

CABINET

Date: 19 September 2019

Subject: Financial Report 2019/20 – July 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 £0.2 million, 0.04% of gross budget.
- B. That Cabinet note the contents of Section 4 of the report and approve the amendments below :

C.	Scheme	2019/20 Budget	2020/21 Budget	Narrative
Corporate Services				
	Revenues and Benefits	(400,000)	400,000	Re-profile from 2019/20 to 2020-21
	Planning and Public Protection	(199,950)	199,950	Re-profile from 2019/20 to 2020-21
	Housing Company	(20,000,000)	20,000,000	Reprofiling of Housing Company Projected Spend
	Customer Contact	(1,200,000)	1,200,000	Reprofiling in accordance with projected spend
Children, Schools and Families				
	Perseid Capital Maintenance	(177,000)		Virement to cover projected higher cost of scheme
	Further Unallocated SEN Budget	(188,020)	188,020	Reprofiled in accordance with spend
Environment and Regeneration				
	Haydons Road Shop Front Improvement	224,000		Neighbourhood CIL Funded Scheme
	Mitcham Town Centre	(430,620)	425,000	£425k re-profiled to 19-20, £5.6k LIP Funding Relinquished
	Sports Facilities - Wimbledon Park Lake De-Silting	(1,393,160)		Money being vired to cover priority scheme on the lake
	Sports Facilities - Wimbledon Park Lake Reservoir Safety*	1,393,160		Money required to cover statutory obligations
	Total	(22,371,590)	22,412,970	

* The Wimbledon Park Lake Reservoir Safety scheme will require Council Approval

- C. That Cabinet approves £170,860 from the Outstanding Council Programme Board (OCPB) Reserve for further integration work between the Council's CRM system and our street cleansing and waste collection provider's system (ECHO).

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This is the financial monitoring report for period 4, 31st July 2019 presented in line with the financial reporting timetable.

This financial monitoring report provides -

- The income and expenditure at period 4 and a full year forecast projection.
- An update on the capital programme and detailed monitoring information;
- An update on Corporate Items in the budget 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 4 to 31st July 2019, the year-end forecast is a net £0.2m overspend compared to the current budget.

Summary Position as at 31st July 2019

	Current Budget 2019/20 £000s	Full Year Forecast (July) £000s	Forecast Variance at year end (July) £000s	Forecast Variance at year end (June) £000s	Outturn variance 2018/19 £000s
Department					
3A. Corporate Services	11,351	10,854	(497)	(698)	(2,511)
3B. Children, Schools and Families	61,383	63,126	1,743	2,235	2,271
3C. Community and Housing	63,753	64,060	307	268	(197)
3D. Public Health	0	27	27	0	0
3E. Environment & Regeneration	15,997	15,604	(393)	(430)	(1,526)
Overheads	0	0	0	0	(33)
NET SERVICE EXPENDITURE	152,483	153,670	1,187	1,375	(1,996)
3E. Corporate Items					
Impact of Capital on revenue budget	10,481	10,481	0	0	403
Other Central budgets	(20,582)	(21,569)	(987)	(667)	(6,064)
Levies	949	949	0	0	0
TOTAL CORPORATE PROVISIONS	(9,152)	(10,139)	(987)	(667)	(5,661)
TOTAL GENERAL FUND	143,331	143,531	200	708	(7,657)
FUNDING					
Revenue Support Grant	0	0	0	0	0
Business Rates	(44,026)	(44,026)	0	0	0
Other Grants	(8,169)	(8,169)	0	0	0
Council Tax and Collection Fund	(91,070)	(91,070)	0	0	0
FUNDING	(143,265)	(143,265)	0	0	0
NET	66	266	200	708	(7,657)

The current level of GF balances is £13.778m and the minimum level reported to Council for this is £12.53m.

3. DEPARTMENTAL SUMMARY OF CURRENT POSITION

Corporate Services

Division	2019/20 Current Budget	2019/20 Full year Forecast (July)	2019/20 Full Year Forecast Variance (July)	2019/20 Full Year Forecast Variance (June)	2018/19 Outturn Variance
	£000	£000	£000	£000	£000
Customers, Policy & Improvement	3,573	3,432	(141)	(203)	(246)
Infrastructure & Technology	11,767	11,838	71	35	(64)
Corporate Governance	2,432	2,378	(54)	(74)	(294)
Resources	5,915	5,762	(153)	(338)	(707)
Human Resources	1,919	1,975	56	74	16
Corporate Other	833	557	(276)	(192)	(1,216)
Total (Controllable)	26,439	25,942	(497)	(698)	(2,511)

Overview

At the end of period 4 (July) the Corporate Services (CS) department is forecasting an underspend of £497k at year end. The underspend forecast has reduced by £201k since period 3 (June).

Customers, Policy and Improvement - £141k under

Customer contact is forecasting a £72k underspend due to lower than budgeted licence costs. The licences requiring extension are under review and the forecast will be updated accordingly throughout the year. There is a forecast underspend of £49k on cash collections, capturing future year savings early in 2019/20. The translations service has a forecast underspend of £24k, mainly as a result of additional income from internal translation requests compared to the budgeted amount and a vacancy within the team. Merton link is forecasting a £12k underspend owing to various running costs. Marketing and communications have a £44k underspend forecast from less than budgeted spend on the council magazine and graphic design, this is in line with the level of spend in 2018/19. A further £44k underspend is forecast on community engagement, this is a result of maternity leave in the team as well as there being no resident survey planned for 2019/20.

A £40k overspend is forecast on the registrars service relating to various running cost budgets such as ground maintenance and marketing as well as an underachievement of a staffing saving (2019-20 CS05). This is partly offset by the overachievement of income; however, income for 19/20 is expected to be £103k less than that achieved in 18/19 due to the Home Office no longer providing additional work. Additionally, press and PR are forecasting a £30k overspend due to underachievement of income.

Overall the forecast underspend on CPI has reduced by £62k from period 3. This is mainly due to updated information on the cost of customer contact licence extensions.

Infrastructure & Technology - £71k over

I&T are forecasting overspends on telecoms of £91k due to delays in the PABX telecoms implementation and £85k on the Professional Development Centre (Chaucer Centre) due to the underachievement of rental income. Facilities management are forecasting a £33k overspend reflecting the use of agency staff and only a partial achievement of a saving in year (2018-19 CS04) following a recent restructure of the energy team. Facilities are forecasting a further £45k overspend on the external fees account due to the use of additional agency staff. The business systems team is also forecasting an overspend (£14k) due to the underachievement of income.

Various underspends within the division are partly offsetting the above overspends. IT service delivery is forecasting a £51k underspend due to less than budgeted licence costs and additional recharges to clients. The Civic Centre is forecasting a £24k underspend due to additional rental income and the print and post room are forecasting a £38k underspend with a vacancy held in the team. The corporate print strategy is forecasting a £54k underspend due to less than budgeted multi-functional device (MFD) costs. Additionally, transactional services are forecasting a £32k underspend resulting from the recovery of expenses in previous years.

The forecast overspend in I&T has increased by £36k since period 3. This is mainly due to the increased use of agency staff and underachievement of a saving in facilities.

Corporate Governance – £54k under

The underspend within Corporate Governance is formed of £7k from various running cost budgets held by the AD, £18k from democracy services largely due to a vacancy and £15k inflation. A further £29k 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 £17k surplus, of which £3k is to be retained by Merton.

The above underspends are partly offset by a £10k underachievement of income from legal services outside of SLLp and small overspends forecast on electoral registration printing and postage as well as election expenses following the Cannons Hill By-Election.

The forecast underspend on Corporate Governance has reduced by £20k from the position at period 3. This is mainly due to a reduction in the forecast of legal services income and an increased forecast for canvassers within electoral registration.

Resources - £153k under

There are various underspends forecast within senior management, made up of the Chief Executive's budget (£41k under), Director of Corporate Services (£71k under) and AD Resources (£69k under) due to subscription and consultancy budgets not expected to be required in year.

Accountancy has a £207k 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 at this point. As more information is gathered the updated overspend position will be examined and additional funding required from E&R budgets will be considered. This is partly offset by a £27k underspend within the budget management team due to vacancies held for part of the year. Offers made to fill the vacancies have been accepted and the new employees are expected to begin in September.

A £40k overspend is forecast on the financial information system (FIS) team mainly due to additional licence and staffing costs, with a business case pending to review ongoing budget pressures within the team.

The insurance and treasury teams are forecasting a £13k overspend due a shortfall on schools buyback income and the use of agency staff part offset by higher than budgeted recharges to the pension fund.

The Merton and Sutton bailiff services are forecasting to underspend by £97k due to additional income in excess of the budget. Benefits administration is forecasting a £217k 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 £113k 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.

The forecast underspend in the resources division has reduced by £185k compared to period 3. This is partly due to forecast for the local taxation service increasing by £68k. This reflects the lower level of income related to the cost of collection achieved up to the end of July compared to the same period last year. The insurance premiums forecast has increased by £64k to bring it in line with the costs incurred in 18/19 pending further review of the expected 19/20 costs. Corporate accountancy's forecast has also increased by £29k, reflecting the continued use of agency staff. Recruitment costs have also increased following exercises to fill multiple vacancies.

Human Resources – £56k over

Learning and development is forecasting a £28k overspend due to the recruitment costs for the Head of Organisational Development and HR Strategy and estimated interim agency costs. 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 carried out by the London Borough of Kingston, and the remainder relates to the shared payroll system and iTrent client team charges, also by the London Borough of Kingston. The underachievement of schools buy back income is also contributing to the HR overspend.

Payroll has an underspend forecast of £31k as a result of a restructure in year, which captures part of a future year saving early, and a vacancy held in the team. Occupational health fees are forecast to have a £10k underspend.

