

CABINET

Date: 14 October 2019

Subject: Business Plan 2020-24

Lead officer: Caroline Holland – Director of Corporate Services

Lead member: Councillor Mark Allison – Deputy Leader and Cabinet Member
for Finance

Contact Officer: Roger Kershaw

Urgent report:

Reason for urgency: The chairman has approved the submission of this report as a matter of urgency as it provides the latest available information on the Business Plan and Budget 2020/21 and requires consideration of issues relating to the Budget process and Medium Term Financial Strategy 2020-2024. It is important that this consideration is not delayed in order that the Council can work towards a balanced budget at its meeting on 4 March 2020 and set a Council Tax as appropriate for 2020/21.

Recommendations:

1. That Cabinet notes the approach to rolling forward the MTFs for 2020-24.
 - 2 That Cabinet confirm the latest position with regards to savings already in the MTFs
 - 3 That Cabinet agrees the approach to setting a balanced budget using the unmet balance of last year's savings targets as the basis for the setting of targets for 2020-24.
 - 4 That Cabinet agrees the proposed savings targets.
 - 5 That Cabinet agrees the timetable for the Business Plan 2020-24 including the revenue budget 2020/21, the MTFs 2020-24 and the Capital Programme for 2020-24.
 - 6 That Cabinet note the process for the Service Plan 2020-24 and the progress made so far.
 - 7 That Cabinet considers the proposed new savings, replacement savings and deferred savings for 2020-24, and refers them to the Scrutiny Panels and Commission. That Cabinet agrees to ratify these savings at a future Cabinet meeting subject to scrutiny comments. (Draft Equality Assessments (EAs) will be provided for the Overview and Scrutiny panels and Commission).
 - 8 That Cabinet considers and agrees the proposed new capital bids and draft capital programme 2020-24 and refers them to the Scrutiny Panels and Commission
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1. Purpose of report and executive summary

- 1.1 This report presents an initial review of the Medium Term Financial Strategy and updates it for development as part of the business planning process for 2020/21. It recognises the fact there is a great deal of uncertainty regarding future funding allocations and the difficulty and risk that has for the Business Planning process.
- 1.2 The report sets out the approach towards setting a balanced budget for 2020-2024 and a draft timetable for the business planning process for 2020/21. It also proposes initial corporate and departmental targets to be met from savings and income over the four year period of the MTFS.
- 1.3 The report also sets out a revised capital programme for 2020-24 including new bids.
- 1.4 There is also a summary of the Government's Spending Review 2019 announced on 4 September 2019 and an update on the current position relating to the Government's proposed changes to Business Rates and the Fair Funding Review.

Details

2. Medium Term Financial Strategy 2020-24

2.1 Background

Council on 6 March 2019 agreed the Budget 2019/20 and MTFS 2019-23. Whilst a balanced budget was set for 2019/20 there was a gap remaining in future years which needs to be addressed, as shown in the following table:-

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
MTFS gap (cumulative)	1.108	5.409	6.076	7.644

- 2.2 The initial phase of the business planning process is to re-price the MTFS and roll it forward for an additional year. Development of the MTFS in recent budget processes allowed for various scenarios on a range of key variables to be modelled and it is intended to do the same this year and where feasible, to improve the approach to modelling.

2.3 Review of Assumptions

The pay and price calculations have been reviewed using the approved budget for 2019/20 as the starting point.

2.3.1 Pay

In 2018/19 and 2019/20 there was a two year pay award. For the remaining years of the MTFS (2020/21 onwards), pay provision of 1% was included.

In July 2019 the Government announced that a wide range of public sector employees groups would be getting pay increases in excess of the current level of inflation. The extent to which any additional Government funding will be provided to meet the cost is unclear but it is likely that it will have to be self-funded from additional income and/or savings.

Given the current economic outlook, with the Government's monetary policy aimed towards an annual inflation target of 2%, it is proposed to increase the provision for pay to 2% per year.

The implications of an increase in pay provision from 1% p.a. to 2% p.a. are summarised in the following table:-

Provision for Pay Inflation:

(Cumulative)	2020/21	2021/22	2022/23	2023/24
Pay inflation (%)	1.0%	1.0%	1.0%	1.0%
MTFS 2019-23 (Council 6/3/19) (cumulative £000)	773	1,546	2,319	3,092
Pay inflation (%)	2.0%	2.0%	2.0%	2.0%
MTFS 2020-24 (Latest) (cumulative £000)	1,708	3,416	5,124	6,832
Change (cumulative £000)	935	1,870	2,805	3,740

Further details on any progress towards agreeing a pay award for 2020/21, and the impact on the MTFS, will be reported during the Business Planning process as more information becomes available.

2.3.2 **Prices**

The current assumptions regarding price inflation incorporated into the MTFS are

- 1.5% in each year of the MTFS

The MTFS agreed by Council on 6 February 2019 includes the following provision for price inflation

Provision for Prices Inflation:

	2020/21	2021/22	2022/23	2023/24
Price inflation in MTFS (%)	1.5%	1.5%	1.5%	1.5%
Original MTFS 2019-23 (cumulative £000)	2,077	4,156	6,234	8,312

This has been reviewed using the approved budget for 2019/20 and the latest estimate based on 1.5% price inflation is:-

(Cumulative)	2020/21		2021/22	2022/23	2023/24
Price inflation (%)	1.5%		1.5%	1.5%	1.5%
Revised Estimate (cumulative £000)	2,035		4,069	6,104	8,139

Net change in Pay and Price inflation provision:

The overall change in inflation provision since Council in March 2019 is

(Cumulative) (£000)	2020/21	2021/22	2022/23	2023/24
Latest Inflation estimate	3,743	7,485	11,228	14,971
Original MTFS 2019-23 (Council March 2019)	2,850	5,702	8,553	11,404
Change	893	1,783	2,675	3,567

The Consumer Prices Index (CPI) 12-month rate was 1.7% in August 2019, down from 2.1% in July 2019. The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 1.7% in August 2019, down from 2.0% in July 2019. The largest downward contributions to the change were from a range of recreational and cultural goods and services (principally games, toys and hobbies, and cultural services), clothing and sea fares. There were rises in air fares which resulted in the largest factor to offset the reduction. The RPI rate for August 2019 was 2.6%, which is down from the figure of 2.8% in July 2019.

The latest inflation and unemployment forecasts for the UK economy, based on a summary of independent forecasts, with more information in Appendix 2, are set out in the following table:-

Forecasts for the UK Economy

Source: HM Treasury - Forecasts for the UK Economy (September 2019)			
2019 (Quarter 4)	Lowest %	Highest %	Average %
CPI	1.5	2.5	1.8
RPI	2.2	3.4	2.6
LFS Unemployment Rate	3.8	4.3	4.0
2020 (Quarter 4)	Lowest %	Highest %	Average %
CPI	1.7	3.3	2.1
RPI	2.2	4.2	2.9
LFS Unemployment Rate	3.6	5.9	4.2

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

2.3.3 Provision for Excess Inflation:

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

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Inflation exceeding 1.5%	450	450	450	450

The cash limiting strategy is not without risks but if the Government's 2% target levels of inflation were applied un-damped across the period then the budget gap would increase by c. £2.7m by 2023/24.

2.4 **Income**

2.4.1 The MTFS does not include any specific provision for inflation on income from fees and charges, as these have now been subsumed into the overall gap and therefore approach to targets. However, in the business planning process for recent years, service departments have been able to identify increased income as part of their savings proposals and increased income currently makes up c.43% of future agreed savings.

2.5 **Pension Fund**

2.5.1 The Pension Fund is revalued every three years and the last valuation based on the position as at 31 March 2016 was implemented in the 2017/18 financial year. The next revaluation will be based on the position as at 31 March 2019 and will be implemented in 2020/21.

2.5.2 Discussions will take place with the Council's actuaries, Barnett Waddingham, LLP, throughout the current year and progress will be reported as more details become known.

