG funded services are forecast to overspend by £6.822m. The DSG had a cumulative overspend of £2.909m at the end of 2018/19. The overspend in the current financial year will be adding to this balance and will be carried forward as a negative reserve, similar to other boroughs.

The main reasons for the overspend relates to £3.682m on Independent Day School provision. This is a £81k increase from March 2019. More work is required to forecast the additional placements in the current year and the full year effect of new placements which started last year.

Other overspends include £994k on EHCP allocations to Merton primary and secondary schools, £1.180m on EHCP allocations to out of borough maintained primary, secondary and special schools, and £1.089m on one-to-one support, OT/SLT and other therapies as well as alternative education.

The table below shows the increase in number of EHCPs over the past 4 years as the entitlement changed. At the end of May there were 1,803 EHCPs.

Type of provision	Jan 2016 Total Statements and EHCPs		Jan 2017 Total Statements and EHCPs		Jan 2018 Total Statements and EHCPs		Jan 2019 Total Statements and EHCPs	
	No	%	No	%	No	%	No	%
Early Years (inc. Private & Voluntary Settings)	0	0%	1	0%	7	0%	7	0%
Mainstream School (inc. Academies)	422	39%	461	37%	526	35%	584	34%
Additional Resourced Provision	110	10%	111	9%	116	8%	125	7%
State Funded Special School	358	33%	388	31%	416	27%	440	26%
Independent Schools	132	12%	153	12%	176	12%	228	13%
Post 16 College and traineeships	25	2%	93	7%	183	12%	212	12%
Post 16 Specialist	10	1%	25	2%	44	3%	37	2%
Alternative Educative	15	1%	10	1%	22	1%	28	2%
No placement (including NEET)	3	0%	0	0%	28	2%	51	3%
Total	1075	100%	1242	100%	1518	100%	1712	100%

There are various other smaller over and underspends forecast across the DSG netting to a £123k underspend which, combined with the items above, equates to the net overspend of £6.822m. This will be added to Merton's negative reserve, and conversations continue with government over the funding of this estimated £9.731m deficit (£2.909m in 2018/19).

We continue to keep abreast of proposed changes to the National Funding Formula, especially in relation to risks associated with services currently funded by de-delegated elements of the DSG. We are also working with other authorities on the deficit DSG issue and have responded to the national consultation relating to the treatment of DSG deficits.

The Early Years block of the DSG is normally adjusted in the June following the end of the financial year as it is based on January census information. We are not in a position to estimate this adjustment until year-end.

Although the pressures on the high needs block are clear from the budget monitoring figures highlighted above and continue into 2019/20, some schools are also having trouble in setting balanced budgets with the funding provided to them through the funding formula. The number of schools setting deficit budgets has increased from five in 2017/18 to fourteen in 2018/19. We will not know the position for 2019/20 until the end of June 2019. There are various reasons for schools requiring to set deficit budgets including unfunded pay increases, increased costs relating to children that require additional support but do not meet statutory thresholds for additional funding, reduction in pupil numbers and reduced levels of reserves that schools would previously have used to balance their budgets.

Management action

Quarter four staffing report

The number of employed Social Workers reduced slightly in Q4 to 124 (from 125 in Q3). There has been ongoing strong recruitment during 2018/19, with 28 new starters in the last year. Additionally, there has been a number of internal transfers where staff have had opportunities for career development. Vacancy rates increased in Q4 to 20.84% (from 19.84% in Q3) although it has been on a general downward trend since September 2017. Turnover reduced this quarter to 20.24% (from 21.14% in Q3).

Agency social workers in Q4 make up 17% of the Social Worker workforce, an increase from Q3 (14%). However, the average number of agency SW's used in 2018/19 reduced to 23.43 WTE (from 30.89 WTE in 2017/18). Agency expenditure increased this quarter to £472,368, although the annual expenditure (2018/19) decreased to £1,768,716 from £2,262,568 (2017/18). 33% (8.01 WTE) of all agency workers are working in S&CP and 29% (7.09 WTE) in First Response. Most agency workers are covering vacant posts. We have further reduced the use of agency by continuing to impose a three month recruitment drag where appropriate for non-social work posts.

Placements

We continue to use the Panel processes to provide an overview of the use of IFAs as well as continuing our scrutiny on residential children's home placements.

Our ART Fostering Recruitment and Assessment team is continuing to recruit new foster carers who will offer locally based placements with a campaign targeted at attracting foster carers for teenagers and UASC young people. We have recruited 2 new foster carers this year so far. However, the target for this financial year is to recruit 20 new foster carers, so we will need to pick up pace if we are to succeed in meeting the target.

Our aim is to slow down the increase in more expensive agency foster placements. In addition, we are implementing actions to retain our experienced existing foster carers such as increasing the support offer to them through the trauma based training and support to enable them to take and retain children with more challenging behaviours in placement and implementing the Mockingbird Model. We are also targeting our recruitment to increase our number of in-house mother and child foster placements.

Our ART Placement service is working with providers to establish more local provision and offer better value placements to the Council. We continue to convene the Semi-Independent Accommodation (SIA) Panel which will record costs incurred. We are working to identify our Housing Benefit payments and what we should be getting and what are the actuals received. This

work is continuing with the aim to further reduce under-achievement of housing benefits during this year.

We have contracted with a provider to block purchase five independent units for care leavers aged 18+ to act as a step down into permanent independent living. Building on these cost reductions, we expect to be able to procure further placements of this type in 2019/20 and 2020/21.

We have updated our Staying Put policy for young people aged 18+ to enable them to remain with their foster carers in line with statutory requirements and as recommended by Ofsted in our inspection. However, the increased use of Staying-Put for young people aged 18+ impacts on available placements for younger teenagers, therefore highlighting again the need for targeted recruitment for foster carers for teenager and UASC young people. We continue to focus our foster carer recruitment on carers for teenagers to mitigate these potential additional costs.

Children with additional needs

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

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

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

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

We are also part of a South West London consortium, which uses a dynamic purchasing system for the commissioning of specialist independent places, this enables LAs together to challenge any increases in cost and ensure best value for money in the costs of these placements, although there is evidence that other LAs are not making best use of this and it is likely to be decommissioned.

New burdens

There are a number of duties placed on the Local Authority that have not been fully funded or not funded at all through additional burdens funding from Central Government. Excluding the cost of these duties would leave a net departmental overspend of £1.319m, however that figure masks substantial one off windfalls and non-recurrent and recurrent management action. The table below highlights the continued estimated overspends relating to these unfunded duties:

Description	Budget £000	May overspend forecast £000	2018/19 over £000
Supported lodgings/housing- care leavers	1,819	(63)	52
Supported lodgings/housing- UASC	170	1,195	774
UASC	380	623	211
No Recourse to Public Funds (NRPF)	21	141	301
Total	2,390	1,896	1,338

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

Other unfunded burdens include:

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

Further new burdens are expected for 2019/20 including:

- DfE requirement for new assessment process for all social workers (National Assessment and Accreditation System).
- SEND tribunals will cover all elements of children care packages, not just education.
- New requirement of social work visits to children in residential schools and other provision

Virements

Children and Education grant reserve virement

Reserves were put aside from Controlling Migration fund received in 2018/19 to build capacity for providing support and integration for young unaccompanied asylum seekers in Merton. Cabinet is asked to approve the virement of £102k from reserves to social care budgets where these service will be delivered.

Safeguarding and care planning restructure virement

Following the safeguarding and care planning restructure this virement is to create the new Team 6 in this service and close down the vulnerable children's social worker team (VCT), both of which are contained within the children social care service area. Cabinet is asked to approve the virement of £631k from VCT to safeguarding and care planning team 6.

Community and Housing

Overview

Community & Housing is currently forecasting an overspend of £274k as at May 2019. There is a growth in the costs of adult social care placements, which is currently being managed through increased income. There are forecast overspends in Housing £223k and Libraries £51k. However Public Health and Merton Adult Learning are currently forecasting a breakeven position.