Overall the HR overspend has reduced by £18k compared to the position at period 3, mainly due to a review of the salary forecasts to reflect the current staffing levels.

Corporate Items - £276k 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 of £46k, incorporating a contingency for additional charges from Westminster. This part offsets with £41k additional income from the Magistrates court. A further £33k underspend is forecast on the pensions added years budget.

The forecast underspend on corporate items has increased by £84k since period 3. This is due to a reduced coroners court forecast, following an update from Westminster on costs for the first quarter of 19/20, and the identification of an underspend on the pensions added years budget based on costs incurred to date.

Environment & Regeneration

Environment & Regeneration	2019/20 Current Budget	Full year Forecast (July)	Forecast Variance at year end (July)	Forecast Variance at year end (June)	2018/19 Outturn Variance
	£000	£000	£000	£000	£000
Public Protection	(13,064)	(13,427)	(363)	(402)	(753)
Public Space	14,682	15,043	361	304	(1,449)
Senior Management	975	987	12	12	(17)
Sustainable Communities	8,239	7,836	(403)	(344)	694
Total (Controllable)	10,832	10,439	(393)	(430)	(1,525)

Description	2019/20 Current Budget	Forecast Variance at year end (June)	Forecast Variance at year end (May)	2018/19 Variance at year end
	£000	£000	£000	£000
Overspend within Regulatory Services	604	107	76	112
Underspend within Parking Services	(14,539)	(600)	(669)	(964)
Overspend within Safer Merton & CCTV	871	130	191	99
Total for Public Protection	(13,064)	(363)	(402)	(753)
Overspend within Waste Services	13,716	344	321	(1,611)
Underspend within Leisure & Culture	416	(36)	(35)	(222)
Underspend within Greenspaces	1,245	(43)	(58)	145
Overspend within Transport Services	(695)	96	76	239
Total for Public Space	14,682	361	304	(1,449)
Overspend within Senior Management & Support	975	12	12	(17)
Total for Senior Management	975	12	12	(17)
Underspend within Property Management	(2,692)	(421)	(472)	368
Underspend within Building & Development Control	4	(1)	118	275
Overspend within Future Merton	10,927	19	10	51
Total for Sustainable Communities	8,239	(403)	(344)	694
Total Excluding Overheads	10,832	(393)	(430)	(1,525)

Overview

The department is currently forecasting an underspend of £393k at year end. The main areas of variance are Parking Services, Safer Merton & CCTV, Waste Services, and Property Management.

Public Protection

Parking Services underspend of £600k

The underspend is mainly as a result of additional penalty charge notices being issued, following the implementation of the ANPR system across the borough (£1,179k), and P&D income (£539k).

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 an employee related overspend of £109k is forecast due to a combination of savings not yet implemented and increased demand.

There have been delays in implementing all of the parking savings to date. In terms of ANPR, there was an initial assumption that there would be a peak in the processing work and, balanced with on-going compliance, the processing volume would drop. 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 £130k

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 CCTV section has a 2019/20 saving of £100k relating to charging local businesses for monitoring of their CCTV, which will not be achieved, coupled with the underachievement of its current income budget by £44k.

Elsewhere within the section, underspends on employees (£27k) and income contributions (£55k) are helping to partially mitigate these pressures.

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.

Public Space

Waste Services overspend of £344k

The section is forecasting to overspend on its employee costs by £93k, which is mainly due to a delay in fully implementing a 2018/19 saving (ENR6), and the temporary employment of a Public Space Inspector for six months to provide greater resilience in the monitoring of our service provider performance.

The section is also forecasting to overspend on its waste collection and street cleansing contract by £426k. This is largely due to the non-budgeted internal debt charge of £676k, along with recharges for additional services being undertaken by the service provider.

These pressures are being partially mitigated by a forecast underspend on disposal costs of £226k.

Following the introduction of the new wheelie bin service we have seen a significant reduction in the level of general refuse being collected and disposed of through our Energy Waste facility at Beddington, alleviating the need for landfill and the associated landfill tax charges.

Over this period, we have seen a 12% reduction in refuse, which equates to a monthly average reduction of over 450 tonnes per month. The main contributor to this success is the increase in food waste participation, which has seen an increase of over 70% or 191 tonnes per month.

Sustainable Communities

Property Management underspend of £421k

The principal reason for the forecast underspend relates to exceeding the commercial rental income expectations by £749k, which includes £150k of one-off income from conducting the backlog of rent reviews in line with the tenancy agreements.

This is being partially offset by an overspend of £233k on premises related expenditure, for example, utility and repairs & maintenance costs. In addition, a £50k overspend is being forecast relating to external valuations to support asset valuations.

Children Schools and Families

Children, Schools and Families	2019/20 Current Budget £000	Full year Forecast Jul £000	Forecast Variance at year end (Jul) £000	Forecast Variance at year end (Jun) £000	2018/19 Variance at year end £000
Education	24,993	25,413	420	524	(37)
Social Care and Youth Inclusion	19,494	21,502	2,008	2,429	3,211
Cross Department budgets	1,029	1,014	(15)	(3)	(20)
PFI	8,573	8,273	(300)	(345)	(354)
Redundancy costs	2,183	1,813	(370)	(370)	(529)
Total (controllable)	56,272	58,015	1,743	2,235	2,271

Overview

At the end of July Children Schools and Families forecast to overspend by £1,743m on local authority funded services, a reduction in overspend of £492k from June's outturn forecast. 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 hold steady our number of children in care through a combination of actions, which are detailed in the management action section below. However, EHCP numbers continue to rise.

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

Local Authority Funded Services

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

Description	Budget £000	Jul £000	Jun £000	2018/19 £000
Procurement & School organisation	594	(186)	(191)	(411)
SEN transport	4,705	1,097	978	1,223
Early Years services	3,117	(157)	(136)	(349)
CWD team staffing	571	(100)	(73)	(88)
Other small over and underspends	16,006	(234)	(54)	(412)
Subtotal Education	24,993	420	524	(37)
Fostering and residential placements (ART)	7,111	696	696	1,057
Un-accompanied asylum seeking children (UASC)	75	497	601	488
Community Placement	0	385	500	500
No Recourse to Public Funds (NRPF)	21	141	141	301
MASH & First Response staffing	1,618	257	233	354
Legal costs	526	170	264	280
Other small over and underspends	10,143	(138)	(6)	231
Subtotal Children's Social Care and Youth Inclusion	19,494	2,008	2,429	3,211

Education Division

The procurement and school organisation budget is forecast to underspend by £186k because of lower spend on reversionisation budgets. This budget relates to the revenue cost of construction projects and is affected by slippage of capital schemes. The majority of this is used for temporary classrooms usually required due to rising pupil demand when it is not viable to provide permanent buildings.

The SEN transport budget is forecast to overspend by £1.097m. The forecast for maintained school taxis is £3.598m, circa £313k more than last year. This is our best estimate based on the information available at the end of July. 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. The current estimated cost does not include a forecast for new placements that may be required during the year. To support the cost pressure in this area, the £500k growth allocated to the department in 2019/20 has been allocated against this budget. However, this has been insufficient to cover the full extent of the growth in this area.

As part of management action to reduce the overall in-year departmental overspend, where possible in the Early Years' service, recruitment to vacancies is being delayed. At the end of July this is estimated to deliver a £157k underspend.

The Children with Disabilities (CWD) team, which has newly transferred to the Education division, is holding vacant posts which is expected to deliver a £100k underspend in the current financial year. Some of this underspend is being used to offset social work cost pressures in the fostering service.

There are various other small over and underspends forecast across the division netting to a £234k underspend. These combine with the items described above to arrive at the total divisional overspend forecast of £420k.

Children's Social Care and Youth Inclusion Division

At the end of July Merton had 162 Looked After Children (LAC). This is an increase of 1 child from June. The numbers of LAC in Merton remain relatively stable and we continue to maintain relatively low levels of children in care as detailed in the table below:

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	34
London Rate	51	50	49	tbc
England Rate	60	62	64	tbc

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

Service	Budget £000	Jul spend £000	Variance		Placements	
			Jul £000	Jun £000	Jul No	Jun No
Residential Placements	2,306	2,006	(300)	(300)	14	14
Independent Agency Fostering	1,753	1,953	200	200	35	34
In-house Fostering	992	1,696	704	704	72	73
Secure accommodation	138	138	0	0	0	2
Mother and baby	103	103	0	0	1	0
Supported lodgings/housing	1,819	1,911	92	92	61	61
Total	7,111	7,807	696	696	183	184

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 placement forecasts includes a prediction of costs expected for known placements as well as an estimated cost for movement in placements, including new cases, expected during the year. These assumptions are reviewed and updated every month and estimates adjusted accordingly to provide our best estimate of full year costs.

- The Residential placement expenditure is forecast to underspend by £300k at the end of the financial year. We currently have 14 residential (including 9 respite) in July.
- The Independent Agency Fostering expenditure is forecast to overspend by £200k. We currently have 35 placements. There is an increase of one new placement from June. The cost difference is contained within the expected movement built into the full year estimated cost.
- The In-house Foster carer expenditure is forecast to overspend by £704k. We currently have 72 placements. There has been 4 new placements while 5 placements ended during July. The cost difference of this change in placements is contained within the expected movement built into the full year estimated cost.
- The Youth Justice secure accommodation expenditure is projected to spend to budget in July. We have no current placements at the moment but are forecasting for additional placements expected by the end of financial year.
- The mother and baby assessment unit expenditure is forecast budget for the current year.
- We are forecasting that the budget for the semi-independent accommodation and supported lodgings/housing placements will overspend by £92k in July. There has been 4 new placements while 4 placements ended during July. The cost difference of this change in placements is contained within the expected movement built into the full year estimated cost.
- At the end of July, UASC placements and previous UASC that are now Care Leavers were forecasting to overspend by £497k, down from £601k in June.