2.6 **Spending Round 2019 and Local Government Finance Settlement**

2.6.1 Background

Each year in December, the Ministry of Housing, Communities and Local Government (MHCLG) notifies local authorities of their Provisional Local Government Finance Settlement. The final Settlement figures are published the following January/February but are generally unchanged or very similar to the provisional figures. The total amount of funding available for local authorities is essentially determined by the amount of resources that Central Government has allocated as part of its annual Departmental Expenditure Limit. The Departmental Expenditure Limits were announced in the Spending Round 2019 on 4 September 2019.

2.6.2 Spending Round 2019

Central government had previously indicated that there would be a new Spending Review in 2019 covering the period 2020/21 to 2022/23 (SR19). The long awaited 2019 Spending Round was finally timetabled in August 2019 for 4 September 2019 when HM Treasury announced that a full multi-year spending review had been pushed back to 2020 but it would set departmental budgets for the coming financial year, 2020–21. Setting departmental budgets for just one year is understandable given the ongoing uncertainty relating to Brexit and the terms of the UK's departure from, and future relationship with, the European Union which means that the outlook for the UK economy is highly uncertain. Delaying its long term spending plans will give the Government more flexibility to respond to future developments but undermines Government departments', including local government's, ability to plan over the medium to long term.

The Chancellor of the Exchequer announced the Spending Round 2019 in Parliament on 4 September 2019. The main issues relating to local government are:-

- Local Government Core Spending Power will increase nationally by 6.2%. This assumes all councils increase main council tax by 2% and their Adult Social Care precept by 2%
- Settlement Funding Assessment (Business Rates + Revenue Support Grant) will increase by the Business Rates Multiplier (September inflation c. 2%)
- Current adult social care grants including Improved Better Care Fund (iBCF), social care support grant and winter pressures funding will continue in 2020/21 at the same levels as 2019/20

- Additional Social Care Grant of £1 billion in 2020/1 (Merton's share would be c. £3.1m based on same methodology as 2019/20)
- Council Tax referendum limits, subject to consultation, of 2% general threshold and 2% Adult Social Care threshold. In its Core Spending Power calculations, the Government assumes that Councils will increase their Council Tax by these limits.
- National increase in schools funding of £2.6 billion in 2020/21, £4.8 billion in 2021/22 and £7.1 billion in 2022/23
- the additional schools funding includes over £700 million more in 2020-21 compared to 2019-20 funding levels for Higher Needs to support children and young people with special educational needs. (It is estimated that Merton's share of this funding in 2020/21 could be c. £3.7m)
- the Government have indicated that 75% pilot pools will cease after 2019/20. In this case London boroughs will revert to the previous scheme although it is possible that they could continue to seek to pool but this would require all London boroughs to agree and would have reduced benefits and have greater risks than the current pilot pool arrangements.
- the Government have indicated that the Fair Funding Review and 75% Business Rates Retention and Business Rates reset will be deferred until 2021/22.

The Government have indicated that legacy grant funding in the Core Spending Power 2019/20 will be rolled forward a year. Merton's grants in Core Spending Power in 2019/20 are:-

	2019/20 £000
Improved Better Care Fund	4.114
New Homes Bonus	2.108
Winter pressures Grant	0.748
Social Care Support Grant	1.278

More information is required on how the Government will fund New Homes Bonus in future years. Further details relating to the Spending Round 2019 are provided in Appendix 1.

Further details will be reported as they become known as part of the Business Planning process. At this stage it is not anticipated that there will be news on funding until the Autumn with no specific funding allocations announced until

the Provisional Local Government Settlement 2020, which is expected in early/mid December 2019.

2.6.3 The current level of resources included in the draft MTFS 2020-24 is as follows :-

DRAFT MTFS 2020-24:				
	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Revenue Support Grant	0	0	0	0
*Business Rates (inc. Section 31 grant)	(39,135)	(39,978)	(40,837)	(41,714)
PFI Grant	(4,797)	(4,797)	(4,797)	(4,797)
New Homes Bonus	(1,304)	(1,008)	(800)	(800)
Corporate Funding in the MTFS	(45,236)	(45,783)	(46,434)	(47,311)

* These figures already assume that the London Pilot pool does not continue in 2020/21 and that Merton's funding is at the "No Worse Off " safety net level but will be kept under review as part of the settlement process and potential pool option. It assumes that there is an annual 2% uplift for CPI inflation to the Business Rate multiplier.

Updates will be provided in future reports as part of the Business Planning process.

2.6.4 Social Care Funding

Children's Social Care

There was an overspend of c. £3.2m in Children's Social Care in 2018/19 which was mainly due to:-

Fostering and Residential Placements	£1.078m
Unaccompanied asylum seeking children	£0.778m
Community Placements	£0.450m

This pressure is continuing in 2019/20 with an overspend of £1.7m forecast as at July 2019 with the main areas of overspend:-

Fostering and Residential Placements	£0.696m
Unaccompanied asylum seeking children (net of grant)	£0.497m
Community Placements	£0.385m
MASH and First Response Staffing	£0.257m

Adult Social Care

With the provision of growth, government grant and careful management of its budget, the Adult Social Care budget was slightly underspent in 2018/19 and as at July 2019 is expected to overspend slightly (£149k). However, there is a lack of clarity currently over the future levels of grant funding over the medium term. The level of funding from government and Adult Social Care precept in 2019/20 is summarised in the following table:-

	2019/20 £000
<u>Improved Better Care Fund</u>	
Initial BCF	3,060
Budget 2017 allocation to BCF	1,054
<u>Budget 2018</u>	
Winter Pressures	748
Adult and Children's Social Care *	1,278
Council Tax Flexibility (3% in 2017/18)	2,629
Council Tax Flexibility (1% in 2018/19)	876
Council Tax Flexibility (2% in 2019/20)	1,753

* To be shared between Adult and Children's Social Care

There is also an Adult Social Care Grants Reserve which has been formed to enable the service to plan more strategically over the longer term. As at 31 March 2019 the balance on the reserve was £4.193m

Clearly it would be of great concern if the Government decide not to continue to provide funding at the level it is currently and the additional resources announced in the Spending Round 2019 will reduce the funding pressures in the short term. However, they do not provide certainty for future years and the pressure on social care budgets is a nationwide issue and is expected to increase in the future.

SEN Transport

The SEN transport budget was overspent by £1.223m in 2018/19 and as at July 2019 is forecasting to overspend by £1.097m in 2019/20. Overall in 2018/19 the Education division had a small underspend of £37k.

There is a corporate working group looking at transport issues, chaired by the Director of Environment and Regeneration.

Schools Funding

Dedicated School Grant

In 2018/19 DSG funded services overspent by £3.523m. Of this overspend £494k was funded from the DSG reserve. The DSG ended with a deficit at

year-end of £2.909m. This was carried forward as a negative reserve, similar to other boroughs.

The Department for Education (DfE) announced in July 2018 that local authorities were required to submit a recovery plan if they have a cumulative deficit of 1% or more of their dedicated schools grant (DSG), starting at the end of the 2018 to 2019 financial year.

The deficit recovery plan should outline how local authorities will bring their deficit back into balance in a three-year time frame. Local authorities that are required to submit a recovery plan should do so by 30 June in the following financial year.

Failure to provide a plan by the deadline will result in escalation to the Minister, the Chief Finance Officer, and the Director of Children's services.

Merton's deficit as at 31 March 2019 was £2.909m and DSG was £167.709m so the deficit of 1.7% is in excess of the 1% level which requires a deficit recovery plan to be submitted and this was done by the 30 June deadline.

Due to rising pressures, especially from a sharply rising general secondary school age population, it was not possible to show how the council can reduce the deficit over the next three years and in fact the annual deficit will continue to rise from 2018/19 levels without further funding.

Without additional funding, and if the trend in increasing Education, Health and Care Plans (EHCPs) continues, it is possible that the DSG deficit could become unmanageable.