Community & Housing Summary Outturn Position

Community and Housing	2019/20 Current Budget £000	2019/20 Forecast £'000	2019/20 Forecast Variance £000	2018/19 Outturn Variance £000
Access and Assessment	45,199	45,165	(34)	(258)
Commissioning	4,449	4,290	(159)	(5)
Direct Provision	4,700	4,756	56	6
Directorate	1,142	1,279	137	90
Adult Social Care	55,490	55,490	0	(167)
Libraries and Heritage	2,186	2,237	51	45
Merton Adult Learning	(8)	(8)	0	0
Housing General Fund	1,905	2,128	223	(73)
Sub-total	4,083	4,357	274	(195)
Public Health	(148)	(148)	0	0
Grand Total	59,425	59,699	274	(195)

Access & Assessment -£34k underspend

This is the most volatile area within the Community and Housing service as it is a demand led service governed by national eligibility criteria. There was a steady decrease in spend on care placements during 2018/19 due to careful management of the budget. However, this decrease started to plateau towards the year end with increased activity out of hospital. This is starting to show as a pressure on the placements budget.

This pressure is currently offset by increased income, including from the Integration Better Care Fund (iBCF), and managed underspends on non-care budgets. The detail shows that the main cause of this pressure is the increased needs of existing service users, with older service users in particular requiring double-up care or a move into residential and nursing care. We will continue to track the detailed trends on a monthly basis, which will inform actions to ensure the budget remains balanced.

Direct Provision-£56k overspend

The Direct Provision service has forecast an overspend of £56k which is mainly on its salary budgets. However, the service will undertake further investigations on additional salary cost incurred during April and early May at Riverside to support a resident who has subsequently moved.

C&H-Other Service

Libraries-£51k overspend

The library service is currently forecasting an overspend of £51k which is due mainly to the increased cost of libraries security staff and cost of electricity.

Merton Adult Learning – Breakeven

Merton Adult Learning is currently forecasting a breakeven position which is similar to the service performance in 2018-19.

Housing - £223k overspend

The Housing Team is forecasting an overspend of £223k, the majority of which is due to the increased cost of temporary accommodation and grant shortfall. It should be noted that the temporary accommodation budget is volatile and is subject to change throughout the financial year.

This forecast overspend arises as a consequence of temporary accommodation subsidy loss. The Council has a statutory duty to provide temporary accommodation to households where it has reason to believe that a person is homeless, eligible for assistance and has a “priority need” for accommodation.

There are unknown factors involved in both the supply and demand side of the equation which influence budget spend. On the demand side of the equation, officers have no way of knowing how many households will approach the council for housing assistance and be eligible for a placement into expensive temporary accommodation. However what is known, that since the introduction of the Homelessness Reduction Act 2017 the service has seen a 67% increase in the number of homeless applications. One of the key features of the HRA is that all households (regardless of priority need) are entitled to have their homelessness prevented and personal housing plans issued. The service continues to prevent homelessness in accordance with the Housing Act and the Government’s published code of guidance, through a range of measures including legal advice and assistance, rent deposits, money and debt management

One of the challenges is that once a household is accommodated in temporary accommodation and a duty accepted, that duty can only be discharged in certain limited circumstances which includes the offer of a social housing tenancy. It is almost impossible to accurately predict how many housing association homes will become available as we have no way of knowing which tenants will die, move away, be evicted , abandon their tenancies and therefore how many true voids will be offered to the council for nomination. By way of an illustration, for the period 2018-19 only 255 homes were let by the borough via nominations to Housing Associations.

Whilst the service can discharge its statutory duties by rehousing households into the private rented sector, such homes become available to the council infrequently given Landlords’ perceived difficulties with welfare reform, Local Housing Allowance and Universal Credit

Given these issues, the temporary accommodation budget remains volatile but officers continue to give this area of work considerable scrutiny.

Homelessness prevention remains on the agenda for this service and the team will continue to prevent episodes of homelessness.

The table below shows the number of homelessness prevented to May 2019-20

Period	Homelessness Prevention Targets 2019-20
Full Year Target	450
Target YTD	75
Achieved – Apr'19	57
Achieved - May'19	86

Analysis of Housing and Temporary Accommodation Expenditure

The table below shows analysis of the housing expenditure to May 2019

Housing	Budget 2019/20 £000	Forecast (May'19) £'000	Forecast Variances (May'19) £000	Outturn Variances (March'19) £000
Temporary Accommodation-Expenditure	2,368	2,956	588	562
Temporary Accommodation-Client Contribution	(140)	(600)	(460)	(518)
Temporary Accommodation-Housing Benefit Income	(2005)	(2,152)	(147)	(26)
Temporary Accommodation-Subsidy Shortfall	322	940	618	455
Temporary Accommodation- Grant	0	(250)	(250)	(531)
Subtotal Temporary Accommodation	544	893	350	(58)
Housing Other Budgets- Over/(under)spend	1,361	1,435	74	(15)
Total	1,905	2,328	423	(73)

Temporary Accommodation (TA) movement to May 2019

The data below shows the total number of households (i.e. families and single occupants) in temporary accommodation as at May 2019.

Temporary Accommodation	Numbers IN	Numbers OUT	Total for the Month
March 2017	-	-	186
March 2018	16	16	165
March 2019	15	11	174
April 2019	15	11	178
May 2019	15	16	177

There was a net increase of 4 more households between March and April

Public Health -Breakeven

Public Health is forecasting a breakeven position as at May 2019. A further £276k (2.6%) grant reduction has been mitigated by budget cuts and efficiencies across Public Health. The service is however anticipating potential budget pressure in the Sexual Health and Substance Misuse services during 2019-20. Further details will be made available once the amount is quantifiable.

Corporate Items

The details comparing actual expenditure up to 31 May 2019 against budget are contained in Appendix 2. There are no areas of significant variance as at 31 May 2019:-

Corporate Items	Current Budget 2019/20 £000s	Full Year Forecast (May) £000s	Forecast Variance at year end (May) £000s	Forecast Variance at year end (Apr.) £000s	Outturn Variance 2018/19 £000s
Impact of Capital on revenue budget	10,481	10,481	0	0	403
Investment Income	(664)	(664)	0	0	(364)
Pension Fund	3,429	3,429	0	0	(254)
Pay and Price Inflation	1,327	1,327	0	0	(1,122)
Contingencies and provisions	4,852	4,852	0	0	(3,366)
Income Items	(1,503)	(1,503)	0	0	(956)
Appropriations/Transfers	(4,300)	(4,300)	0	0	(6)
Central Items	3,142	3,142	0	0	(6,068)
Levies	949	949	0	0	0
Depreciation and Impairment	(22,903)	(22,903)	0	0	4
TOTAL CORPORATE PROVISIONS	(8,332)	(8,332)	0	0	(5,661)

The utilisation of corporate budgets is greatly influenced by the pressures and challenges that service departments face and the extent to which they require support from corporate contingency budgets.

4 Capital Programme 2019-23

4.1 The Table below shows the movement in the 2019/23 corporate capital programme since the last meeting of Cabinet:

Department	Current Budget 19/20	Variance	Revised Budget 19/20	Current Budget 20/21	Variance	Revised Budget 20/21	Revised Budget 21/22	Variance	Revised Budget 21/22	Revised Budget 22/23	Variance	Revised Budget 22/23
CS	32,042	120	32,162	4,270	(60)	4,210	3,870	0	3,870	15,967	0	15,967
C&H	1,196	0	1,196	1,118	0	1,118	913	0	913	882	0	882
CSF	9,461	200	9,661	5,618	(200)	5,418	3,150	0	3,150	1,900	0	1,900
E&R	14,573	47	14,620	7,782	0	7,782	7,504	0	7,504	4,401	0	4,401
TOTAL	57,272	367	57,639	18,788	(260)	18,528	15,437	0	15,437	23,149	0	23,149

4.2 The table below summarises the position in respect of the 2018/19 Capital Programme as at May 2019. The detail is shown in Appendix 5