Service	Budget £000	Jul spend £000	Variance		Placements	
			Jul £000	Jun £000	Jul No	Jun No
Independent Agency Fostering	380	469	89	90	11	11
In-house Fostering	0	628	628	543	29	26
Supported lodgings/housing	170	675	505	505	24	25
UASC grant	(475)	(1,200)	(725)	(537)		
Total	75	572	497	601	64	62

At the end of July, we had 33 placements for UASC young people under 18 in foster care. We also had 7 previous UASC that are now care leavers in foster placements. This will increase over the next few months due to the administration's commitment (in line with other London Labour Councils) to increase the 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 36 young people aged 18+ who were formerly UASC in our care at the end of July, 7 in foster care, 24 in semi-independent accommodation and 5 who received non-accommodation related support. 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 projected UASC grant income by £725k. This is based on Merton's latest caseloads and taking account of the grant increases confirmed by the Home Office earlier this year. This is offset against the additional costs incurred through having higher numbers of UASC in our care.

We are estimating a £385k spend on the un-budgeted community placement for the current financial year. This includes a £485k estimated cost for 2019/20 reduced by an over accrual in 2018/19 of £100k. The figure is our best current estimate and is subject to change as the case is extremely complex and regularly reviewed. Forecast costs are currently based on an interim arrangement in place while further work is undertaken to secure the right long term support arrangements, although it may not be possible to establish permanent arrangements until the young person is an adult.

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. Strong gate-keeping has resulted in a reduction of overall numbers from a peak of 30 in 2016/17 to a current caseload of 11.

We are forecasting to overspend by £257k on the MASH and First Response teams' staffing costs. This is because the team is covering 14 vacancies out of an establishment of 30 with agency staff due to difficulty in recruiting permanent members of staff in this area.

Legal costs are forecast to overspend by £170k, £94k less than last month following a review of the costs. 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. The evidence is that this is effective in those cases that go through the FDAC process, but that this is more than offset by increases in other placement costs.

There are various other small over and underspends forecast across the division netting to a £138k underspend. These combine with the items described above to arrive at the total divisional forecast overspend of £2.008m.

Dedicated Schools Grant (DSG)

DSG funded services are forecast to overspend by £9.183m, an increase of £1.115m over last month. 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, currently estimated at £12.092m.

The main reason for the variance relates to a £5.514m overspend on Independent Day School provision. This is a £360k increase from June 2019. The reason for the increase is the increase in placements from 216 in June to 224 in July. Based on past years' experience, we would expect this number to increase further towards the end of the year. We are seeking to increase the number of local maintained special school places in the borough, in order to reduce these costs, but it will take time to bring these additional places on stream. At present the annual increase in the number of EHCPs significantly exceeds the number of additional special school places we are able to create in the borough. Based on the number of new EHCPs still being awarded following assessment, we would expect this cost to still increase towards year-end and the £12.092m cumulative deficit to increase further.

Other overspends include £992k on EHCP allocations to Merton primary and secondary schools, £1.764m on EHCP allocations to out of borough maintained primary, secondary and special schools, and £1.113m 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 since the entitlement changed following the implementation of the Children and Families Act. At the end of July 2019 there were 1,867 EHCPs, a 9% increase to date.

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 Schools (inc. Academies)	422	39%	461	37%	526	35%	584	34%
Additional Resourced Provision	110	10%	111	9%	116	8%	125	7%
State Funded Special Schools	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 Education	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%
Change over previous year				16%		22%		13%

There are various other smaller over and underspends forecast across the DSG netting to a £200k underspend which, combined with the items above, equates to the net overspend of £9.183m. This will be added to Merton's negative reserve and conversations continue with government over the funding of this.

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 July following the end of the financial year as it is based on January census information. We are therefore 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 Finance Service monitors this closely, and before any deficit budget is agreed, work is undertaken with the school to ensure they are maximising every opportunity to reduce costs and spend wisely. The number of schools setting deficit budgets has reduced from 14 in 2018/19 to 13 in 2019/20. There are various reasons for schools requiring to set deficit budgets including unfunded non-teacher 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.

Merton has been working in conjunction with Association of Directors for Children's Services (ADCS), Society for London Treasurers (SLT), London Councils and the Children's Commissioner to lobby Central Government for additional funding. All commissioned analysis shows that the funding short is a national issue which requires additional grant funding.

Management action

Staffing report

We continue to reduce the use of agency by imposing a three month recruitment drag, where appropriate, for non-social work posts. We continue to prioritise meeting our statutory duties when determining whether recruitment drag may be applied to any vacant post.

Placements

We continue to use the Panel processes to ensure that spending on IFAs instead of in-house placements can be justified, 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 5 new foster carers this year so far. However, the target for this financial year is to recruit 20 new foster carers and we are therefore behind 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.

Our average placements costs against each budget code are reported each month. Due to the low numbers in mother and baby units, small changes in numbers result in big variations in the average weekly unit costs as detailed in the following table. We are expecting the mother and baby cost to increase as these placements normally incur additional costs, i.e. transport, which is invoiced in arrears and will increase the average unit cost.

Description	Jan	Feb	Mar	May	Jun	Jul	Movement from last month	Jul
	£	£	£	£	£	£	£	No
ART Independent Agency Fostering	905	907	900	879	854	889	36	35
ART In-house Fostering	446	444	440	438	443	439	-3	72
UASC Independent Agency (Grant)	808	804	803	822	822	821	-2	11
UASC In house Fostering (Grant)	488	494	490	410	388	413	25	18
UASC Independent Agency (Non-Grant)	548	806	237	802	802	802	0	0
UASC In house Fostering (Non-Grant)	495	484	589	409	417	421	5	11
ART Residential Placements	3,977	3,974	3,978	3,919	3,887	3,886	-1	14
ART Secure Accommodation	2,841	2,841	3,374	1,890	1,890	1,890	0	0
ART Mother & Baby Unit	3,516	3,749	3,589	4,204	4,204	3,401	-802	1
Supported Housing & Lodgings (Art 16+ Accommodation)	657	640	585	611	619	630	11	61
Supported Housing & Lodgings - UASC (Grant)	759	779	782	788	736	687	-49	4
Supported Housing & Lodgings - UASC (Non Grant)	426	448	642	451	410	419	10	20

Children with additional needs

We are working with colleagues in CCGs through the tripartite process in order to secure appropriate health contribution to funding for children with complex needs, particularly through continuing healthcare (CHC) 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 £288k, 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	Jul overspend forecast £000	Jun overspend forecast £000	2018/19 over £000
Supported lodgings/housing- care leavers	1,819	92	92	52
Supported lodgings/housing- UASC	170	505	505	774
UASC	380	717	633	211
No Recourse to Public Funds (NRPF)	21	141	141	301
Total	2,390	1,455	1,371	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).
- 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.

Further new burdens are expected for 2019/20 including the DfE requirement for new assessment process for all social workers (National Assessment and Accreditation System).

Community and Housing

Overview

Community & Housing is currently forecasting an over spend of £334k as at July 2019 which is an increase of £66k since June's forecast.

The service has forecasted a slight increase in its overall overspend across all areas except Merton Adult Learning. There are forecast overspends in Adult Social Care £149k, Libraries £50k, Housing £108k and Public Health £27k. Merton Adult Learning expects to achieve a breakeven position.

The department has implemented a strategy improvement and development board which will seek to transform service provided and to implement objectives identified in its Target Operating Model. As part of this process Adult Social Care is currently undergoing a review of its staffing structures and ways of working.

Community & Housing Summary Outturn Position

Community and Housing	2019/20 Current Budget £000	2019/20 Forecast Spend £'000	2019/20 Forecast Variance (July'19) £000	2019/20 Forecast Variance (June'19) £000	2018/19 Outturn Variance £000
Access and Assessment	45,199	45,168	(33)	56	(258)
Commissioning	4,449	4,376	(73)	(73)	(5)
Direct Provision	4,700	4,807	106	31	6
Directorate	1,142	1,291	149	149	90
Adult Social Care	55,490	55,639	149	163	(167)
Libraries and Heritage	2,186	2,236	50	33	45
Merton Adult Learning	(8)	(8)	0	0	0
Housing General Fund	1,905	2,013	108	72	(73)
Sub-total	4,083	4,241	158	105	(195)
Public Health	(148)	(121)	27	0	0
Grand Total Controllable	59,425	59,759	334	268	(195)

Adult Social Care

Access & Assessment - £33k underspend

This service is currently forecasting an underspend of £33k due to the net effect of the reduction in forecasted expenditure on placements based on current available data and a reduction of expected income from client contribution. It is expected that as placement continues to reduce that income levels will decrease.

Client income continues to fall despite improvements in the financial assessment process. This is subject to further investigation, but in part is due to the strategy of keeping people at home. Service users make larger contributions to the costs of residential care than to care at home as they are expected to make contributions to the 'hotel costs'. This is offset by reduced costs paid by the council. However, there appears to be a greater trend for reduced client contributions which is being reviewed.

This pressure is currently offset by other income, such as grants, and managed underspends on non-care budgets. The department will continue to track the detailed trends on a monthly basis, which will inform actions to ensure the budget remains balanced.

The department 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 trend is not expected to continue indefinitely. Winter planning with health has commenced and a difficult winter is anticipated.

The department's long term plans is affected by current prolonged political uncertainties surrounding Brexit which has caused the delay on the promised government Green Paper on the future of Adult Social Care. Better Care Fund (£5m) and Integration BCF (£4.1m) both end this year. The sector suspects that the current arrangements might be rolled over for an additional year after which a decision on the future funding of Adult Social Care will be forthcoming.