This issue was raised by EY in their Audit Results Report on the 2018/19 accounts where they state that "despite the planned further actions the Authority forecasts that without additional funding the cumulative deficit will continue to grow to approximately £22.4m by the end of 2021-22. This deficit is not integrated into the Authority's medium term financial plans. If the forecast is accurate and the deficit is not addressed through the receipt of additional funding from Government this will reduce the net level of earmarked revenue reserves available to the Authority to support its general revenue spending and increase the budget gap."

The Department for Education have asked for an extended plan to be submitted after confirmation of the Higher Needs funding allocation and officers are working on this, with an anticipated increase in the deficit over the period due to higher EHCPs.

This is a national issue and one that it is difficult for the Government to ignore. As a result, on 30 August 2019, the Government announced additional funding for schools which was confirmed in the Spending Round 2019. However, details of allocations of funding from the DfE to local authorities will not be known until October 2019.

Further updates will be provided throughout the Business Planning process to evaluate the implications of the additional funding announcements for Merton to ensure that this important issue is properly addressed as part of the Medium Term Financial Strategy and budget setting process, with the resulting impact on General Fund services and Council Tax payers.

2.6.5 Business Rates - Update

Despite previous indications that 100% Business Rates Retention was to be introduced and the operation of some 100% pilots such as the London pilot in 2018/19, in December 2017, the government announced the aim of increasing the level of business rates retained by local government from the current 50% to only the equivalent of 75% in April 2020. The Government decided to operate pilots for the 75% scheme during 2019/20 and implement 75% Business Rates Retention for all local authorities with effect from 2020/21.

As a result, the Government and London authorities agreed to pilot 75% business rates retention in 2019/20 and Merton's budget for 2019/20 was set on this basis.

However, the Government has indicated its intention not to proceed with the 75% pilot pools in 2020/21 and is deferring the introduction of 75% Business Rates Retention until 2021/22.

London Councils are considering challenging the decision to discontinue with the 75% pilot. In addition, London Councils are exploring the feasibility of pooling on the basis of the current 67% scheme. Under the current 67% scheme, Merton retains 30% of its business rates, GLA 37% and the Government 33%.

2.7 **Council Tax and Collection Fund**

2.7.1 Council Tax

The Council Tax income forecast in the current MTFS agreed by Council in March 2019 assumes that the Council Tax Base will increase by 0.5% per year with a collection rate 98.5%. It also assumes the following changes in Council Tax over the MTFS period:-

	2020/21 %	2021/22 %	2022/23 %	2023/24 %
Council Tax increase - General	2.0%	2.0%	2.0%	2.0%
Council Tax increase – ASC	0%	0%	0%	0%

On the basis of these assumptions the Council Tax income included over the period of the MTFS is:-

(Cumulative figures exc. WPCC)	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000
Council Tax - No change in rate	(89,837)	(90,278)	(90,720)	(91,165)
Council Tax - General	(4,461)	(6,347)	(8,280)	(10,260)
Council Tax income	(94,298)	(96,625)	(99,000)	(101,425)

As announced in the Spending Round 2019, subject to consultation, the Council Tax Referendum Principles for 2020/21 will be 2% for the main council tax and 2% for adult social care. No change has been made at this stage to the assumptions shown in the table in paragraph 2.7.1, but 2% raises £1.9m.

The Council Tax Base will be updated later in the year following the return of the Government's CTB statistical return, usually in October, which is based on properties on the valuation list in September.

2.7.2 Collection Fund

In the MTFS approved by Council on 6 March 2019, the shares to preceptors of the collection surplus/deficit for Council Tax and NNDR based on the estimated Collection Fund balance at 31 March 2019 are summarised in the following table:-

	Estimated surplus/ (deficit) as at 31/03/19	Estimated surplus/ (deficit) as at 31/03/19	Total surplus/ (deficit) as at 31/03/19
	Council Tax	NNDR	
	£000	£000	£000
Central Government	N/A	340	340
GLA	489	(1,621)	(1,132)
Merton	1,949	(3,250)	(1,301)
Total	2,438	(4,531)	(2,093)

2.7.3 Merton's share of the surplus for council tax and NNDR were built into the MTFS agreed by Council in March 2019.

2.7.4 Since then, the Council has produced its 2018/19 accounts as at 31 March 2019 which have now been audited. The accounts for 2018/19 include the following surplus/deficit for Council Tax and NNDR as at 31 March 2019:-

	Surplus/ (deficit) as at 31/03/19 Outturn	Surplus/ (deficit) as at 31/03/19 Outturn	Total surplus/ (deficit) as at 31/03/19
	Council Tax	NNDR	
	£000	£000	£000
Central Government	N/A	339	339
GLA	580	(1,275)	(695)
Merton	2,159	(2,635)	(476)
Total	2,739	(3,571)	(832)

2.7.5 The overall change in shares of surpluses/deficits is:-

	Surplus/ (deficit) as at 31/03/19	Surplus/ (deficit) as at 31/03/19	Total surplus/ (deficit) as at 31/03/19
	Council Tax	NNDR	
	£000	£000	£000
Central Government	N/A	(1)	(1)
GLA	91	346	437
Merton	210	615	825
Total	301	960	1,261

2.7.6 The net change in Merton's share of the surplus/deficit is therefore:-

	Estimated Surplus/ (deficit) as at 31/03/19	Outturn Surplus/ (deficit) as at 31/03/19	Surplus/ (deficit) as at 31/03/19 Change
	£000	£000	£000
Council Tax	1,949	2,159	210
NNDR	(3,250)	(2,635)	615
Total	(1,301)	(476)	825

2.7.7 There is no change to the surplus/deficit figures agreed for 2019/20 as all variations are managed via the Collection Fund. However, the net surplus of £0.825m will need to be taken into account when calculating the Merton General Fund's share of any surplus/deficit due to/from the Collection Fund in 2020/21.

2.7.8 The calculation of the estimated surplus/deficit on the Collection Fund as at 31 March 2020 will be made later in the budget process when key variables are firmed up and council tax base and NNDR returns have been completed.

Until this time, the increase in the net surplus carried forward from 2019/20 of £0.825m will be included in the draft MTFs for 2020/21.

2.8 Treasury Management: Capital Financing Costs and Investment income

2.8.1 Council in March 2019 approved the following Capital Programme for 2019-23:-

Capital Expenditure	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
Capital Expenditure	53,529	18,788	15,437	21,349
Slippage	(12,818)	8,783	718	1,158
Total Capital Expenditure *	40,711	27,571	16,155	22,508
Financed by:				
Capital Receipts **	6,956	900	640	4,490
Capital Grants & Contributions	14,428	8,625	4,325	2,823
Revenue Provisions	3,620	75	54	58
Net financing need	15,707	17,971	11,136	15,137

* excludes finance leasing expenditure

** Includes anticipated in-year capital receipts

2.8.2 Following the closing and preparation of final accounts for 2018/19, the level of slippage required from 2018/19 and the reprofiling of schemes over the programming period has been undertaken to ensure that the level of capital budget is aligned with the Council's capacity to deliver it. In addition new capital projects commencing in 2023/24 may be identified in accordance with achievement of the Council's forward strategic plan. The capital programme will be continually reviewed throughout the financial year and further details including options around financing will be included in future reports as appropriate.

2.8.3 The level, profiling and funding strategy used for the capital programme will have a significant revenue impact that needs to be incorporated into the MTFs. More details on the latest assumptions regarding the Capital Programme 2020-24 are provided in Section 4 of this report. At this stage it includes the slippage of £20m estimated expenditure on the Housing Company by one year and no new capital bids.

2.8.4 Investment Income

There are two key factors that impact on the level of investment income that the Council can generate:-

- The amount invested
- The interest rate that is achieved

Based on latest information, the projected levels of investment income, which had accounted for an interest rate increase over the period of the MTFs, have

been revised. The following table show the latest projections compared with the amounts included in the MTFS approved by Council in March 2019:-

Investment Income	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
MTFS (Council March 2019)	(518)	(412)	*(1,387)	*(1,059)
Latest projections	(572)	(427)	(322)	(322)
Change	(54)	15	1,065	737

* includes income from Housing Company loan

Currently in the monthly monitoring report for July 2019 it is forecast that investment income will be £0.977m which is £0.313m above the budgeted level.