Capital Budget Monitoring May 2019

Department	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2019/20	Full Year Variance
Corporate Services	94,998	90,000	4,998	32,162,170	32,162,170	0
Community and Housing	64,916	85,000	(20,084)	1,196,240	996,240	(200,000)
Children Schools & Families	692,789	116,000	576,789	9,660,470	9,660,030	(440)
Environment and Regeneration	109,822	809,000	(699,178)	14,620,470	14,615,469	(5,001)
Total	962,525	1,100,000	(137,475)	57,639,350	57,433,909	(205,441)

- a) Corporate Services – This department’s budgets include the budget for the Housing Company of £23million - officers are looking to review the likely profile of spend of this budget and it is likely that a sum is pushed back into 2020-21. Currently all budget areas are projecting full spend and there are no amendments to the budget this month. An additional £60k contribution from reserves and £60k re-profiling from 2020-21 has been utilised to increase the Spectral Spatial Analysis (GIS) Budget by £120k.
- b) Community and Housing – All budget managers are projecting a full year spend apart from West Barnes Library Re-Fit which is showing a £200k slippage, officers are currently considering how best to progress this scheme and will profile the budget spend appropriately once this is decided. There are no proposed amendments to departmental budgets this month.
- c) Children, Schools and Families – All budget managers are projecting a full year spend. There is one virement proposed this month from Haslemere Primary to Links Primary that is required to reflect contractor bids for Capital Maintenance work. In addition, £200k is being re-profiled from 2020-21 to 2019-20 to progress the Primary ASD Base.
- d) Environment and Regeneration – All budget areas are projecting full spend apart from Alley Gating which is showing a £5k underspend. This month, one virement of £60k is proposed from Pay and Display Machines within Parking Budgets to CCTV with the Highways budget. The following additions are proposed this month by departmental officers:
 - Additional Section 106 funding to be added to the Street Lighting Replacement Programme £6,960
 - Additional S106 funding to be added to the Wandle Project £5,520
 - Additional Transport for London (TfL) funding to be added to the TfL Principal Roads Budget

Officers are currently reviewing the outturn position in respect of the Bishopsford Road Bridge and how best to progress the works required by the recent flooding/heavy rain in that area.

- 4.4 The table below compares capital expenditure (£000s) to May 2019 to that in previous years :

Depts.	Spend To May 2016	Spend To May 2017	Spend to May 2018	Spend to May 2019	Variance 2016 to 2019	Variance 2017 to 2019	Variance 2018 to 2019
CS	131	79	169	95	(36)	16	(74)
C&H	(13)	(26)	105	65	78	91	(40)
CSF	1,869	699	264	693	(1,176)	(7)	428
E&R	376	1,051	807	110	(266)	(941)	(697)
Total Capital	2,363	1,803	1,345	963	(1,401)	(841)	(383)

Outturn £000s	30,626	32,230	31,424	
Budget £000s				57,639
Projected Spend May 2019 £000s				57,434
Percentage Spend to Budget				1.67%
% Spend to Outturn/Projection	7.72%	5.59%	4.28%	1.68%
Monthly Spend to Achieve Projected Outturn £000s				5,647

- 4.5 May is two months into the financial year and departments have spent just under 2% of the budget. Spend to date is lower than all three previous financial years shown.

Department	Spend To April 2019 £000s	Spend To May 2019 £000s	Increase £000s
CS	(25)	95	120
C&H	11	65	54
CSF	(105)	693	798
E&R	(263)	110	373
Total Capital	(382)	963	1,345

- 4.6 During May 2019 officers spent £1.345 million, which highlights that it is highly unlikely that a projected Authority wide spend of £57 million will be achieved. Time will be spent with budget managers to re-profile budgets into subsequent financial years, particularly confirming the likely profile of spend for the Housing Company which is currently nearly £23million of this outturn figure.

5. DELIVERY OF SAVINGS FOR 2019/20

Department	Target Savings 2019/20	Projected Savings 2019/20	Period 2 Forecast Shortfall	Period Forecast Shortfall (P2)	2020/21 Expected Shortfall
	£000	£000	£000	%	£000
Corporate Services	1,484	1,439	45	3.0%	30
Children Schools and Families	572	572	0	0.0%	0
Community and Housing	1,534	1,383	151	9.8%	0
Environment and Regeneration	3,370	2,136	1,234	36.6%	100
Total	6,960	5,530	1,430	20.5%	130

Appendix 6 details the progress on savings for 2019/20 by department.

Progress on savings 2018/19

Department	Target Savings 2018/19	2018/19 Shortfall	2019/20 Projected shortfall	2020/21 Projected shortfall
	£000	£000	£000	£000
Corporate Services	2,024	505	375	10
Children Schools and Families	489	0	0	0
Community and Housing	2,198	442	0	0
Environment and Regeneration	926	523	35	0
Total	5,637	1,470	410	10

Appendix 7 details the progress on unachieved savings from 2018/19 by department and the impact on the current year and next year.

6. CONSULTATION UNDERTAKEN OR PROPOSED

6.1 All relevant bodies have been consulted.

7. TIMETABLE

7.1 In accordance with current financial reporting timetables.

8. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

8.1 All relevant implications have been addressed in the report.

9. LEGAL AND STATUTORY IMPLICATIONS

9.1 All relevant implications have been addressed in the report.

10. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

10.1 Not applicable

11. CRIME AND DISORDER IMPLICATIONS

11.1 Not applicable

12. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

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

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

Appendix 1-	Detailed position table
Appendix 2 –	Detailed Corporate Items table
Appendix 3 –	Pay and Price Inflation
Appendix 4 –	Treasury Management: Outlook
Appendix 5a -	Current Capital Programme 2018/19
Appendix 5b -	Detail of Virements
Appendix 5c -	Summary of Capital Programme Funding
Appendix 6 –	Progress on savings 2019/20
Appendix 7 –	Progress on savings 2018/19

14. BACKGROUND PAPERS

14.1 Budgetary Control files held in the Corporate Services department.

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Summary Position as at 31st May 2019

	Original Budget 2019/20 £000s	Current Budget 2019/20 £000s	Year to Date Budget (May) £000s	Year to Date Actual (May) £000s	Full Year Forecast (May) £000s	Forecast Variance at year end (May) £000s	Outturn variance 2018/19 £000
Department	-	-	-	-	-	-	-
3A. Corporate Services	10,930	11,080	4,370	5,490	10,314	(766)	(2,511)
3B. Children, Schools and Families	60,819	60,933	10,556	3,334	63,778	2,845	2,271
3C. Community and Housing	-	-	-	-	-	-	-
Adult Social Care	58,657	58,656	9,053	12,432	58,655	(1)	(169)
Libraries & Adult Education	2,878	2,878	694	1,030	2,929	51	45
Housing General Fund	2,219	2,219	235	200	2,443	224	(73)
3D. Public Health	0	0	(743)	(2,247)	0	0	0
3E. Environment & Regeneration	15,832	15,832	1,146	(4,625)	15,459	(373)	(1,526)
Overheads	0	0	0	0	0	0	(33)
NET SERVICE EXPENDITURE	151,335	151,597	25,311	15,613	153,578	1,980	-1,996
3E. Corporate Items	-	-	-	-	-	-	-
Impact of Capital on revenue budget	10,481	10,481	1,053	1,170	10,481	0	403
Other Central items	(19,500)	(19,763)	(3,998)	(629)	(19,763)	0	(6,064)
Levies	949	949	157	157	949	0	0
TOTAL CORPORATE PROVISIONS	(8,070)	(8,333)	(2,788)	698	(8,333)	-	(5,661)
TOTAL GENERAL FUND	143,264	143,265	22,523	16,312	145,245	1,980	(7,657)
Funding	-	-	-	-	-	-	-
- Business Rates	(44,026)	(44,026)	0	0	(44,026)	0	0
- RSG	0	0	0	0	0	0	0
- Section 31 Grant	0	0	0	0	0	0	0
- New Homes Bonus	(2,108)	(2,108)	(527)	(527)	(2,108)	0	0
- PFI Grant	(4,797)	(4,797)	(1,199)	(1,199)	(4,797)	0	0
- Brexit Grant	(210)	(210)	(105)	(105)	(210)	0	0
- Adult Social Care Grant	(1,054)	(1,054)	(1,023)	(1,023)	(1,054)	0	0
Grants	(52,195)	(52,195)	(2,855)	(2,855)	(52,195)	0	-
Collection Fund - Council Tax Surplus(-)/Deficit	(1,949)	(1,949)	0	0	(1,949)	0	0
Collection Fund - Business Rates Surplus(-)/Deficit	3,250	3,250	0	0	3,250	0	0
Council Tax	-	-	-	-	-	-	-
- General	(92,028)	(92,028)	0	0	(92,028)	0	0
- WPCC	(343)	(343)	0	0	(343)	0	0
Council Tax and Collection Fund	(91,070)	(91,070)	0	0	(91,070)	0	-
FUNDING	(143,265)	(143,265)	(2,855)	(2,855)	(143,265)	0	-
NET	(0)	(0)	19,668	13,457	1,980	1,980	(7,657)