It is important to note that included in Adult Social Care income is £300k Independent Living Fund (ILF) grant which ceases next year; thus from 2020-21 this will be an additional pressure as it currently support the cost of previous ILF customers costing the service £800k per annum.

The table below shows significant movement in budget variances in the Access & Assessment division

Access & Assessment	Forecast Variance July'19 £000	Forecast Variance June'19 £000	Outturn Variances March 19 £000
Underspend on Concessionary Fares-(taxi-cards scheme)	(92)	(88)	(42)
Equipment	84	121	95
Other- Incl. (Employee Related & Premises)	(125)	(183)	(104)
Placements & Placements Other	1,982	2,195	1,111
Income (IBCF & ILF)	(1,882)	(1,989)	(1,318)
Total Controllable	(33)	56	(258)

This service is currently undergoing a restructure as part of its transformation programme.

Direct Provision-£106k overspend

The Direct Provision service has forecast an over spend of £106k to July 2019 which is an increase of £75k since June 2019. The service continues to have issues with overspend on salaries especially on internal residential homes due to its use of bank staff to cover high sickness.

Management have worked with Human Resources on sickness cases and the staff concerned have returned to work with another resuming on a phased return. A new set of rotas are being developed to reduce bank staff usage at both residential homes.

The service plans to review forecasts and budget allocation to ensure that each area has sufficient budget to provide a service, particularly the Supported Living Service, which has expanded significantly in the past two years.

There was also a one-off additional expenditure due to increased need at the Riverside residential home which was unavoidable, but has now ended.

C&H-Other Services

Libraries-£50k overspend

The library service is currently forecasting an over spend of £50k which is largely due to a combination of budget pressures such as an over spend on the security services contract , increased utilities costs and a slight decline in income projection The service is continuing to work to increase its income activity.

The security service contract re procured shortly and it is expected that cost will increase which means additional pressure on the Libraries budget.

Merton Adult Learning – Breakeven

Merton Adult Learning is currently forecasting a breakeven position.

Housing - £108k overspend

This service is forecasting an over spend of £108k which is due to a reduction in forecasted income from housing benefit, client contributions and housing benefit subsidy. Income and subsidy costs is affected by the fluctuation in the number of households accessing the service in accordance with the provisions of the Housing Act.

It remains the case that the budget will be subjected to fluctuations to reflect numbers of households being admitted into temporary accommodation, numbers of households leaving temporary accommodation and the income received from households living in temporary accommodation via Housing Benefit and the corresponding budget implications flowing from temporary accommodation subsidy.

Since the introduction of the Homelessness Reduction Act 2017 (HRA), the service is required by statute to deliver homelessness prevention activities (now referred to as 'Prevention & Relief Duties'). Accordingly the prevention of homelessness remains a central plank to the work of the team and contributes to the wider council prevention agenda which is seeking to ensure that households are able to continue to occupy their homes and avoid the trauma that a homelessness episode brings.

The council continues to maintain its position of having the lowest number of households in temporary accommodation than any other London borough.

The service has also secured grant funding from central government to undertake a rough sleeping initiative in Merton. This grant is to be utilised to commission outreach, accommodation for rough sleepers and the creation of a rough sleepers' hub.

Prevention Activities undertaken as part of the New Burdens for Housing

Activities undertaken to prevent homelessness:-

- Rent rescue
- Rent Deposits
- Landlord liaison and negotiation with excluder
- Referrals to landlords, hostels and supported housing providers
- Legal advice on security of tenure, i.e. non-compliant s21 Housing Act 1988 notices
- Advice on prevention from eviction and landlord harassment
- Advice on income maximisation and welfare benefits

The table below shows the number of homelessness prevented to July 2019

Period	Homelessness Prevention Targets 2019-20
Full Year Target	450
Target YTD	150
Achieved – Apr'19	57
Achieved - May'19	86
Achieved – June'19	118
Achieved – July'19	152

Analysis of Housing and Temporary Accommodation Expenditure

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

Housing	Budget 2019/20 £000	Forecast (July'19) £'000	Forecast Variances (July'19) £'000	Forecast Variances (June'19) £000	Outturn Variances (March'19) £000
Temporary Accommodation- Expenditure	2,368	2,956	588	587	562
Temporary Accommodation- Client Contribution	(140)	(552)	(412)	(460)	(518)
Temporary Accommodation- Housing Benefit Income	(2,005)	(2,234)	(229)	(431)	(26)
Temporary Accommodation- Subsidy Shortfall	322	987	665	782	455
Temporary Accommodation- Grant	0	(450)	(450)	(450)	(531)
Subtotal Temporary Accommodation	544	707	163	27	(58)
Housing Other Budgets- Over/(under)spend	1,361	1,306	(55)	45	(15)
Total Controllable	1,905	2,013	108	72	(73)

The changes in variance between June and July is due to a revised forecast due to actual received to date in both client, housing benefit contributions and subsidy.

Temporary Accommodation (TA) movement to July 2019

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

Temporary Accommodation	Numbers IN	Numbers OUT	Total for the Month	2018/19
March 2017	-	-	186	
March 2018	16	16	165	
March 2019	15	11	174	
April 2019	15	11	178	170
May 2019	15	16	177	175
June 2019	11	18	170	172
July 2019	16	20	166	175

In July 2018 there were 175 compared to current years' 166 clients in temporary accommodation. This service constantly fluctuates according to demand thus affects forecasted expenditure.

Public Health - £27k overspend

This service is currently forecasting an overspend as at July 2019 due to maternity cover to maintain capacity to undertake work on the transformation agenda.

The anticipated budget pressures mentioned in previous months expected in sexual health and substance misuse budgets will be mitigated by the freezing of vacant posts and other budget efficiencies.

Corporate Items

The details comparing actual expenditure up to 31 July 2019 against budget are contained in Appendix 2. Based on expenditure and income as at 31 July 2019 there is an underspend of £0.987m forecast on corporate items as summarised in the following table:-

Corporate Items	Current Budget 2019/20 £000s	Full Year Forecast (July) £000s	Forecast Variance at year end (July) £000s	Forecast Variance at year end (June) £000s	Outturn Variance 2018/19 £000s
Impact of Capital on revenue budget	10,481	10,481	0	0	403
Investment Income	(664)	(977)	(313)	(313)	(364)
Pension Fund	3,429	3,329	(100)	0	(254)
Pay and Price Inflation	1,327	1,327	0	0	(1,122)
Contingencies and provisions	4,810	4,483	(327)	(100)	(3,366)
Income Items	(1,503)	(1,750)	(246)	(254)	(956)
Appropriations/Transfers	(5,078)	(5,078)	0	0	(6)
Central Items	2,321	1,334	(987)	(667)	(6,068)
Levies	949	949	0	0	0
Depreciation and Impairment	(22,903)	(22,903)	0	0	4
TOTAL CORPORATE PROVISIONS	(9,152)	(10,139)	(987)	(667)	(5,661)

The forecast underspend has increased by £0.320m from £0.667m in June to £0.987m in July. The reasons for this are:-

- a) It is estimated that the budget of £0.254m included for Pensions auto enrolment will be underspent by £0.100m.
- b) Within contingencies and provisions there is a balance of £0.194m arising from overheads charged to non-General Fund services which is not required.
- c) Within the budget for Contingencies and Provisions there is a budget of £0.083m provided for potential loss of Housing Benefit Admin. Grant. The final estimated need against this budget in 2019/20 is £0.049m and the balance of £0.034m will not be required.

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:

Depts	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	32,162	(21,992)	10,170	4,210	21,917	26,127	3,870	75	3,945	15,967	0	15,967
C&H	1,196	0	1,196	1,118	0	1,118	913	0	913	882	0	882
CSF	9,661	(138)	9,523	5,418	188	5,606	3,150	0	3,150	1,900	0	1,900
E&R	14,620	53	14,673	7,782	425	8,207	7,504	0	7,504	4,401	0	4,401
TOTAL	57,639	(22,077)	35,562	18,528	22,530	41,058	15,437	75	15,512	23,149	0	23,149

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

Capital Budget Monitoring July 2019

Department	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2019/20	Full Year Variance
Corporate Services	399,655	2,600,960	(2,201,305)	10,170,170	10,170,170	0
Community and Housing	262,334	205,000	57,334	1,196,240	996,240	(200,000)
Children Schools & Families	3,016,442	267,000	2,749,442	9,522,450	9,522,010	(440)
Environment and Regeneration	903,440	2,557,026	(1,653,586)	14,673,220	14,299,350	0
Total	4,581,870	5,629,986	(1,048,116)	35,562,080	34,987,770	(200,440)

a) Corporate Services – All budget managers are projecting a full spend against budget. The following five budgets have been re-profiled within Business Systems:

- Aligned Assets – the whole budget of £75k has been re-profiled to 2021-22
- Revenues and Benefits – the whole budget of £400k has been re-profiled to 2020-21
- ePayments Project – the whole budget of £32k has been re-profiled to 2020-21
- Planning and Public Protection – £200k of the budget has been re-profiled to 2020-21
- Youth Justice IT System – £85k of the budget has been re-profiled to 2020-21

Two further budgets have been re-profiled from 2019-20 to 2020-21

- Customer Contact - £1.200 million has been re-profiled from 2019-20 to 2020-21
- Housing Company – £20 million has been re-profiled from 2019-20 to 2020-21

The spend profile on both these budgets is currently being reviewed in detail and the outcome of these reviews will be incorporated into future monitoring reports.

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 underspend. Officers are currently considering how best to progress this scheme and will profile the budget spend once this is decided as part of September/October monitoring. There are no proposed amendments to departmental budgets this month.