Work is currently ongoing to produce a robust cash flow forecast and forward projection of the level of interest rates that will be achievable. This will be included in a future report.

2.9 Reserve for Use in Future Year's Budgets

2.9.1 The Business Plan and MTFS for 2019-23 approved by Council on 6 March 2019 forecast that a contribution of £2.034m would be required in 2019/20 with the balance of £3.990m applied in 2020/21.

2.9.2 Following the final accounts process for 2018/19, it was possible to increase the Reserve for use in Future Year's Budgets, mainly because of the share of the London Business Rates Pool, and as a result the balance (subject to audit) on the Reserve as at 31 March 2019 is £9.680m. This means that there is c. £3.4m more available to balance the budget over the MTFS period.

2.9.3 The reserve will be applied over the period of the MTFS to reduce the budget gap and enable longer term, strategic management of the budget.

2.9.4 It should be recognised that the use of reserves is a one-off form of funding and alternative ongoing savings would need to be identified to address the budget gap over the long-term.

2.9.5 In-year review of Reserves

The use and availability of Reserves is monitored throughout the year as part of the monthly monitoring process.

2.10 Review of Outturn 2018/19 and Current Budget and Spending 2019/20

2.10.1 There may be issues identified during the final accounts process and from monthly monitoring, elsewhere on this agenda, that have on-going financial implications which need to be addressed in setting the budget for 2020-24.

2.10.2 Monitoring 2019/20

At period 4 to 31 July 2019 the year end forecast is a net £0.200m overspend compared to the current budget. The budget monitoring process will continue to focus on Children's Social Care and Youth Inclusion as this area is forecasting an overspend of c.£2m. DSG funded services are also forecast to overspend substantially by £9.183m (based on July 2019) and with a deficit of £2.909m at the end of 2018/19 the cumulative overspend at the end of 2019/20 is currently estimated at £12.092m. Based on the number of EHCPs still being awarded following assessment, it is expected that this will increase further by year end and this has been built into the DSG Recovery Plan assumptions.

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 shortfall is becoming a national issue which requires additional grant funding.

2.11 Growth

2.11.1 In light of the ongoing pressures in services currently identified, including the New Burdens funding to offset the DSG deficit, it is considered that the following growth should be incorporated into the update of the MTFS 2020-24:-

Cumulative	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000
CS - Emergency Planning – Response to Grenfell	150	0	0	0
CS – Microsoft Licences	280	0	0	0
CSF - Children's GF pressures +	0	0	0	0
CSF – New Burdens funding to offset DSG Deficit*	9,297	(1,297)	726	925
Total	9,727	(1,297)	726	925
Cumulative	9,727	8,430	9,156	10,081

*Current growth to offset 50% of the deficit, with some assumed additional HN Grant funding for 2021/21 only.

+CSF are working through their growth requirements and a bid will be brought forward for December Cabinet.

2.11.2 Further details on the growth are included in Appendix 5.

2.12 Re-priced MTFS 2020-24

2.12.1 As indicated in the report, there have been a number of changes to information and data to factors which impact on the Council's MTFS and budget gap:-

- Updated inflation
- Collection Fund surplus/deficit change following draft outturn for 2018/19
- Change in reserve following draft outturn for 2018/19
- Growth to address known pressures

2.12.2 Taking these issues into account and rolling forward the MTFS forward one year produces the latest revised funding gap:-

<u>(Cumulative)</u>	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m
MTFS gap (Council 6/3/19)	1.108	5.409	6.076	7.644
Pay Inflation (1% to 2%)	0.935	1.870	2.805	3.740
Prices Inflation (1.5%)	(0.043)	(0.086)	(0.130)	(0.174)
Council Tax Yield - assumes 0.5% increase in Council Tax Base	(0.039)	(0.062)	(0.085)	(0.107)
Collection Fund adjustments for outturn	(0.825)	0.000	0.000	0.000
Growth for pressures	9.727	8.431	9.157	10.082
Use of reserves – updated for outturn and revised profile	(4.654)	0.000	0.000	0.000
Capital Financing Costs	(1.095)	(1.000)	0.380	(1.324)
Revised MTFS Gap	5.114	14.562	18.203	19.861

However, there is a lot of uncertainty about future funding going forward. In particular, there is no information currently available about school's funding allocations, although there have been announcements of increased funding nationally. Funding allocations for the Council need to be known and then an assessment made on the impact on the Council's latest DSG deficit projections.

2.12.3 On this basis, it is not possible to produce an updated MTFS that could confidently be said to predict the Council's budget gap going forward with any certainty.

2.12.4 There are risks involved from the current economic situation and the outcome of Brexit which may increase the gap and similarly, use of reserves if available to fund the gap only provides one-off funding and there is still a necessity to find ongoing savings in future years to maintain a balanced budget.

2.13 Summary

2.13.1 There has been a substantial improvement in the council's strategic approach to business planning in recent years and it is important that this is maintained.

Planning should be targeted towards the achievement of a balanced budget over the four year MTFS period.

2.13.2 Progress made in recent years in identifying savings over the whole period of the MTFS has reduced pressure on services to make short-term, non-strategic cuts. However, because there is still likely to be a sizeable gap over the four year period, and there is utilisation of the Reserve for Use in Future Year's budgets there is a need to set savings targets aimed at eliminating this gap on an ongoing basis.

3. Approach to Setting a Balanced Budget

3.1 This is the initial report on the business planning process for 2020/21 and there is a great deal of work to be done, including the following key areas that are expected to be at the forefront.

a) Review of Central Items

All central items will be closely reviewed to assess the implications for 2020-2024.

b) Further Departmental Savings/Income Targets

The MTFS 2020-24 includes the full year effect of previously agreed savings and income proposals amounting to c. £8.8m.

New savings targets will need to be set to enable progress towards balancing the budget over the period of the MTFS. Details of how it is proposed to do this are set out in paragraph 3.4 of this report.

c) Review of funding

Given the uncertain economic climate due to the ongoing Brexit negotiations, it is too soon in the financial year to accurately predict the ongoing impact on central Government funding particularly over a four year period. There will be regular updates during the business planning process as more information becomes available.

d) Capital Programme 2020-24

Changes in the capital programme may arise due to slippage, re-profiling and addition/deletion of schemes. This will have an impact on the capital financing costs of the programme. There is a more detailed analysis and discussion of capital related issues in Section 4 of this report.

3.2 Grant Funding and Business Rates Retention

3.2.1 Further analysis and review in the current year will be undertaken as soon as the Ministry of Housing, Communities and Local Government provide updates as to how it proposes to proceed with the Fair Funding Review and Business Rates Retention. Regular updates will be provided in Business Plan reports throughout the year.

3.3 Savings agreed and incorporated into the MTFS

3.3.1 The MTFS includes the following amounts in service department budgets for previously agreed savings/income proposals:-

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Savings in MTFS (cumulative)	7,307	8,723	8,828	8,828

3.3.2 However, it is also dependent on pre agreed savings for 2019/20 of c. £6.9m being achieved. The July monitoring report includes the following details of progress on meeting savings agreed in 2019/20.

Department	Target Savings 2019/20 £000	Projected Savings 2019/20 £000	Period 3 Forecast Shortfall £000	Period Forecast Shortfall (P3) %	Period 2 Forecast Shortfall £000	2020/21 Expected Shortfall £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

Progress on savings 2018/19

Department	Target Savings 2018/19 £000	2018/19 Shortfall £000	2019/20 Projected shortfall £000	2020/21 Projected shortfall £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

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

It is imperative that firm discipline is maintained in delivering savings and departments should be beginning the planning for delivering 2020/21 savings now. Where difficulties are foreseen with achieving any of the savings currently incorporated into the MTFs, then alternative measures must be identified before the 2020/21 budget is set.