3E. Corporate Items	Council 2019/20 £000s	Original Budget 2019/20 £000s	Current Budget 2019/20 £000s	Year to Date Budget (May) £000s	Year to Date Actual (May) £000s	Full Year Forecast (May) £000s	Forecast Variance at year end (May) £000s	Outturn Variance 2018/19 £000s
Cost of Borrowing Use for Capital Programme	10,481	10,481	10,481	1,053	1,170	10,481	0	403
Impact of Capital on revenue budget	10,481	10,481	10,481	1,053	1,170	10,481	0	403
Investment Income	(664)	(664)	(664)	(111)	(95)	(664)	0	(364)
Pension Fund	3,429	3,429	3,429	0	0	3,429	0	(254)
Corporate Provision for Pay Award	877	877	877		0	877	0	(744)
Provision for excess inflation	450	450	450		0	450	0	(378)
Pay and Price Inflation	1,327	1,327	1,327	0	0	1,327	0	(1,122)
Contingency	1,500	1,500	1,500		0	1,500	0	(1,398)
Single Status/Equal Pay	100	100	100		0	100	0	(84)
Bad Debt Provision	500	500	500		0	500	0	(33)
Loss of income arising from P3/P4	200	200	200		0	200	0	(200)
Loss of HB Admin grant	83	83	83		0	83	0	(83)
Apprenticeship Levy	450	450	450	413	20	450	0	(217)
Revenuisation and miscellaneous	2,070	2,070	2,019		0	2,019	0	(1,351)
Contingencies and provisions	4,904	4,904	4,852	413	20	4,852	0	(3,366)
Other income	0	0	0	0	(59)	0	0	(953)
CHAS IP/Dividend	(1,407)	(1,407)	(1,503)		0	(1,503)	0	(3)
Income items	(1,407)	(1,407)	(1,503)	0	(59)	(1,503)	0	(956)
Appropriations: CS Reserves	(711)	(711)	(711)	(711)	0	(711)	0	0
Appropriations: E&R Reserves	(146)	(146)	(146)	(146)	0	(146)	0	0
Appropriations: CSF Reserves	9	9	(105)	(105)	(495)	(105)	0	0
Appropriations: C&H Reserves	(104)	(104)	(104)	(104)	0	(104)	0	0
Appropriations: Public Health Reserves	(1,200)	(1,200)	(1,200)	(1,200)	0	(1,200)	0	0
Appropriations: Corporate Reserves	(2,034)	(2,034)	(2,034)	(2,034)	0	(2,034)	0	(6)
Appropriations/Transfers	(4,186)	(4,186)	(4,300)	(4,300)	(495)	(4,300)	0	(6)
Depreciation and Impairment	(22,903)	(22,903)	(22,903)	0	0	(22,903)	0	4
Other Central Items	(19,500)	(19,500)	(19,762)	(3,998)	(629)	(19,762)	0	(6,064)
Levies	949	949	949	157	157	949	0	0
TOTAL CORPORATE PROVISIONS	(8,070)	(8,070)	(8,332)	(2,788)	698	(8,332)	0	(5,661)

Pay and Price Inflation as at May 2019

In 2019/20, the budget includes 2.8% for increases in pay and 1.5% for increases in general prices, with an additional amount, currently £0.450m, which is held to assist services that may experience price increases greatly in excess of the inflation allowance provided when setting the budget. With CPI inflation currently at 2.1% and RPI at 3.1% this budget will only be released when it is certain that it will not be required.

Pay:

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

Prices:

The Consumer Prices Index (CPI) 12-month rate was 2.0% in May 2019, down from 2.1% in April 2019. The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 1.9% in May 2019, down from 2.0% in April 2019.

Falling fares for transport services, particularly air fares influenced by the timing of Easter in April, and falling car prices produced the largest downward contributions to the change in the rate between April and May 2019. This was partially offset by upward contributions from rising prices for a range of games, toys and hobbies, furniture and furnishings, and accommodation services. The RPI rate for May 2019 was 3.0%, which is unchanged from the figure of 3% originally announced for April 2019, but which was subsequently revised to 3.1% after an error was identified in the component price data.

Outlook for inflation:

The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target and in a way that helps to sustain growth and employment. At its meeting ending on 19 June 2019, the MPC voted unanimously to maintain Bank Rate at 0.75%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion. The Committee also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion.

In the minutes to its June meeting, the MPC note that "CPI inflation was 2.0% in May. It is likely to fall below the 2% target later this year, reflecting recent falls in energy prices. Core CPI inflation was 1.7% in May, and core services CPI inflation has remained slightly below levels consistent with meeting the inflation target in the medium term. The labour market remains tight, with recent data on employment, unemployment and regular pay in line with expectations at the time of the May Report. Growth in unit wage costs has remained at target-consistent levels. The Committee continues to judge that, were the economy to develop broadly in line with its May Inflation Report projections that included an assumption of a smooth Brexit, an ongoing tightening of monetary policy over the forecast period, at a gradual pace and to a limited extent, would be appropriate to return inflation sustainably to the 2% target at a conventional horizon. The MPC judges at this meeting that the existing stance of monetary policy is appropriate."

The latest Inflation Report was published on the 2 May 2019. In the May 2019 Inflation Report, the MPC noted that "CPI inflation was 1.9% in March and is expected to be slightly further below the MPC's 2% target during the first half of the forecast period, largely reflecting lower expected retail energy prices. The labour market remains tight, with the unemployment rate projected to decline to 3½% by the end of the forecast period. Annual pay growth has remained around 3½%

and unit labour cost growth has strengthened to rates that are above historical averages. As excess demand emerges, domestic inflationary pressures are expected to firm, such that CPI inflation picks up to above the 2% target in two years' time and is still rising at the end of the three-year forecast period."

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

Table 11: Forecasts for the UK Economy

Source: HM Treasury - Forecasts for the UK Economy (June 2019)			
	Lowest %	Highest %	Average %
2019 (Quarter 4)			
CPI	1.2	2.8	1.8
RPI	1.9	3.4	2.5
LFS Unemployment Rate	3.6	4.3	4.0
2020 (Quarter 4)			
CPI	1.5	3.5	2.1
RPI	2.1	4.2	2.9
LFS Unemployment Rate	3.4	4.8	4.1

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

Independent medium-term projections for the calendar years 2019 to 2023 are summarised in the following table:-

Source: HM Treasury - Forecasts for the UK Economy (May 2019)					
	2019	2020	2021	2022	2023
	%	%	%	%	%
CPI	1.9	2.0	1.9	1.9	2.0
RPI	2.6	2.7	3.0	3.1	3.0
LFS Unemployment Rate	4.0	4.0	4.2	4.2	4.2

Treasury Management: Outlook

At its meeting ending on 19 June 2019, the MPC voted unanimously to maintain Bank Rate at 0.75%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion. The Committee also voted unanimously to maintain the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion.

In the minutes to its June meeting the MPC state that “Since the Committee’s previous meeting, the near-term data have been broadly in line with the May Report, but downside risks to growth have increased. Globally, trade tensions have intensified. Domestically, the perceived likelihood of a no-deal Brexit has risen. Trade concerns have contributed to volatility in global equity prices and corporate bond spreads, as well as falls in industrial metals prices. Forward interest rates in major economies have fallen materially further. Increased Brexit uncertainties have put additional downward pressure on UK forward interest rates and led to a decline in the sterling exchange rate.”