- c) Children, Schools and Families – Officers are projecting a full spend on all budgets. There have been a number of adjustments to School Capital Maintenance schemes relating to differences between the estimated and tendered bids. An additional scheme has been added to Rutlish for adaptations to provide an ICT suite for £86k, the school is paying for £60k of the scheme and the rest of the funding is to be met from Capital Maintenance. The capital maintenance schemes at St. Mark's Primary (£54k) and part of the Perseid scheme (£177K) have been postponed, resulting in the St. Marks £10k school contribution being removed from the programme. Finally, part of one SEN Expansion scheme is being re-profiled into 2020-21 (£188k). A detailed review of projections will be undertaken once the spend over the summer holidays has been completed.
- d) Environment and Regeneration – Officers are projecting a full spend on all budgets. The following adjustments have been made to budgets this month:

- The total available budget of £1,363k has been vired from Wimbledon Park Lake De-silting to Wimbledon Park Lake – Reservoir Safety to assist the council in meeting its statutory obligations under The Reservoir Act 1975 by the required date of January 2022. It is envisaged that completing the statutory works will affect water level in the lake and de-silting options will be identified and estimated costs developed as part of the separate project. This is a new scheme and will require Council approval.
- £40k has been added to the programme for Chapter House Performance Space funded by Neighbourhood CIL
- £13k has been added to the programme for Merton Green Walks funded by Neighbourhood CIL
- £40k has been added to the programme for Deen City Farm funded by Neighbourhood CIL
- £224k has been added to the programme for Haydons Road Shop Front Improvements funded by Neighbourhood CIL
- £50k has been added to the programme for Bramcote Parade Improvements funded by Neighbourhood CIL
- £95k has been added to the programme for Polka Theatre funded by Neighbourhood CIL
- £4k has been added to the programme to Mitcham Town Centre funded by TfL with £425k of this budget has been re-profiled into 2010-21
- TfL Cycle Quietways has had £32k added to it funded by TfL, this will increase this budget to £636,890
- £28k has been transferred to revenue from the Shop Front Improvement Budget

There is the possibility that additional funding may be required for the Bishopsford Road Bridge; regular updates will be provided as part of the monitoring report. This could be funded from the Corporate Capital Contingency, which totals £4.8 million and is currently held in the financial year 2022-23.

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

Depts.	Spend To July 2016	Spend To July 2017	Spend to July 2018	Spend to June 2019	Variance 2016 to 2019	Variance 2017 to 2019	Variance 2018 to 2019
CS	242	417	1,527	400	157	(18)	(1,128)
C&H	65	114	264	262	197	148	(2)
CSF	1,167	682	1,553	3,016	1,849	2,334	1,463
E&R	3,074	2,642	4,023	903	(2,170)	(1,738)	(3,120)
Total Capital	4,549	3,855	7,368	4,582	33	727	(2,786)

Outturn £000s	30,626	32,230	31,424	
Budget £000s				35,562
Projected Spend July 2019 £000s				34,988
Percentage Spend to Budget				12.88%
% Spend to Outturn/Projection	14.85%	11.96%	23.45%	13.10%
Monthly Spend to Achieve Projected Outturn £000s				3,801

4.5 July is one third of the way through the financial year and departments have spent just under 13% of the budget. Spend to date is higher than two of the three previous financial years shown.

Department	Spend To June 2019 £000s	Spend To July 2019 £000s	Increase £000s
CS	275	400	125
C&H	146	262	116
CSF	1,550	3,016	1,466
E&R	300	903	603
Total Capital	2,271	4,582	2,311

4.6 During July 2019 officers spent £2.311 million, which highlights that it is highly unlikely that a projected Authority wide spend of just under £35 million will be achieved. Time will be spent with budget managers to re-profile budgets into subsequent financial years.

5. DELIVERY OF SAVINGS FOR 2019/20

Department	Target Savings 2019/20	Projected Savings 2019/20	Period 3 Forecast Shortfall	Period Forecast Shortfall (P3)	Period 2 Forecast Shortfall	2020/21 Expected Shortfall
	£000	£000	£000	%	£000	£000
Corporate Services	1,484	1,391	93	6.3%	45	35
Children Schools and Families	572	572	0	0.0%	0	0
Community and Housing	1,534	1,326	208	13.6%	151	0
Environment and Regeneration	3,340	2,131	1,209	36.2%	1,234	100
Total	6,930	5,420	1,510	21.8%	1,430	135

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	395	10
Children Schools and Families	489	0	0	0
Community and Housing	2,198	442	0	0
Environment and Regeneration	926	523	135	0
Total	5,637	1,470	530	10

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

Progress on savings 2017/18

Department	Target Savings 2017/18	2017/18 Shortfall	2018/19 shortfall	2019/20 Projected shortfall
	£000	£000	£000	£000
Corporate Services	2,316	196	0	0
Children Schools and Families	2,191	7	0	0
Community and Housing	2,673	0	0	0
Environment and Regeneration	3,134	2,188	694	305
Total	10,314	2,391	694	305

Appendix 8 details the progress on unachieved savings from 2017/18 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 2019/20
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
Appendix 8 -	Progress on savings 2017/18

14. BACKGROUND PAPERS

14.1 Budgetary Control files held in the Corporate Services department.

15. REPORT AUTHOR

- Name: Roger Kershaw
- Tel: 020 8545 3458
- Email: roger.kershaw@merton.gov.uk

Summary Position as at 31st July 2019

	Original Budget 2019/20 £000s	Current Budget 2019/20 £000s	Year to Date Budget (July) £000s	Year to Date Actual (July) £000s	Full Year Forecast (July) £000s	Forecast Variance at year end (July) £000s	Forecast Variance at year end (June) £000s	Outturn variance 2018/19 £000
Department	-	-	-	-	-	-	-	-
3A. Corporate Services	10,930	11,351	8,622	8,491	10,854	(497)	(698)	(2,511)
3B. Children, Schools and Families	60,819	61,383	15,538	8,519	63,126	1,743	2,235	2,271
3C. Community and Housing	-	-	-	-	-	-	-	-
Adult Social Care	58,657	58,656	18,461	21,211	58,804	149	163	(169)
Libraries & Adult Education	2,878	2,878	1,156	1,396	2,928	50	33	45
Housing General Fund	2,219	2,219	444	383	2,327	108	72	(73)
3D. Public Health	0	0	(1,635)	(2,666)	27	27	0	0
3E. Environment & Regeneration	15,832	15,997	1,333	(8,504)	15,604	(393)	(430)	(1,526)
Overheads	0	0	0	0	0	0	0	(33)
NET SERVICE EXPENDITURE	151,335	152,483	43,918	28,829	153,670	1,187	1,376	(1,996)
3E. Corporate Items	-	-	-	-	-	-	-	-
Impact of Capital on revenue budget	10,481	10,481	2,105	2,134	10,481	0	0	403
Other Central items	(19,500)	(20,582)	(5,187)	(1,420)	(21,569)	(987)	(667)	(6,064)
Levies	949	949	358	358	949	0	0	0
TOTAL CORPORATE PROVISIONS	(8,070)	(9,152)	(2,724)	1,072	(10,139)	(987)	(667)	(5,661)
TOTAL GENERAL FUND	143,264	143,331	41,194	29,901	143,531	200	709	(7,657)
Funding	-	-	-	-	-	-	-	-
- Business Rates	(44,026)	(44,026)	0	0	(44,026)	0	0	0
- RSG	0	0	0	0	0	0	0	0
- Section 31 Grant	0	0	(1,365)	(1,365)	0	0	0	0
- New Homes Bonus	(2,108)	(2,108)	(1,054)	(1,054)	(2,108)	0	0	0
- PFI Grant	(4,797)	(4,797)	(1,199)	(1,199)	(4,797)	0	0	0
- Brexit Grant	(210)	(210)	(105)	(105)	(210)	0	0	0
- Adult Social Care Grant	(1,054)	(1,054)	(2,047)	(2,047)	(1,054)	0	0	0
Grants	(52,195)	(52,195)	(5,770)	(5,770)	(52,195)	0	0	-
Collection Fund - Council Tax Surplus(-)/Deficit	(1,949)	(1,949)	0	0	(1,949)	0	0	0
Collection Fund - Business Rates Surplus(-)/Deficit	3,250	3,250	0	0	3,250	0	0	0
Council Tax	-	-	-	-	-	-	-	-
- General	(92,028)	(92,028)	0	0	(92,028)	0	0	0
- WPCC	(343)	(343)	0	0	(343)	0	0	0
Council Tax and Collection Fund	(91,070)	(91,070)	0	0	(91,070)	0	0	-
FUNDING	(143,265)	(143,265)	(5,770)	(5,770)	(143,265)	0	0	-
NET	(0)	66	35,425	24,131	266	200	709	(7,657)