- 3.3.4 In addition to reviewing savings, the impact of changes in capital financing, potential changes in grant income and adjusting profiling of planned use of reserves will be utilised to assist in balancing the budget. All potential avenues will be reviewed and modelled throughout the Business Planning process.
- 3.3.5 Some savings will however be required to balance budgets over the period of the MTFs and draft targets are proposed for this. Draft proposals to meet the targets will be brought forward during the budget process and will be subject to scrutiny as has been the case in previous years.

3.4 Savings Targets for 2020-24

- 3.4.1 In previous years the approach to setting savings targets for departments for the Business Planning process has been based on using controllable budgets and aimed to protect front-line services and services to the vulnerable in line with the 'July principles'. Weightings for each department; Corporate Services, Environment and Regeneration, Community and Housing, and Children, Schools and Families in the ratio (100%) : (100%) : (67%) : (50%), were applied to reduce the impact on Adult Social Care, Children's Social Care and vulnerable groups. The targets set also took into account the level to which departments had achieved savings against targets set for previous years.
- 3.4.2 Using the same basis as last year, it should be recognised that in setting the 2019/20 budget, proposals to fully meet the savings targets set were not

identified and agreed over the duration of last year's budget setting period, leaving a balance still to be found.

3.4.3 Before setting new targets for 2020/21 onwards (using controllable budgets for 2019/20), departments will be required to identify savings/income proposals to meet the balance of the savings targets set in last year's business planning process.

3.4.4 The balance of savings not met by each department is as follows:-

	Targets £'000	Proposals £'000	Balance £'000	Balance %
Corporate Services	3,148	2,485	663	21.1
Children, Schools & Families	3,620	993	2,627	72.6
Environment & Regeneration	6,631	4,025	2,606	39.3
Community & Housing	6,360	1,975	4,385	68.9
Total	19,759	9,478	10,281	52.0

3.4.5 Given the lack of clarity about the level of the MTFS gap it is proposed that service departments should in the first instance seek to identify savings to meet the balance of savings brought forward from last year.

3.4.6 The progress made by each service department towards identify savings towards their targets are as follows:-

SAVINGS TARGETS BY DEPARTMENT	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
Corporate Services	570	(49)	125	0	646
Children, Schools and Families	509	400	0	0	909
Environment and Regeneration	1,240	340	0	0	1,580
Community and Housing	0	500	0	0	500
Total	2,319	1,191	125	0	3,635
Total (cumulative)	2,319	3,510	3,635	3,635	

3.4.7 More details on the savings put forward by service departments are included in Appendix 4. There will be further savings coming forward to the December Cabinet, particularly in Community and Housing.

3.5 Replacement Savings

3.5.1 Monitoring of the delivery of savings is important and it is essential to recognise as quickly as possible where circumstances change and savings previously agreed are either not achievable in full or in part or are delayed.

3.5.2 If this is the case, departments will need to identify replacement savings from elsewhere within their overall budgets.

3.5.3 For this meeting,

- Children, Schools and Families are proposing to replace £0.700m of savings in 2020/21 with some alternative proposals of the same amount.

3.5.4 Further replacement savings may be brought to future Cabinet meetings for Members to consider.

3.6 Deferred Savings

3.6.1 Environment and Regeneration department have identified savings that they would like to defer. Details of this request to defer savings are set out in Appendix 4c. The change over the four year MTFs period resulting from these proposals is set out in the following table:-

Deferred Savings	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
Environment and Regeneration	65	10	(75)	0	0
Total	65	10	(75)	0	0
Cumulative Total	65	75	0	0	0

3.6.2 Further deferred savings proposals may be brought to future Cabinet meetings for Members to consider.

4. Capital Programme for 2020-24

4.1 Since the capital programme was approved by Council in March 2019 and the revenue implications built into the MTFs, there have been a number of amendments arising from outturn 2018/19, monthly monitoring and a review by project managers. There has been a great deal of effort made to ensure that the capital programme set is realistic, affordable and achievable within the capacity available. This has been accompanied by improved financial monitoring and modelling of the programme's costs over the period of the MTFs which has enabled the budgets for capital financing costs to be reduced and therefore scarce resources to be utilised more effectively.

4.2 It is important to ensure that the revenue and capital budgets are integrated and not considered in isolation. The revenue implications of capital expenditure can quickly grow if the capital programme is not contained within the Council's capacity to fund it over the longer term. For example, assuming external borrowing, the capital financing costs of funding £1m (on longer-life assets and short-life assets financed in 2020/21) for the next four years of the MTFs would be approximately:-

Capital financing costs of £1m over the MTFS period	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Longer life Assets	10	60	60	60
Short-life assets	10	220	220	220

4.3 The bidding process for 2023/24 was launched on 24 June 2019. The closing date for submission of bids was 2 August 2019. Any resulting revisions to the programme and new schemes will be reported to Cabinet in October 2019.

4.4 The current capital provision and associated revenue implications in the currently approved capital programme, based on August 2019 monitoring information and maximum use of capital receipts, a deferral by one year of £20m of Housing Company expenditure, and new capital bids (as set out in Appendix 6) , are as follows:-

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Capital Programme	32,863	25,746	13,273	24,818
Revenue borrowing costs	10,375	11,762	13,015	13,127

4.5 The potential change in the capital programme since Council in March 2019 is summarised in the following table:-

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Capital Programme:				
- As approved by Council	27,571	16,155	22,508	11,045
- Revised Position with Slippage revisions	32,863	25,746	13,273	24,818
Change	5,292	9,591	(9,235)	13,773
Revenue impact				
As approved by Council	10,834	12,218	12,133	13,889
Revised	9,739	11,218	12,513	12,565
Change	(1,095)	(1,000)	380	(1,324)

4.6 It is considered that these figures represent the worst case subject to there being no further new bids, with further work currently ongoing to review and challenge the assumptions these figures are based on.

5. Revised MTFS 2020-24 Updated for Savings Proposals

- 5.1 Taking into account the new savings proposals, replacement savings and deferred savings included in the report, the MTFS gap is revised as follows:-

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
Revised MTFS Gap (paragraph 2.12.2 refers)	5,114	14,562	18,203	19,861
Deferred and Replacement Savings	65	10	(75)	0
New Savings	(2,319)	(3,510)	(3,635)	(3,635)
Revised gap after savings proposals	2,860	11,062	14,493	16,226

- 5.2 A revised MTFS is provided in Appendix 7.

6. Service Planning for 2020-24

- 6.1 The Service planning process for 2020-24 will be launched in August 2019. A plan has been created for each council service. These plans describe what the service does, its plans for the future linked to the Target Operating Model (TOM), its key performance indicators and how its plans will take place within the budget.
- 6.2 There will be three versions of service plans; First Draft, Second Draft reported to Cabinet and scrutiny, with the Final version reported to Cabinet and Council,.

7. Alternative Options

- 7.1 The range of options available to the Council relating to the Business Plan 2020-24 and for setting a balanced revenue budget and fully financed capital programme will be presented in reports to Cabinet and Council in accordance with the agreed timetable which is set out in Appendix 3.

8. Consultation Undertaken or Proposed

- 8.1 All relevant bodies have been consulted.

9. Timetable

- 9.1 In accordance with current financial reporting timetables.
- 9.2 A chart setting out the proposed timetable for developing the business plan and service plans is provided as Appendix 3.

10. Financial, resource and property implications

10.1 As contained in the body of the report.

11. Legal and statutory implications

11.1 As outlined in the report.

12. Human rights, equalities and community cohesion implications

12.1 Draft Equalities assessments for the savings proposals will be included with the report to scrutiny panels and the Commission.

13. Crime and Disorder Implications

13.1 Not applicable.

14. Risk Management and health and safety implications

14.1 There is a specific key strategic risk for the Business Plan, which is monitored in line with the corporate risk monitoring timetable.