In the May 2019 Inflation Report, the MPC states that it “continues to judge that, were the economy to develop broadly in line with its Inflation Report projections, an ongoing tightening of monetary policy over the forecast period, at a gradual pace and to a limited extent, would be appropriate to return inflation sustainably to the 2% target at a conventional horizon.... The economic outlook will continue to depend significantly on the nature and timing of EU withdrawal, in particular: the new trading arrangements between the European Union and the United Kingdom; whether the transition to them is abrupt or smooth; and how households, businesses and financial markets respond. The appropriate path of monetary policy will depend on the balance of these effects on demand, supply and the exchange rate. The monetary policy response to Brexit, whatever form it takes, will not be automatic and could be in either direction. The Committee will always act to achieve the 2% inflation target.”

Global growth slowed over 2018, but appears to have stabilised in recent months. In the UK, the market path for interest rates is lower as in other advanced economies, while sterling has appreciated a little. The MPC note that “As in other countries, UK short and longer-term interest rates have fallen and equity prices have risen since February.... The market-implied path of Bank Rate over the next three years is, on average, around 15 basis points lower than in February, and is now expected to reach around 1.0% in three years’ time. Longer-term UK interest rates are also lower: the yield on 10-year UK government bonds has declined to 1.2% from 1.3%. Combined with the moves in the run-up to the February Report, both short and long-term interest rates have fallen by around 40 basis points since November.”

The MPC’s forecasts of Bank Base Rate in recent Quarterly Inflation Reports are summarised in the following table:-

	End Q.2 2019	End Q.3 2019	End Q.4 2019	End Q.1 2020	End Q.2 2020	End Q.3 2020	End Q.4 2020	End Q.1 2021	End Q.2 2021	End Q.3 2021	End Q.4 2021	End Q.1 2022	End Q.2 2022
May '19	0.7	0.7	0.7	0.8	0.8	0.8	0.9	0.9	0.9	0.9	1.0	1.0	1.0
Feb.'19	0.7	0.8	0.9	0.9	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.1	
Nov.'18	0.9	0.9	1.0	1.1	1.1	1.2	1.2	1.3	1.3	1.4	1.4		
Aug.'18	0.8	0.9	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.1			
May '18	0.9	1.0	1.0	1.1	1.1	1.2	1.2	1.2	1.2				
Feb.'18	0.9	0.9	1.0	1.0	1.1	1.1	1.1	1.2					
Nov.'17	0.8	0.8	0.9	0.9	0.9	1.0	1.0						
Aug.'17	0.6	0.6	0.7	0.7	0.7	0.8							
May '17	0.4	0.4	0.5	0.5	0.5								
Feb'17	0.5	0.6	0.6	0.7									
Nov.'16	0.3	0.4	0.4										
Aug.'16	0.2	0.2											
May '16	0.8												

Source: Bank of England Inflation Reports

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

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

1. global GDP growth settles at around its potential rate
2. UK domestic demand growth is soft in the near term, partly reflecting the impact of elevated Brexit uncertainties, before recovering
3. as GDP growth recovers to above the subdued rate of potential supply growth, excess demand builds
4. CPI inflation dips further below 2% during the first half of the forecast period, largely reflecting lower energy prices, but domestic inflationary pressures push inflation above the target further out.

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2019/20	Full Year Variance
Capital	962,525	1,100,000	(137,475)	57,639,350	57,433,909	(205,441)
Corporate Services	94,998	90,000	4,998	32,162,170	32,162,170	0
Customer, Policy and Improvmen	0	0	0	1,822,660	1,822,660	0
Customer Contact Programme	0	0	0	1,822,660	1,822,660	0
Infrastructure & Technology						
Works to other buildings	69,572	0	69,572	941,320	941,320	0
Civic Centre	13,122	40,000	(26,878)	774,140	774,140	0
Invest to Save schemes	0	0	0	266,440	266,440	0
Asbestos Safety Works	12,047	0	12,047	0	0	0
Business Systems	(15,000)	0	(15,000)	1,428,860	1,428,860	0
Social Care IT System	0	0	0	425,240	425,240	0
Planned Replacement Programme	10,759	50,000	(39,241)	2,554,080	2,554,080	0
Resources	4,498	0	4,498	24,970	24,970	0
Financial System	4,498	0	4,498	24,970	24,970	0
Corporate Items	0	0	0	23,924,460	23,924,460	0
Westminster Ccl Coroners Court	0	0	0	460,000	460,000	0
Housing Company	0	0	0	23,464,460	23,464,460	0
Community and Housing	64,916	85,000	(20,084)	1,196,240	996,240	(200,000)
Adult Social Care	0	0	0	43,750	43,750	0
Telehealth	0	0	0	43,750	43,750	0
Housing	60,651	50,000	10,651	827,160	827,160	0
Disabled Facilities Grant	60,651	50,000	10,651	827,160	827,160	0
Major Projects - Social Care H	0	0	0	0	0	0
Libraries	4,266	35,000	(30,734)	325,330	125,330	(200,000)
Library Enhancement Works	593	35,000	(34,407)	248,700	48,700	(200,000)
Major Library Projects	0	0	0	0	0	0
Libraries IT	3,673	0	3,673	76,630	76,630	0

Capital Budget Monitoring - May 2019

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2019/20	Full Year Variance
Children Schools & Families	692,789	116,000	576,789	9,660,470	9,660,030	(440)
Primary Schools	(13,812)	0	(13,812)	1,644,040	1,644,040	0
Hollymount	0	0	0	16,240	16,240	0
West Wimbledon	0	0	0	70,370	70,370	0
Hatfeild	0	0	0	87,150	87,150	0
Hillcross	0	0	0	232,740	232,740	0
Joseph Hood	0	0	0	41,800	41,800	0
Dundonald	(3,963)	0	(3,963)	31,150	31,150	0
Garfield	0	0	0	75,780	75,780	0
Merton Abbey	0	0	0	23,790	23,790	0
Pelham	0	0	0	37,890	37,890	0
Poplar	(4,824)	0	(4,824)	27,070	27,070	0
Wimbledon Chase	0	0	0	75,780	75,780	0
Wimbledon Park	0	0	0	1,800	1,800	0
Abbotsbury	(628)	0	(628)	71,540	71,540	0
Morden	(2,219)	0	(2,219)	3,970	3,970	0
Bond	0	0	0	116,600	116,600	0
Cranmer	0	0	0	97,430	97,430	0
Gorringe Park	0	0	0	10,000	10,000	0
Haslemere	0	0	0	85,840	85,840	0
Liberty	0	0	0	77,300	77,300	0
Links	(690)	0	(690)	74,480	74,480	0
Singlegate	0	0	0	11,000	11,000	0
St Marks	278	0	278	54,130	54,130	0
Lonesome	0	0	0	21,300	21,300	0
Sherwood	0	0	0	54,130	54,130	0
Stanford	(1,768)	0	(1,768)	0	0	0
William Morris	0	0	0	101,600	101,600	0
Unallocated Primary School Proj	0	0	0	143,160	143,160	0
Secondary School	344,712	0	344,712	1,730,430	1,730,430	0
Harris Academy Morden	0	0	0	38,560	38,560	0
Harris Academy Merton	1,550	0	1,550	4,570	4,570	0
Raynes Park	0	0	0	67,680	67,680	0
Ricards Lodge	0	0	0	21,690	21,690	0
Rutlish	1,050	0	1,050	147,220	147,220	0
Harris Academy Wimbledon	342,112	0	342,112	1,450,710	1,450,710	0