Appendix 2

3E. Corporate Items	Council 2019/20 £000s	Original Budget 2019/20 £000s	Current Budget 2019/20 £000s	Year to Date Budget (July) £000s	Year to Date Actual (July) £000s	Full Year Forecast (July) £000s	Forecast Variance at year end (July) £000s	Forecast Variance at year end (June) £000s	Outturn Variance 2018/19 £000s
Cost of Borrowing	10,481	10,481	10,481	2,105	2,134	10,481	0	0	403
Impact of Capital on revenue budget	10,481	10,481	10,481	2,105	2,134	10,481	0	0	403
Investment Income	(664)	(664)	(664)	(221)	(201)	(977)	(313)	(313)	(364)
Pension Fund	3,429	3,429	3,429	0	0	3,329	(100)	0	(254)
Corporate Provision for Pay Award	877	877	877		0	877	0	0	(744)
Provision for excess inflation	450	450	450		0	450	0	0	(378)
Pay and Price Inflation	1,327	1,327	1,327	0	0	1,327	0	0	(1,122)
Contingency	1,500	1,500	1,500		0	1,500	0	0	(1,398)
Single Status/Equal Pay	100	100	100		0	100	0	0	(84)
Bad Debt Provision	500	500	500		0	500	0	0	(33)
Loss of income from P3/P4	200	200	200		0	100	(100)	(100)	(200)
Loss of HB Admin grant	83	83	34		0	0	(34)	0	(83)
Apprenticeship Levy	450	450	450	113	111	450	0	0	(217)
Revenuisation and miscellaneous	2,070	2,070	2,026		55	1,833	(193)	0	(1,351)
Contingencies/provisions	4,904	4,904	4,810	113	166	4,483	(327)	(100)	(3,366)
Other income	0	0	0	0	(246)	(246)	(246)	(254)	(953)
CHAS IP/Dividend	(1,407)	(1,407)	(1,503)		(167)	(1,503)	0	0	(3)
Income items	(1,407)	(1,407)	(1,503)	0	(413)	(1,750)	(246)	(254)	(956)
Appropriations: CS Reserves	(711)	(711)	(940)	(940)	(229)	(940)	0	0	0
Appropriations: E&R Reserves	(146)	(146)	(246)	(246)	0	(246)	0	0	0
Appropriations: CSF Reserves	9	9	(554)	(554)	(743)	(554)	0	0	0
Appropriations: C&H Reserves	(104)	(104)	(104)	(104)	0	(104)	0	0	0
Appropriations: Public Health Reserves	(1,200)	(1,200)	(1,200)	(1,200)	0	(1,200)			0
Appropriations: Corporate Reserves	(2,034)	(2,034)	(2,034)	(2,034)	0	(2,034)	0	0	(6)
Appropriations/Transfers	(4,186)	(4,186)	(5,078)	(5,078)	(972)	(5,078)	0	0	(6)
Depreciation/Impairment	(22,903)	(22,903)	(22,903)	0	0	(22,903)	0	0	4
Central Items	(9,019)	(9,019)	(10,101)	(3,082)	713	(11,088)	(987)	(667)	(5,661)
Levies	949	949	949	358	358	949	0	0	0
TOTAL CORPORATE PROVISIONS	(8,070)	(8,070)	(9,152)	(2,724)	1,072	(10,139)	(987)	(667)	(5,661)

Pay and Price Inflation as at July 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 2.8% 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 2.1% in July 2019, increasing from 2.0% in June 2019. The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 2.0% in July 2019, increasing from 1.9% in June 2019. There were large upward contributions from games, toys and hobbies, from accommodation services, from clothing and footwear, and from other financial services where prices for both rose by more between June and July 2019, compared with price rises between the same two months a year ago. The increase was partially offset by downward contributions from transport services and, to a lesser extent, from domestic fuels principally electricity and gas. The RPI rate for July 2019 was 2.8%, which is down from the figure of 2.9% in June 2019.

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 31 July 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 July meeting, the MPC note that "Brexit-related developments, such as stockbuilding ahead of previous deadlines, are making UK data volatile. After growing by 0.5% in 2019 Q1, GDP is expected to have been flat in Q2, slightly weaker than anticipated in May. Looking through recent volatility, underlying growth appears to have slowed since 2018 to a rate below potential, reflecting both the impact of intensifying Brexit-related uncertainties on business investment and weaker global growth on net trade. Evidence from companies, up to the middle of July, suggests that uncertainty over the United Kingdom's future trading relationship with the European Union has become more entrenched. The labour market remains tight. Annual pay growth has been relatively strong. Consumer spending has remained resilient. CPI inflation was 2.0% in June and core CPI inflation was 1.8%."

The next meeting of the MPC will be on 19 September 2019.

The latest Inflation Report was published on the 1 August 2019.

In the August 2019 Inflation Report, the MPC noted that "CPI inflation was at the 2.0% target in June and is projected to fall below the target over the next six months as energy prices decline. From next year inflation is expected to pick up as the impact of lower energy prices fades, sterling's recent depreciation pushes up import prices, and domestic inflationary pressures rise."

In terms of the prospects for inflation, the MPC are heavily caveated to take account of Brexit. The MPC sum up their view as follows:-

“Underlying UK GDP growth has softened to below-potential rates, reflecting weaker global growth as well as the impact of Brexit-related uncertainties. Growth is expected to remain subdued in coming quarters, as those uncertainties have intensified over the past few months and are assumed to remain elevated in the near term. CPI inflation is projected to fall temporarily below the MPC’s 2% target over the second half of 2019 as energy prices decline. Conditioned on a smooth withdrawal of the UK from the EU, Brexit-related uncertainties are assumed to subside over the forecast period. Together with a boost from looser monetary conditions, the decline in uncertainties leads to a recovery in demand growth to robust rates. As a result, excess demand and domestic inflationary pressures build. CPI inflation picks up to materially above the MPC’s 2% target by the end of the forecast period. The MPC’s projections are affected by an inconsistency between the asset prices on which they are conditioned — which reflect a higher perceived probability of a no-deal Brexit among financial market participants — and the smooth Brexit assumption underlying the central forecasts. In the event of a Brexit deal, sterling would be likely to appreciate and market interest rates and UK-focused equity prices to rise.”

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

Table 11: Forecasts for the UK Economy

Source: HM Treasury - Forecasts for the UK Economy (August 2019)

	Lowest %	Highest %	Average %
2019 (Quarter 4)			
CPI	1.5	2.5	1.8
RPI	2.2	3.4	2.6
LFS Unemployment Rate	3.7	4.5	4.0
2020 (Quarter 4)			
CPI	1.7	3.3	2.1
RPI	2.2	4.2	2.9
LFS Unemployment Rate	3.6	4.7	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 (August 2019)

	2019	2020	2021	2022	2023
	%	%	%	%	%
CPI	1.9	2.0	2.0	2.1	2.1
RPI	2.7	2.8	3.0	3.2	3.2
LFS Unemployment Rate	3.9	4.1	4.3	4.3	4.3

Treasury Management: Outlook

At its meeting ending on 31 July 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 July meeting the MPC state that “Since May, global trade tensions have intensified and global activity has remained soft. This has led to a substantial decline in advanced economies’ forward interest rates and a material loosening in financial conditions, including in the United Kingdom. An increase in the perceived likelihood of a no-deal Brexit has further lowered UK interest rates and led to a marked depreciation of the sterling exchange rate. Brexit-related developments, such as stockbuilding ahead of previous deadlines, are making UK data volatile.”

The outlook for interest rates looking forward will be heavily dependent on the Brexit outcome. The MPC note that “After falling in the near term, CPI inflation is projected to rise above the 2% target, as building excess demand leads to firmer domestic inflationary pressures. Conditioned on prevailing asset prices, CPI inflation reaches 2.4% by the end of the three-year forecast period. These projections are affected by an inconsistency between the smooth Brexit conditioning assumption underpinning the forecast and the prevailing market asset prices on which the forecasts are also conditioned. These asset prices reflect market participants’ perceptions of the likelihood and consequences of a no-deal Brexit. If, as assumed, Brexit proceeds smoothly to some form of deal, market interest rates would likely rise and the sterling exchange rate would likely appreciate. A more consistent forecast would therefore have somewhat lower paths for GDP growth and CPI inflation. Increased uncertainty about the nature of EU withdrawal means that the economy could follow a wide range of paths over coming years. The appropriate path of monetary policy will depend on the balance of the effects of Brexit 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. In all circumstances, the Committee will set monetary policy appropriately to achieve the 2% inflation target.”

The Bank of England published its August 2019 Inflation Report on 1 August 2019.

The August Inflation report states that “As in previous Reports, and consistent with the general approach to condition forecasts on Government policy, the MPC’s projections assume a smooth transition to the average of a range of possible outcomes for the United Kingdom’s eventual trading relationship with the European Union. Consistent with that conditioning assumption, Brexit uncertainties are assumed to wane over the second half of the forecast period. All else equal, this boosts GDP growth and inflation. The projections are also conditioned on a range of UK asset prices. Over the past few months, monetary conditions have loosened. The market yield curve currently implies that Bank Rate is expected to fall in the near term, and ends the forecast period at 0.6% (to Quarter 3, 2022), around 40 basis points lower than in the May 2019 Report. The sterling exchange rate is 4% lower than in May. The lower path for market interest rates partly reflects the influence of global factors; interest rate expectations have fallen in the US and euro area as well as the UK. UK asset price developments have also been driven by the growing weight that market participants have placed on the possibility of a no-deal Brexit. In contrast to the MPC’s forecast, which assumes a smooth Brexit, asset prices encompass the full range of potential Brexit outcomes, and the rising perceived likelihood of no deal has contributed to the lower market path for interest rates and the depreciation of the exchange rate, as well as weighing on some risky asset prices. Taken together, financial and monetary conditions have become more supportive of GDP growth and CPI inflation.”