15. Appendices – The following documents are to be published with this Report and form part of the Report.

Appendix 1 – Spending Round 2019

Appendix 2 – Inflation Outlook

Appendix 3 - Business Plan and Service Planning Timetable 2020-24

Appendix 4a – New Departmental Revenue Savings

Appendix 4b – Replacement Savings

Appendix 4c – Deferred Savings

Appendix 5 – Departmental Growth

Appendix 6a – New Capital Bids

Appendix 6b – Draft Capital Programme 2020-24

Appendix 7 – Updated MTFS 2020-24

15. Background Papers

15.1 The following documents have been relied on in drawing up this report but do not form part of the report:

2018/19 Budgetary Control and Final Accounts Working Papers in the Corporate Services Department.

2019/20 Budget Monitoring working papers

MTFS working papers

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SPENDING ROUND 2019

From 2019-20 to 2020-21, day-to-day departmental spending will now grow at 4.1% in real terms.

This Spending Round focuses on day-to-day resource spending. Departments and the devolved administrations already have capital budgets for 2020-21, which were set at the Spending Review in 2015. This Spending Round largely leaves these capital budgets unchanged. However, additional funding is confirmed to support the government's commitments on healthcare, policing and prisons.

Health and social care

The Spending Round reaffirms the five-year settlement for the NHS with an additional £33.9 billion more per year by 2023-24 compared to 2018-19 budgets.

- an additional £1 billion for adult and children's social care.

Based on the same allocation method as the 2019/20 Social Care Grant, Merton's estimated grant would be c. £3.1m (Part of Core Spending Power)

- In addition, the government will consult on a 2% Adult Social Care precept that will enable councils to access a further £0.5 billion. This funding will support local authorities to meet rising demand and continue to stabilise the social care system.

This would equate to c. £1.850m to Merton on an ongoing basis.

Education and skills

The Spending Round confirms:

- the government's commitment to a £7.1 billion increase in funding for schools by 2022-23 (£4.6 billion above inflation), compared to 2019-20 funding levels. Ahead of that, the schools budget will rise by £2.6 billion in 2020-21 and £4.8 billion in 2021-22, compared to 2019-20 funding levels;
- in 2020-21, the government will ensure that per pupil funding for all schools can rise in line with inflation (1.8%). The minimum per pupil amount for 2020-21 will increase to £3,750 for primary schools and £5,000 for secondary schools, with the primary schools minimum then rising to £4,000 in 2021-22 in line with the government's commitment;
- the additional schools funding includes over £700 million more in 2020-21 compared to 2019-20 funding levels to support children and young people with special educational needs to ensure all receive a high-quality education and reach their potential; and
- £400 million in 2020-21 for Further Education, recognising the vital role of this sector in delivering the skills needed in the UK. This includes £190 million to

increase core funding for 16-19 year-olds at a faster rate than core schools funding, and £210 million in targeted interventions such as high-cost programmes, English and Maths resits, T Levels, the Advanced Maths Premium and workforce investments.

Allocations to local authorities will not be known until October 2019 at the earliest. An initial estimate of Merton's High Needs Block allocation is that it will increase from c. £33.7m to c. £37.0m, an increase of c.£3.7m.

Tackling crime

The Spending Round confirms for 2020-21:

- an extra £750 million for policing to begin delivery of the government's commitment to recruit 20,000 additional officers by 2023 (up to 6,000 officers are to be in place by the end of 2020-21). In addition, the government is spending £45 million in 2019-20 to kick start recruitment, bringing in up to 2,000 additional officers this year.
- £55 million for the Ministry of Justice (MoJ) and £80 million for the Crown Prosecution Service (CPS) to support the work of the 20,000 additional police officers and manage the increasing complexity of crime; and
- additional funding for crucial probation reforms that will help reduce reoffending and improve post-custody supervision.

Preparing for Brexit

This Spending Round confirms £2 billion of core funding provided to departments for Brexit in 2019-20 will be continued into 2020-21. This money will be used to help pay for the costs of establishing a new relationship with the EU.

Merton received £105k out of a £20m allocation in 2018/19 and in 2019/20 will receive two lots of £105k out of £40m. So it looks like there will be some grant for Brexit costs in 2020/21 but not clear how much.

Spending Review 2020

A full multi-year spending review will be conducted in 2020 for capital and resource budgets beyond 2020-21. The review will take into account the nature of Brexit and set out further plans for long-term reform.

Departmental Settlements

Department of Health and Social Care (DHSC)

The Department of Health and Social Care's resource budget will rise by 3.1% in real terms.

The settlement includes:

a real terms increase to the Public Health Grant budget, which will ensure local authorities can continue to provide prevention and public health interventions;

For social care, the Local Government settlement contains an additional £1 billion for adult and children's social care. The government will also consult on a 2% precept that will enable councils to access a further £0.5 billion for adult social care. This funding will support local authorities to meet rising demand and continue to stabilise the social care system. Separately, the government remains committed to putting adult social care on a fairer and more sustainable footing and will bring forward proposals in due course.

Department for Education (DfE)

This Spending Round delivers on the government's commitment to increase the schools budget by £7.1 billion (£4.6 billion above inflation) by 2022-23, compared to 2019-20 funding levels. To fulfil this commitment, the Spending Round exceptionally sets budgets for schools until 2022-23.

The schools budget will rise by £2.6 billion in 2020-21, £4.8 billion in 2021-22 and £7.1 billion in 2022-23, compared to 2019-20 funding levels. Separate to this, each year the government will provide almost £1.5 billion of funding to compensate schools for the increased cost of employer pensions contributions.

The government will use part of this funding to continue to implement the schools National Funding Formula. The government will ensure that per pupil funding for all schools can rise in line with inflation (1.8%) in 2020-21. For schools already on their National Funding Formula allocation, the per pupil values in the formula will increase by at least 4% in nominal terms in 2020-21. The minimum per pupil amount for 2020-21 will increase to £3,750 for primary schools and £5,000 for secondary schools, with the primary schools minimum then rising to £4,000 in 2021-22 in line with the government's commitment.

This settlement also provides over £700 million more in 2020-21 compared to 2019-20 funding levels to support children and young people with special educational needs to ensure all receive a high-quality education and reach their potential.

The government is also making a £400 million investment in Further Education in 2020-21, recognising the vital role of this sector in delivering the skills needed for our economy. This package includes £190 million to increase core funding for 16-19 year-olds at a faster rate than core schools funding, and £210 million of funding in targeted interventions such as high-cost programmes, English and Maths resits, T Levels, the Advanced Maths Premium and workforce investments.

The government will also increase early years spending by £66 million to increase the hourly rate paid to childcare providers through the government's free hours offers.

The Department for Education settlement, taking into account the schools, Further Education and early years funding, represents a 3.3% increase in real terms to the overall resource budget from 2019-20 to 2020-21 and also includes:

- funding to deliver high-quality apprenticeships;
- funding to support world-class higher education;
- funding to develop the National Retraining Scheme to equip people with the skills they need for the future; and
- funding for programmes supporting local authorities to deliver high quality children's social care services to support and protect children. The local government settlement includes an additional £1 billion for adult and children's social care to help local authorities meet rising demand in social care services and continue to help stabilise the system.

Home Office (HO)

- an extra £750 million for policing to begin delivery of the government's commitment to recruit 20,000 additional officers by 2023 (up to 6,000 officers are to be in place by the end of 2020-21), providing them with the resources they need to tackle serious violence, and make the UK's streets safer. In addition, the government is spending £45 million in 2019-20 to kick start recruitment, bringing in up to 2,000 additional officers this year.
- £110 million additional funding, plus £65 million of Official Development Assistance (ODA), for the asylum system and continuing £150 million funding for the Global Resettlement Programme, to support and protect the most vulnerable refugees; and
- maintaining £480 million of Brexit funding in real terms, including continued funding for Border Force capability and delivery of the EU Settlement Scheme.