Capital Budget Monitoring - May 2019

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2019/20	Full Year Variance
SEN	305,253	0	305,253	5,824,140	5,824,140	0
Perseid	(34,201)	0	(34,201)	268,210	268,210	0
Cricket Green	336,890	0	336,890	4,138,910	4,138,910	0
Melrose	0	0	0	107,000	107,000	0
Secondary School Autism Unit	0	0	0	72,000	72,000	0
Unlocated SEN	2,565	0	2,565	1,108,020	1,108,020	0
Melbury College - Smart Centre	0	0	0	130,000	130,000	0
CSF Schemes	56,637	116,000	(59,363)	461,860	461,420	(440)
CSF IT Schemes	(1,353)	0	(1,353)	440	0	(440)
School Equipment Loans	0	0	0	108,900	108,900	0
Devolved Formula Capital	57,990	116,000	(58,010)	352,520	352,520	0

Appendix 5a

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2019/20	Full Year Variance
Environment and Regeneration	109,822	809,000	(699,178)	14,620,470	14,615,469	(5,001)
Public Protection and Developm	0	0	0	66,800	66,800	0
CCTV Investment	0	0	0	10,340	10,340	0
Public Protection and Developm	0	0	0	56,460	56,460	0
Street Scene & Waste	3,246	0	3,246	1,146,340	1,141,340	(5,000)
Fleet Vehicles	0	0	0	337,660	337,660	0
Alley Gating Scheme	3,246	0	3,246	30,000	25,000	(5,000)
Waste SLWP	0	0	0	778,680	778,680	0
Sustainable Communities	106,576	809,000	(702,424)	13,407,330	13,407,329	(1)
Street Trees	0	0	0	60,000	60,000	0
Raynes Park Area Roads	0	0	0	26,110	26,110	0
Highways & Footways	89,835	299,000	(209,165)	4,880,030	4,880,030	0
Cycle Route Improvements	7,020	50,000	(42,980)	970,380	970,380	0
Mitcham Transport Improvements	4,406	10,000	(5,594)	1,364,210	1,364,210	0
Mitcham Area Regeneration	0	0	0	1,369,290	1,369,290	0
Wimbledon Area Regeneration	37,348	0	37,348	417,500	417,500	0
Morden Area Regeneration	0	0	0	500,000	500,000	0
Borough Regeneration	5,913	0	5,913	354,780	354,780	0
Morden Leisure Centre	(215,819)	300,000	(515,819)	596,820	596,820	0
Sports Facilities	148,414	150,000	(1,586)	1,793,160	1,793,160	0
Parks	29,459	0	29,459	1,075,050	1,075,049	(1)

Virement, Re-profiling and New Funding - May 2019

Appendix 5b

		2018/19 Budget	Virements	Funding Adjustments	Reprofiling	Revised 2018/19 Budget	2019/20 Budget	Movement	Revised 2019/20 Budget	Narrative
-	-	£	£		£	£	£		£	
Corporate Service	-									
Spectrum Spatial Analysis (GIS)	(1)	50,000		60,000	60,000	170,000	150,000	(60,000)	90,000	Merton Improvement Board £60k Funding and reprofiling
Children, Schools and Families	-									
Haslemere Primay School Capital Maintenance		102,840	(17,000)			85,840	0		0	Virement required to match budget to contracts
Links Primay School Capital Maintenance		32,480	17,000			49,480	0		0	Virement required to match budget to contracts
Primary ASD base 1-20 places	(1)	600,000			200,000	800,000	300,000	(200,000)	0	Re-profiled in line with projected spend
Environment and Regeneration										
Street Lighting Replacement Programme		290,000		6,960		296,960	290,000		290,000	B762 1&2 Section 106 Funding
Wandle Project		20,690		5,520		26,210	0		0	Additional Section 106 Funding
TfL Principal Roads		100,000		35,000		135,000	0		0	Additional TfL Funding
Pay and Display Machines - Parking		60,000	(60,000)			0	0		0	Vired to Purchase CCTV Cameras for school safety
School Part Time Road Closures - Highways		100,420	60,000			160,420	0		0	Vired from Purchase of Pay and Display Machines
Total		1,356,430	0	107,480	260,000	1,723,910	740,000	(260,000)	380,000	

1) Requires Cabinet Approval

Capital Programme Funding Summary 2019/20

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Programme 06-03-2019	44,747	8,782	53,529
December and January Monitoring	1,436	436	1,872
Slippage from 2018-19 to 2019-20	2,681	200	2,881
Outturn Report	(1,674)	663	(1,010)
Approved Programme June Cabinet	47,191	10,081	57,272
<u>Corporate Services</u>			
Spectrum Spatial Analysis	120	0	120
<u>Children, Schools and Families</u>			
Primary ASD base	200	0	200
<u>Environment and Regeneration</u>			
Street Lighting Replacement Programme	7	0	7
Wandle Project	6	0	6
TfL Principal Roads	0	35	35
Proposed Capital Programme	47,523	10,116	57,639

Capital Programme Funding Summary 2020/21

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Programme 6-3-19	14,617	4,171	18,788
<u>Corporate Services</u>			
Spectrum Spatial Analysis	(60)	0	(60)
<u>Children, Schools and Families</u>			
Primary ASD base	(200)	0	(200)
Approved Cap. Prog. June Monitoring	14,357	4,171	18,528

Capital Programme Funding Summary 2021/22

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Programme 6-3-19	12,545	2,892	15,437
	0	0	0
Proposed Capital Programme	12,545	2,892	15,437

Capital Programme Funding Summary 2022/23

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Programme 6-3-19	19,169	2,180	21,349
Outturn Report	1,800	0	1,800
Proposed Capital Programme	20,969	2,180	23,149

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 19-20

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Expected £000	Shortfall	19/20 RAG	2020/21 Savings Expected £000	2020/21 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/underspend? Y/N
Customers, Policy & Improvement											
CS2016 -05	Increase income through translations	15	15	0	G	15	0	G	Sean Cunniffe		
CS2016 -07	Cash Collection Reduction	30	30	0	G	30	0	G	Sean Cunniffe		
2018-19 CS09	Reduction/rationalisation in running costs budgets across multiple budgets	35	35	0	G	35	0	G	Sean Cunniffe		
CS2016 -06	Merton Link - efficiency savings								Sean Cunniffe	Saving to be re-profiled to 20/21 as the efficiencies expected from the customer contact programme have not yet been realised. To offset this, a £30k saving on the Registrars service (2019-20 CS05) planned for 20/21 will be brought forward to 2019/20 (see below).	
2019-20 CS05	Registrars Reduction in staff	30	15	15	A	30	0	G	Sean Cunniffe	Saving brought forward from 20/21 to 19/20 to offset CS2016-06 reprofiled from 19/20 to 20/21. Staff reduction expected mid-year, with the shortfall being met from elsewhere in the division.	Y
Infrastructure & Technology											
CS2016-08	Potential income derived from letting two floors of vacant office space within the Civic Centre to external/partner organisations.	190	190	0	G	190	0	G	Edwin O'Donnell		
2018-19 CS01	Revenue saving associated with current MFD contract	150	150	0	G	150	0	G	Richard Warren		
2018-19 CS02	Reduction in the level of building repairs and maintenance undertaken on the corporate buildings	100	100	0	G	100	0	G	Edwin O'Donnell		
2018-19 CS04	Delete or full cost recovery of one post within FM	36	36	0	G	36	0	G	Edwin O'Donnell		
2018-19 CS14	M3 support to Richmond/Wandsworth	20	20	0	A	20	0	A	Clive Cooke	This is dependent on agreement with RSSP, may be at risk if they don't migrate to M3 system.	N
Corporate Governance											
CSREP 2019-20 (1)	Increase in income from Legal Services relating to S106, property and court fees	50	50	0	G	50	0	G	Fiona Thomsen		
CSREP 2019-20 (6)	Legal services - reduce employment and HR support by 50%	30	30	0	G	30	0	G	Fiona Thomsen		
Resources											
CS2016-02	Restructure of HB section to roll out universal credit	66	66	0	G	66	0	G	David Keppler		
2018-19 CS05	Reduction in permanent staffing	30	0	30	A	0	30	A	Roger Kershaw	Saving to be reviewed in year, may require replacement. For 19/20 the saving will be met by underspends elsewhere within the division.	Y
2018-19 CS10	Reduction in staffing	60	60	0	G	60	0	G	David Keppler		
2018-19 CS08	Increase in income from Enforcement Service	100	100	0	G	100	0	G	David Keppler		
2019-20 CS01	Amend discretionary rate relief policy	75	75	0	G	75	0	G	David Keppler		
CSREP 2019-20 (2)	Reduction in internal insurance fund contribution	250	250	0	G	250	0	G	Nemashe Sivayogan		
CSREP 2019-20 (3)	Increase in income from Enforcement service	50	50	0	G	50	0	G	David Keppler		
Corporate											
2019-20 CS12	Increase in Empty Homes Premium for long term empty properties	97	97	0	G	97	0	G	David Keppler		
CSREP 2019-20 (4)	Increase in investment income	30	30	0	G	30	0	G	Nemashe Sivayogan		
CSREP 2019-20 (5)	CHAS dividend	40	40	0	G	40	0	G	Ian McKinnon		