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

	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	End Q.3 2022
Aug. '19	0.7	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6
May '19	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	0.8	0.9	0.9	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.1		
Nov.'18	0.9	1.0	1.1	1.1	1.2	1.2	1.3	1.3	1.4	1.4			
Aug.'18	0.9	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.1				
May '18	1.0	1.0	1.1	1.1	1.2	1.2	1.2	1.2					
Feb.'18	0.9	1.0	1.0	1.1	1.1	1.1	1.2						
Nov.'17	0.8	0.9	0.9	0.9	1.0	1.0							
Aug.'17	0.6	0.7	0.7	0.7	0.8								
May '17	0.4	0.5	0.5	0.5									
Feb'17	0.6	0.6	0.7										
Nov.'16	0.4	0.4											
Aug.'16	0.2												

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 three key judgements :-

1. while global activity has weakened and sentiment has deteriorated, looser financial conditions support the return of world growth to its potential rate in the medium term
2. on the conditioning assumption that there is a smooth Brexit, UK demand growth recovers after softening in the near term
3. as GDP growth recovers to above the subdued rate of potential supply growth, excess demand and domestic inflationary pressures build

Capital Budget Monitoring - July 2019

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2019/20	Full Year Variance
Merton Capital	4,581,870	5,629,986	(1,048,116)	35,562,080	34,987,770	(200,440)
Capital	4,581,870	5,629,986	(1,048,116)	35,562,080	34,987,770	(200,440)
Corporate Services	399,655	2,600,960	(2,201,305)	10,170,170	10,170,170	0
Customer, Policy and Improvmen	0	0	0	622,660	622,660	0
Customer Contact Programme	0	0	0	622,660	622,660	0
Facilities Management Total	252,233	216,460	35,773	1,981,900	1,981,900	0
Works to other buildings	124,819	65,000	59,819	941,320	780,490	(160,830)
Civic Centre	127,414	136,460	(9,046)	774,140	934,970	160,830
Invest to Save schemes	0	15,000	(15,000)	266,440	266,440	0
Infrastructure & Transactions	142,925	384,500	(241,575)	3,616,180	3,616,180	0
Business Systems	2,153	30,000	(27,847)	636,860	636,860	0
Social Care IT System	65,960	0	65,960	425,240	425,240	0
Planned Replacement Programme	74,811	354,500	(279,689)	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	2,000,000	(2,000,000)	3,924,460	3,924,460	0
Westminster Coroners Court	0	0	0	460,000	460,000	0
Housing Company	0	2,000,000	(2,000,000)	3,464,460	3,464,460	0
Community and Housing	262,334	205,000	57,334	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	224,532	170,000	54,532	827,160	827,160	0
Disabled Facilities Grant	224,532	170,000	54,532	827,160	827,160	0
Major Projects - Social Care H	0	0	0	0	0	0
Libraries	37,802	35,000	2,802	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	37,209	0	37,209	76,630	76,630	0

Capital Budget Monitoring - July 2019

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2019/20	Full Year Variance
Children Schools & Families	3,016,442	267,000	2,749,442	9,522,450	9,522,010	(440)
Primary Schools	72,497	0	72,497	1,785,290	1,785,290	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	92,780	92,780	0
Merton Abbey	0	0	0	23,790	23,790	0
Pelham	0	0	0	85,890	85,890	0
Poplar	(4,824)	0	(4,824)	27,070	27,070	0
Wimbledon Chase	0	0	0	133,780	133,780	0
Wimbledon Park	0	0	0	1,800	1,800	0
Abbotsbury	11,372	0	11,372	71,540	71,540	0
Morden	(2,219)	0	(2,219)	3,970	3,970	0
Bond	15,530	0	15,530	120,600	120,600	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	34,003	0	34,003	77,300	77,300	0
Links	20,728	0	20,728	74,480	74,480	0
Singlegate	0	0	0	11,000	11,000	0
St Marks	278	0	278	0	0	0
Lonesome	0	0	0	21,300	21,300	0
Sherwood	0	0	0	54,130	54,130	0
William Morris	3,359	0	3,359	101,600	101,600	0
Unlocated Primary School Proj	0	0	0	211,540	211,540	0
Secondary School	881,548	0	881,548	1,816,180	1,816,180	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	3,930	0	3,930	232,970	232,970	0
Harris Academy Wimbledon	876,068	0	876,068	1,450,710	1,450,710	0

Please note negative actual spend figures relate to retention and accrued invoices that are still to be paid

Capital Budget Monitoring - July 2019

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2019/20	Full Year Variance
SEN	1,947,770	151,000	1,796,770	5,459,120	5,459,120	0
Perseid	(32,608)	0	(32,608)	91,210	91,210	0
Cricket Green	1,936,255	151,000	1,785,255	4,138,910	4,138,910	0
Melrose	7,000	0	7,000	107,000	107,000	0
Secondary School Autism Unit	0	0	0	72,000	72,000	0
Unlocated SEN	37,124	0	37,124	920,000	920,000	0
Melbury College - Smart Centre	0	0	0	130,000	130,000	0
CSF Schemes	114,627	116,000	(1,373)	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	115,980	116,000	(20)	352,520	352,520	0

Capital Budget Monitoring - July 2019

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2019/20	Full Year Variance
Environment and Regeneration	903,440	2,557,026	(1,653,586)	14,673,220	14,299,350	0
Public Protection and Developm	26,549	25,000	1,549	66,800	66,800	0
CCTV Investment	0	5,000	(5,000)	10,340	10,340	0
Public Protection and Developm	26,549	20,000	6,549	56,460	56,460	0
Street Scene & Waste	40,931	43,660	(2,729)	1,146,340	1,146,340	0
Fleet Vehicles	37,685	37,660	25	337,660	337,660	0
Alley Gating Scheme	3,246	6,000	(2,754)	30,000	30,000	0
Waste SLWP	0	0	0	778,680	778,680	0
Sustainable Communities	835,960	2,488,366	(1,652,406)	13,460,080	13,086,210	0
Street Trees			0	60,000	60,000	0
Raynes Park Area Roads			0	26,110	26,110	0
Highways & Footways	485,062	1,037,600	(552,538)	4,880,030	4,880,030	0
Cycle Route Improvements	59,296	253,400	(194,104)	1,002,380	1,002,380	0
Mitcham Transport Improvements	125,478	100,100	25,378	943,590	943,590	0
Mitcham Area Regeneration	13,391	260,208	(246,817)	1,369,290	1,369,290	0
Wimbledon Area Regeneration	43,798	60,000	(16,202)	417,500	417,500	0
Morden Area Regeneration		0	0	500,000	500,000	0
Borough Regeneration	64,047	0	64,047	688,150	327,280	0
Morden Leisure Centre	(176,083)	450,000	(626,083)	596,820	596,820	0
Sports Facilities	169,562	175,000	(5,438)	1,888,160	1,888,160	0
Parks	51,409	152,058	(100,649)	1,088,050	1,075,050	0

Please note negative actual spend figures relate to retention and accrued invoices that are still to be paid

Virement, Re-profiling and New Funding - July 2019

Appendix 5b

	2019/20 Budget	Virements	Funding Adjustments	Reprofiling	Revised 2019/20 Budget	2020/21 Budget	Movement	Revised 2020/21 Budget	Narrative
	£	£		£	£	£		£	
Corporate Service									
Business Systems - Aligned Assets	75,000			(75,000)	0	0		0	Re-profile from 2019/20 to 2021-22
Business Systems - Revenue and Benefits	(1) 400,000			(400,000)	0	0	400,000	400,000	Re-profile from 2019/20 to 2020-21
Business Systems - ePayments Project	32,050			(32,050)	0	125,000	32,050	157,050	Re-profile from 2019/20 to 2020-21
Business Systems - Planning and Public Protection	(1) 349,950			(199,950)	150,000	0	199,950	199,950	Re-profile from 2019/20 to 2020-21
Business Systems - Youth Justice IT System	100,000			(85,000)	15,000	0	85,000	85,000	Re-profile from 2019/20 to 2020-21
Housing Company	23,464,460	0		(20,000,000)	3,464,460	1,809,980	20,000,000	21,809,980	Reprofiling of Housing Company Projected Spend
Customer Contact	(1) 1,822,660			(1,200,000)	622,660	0	1,200,000	1,200,000	Reprofiling in accordance with projected spend
Children, Schools and Families									
Garfield	75,780	17,000			92,780			0	Virement to cover projected higher cost of scheme
Capital Maintenance Unallocated Contingency	143,160	68,380			211,540	1,900,000	0	1,900,000	Remaining balance for emergency capital works
St Marks	54,130	(44,130)	(10,000)		0			0	Scheme postponed school contrib. removed
Bond	86,600	4,000			90,600			0	Virement to cover projected higher cost of scheme
Pelham	37,890	48,000			85,890			0	Virement to cover projected higher cost of scheme
Wimbledon Chase	75,780	58,000			133,780			0	Virement to cover projected higher cost of scheme
Rutlish	147,220	25,750	60,000		232,970			0	Virement to cover cost of £86k ICT Suite £60k funded
Perseid Capital Maintenance	(1) 217,000	(177,000)			40,000			0	Virements to cover projected higher cost of scheme
Further Unallocated SEN Budget	(1) 288,020				(188,020)	100,000	0	188,020	188,020
Environment and Regeneration									
Borough Regeneration - Performance Space Chapter House	0		46,430		46,430			0	Neighbourhood CIL Funded Scheme
Parks Investment - Merton Park Green Walks	25,000		13,000		38,000			0	Additional £13k from Neighbourhood CIL
Borough Regeneration - Deen City Farm	0		40,440		40,440			0	Neighbourhood CIL Funded Scheme
Borough Regeneration - Haydons Road Shop Front Imp	(1) 0		224,000		224,000			0	Neighbourhood CIL Funded Scheme
Borough Regeneration - Bramcote Parade	0		50,000		50,000			0	Neighbourhood CIL Funded Scheme
Sports (Leisure) Facilities - Polka Theatre	150,000		95,000		245,000			0	Additional £95k from Neighbourhood CIL
Borough Regeneration - Shop Front Improvement	158,570		(27,500)		131,070			0	Budget moved to Revenue
Mitcham Transport Imps. - Mitcham Town Centre	(1) 447,220		(420,620)		26,600	0	425,000	425,000	£425k re-profiled to 19-20, £5.6k LIP Funding Relinquished
Sports Facilities - Wimbledon Park Lake De-Silting	(1)(2) 1,393,160	(1,393,160)			0			0	Money being vired to cover priority scheme on the lake
Sports Facilities - Wimbledon Park Lake Reservoir	(1) 0	1,393,160			1,393,160			0	Money required to cover statutory obligations
TfL Cycle Quietways	604,890		32,000		636,890			0	Additional TfL Funding
Total	30,148,540	0	102,750	(22,180,020)	8,071,270	3,834,980	22,530,020	26,365,000	