Ministry of Justice (MoJ)

- £55 million across the criminal justice system to support the work of 20,000 additional police officers; and
- additional funding to support the ongoing reform of the probation system, which will help reduce reoffending and improve the quality of post-custody supervision.

Single Intelligence Account (SIA)

The Spending Round also confirms the previously agreed growth in the National Cyber Security Programme's budget in 2020-21. This is a key part of the total £1.9 billion investment over the Spending Review 2015 period to implement the National Cyber Security Strategy.

Ministry of Housing, Communities and Local Government (MHCLG)

The Ministry of Housing, Communities and Local Government settlement includes:

- a 2.7% real terms increase to the department's resource budget from 2019-20 to 2020-21
- £422 million resource funding to help reduce homelessness and rough sleeping, including an additional £54 million in 2020-21. This represents a real terms increase of 13% compared to 2019-20;
- £24 million additional funding for the Building Safety Programme to support the new building safety regime and help prevent a tragedy like Grenfell happening again. This comes on top of £600 million of government funding for the removal of aluminium composite material (ACM) cladding in the private and social residential sectors;
- £10 million additional funding for English as a second language provision. This will enable the second wave of the Integration Areas Programme;
- a total of £241 million from the Towns Fund in 2020-21 to support the regeneration of high streets, town centres and local economies;
- continued funding for the Troubled Families programme

Local Government

Table 2.12: Local Government

	£ billion	
	2019-20	2020-21
RDEL excluding depreciation (1)	6.1	8.6
Local Government Core Spending Power (2)	46.2	49.1

1 In this table, RDEL reflects a transfer of the New Homes Bonus from MHCLG Housing and Communities DEL. The adjusted baseline used to calculate the growth rate is £7.5 billion, which excludes the effect of 2019-20 Business Rate Retention pilots.

2 The figure for Core Spending Power is an estimate and subject to data changes and will be published following final decisions in the 2020-21 Local Government Finance Settlement.

Local Government DEL will increase by £1.1 billion in cash terms on the adjusted baseline.

With this increase in grant, Local Government Core Spending Power is estimated to increase by £2.9 billion in total in 2020-21. Within this:

- the settlement includes an additional £1 billion grant for adult and children's social care;

- the government will consult on a 2% Adult Social Care precept that will enable councils to access a further £0.5 billion, bringing the total increase in funding for social care to £1.5 billion; and
- Local Government's business rate baseline funding levels will also increase in line with inflation.
 - Outside of the main Local Government settlement, high-needs funding for schools is increasing by more than £700 million in 2020-21, an increase of more than 11% on 2019-20 funding levels. This funding will support children and young people with special educational needs to ensure all receive a high-quality education and reach their potential.
 - In addition, the Spending Round confirms that local authorities will receive additional resources through a real terms increase in the Public Health Grant and through the NHS contribution to adult social care through the Better Care Fund, which will increase by 3.4% in real terms, in line with the overall NHS long-term settlement.
 - Combined with the £2.9 billion increase in Core Spending Power, these announcements mean local authorities can benefit from more than £3 1/2 billion of additional resources made available in this Spending Round.

Department for Transport (DfT)

The Department for Transport settlement includes:

- an 11.4% increase in real terms to the department's resource budget from 2019-20 to 2020-21;
- £1.1 billion funding to ensure the Strategic Road Network runs safely and smoothly, enabling a high-performing road network that will support the economy;

Department for Business, Energy and Industrial Strategy (BEIS)

- continuing to provide £191 million of funding to support delivery of Brexit-related activities, including the development of a UK Global Navigation Satellite System option and delivering business stability for company law and audit;

Department for Environment, Food and Rural Affairs (Defra)

- funding to deliver the government's commitment to pass on to the next generation a natural environment protected and enhanced for the future, including:
 - more than £30 million increase in funding for air quality;

Department for Work and Pensions

The Department for Work and Pensions settlement includes:

- £40 million additional funding for Discretionary Housing Payments to tackle affordability pressures in the private rented sector in England and Wales;

- £36 million to ensure DWP decision-making is accurate and the application processes are straightforward and accessible, as well as improving safeguarding by creating a new independent Serious Case Panel;
- £7 million to expand Jobcentre advisor support in schools for young people with special educational needs and extending eligibility for Access to Work to internships for disabled people; and
- £23 million to fund a range of other measures, including support for vulnerable claimants and people with complex needs migrating to Universal Credit, additional outreach activities to support those who are homeless, and increasing the number of Armed Forces champions to support veterans when entering the labour market.

In addition to this, DWP's resource budget will enable the department to continue to:

- help people move into work and support their progression in work, through targeted employment support programmes and tailored interventions for disadvantaged groups;
- improve financial security through the accurate and timely administration of benefit payments, including the secure delivery of Universal Credit;

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 18 September 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 September meeting, the MPC note that "Since the MPC's previous meeting, the trade war between the United States and China has intensified, and the outlook for global growth has weakened. Monetary policy has been loosened in many major economies. Shifting expectations about the potential timing and nature of Brexit have continued to generate heightened volatility in UK asset prices, in particular the sterling exchange rate has risen by over 3½%. Brexit-related developments are making UK economic data more volatile, with GDP falling by 0.2% in 2019 Q2 and now expected to rise by 0.2% in Q3. The Committee judges that underlying growth has slowed, but remains slightly positive, and that a degree of excess supply appears to have opened up within companies."

Employment and pay growth may be a key factor as the MPC recognise that "CPI inflation fell to 1.7% in August, from 2.1% in July, and is expected to remain slightly below the 2% target in the near term. The labour market appears to remain tight, with the unemployment rate having been just under 4% since the beginning of this year. Annual pay growth has strengthened further to the highest rate in over a decade. Unit wage cost growth has also risen, to a level above that consistent with meeting the inflation target in the medium term. The labour market does not appear to be tightening further, however, with official and survey measures of employment growth softening."

However, short term policy may be heavily influenced by the outcome of Brexit negotiations and the MPC note that "In the event of a no-deal Brexit, the exchange rate would probably fall, CPI inflation rise and GDP growth slow. The Committee's interest rate decisions would need to balance the upward pressure on inflation, from the likely fall in sterling and any reduction in supply capacity, with the downward pressure from any reduction in demand. In this eventuality, the monetary policy response would not be automatic and could be in either direction."