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 19-20

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Expected £000	Shortfall	19/20 RAG	2020/21 Savings Expected £000	2020/21 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/underspend? Y/N
	Total Corporate Services Department Savings for 2019/20	1,484	1,439	45		1,454	30				

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2018-19

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Expected £000	Shortfall	2019/20 RAG	2020/21 Savings Expected £000	2020/21 Expected Shortfall £000	2020/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Unders pend? Y/N
SUSTAINABLE COMMUNITIES											
E4	Income from Merantun Development Limited for services provided to the company by LBM	100	95	5	A	100	0	A	James McGinlay		Y
ENV1819-05	Highways advertising income through re-procurement of the advertising contract for the public highway. New contract due to be in place by last quarter of 2019/20.	55	32	23	R	55	0	A	James McGinlay	New contract expected to commence in the final quarter of 2019/20, and we should have a better idea of outcomes when the tenders are reviewed (Aug/Sept).	Y
PUBLIC PROTECTION											
ENR1	Further expansion of the shared service.	100	100	0	A	100	0	A	Cathryn James		N
E1	Investigate potential commercial opportunities to generate income from provision of business advice. This follows on from the expansion of the RSP to include Wandsworth from November 2017, and increased resilience.	60	0	60	R	60	0	A	Cathryn James	This saving is conditional on income being generated from chargeable business advice/consultancy. A new income generating Business Development team has been established as part of the Regulatory Services Partnership restructure, which will now look to deliver these savings. However, it is unlikely to be delivered this financial year.	Y
ENR4	Charge local business' for monitoring of their CCTV	100	0	100	R	0	100	R	Cathryn James	Alternative Saving Required.	Y
ENV1819-03	The objective of the proposal is to support the delivery of key strategic council priorities including public health, air quality and sustainable transportation, in addition to managing parking, kerbside demand and congestion. Whilst implementation of the proposals will have the incidental effect of generating additional revenue, it is difficult to assess the level of change in customer behaviour and any subsequent financial impact arising from the changes. This will be monitored after implementation and any resulting impacts will be considered during the future years' budget planning cycles. The above will be subject to the outcome of the consultation process in 2019.	1,900	950	950	R	1900	0	A	Cathryn James	The implementation date for the revised charges is still subject to committee approval. The original savings target was based on an October go live date. It is felt that a more prudent approach to the likely implementation date should be reflected in the savings targets.	Y
ALT2	Reduction of 2fte from the Parking establishment in administrative/processing roles as a result of the impending new permit system	57	17	40	R	57	0	G	Cathryn James	Only a part-year effect will be achieved this year due to the new permit system expected to be implemented mid-year.	Y
ALT3	Reduction in the number of pay & display machines required.	14	3	11	R	14	0	G	Cathryn James		Y
PUBLIC SPACE											
ENR9	Increase level of Enforcement activities of internal team ensuring the operational service is cost neutral	200	200	0	A	200	0	G	John Bosley	On Track - This is an area of budget pressure due to internal staff resourcing.	N
E2	Thermal Treatment of wood waste from HRRC	30	30	0	A	30	0	A	John Bosley	Savings option not agreed, alternative saving proposed yet to be agreed	Y
EV08	Increased recycling rate by 3% following education and communications activity funded by WCSS. This will be driven by the incentivisation and education programmed due to commence in March 2014.	250	250	0	G	250	0	G	John Bosley	On Track - New waste collection service was implemented in Oct 2018. Early indication are that the new service is performing well with an increase in participation in both the recycling service and food waste.	N
ALT4	Environmental Enforcement - Maintain a payment rate of 70% for all FPN issued.	54	54	0	G	54	0	G	John Bosley	On track - Current payment rate of 72%	Y
E5	Letting of remaining vacant facilities in Greenspaces	50	25	25	R	50	0	G	John Bosley		N
E6	Increased tenancy income in Greenspaces	40	20	20	R	40	0	G	John Bosley		N
ENR10	Two year extension of the GLL contract	300	300	0	G	300	0	G	John Bosley		N
ENV1819-01	Five year extension of the GLL contract	60	60	0	G	60	0	G	John Bosley		N
Total Environment and Regeneration Savings 2018/19		3,370	2,136	1,234		3,270	100				

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2019/20

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Expected Savings £000	Shortfall £000	RAG	2020/21 Savings Expected £000	2020/21 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Unders pend? Y/N
Adult Social Care											
CH35/36/52	Housing Related Support: -The purpose of the project is to review existing service provision linked to original SP funding, identify gaps and utilise the data to inform a new set of contract specifications to support the re-procurement of services aligned with the Council's Community and Housing strategic priorities. The objective of the project is to deliver successful procurement of contracted services that demonstrate effective outcomes for service users, effective performance management framework and value for money services.	309	276	33	A	309	0	G	Steve Langley	Late implementation has reduced the forecast savings in year, but work is underway to mitigate this shortfall. In any event the full savings will be achieved FYE in 2020/21.	Y
CH39	Extra Care Contracts: -This reduced savings of £57k is targeted on contract efficiencies and non-statutory support hours; eligible social care needs will not be affected. Providers will seek alternative resources to provide this support. Service will ensure that new specification requires providers to seek other support for residents. Impact will be reviewed as part of each service users annual review.	57	57	0	G	57	0	G	John Morgan	Achieved	Y
CH55	Promoting Independence: -The aim of this proposal has been to support people to remain independent and well. To support them to achieve their desired outcomes by enabling them to remain in their own homes, close to their friends, families, support networks and local communities.	553	553	0	G	553	0	G	John Morgan	Achieved	Y
CH70	Home Care: -The aim of this proposal is to maximise the benefit of the new home care contract arrangements. The new arrangements were implemented from February 2018. With a year to get established, it is planned to start to transfer cases with legacy providers who are not on the new contract as either prime or back-up providers. Some of these contracts are at higher hourly rates, so the transfer will generate a saving with no reduction in care. New care providers will be required to use a care visit monitoring system, which should increase the reliability of care.	301	301	0	G	301	0	G	John Morgan	Achieved	Y
CH88	Home Care Monitoring System: -The aim of this proposal is to roll out a home care monitoring system for all home care providers to ensure that we can monitor the delivery of home care visits.	40	40	0	G	40	0	G	John Morgan	Achieved through Forum	Y
CH89	Older People Day Care Activities: -As less people are choosing to attend these formal day centre we currently having increasingly vacancies within these provisions which are not been utilised. The proposal seeks to assess and analyse the demand and supply of activity aimed at supporting older people to access community activity. This will objectively look at the supply of building based and non-building based activity, its utilisation and the limitations on providing what people expect and need within the current model. It is envisaged that this will include a rationalisation and reduction of the current level of building based 'day centre' activity. This is based on current demand statistics and will include consideration of the effect of 2018/19 reductions in contracted day centre services; which is covered in a separate EIA for that specific proposal.	236	118	118	A	236	0	G	Richard Ellis	Discussions are underway with the new owners of one of the two day centres. The sale of the home that hosts one service has delayed implementation.	Y
Subtotal Adult Social Care		1,496	1,345	151		1,496	0				
Library & Heritage Service											
CH67	Merton Arts Space income	38	38	0	G	38	0	G	Anthony Hopkins	On track	Y
Total C & H Savings for 2019/20		1,534	1,383	151		1,534	0				