1) Requires Cabinet Approval

2) Requires Council Approval

Virement, Re-profiling and New Funding - July 2019

Appendix 5b

	2021/22 Budget	Reprofiling	Revised 2021/22 Budget	2022/23 Budget	Reprofiling	Revised 2022/23 Budget	Narrative
	£	£	£	£	£	£	
Corporate Services							
Aligned Assets	0	75,000	75,000	0		0	Re-profile from 2019/20 to 2021-22
Total	0	75,000	75,000	0	0	0	

Capital Programme Funding Summary 2019/20

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Programme July 2019 Cabinet	47,523	10,116	57,639
<u>Corporate Services</u>			
Business Systems - Aligned Assets	(75)	0	(75)
Business Systems - Revenue and Benefits	(400)	0	(400)
Business Systems - ePayments Project	(32)	0	(32)
Business Systems - Planning and Public Protection	(200)	0	(200)
Business Systems - Youth Justice IT System	(85)	0	(85)
Housing Company	(20,000)	0	(20,000)
Customer Contact	(1,200)	0	(1,200)
<u>Children, Schools and Families</u>			
St Marks - School Contribution	0	(10)	(10)
Rutlish	0	60	60
Further Unallocated SEN Budget	(188)	0	(188)
<u>Environment and Regeneration</u>			
Borough Regeneration - Performance Space Chapter House	46	0	46
Parks Investment - Merton Park Green Walks	13	0	13
Borough Regeneration - Deen City Farm	40	0	40
Borough Regeneration - Haydons Road Shop Front Improvement	224	0	224
Borough Regeneration - Bramcote Parade Improvements	50	0	50
Sports (Leisure) Facilities - Polka Theatre	95	0	95
Borough Regeneration - Shop Front Improvement	(28)	0	(28)
Mitcham Transport Improvement - Mitcham Town Centre	(425)	4	(421)
TfL Cycle Quietways	0	32	32
Proposed Capital Programme - July Monitoring	25,360	10,202	35,562

Capital Programme Funding Summary 2020/21

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Programme	14,357	4,171	18,528
<u>Corporate Services</u>			
Business Systems - Revenue and Benefits	400	0	400
Business Systems - ePayments Project	32	0	32
Business Systems - Planning and Public Protection	200	0	200
Business Systems - Youth Justice IT System	85	0	85
Housing Company	20,000	0	20,000
Customer Contact	1,200	0	1,200
<u>Children, Schools and Families</u>			
Further Unallocated SEN Budget	188	0	188
<u>Environment and Regeneration</u>			
Mitcham Transport Improvement - Mitcham Town Centre	425	0	425
Proposed July Monitoring	36,887	4,171	41,058

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
<u>Corporate Services</u>			
Business Systems - Aligned Assets	75	0	75
Proposed Capital Programme	12,620	2,892	15,512

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 has been 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 has been 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	18	18	A	31	5	A	Edwin O'Donnell	Energy team restructure mid-year is in the process of being implemented. Only a part-year impact in 19/20.	Y
2018-19 CS14	M3 support to Richmond/Wandsworth	20	0	20	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.	Y
Corporate Governance											
CSREP 2019-20 (1)	Increase in income from Legal Services relating to S106, property and court fees	50	40	10	A	50	0	G	Fiona Thomsen	Dependent on external demand, full saving may not be achieved in year.	Y
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	R	0	30	R	Roger Kershaw	Saving will 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	1,391	93		1,449	35				

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2019-20

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		Y
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	57	0	G	57	0	G	Cathryn James		N
ALT3	Reduction in the number of pay & display machines required.	14	3	11	R	14	0	G	Cathryn James		N
PUBLIC SPACE											
ENR9	Increase level of Enforcement activities of internal team ensuring the operational service is cost neutral	200	200	0	A	200	0	A	John Bosley		Y
E2	Thermal Treatment of wood waste from HRRC	0	30	-30	R	0	0	R	John Bosley	Alternative saving required	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		N
ALT4	Environmental Enforcement - Maintain a payment rate of 70% for all FPN issued.	54	54	0	G	54	0	G	John Bosley		N
E5	Letting of remaining vacant facilities in Greenspaces	50	0	50	R	50	0	A	John Bosley		Y
E6	Increased tenancy income in Greenspaces	40	0	40	R	40	0	A	John Bosley		Y
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		3,340	2,131	1,209		3,240	100				

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2019/20										Updated 21/08/19	APPENDIX 6
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	219	90	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	£118k already achieved through contract reduction. Awaiting provider response on new offer. Achievable FYE 2020/21.	Y
Subtotal Adult Social Care		1,496	1,288	208		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	1,326	208		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/Underspend? 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	El 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	El Mayhew		
CSF2018-05	Delivery of preventative services through the Social Impact Bond	45	45	0	R	45	0	R	El Mayhew	We expect to achieve the savings target as numbers of LAC are stable. 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	El Mayhew	We expect to achieve the savings target as numbers of LAC are stable. 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	El 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	20	R	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		395		10			

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2018-19

APPENDIX 7

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		Y
ENR3	Parking & CCTV: Increase the cost of existing Town Centre Season Tickets in Morden, Mitcham and Wimbledon.	17	0	17	R	17	0	G	0	G	Cathryn James	Saving now forms 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	100	100	R	0	A	John Bosley	This was not delivered in 2018. Review and restructure still outstanding. Scheduled for quarter 3 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		711	135		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
74	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

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

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Expected Shortfall £000	17/18 RAG	2018/19 Shortfall £000	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
CSF2012-07	Children Social Care Family and Adolescent Services Stream - Transforming Families (TF), Youth Offending Team (YOT) and in Education, Training and Employment (ETE). 2016/17 savings will be achieved by the closure of Insight and deletion of YJ management post.	100	7	R	0	G	0	G	Paul Angeli	The ETE saving was delivered from July 2017 and the short for the first quarter covered through reduced grant-funding for targeted intervention services.	N
	Total Children, Schools and Families Department Savings for 2017/18		7		0		0				

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 17-18

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

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2017/18

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Shortfall £000	17/18 RAG	2018/19 Shortfall £000	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend ? Y/N
	<u>Adult Social Care</u>										
	Total C & H Savings for 2017/18									No Reds	

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2017-18

Ref	Description of Saving	2017/18 Savings Required £000	2017/18 Savings Achieved £000	Shortfall	17/18 RAG	2018/19 Savings Expected £000	2018/19 Shortfall £000	18/19 RAG	2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	Comments	R / A Included in Forecast Over/Underspend? Y/N
SUSTAINABLE COMMUNITIES													
ER23b	Restructure of team to provide more focus on property management and resilience within the team.	18	0	18	R	0	18	R	18	0	A	Business Case for restructure in progress, but due to the delay it's unlikely to be fully achieved this financial year. Saving being achieved through rents (reported through monthly budget return).	Y
D&BC1	Fast track of householder planning applications	55	0	55	R							A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
D&BC2	Growth in PPA and Pre-app income	50	0	50	R							A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
D&BC3	Commercialisation of building control	50	0	50	R							A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
D&BC4	Deletion of 1 FTE (manager or deputy) within D&BC	45	0	45	R	45	0	G	45	0	G		N
D&BC5	Eliminate the Planning Duty service (both face to face and dedicated phone line) within D&BC	35	0	35	R							A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
D&BC6	Stop sending consultation letters on applications and erect site notices only	10	0	10	R							A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
ENV15	Reduction in street lighting energy and maintenance costs. Would require Capital investment of c£400k, which forms part of the current capital programme - Investment in LED lights in lamp Column stock most capable of delivering savings	148	100	48	R	148	0	G	148	0	G		N
ENV20	Increased income from building control services.	35	0	35	R							A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
PUBLIC PROTECTION													
E&R14	Further expansion of the Regulatory shared service.	100	0	100	R	100	0	G	100	0	G		Y
ENV02	Review the current CEO structure, shift patterns and hours of operation with the intention of moving toward a two shift arrangement based on 5 days on/2 days off.	190	0	190	R	0	190	R	0	190	R	Alternative saving required	Y
ENV03	Reduction number of CEO team leader posts from 4 to 3	45	0	45	R	0	45	R	0	45	R	Alternative saving required	Y
ENV06	Reduction in transport related budgets	46	0	46	R							A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
ENV09	Investigate potential commercial opportunities to generate income	50	7	43	R	0	50	R	50	0	A		Y
PUBLIC SPACE													
E&R16	joint procurement of waste, street cleansing, winter maintenance and fleet maintenance services (Phase C)	1,500	795	705	R	1,257	243	R	1500	0	A	Actual savings delivered are being monitored closely	N
E&R25	Joint procurement of greenspace services as part 2 of the Phase C SLWP procurement contract with LB Sutton	160	44	116	R	160	0	G	160	0	G		N
ENV12	Loss of head of section/amalgamated with head of Greenspaces	70	0	70	R	0	70	R	0	70	R	Saving has been delayed but in the process of being reviewed but not expected to be achieved until 2020/21.	N
ENV13	Staff savings through the reorganisation of the back office through channel shift from phone and face to face contact.	70	0	70	R	70	0	G	70	0	G		N
ENV18	Increased income from events in parks	100	0	100	R							A replacement saving (ALT1) implemented in 2018/19, was agreed by Cabinet in November 2017.	N
ENV21	Reduction in the grant to Wandle Valley Parks Trust	6	0	6	R	6	0	G	6	0	G		N
ENV23	Further savings from the phase C procurement of Lot 2.	160	0	160	R	82	78	R	160	0	G		N
ENV25	Department restructure of the waste section	191	0	191	R	191	0	G	191	0	G		Y
Total Environment and Regeneration Savings		3,134	946	2,188		2,059	694		2,448	305			