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 19-20

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Expected £000	Shortfall	19/20 RAG	2020/21 Savings Expected £000	2020/21 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Undersp end? Y/N
	Education										
CSF2018-03	Review Early Years : raise income or cease some services in preparation for 2020 where we'd consider withdrawing from direct provision of a childcare offer.	49	49	0	G	49	0	G	Jane McSherry		
CSF2018-04	Review schools trade offer, raise charges or consider ceasing services from 2020.	30	30	0	G	30	0	G	Jane McSherry		
CSF2018-07	Reorganisation of Admissions, My Futures and School Improvement Teams and reduction in contribution to the MSCB (Safeguarding Partnership)	100	100	0	G	100	0	G	Jane McSherry		
CSF2018-11	Reduction of SENDIS early intervention service and reduction in spend associated with the introduction of the web based EHCP Hub	72	72	0	G	72	0	G	Jane McSherry		
	Children Social Care & Youth Inclusion										
CSF2018-01	Reduced costs/offer through the national centralised adoption initiative	30	30	0	G	30	0	G	EI Mayhew		
CSF2018-02	Reorganisation of the Children with Disability (CWD), Fostering and Access to Resources (ART) teams and a review of the Common and Shared Assessment (CASA) service.	130	130	0	G	130	0	G	EI Mayhew		
CSF2018-05	Delivery of preventative services through the Social Impact Bond	45	45	0	R	45	0	R	EI Mayhew	We expect to achieve the savings target as numbers of LAC are stable and have recently started reducing. The overall service will still overspen however because UASC costs have increased over the past few years and the growth received was not sufficient to offset this pressure. Placements are reviewed on an on-going basis and detailed analysis to back up movement caseloads and placement costs reported to DMT.	Y
CSF2018-06	South London Family Drug and Alcohol Court commissioning	45	45	0	R	45	0	R	EI Mayhew	We expect to achieve the savings target as numbers of LAC are stable and have recently started reducing. The overall service will still overspen however because UASC costs have increased over the past few years and the growth received was not sufficient to offset this pressure. Placements are reviewed on an on-going basis and detailed analysis to back up movement caseloads and placement costs reported to DMT.	Y
CSF2018-12	Further reduction in staffing at Bond Road. This will include a FGC post and a contact worker.	71	71	0	G	71	0	G	EI Mayhew		
	Total Children, Schools and Families Department Savings for 2019/20	572	572	0		572	0				

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 18-19

Ref	Description of Saving	2018/19 Savings Required £000	2018/19 Shortfall	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	2020/21 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments
	Infrastructure & transactions									
CS2015-10	FM - Energy invest to save	465	465	R	365	A	0	G	Richard Neal	The capital spend to achieve this was slipped and hence the saving was delayed with £100k expected in 19/20 and the balance in 20/21. In 19/20 the unachieved saving will be met from the Corporate Services reserve.
CSREP 2018-19 (13)	Business Improvement - Business Systems maintenance and support reduction	10	10	R	10	R	10	R	Clive Cooke	Saving to be reviewed during 19/20 to identify if this can be met or if a replacement saving is required.
CSREP 2018-19 (14)	M3 support to Richmond/Wandsworth	20	20	R	0	A	0	A	Clive Cooke	This is dependent on agreement with RSSP, may be at risk if they don't migrate to M3 system.
	Corporate Governance									
CSD43	Share FOI and information governance policy with another Council	10	10	R					Karin Lane	Replacement saving identified. From 19/20 this saving will be replaced by a reduction to the Corporate Governance AD's budget
	Total Corporate Services Department Savings for 2018/19	505	505		375		10			

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2018-19

Ref	Description of Saving	2018/19 Savings Required £000	2018/19 Savings Expected £000	Shortfall	18/19 RAG	2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	2020/21 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
SUSTAINABLE COMMUNITIES													
ENV20	D&BC: Increased income from building control services.	35	0	35	R	0	35	R	0	A	James McGinlay	This has not been possible due to staff shortages and difficulty with filling posts	Y
PUBLIC PROTECTION													
ENV07	Parking: Reduction in supplies & services/third party payment budgets.	60	13	47	R	60	0	A	0	A	Cathryn James	Saving is being reviewed and an alternative saving may be required.	Y
ENV08	Regulatory Services: Funding of EH FTE by public health subsidy. As agreed between DPH and Head of PP .	40	0	40	R						Cathryn James	Alternative saving has been agreed for 2019/20.	Y
ENV09	Regulatory Services: Investigate potential commercial opportunities to generate income	50	0	50	R	50	0	A	0	A	Cathryn James	This saving is conditional on income being generated from chargeable business advice/consultancy. A new income generating Business Development team has been established as part of the Regulatory Services Partnership restructure, which will now look to deliver these savings.	Y
ENR2	Parking & CCTV: Pay & Display Bays (On and off street)	44	0	44	R	44	0	G	0	G	Cathryn James	Saving is being reviewed and an alternative saving may be required. However, saving is being met from other income streams.	Y
ENR3	Parking & CCTV: Increase the cost of existing Town Centre Season Tickets in Morden, Mitcham and Wimbledon.	17	0	17	R	17	0	A	0	G	Cathryn James	Saving is being delayed as it will now form part of the wider discussion on parking charges.	Y
ALT1	Parking: The further development of the emissions based charging policy by way of increased charges applicable to resident/business permits as a means of continuing to tackle the significant and ongoing issue of poor air quality in the borough.	440	390	50	R	440	0	G	0	G	Cathryn James		N
PUBLIC SPACE													
ENV32	Transport: Review of Business Support requirements	30	0	30	R						John Bosley	Alternative saving has been agreed for 2019/20.	Y
ENR6	Waste: Wider Department restructure in Waste Services	200	0	200	R	200	0	A	0	A	John Bosley	This will not be delivered in 2018. Review and restructure still outstanding. Scheduled for May 2019	Y
ENR7	Transport Services: Shared Fleet services function with LB Sutton	10	0	10	R						John Bosley	Alternative saving has been agreed for 2019/20.	Y
Total Environment and Regeneration Savings 2018/19		926	403	523		811	35		0				

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2018/19

Ref	Description of Saving	2018/19 Savings Required £000	Shortfall £000	RAG	2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	2020/21 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments
Adult Social Care											
CH73	A review of management and staffing levels of the AMH team in line with the reductions carried out in the rest of ASC.	100	23	R	100	0	G	0	G	Richard Ellis	Balance deferred to 2019/20
CH36	Single homeless contracts (YMCA, Spear, Grenfell) - Reduce funding for contracts within the Supporting People area which support single homeless people -Reduced support available for single homeless people - both in terms of the numbers we could support and the range of support we could provide. In turn this would reduce their housing options. (CH36)	38	38	R	38	0	G	0	G	Steve Langley	£38k deferred to 2019/20
CH71	Transport: moving commissioned taxis to direct payments. Service users can purchase taxi journeys more cheaply than the council.	50	50	R	50	0	A	0	G	Phil Howell	
CH72	Reviewing transport arrangements for in-house units, linking transport more directly to the provision and removing from the transport pool.	100	100	R	100	0	A	0	G	Richard Ellis	£100k deferred to 2019/20. Part of the Transport review
CH74	The implementation of the MOSAIC social care system has identified the scope to improve the identification of service users who should contribute to the costs of their care and assess them sooner, thus increasing client income. Assessed as a 3% improvement less cost of additional staffing	231	231	R	231	0	G	0	G	Richard Ellis	Timeliness of FA improved through additional resource funded by MIB. Earlier FA means more weeks billed. Contribution from Health contribution target was exceeded.
Total C & H Savings for 2018/19		519	442		519	0		0			

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES SAVINGS PROGRESS 2018/19

Ref	Description of Saving	2018/19 Savings Required £000	Shortfall £000	RAG	2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	2020/21 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	Total Children, Schools and Families Department Savings for 2018/19	489	0		489	0		0				

There were no red savings for CSF

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