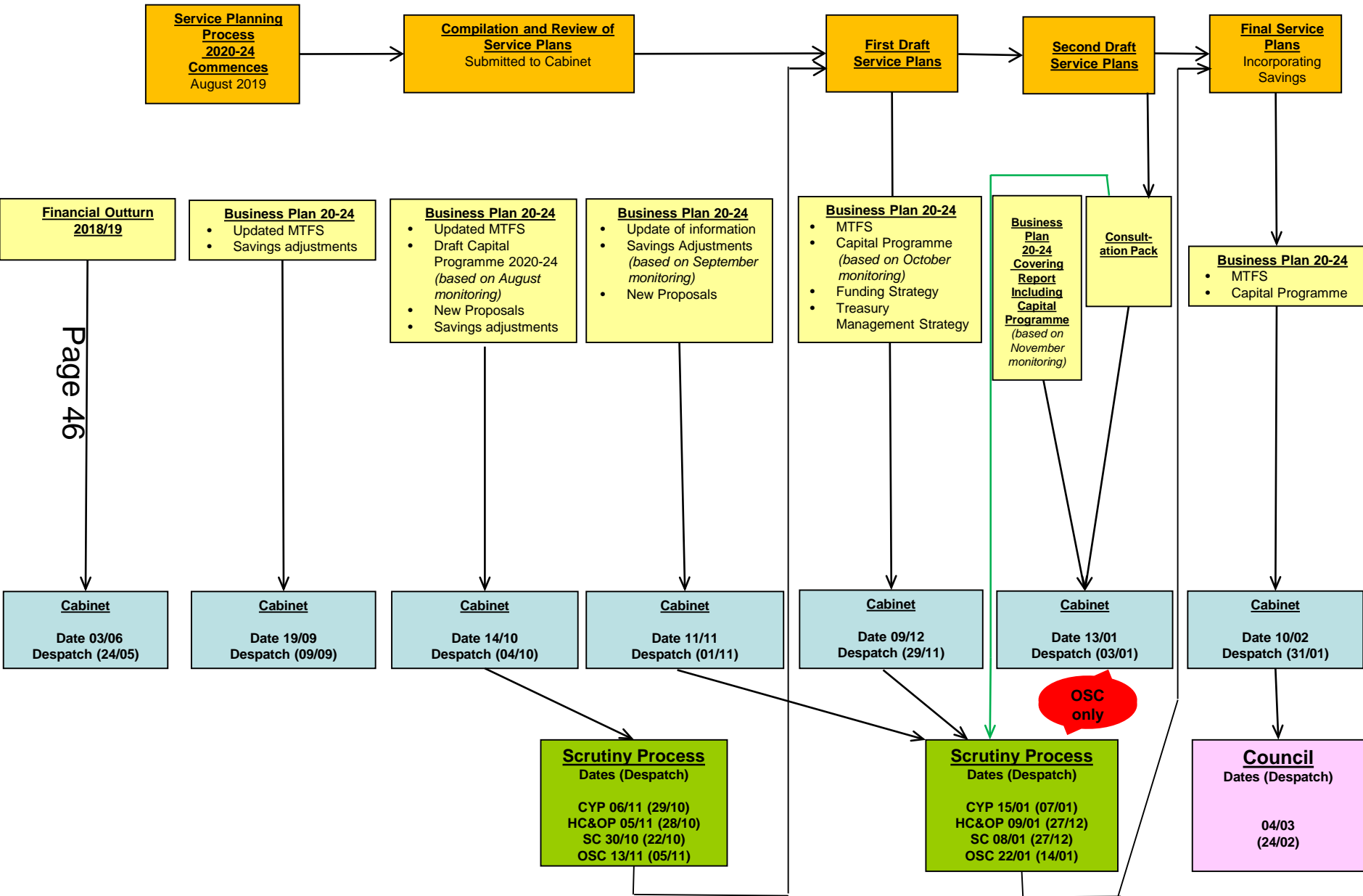
The minutes of the next meeting of the MPC will be published on 7 November 2019. The latest Inflation Report was published on the 1 August 2019.

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.”

BUSINESS PLANNING TIMETABLE - BUSINESS PLAN 2020-24



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REVENUE SAVINGS PROPOSALS 2020-24

SAVINGS TARGETS BY DEPARTMENT	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
Corporate Services	570	(49)	125	0	646
Children, Schools and Families	509	400	0	0	909
Environment and Regeneration	1,240	340	0	0	1,580
Community and Housing	0	500	0	0	500
Total	2,319	1,191	125	0	3,635
Total (cumulative)	2,319	3,510	3,635	3,635	

PROPOSED REVENUE SAVINGS 2020-24

DEPARTMENT: Corporate Services

Panel	Ref	Description of Saving	Baseline Budget 19/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
	2020-21 CS1	Service/Section Pension Fund Description Right sizing charge to Pension Fund for Pension Manager time Service Implication None Staffing Implications Apportion the Pension Manager work time according to the budget Business Plan implications None Impact on other departments None Equalities Implications None TOM Implications None	221	24	0	0	0	Low	Low	SI1
	2020-21 CS2	Service/Section Insurance Description Savings in Insurance Fund top up budget Service Implication possible reduction in the insurance fund reserve Staffing Implications None Business Plan implications None Impact on other departments None Equalities Implications None TOM Implications The internal fund fall short and unable to meet any unexpected major claims.	716	70	0	0	0	Low	Low	SNS2
	2020-21 CS3	Service/Section Treasury Description Increase in Investment Income Service Implication None Staffing Implications None Business Plan implications None Impact on other departments None Equalities Implications None TOM Implications None	664	100	0	0	0	Low	Low	SI 1

PROPOSED REVENUE SAVINGS 2020-24

DEPARTMENT: Corporate Services

Panel	Ref	Description of Saving		Baseline Budget 19/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
	2020-21 CS4	Service/Section	Revenues and Benefits								
		Description	Housing benefit written off debt recovery (one off)	0	120	(120)			Low	Low	SI2
		Service Implication	External debt collection of previously written off housing benefit overpayments following availability of improved data matching resource								
		Staffing Implications	None								
		Business Plan implications									
		Impact on other departments									
		Equalities Implications	Appropriate debt recovery processes being used, phoning and writing to debtors - no enforcement agents (bailiffs) are being used. Payment arrangements and attachment to earnings are being utilised								
		TOM Implications									
	2020-21 CS5	Service/Section	Customers, Policy and Performance								
		Description	Reduction in various running costs across the division through increased efficient use of resources.	1,381	20				Low	Low	SNS1
		Service Implication	None								
		Staffing Implications	None								
		Business Plan implications	None								
		Impact on other departments	None								
		Equalities Implications	None								
		TOM Implications	None								

PROPOSED REVENUE SAVINGS 2020-24

DEPARTMENT: Corporate Services

Panel	Ref	Description of Saving	Baseline Budget 19/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)	
	2020-21 CS6	<p>Service/Section Description Service Implication Staffing Implications Business Plan implications Impact on other departments Equalities Implications TOM Implications</p>	<p>Customers, Policy and Performance Community engagement - reduction in running costs through increased efficient use of resources (linked to increased exploitation of digital). None None None None None Supports move to digital platforms</p>	149	8				Low	Low	SNS1
	2020-21 CS7	<p>Service/Section Description Service Implication Staffing Implications Business Plan implications Impact on other departments Equalities Implications TOM Implications</p>	<p>Customers, Policy and Performance Staff reductions To be established - expected as part of Customer Contact Strategy implementation. To be established once detailed proposals are developed as part of implementation of Customer Contact Strategy implementation. Expected as part of Customer Contact Strategy To be established once detailed proposals are developed as part of implementation of Customer Contact Strategy implementation. To be established once detailed proposals are developed. In line with Customer Contact Strategy</p>	2,192			75	Medium	Medium	SS1	

PROPOSED REVENUE SAVINGS 2020-24

DEPARTMENT: Corporate Services

Panel	Ref	Description of Saving		Baseline Budget 19/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
O&S	2020-21 CS8	Service/Section	Infrastructure & Technology Division - Facilities Management								
		Description	A further £100k reduction of the repairs and maintenance budget for corporate buildings, which with the previously agreed £100k saving in 2020/21 will give a net reduction of £200k against a current baseline budget of £900k	900	100				Low	High	SNS2
		Service Implication	This will necessitate a fundamental change in the current operational arrangements for maintaining the Councils 110 operational buildings, moving from planned maintenance to an absolute minimum level of service based around Statutory requirement and 'Fix on Fail' only. Repairs and maintenance work will only be undertaken where it directly affects the safety, security or weather proofing of a building which will result in a significant deterioration in the overall condition of the Councils buildings and its accommodation.								
		Staffing Implications	Still to be determined								
		Business Plan implications	None								
		Impact on other departments	The reduction in planned maintenance and the condition of buildings will have a direct impact on other departments and the various services that are delivered from the Councils operational buildings.								
		Equalities Implications	None								
		TOM Implications	Still to be determined.								

PROPOSED REVENUE SAVINGS 2020-24

DEPARTMENT: Corporate Services

Panel	Ref	Description of Saving		Baseline Budget 19/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
O&S	2020-21 CS9	Service/Section	Infrastructure & Technology Division - Facilities Management								
		Description	Reduction in the frequency of the cleaning within the Councils corporate buildings.	286	30				Low	Low	SNS2
		Service Implication	A reduction in the frequency of cleaning from 5 times a week to 3 will not have any direct impact on service delivery, but will result in a gradual deterioration in the overall condition and cleanliness of the Councils operational buildings and accommodation.								
		Staffing Implications	None								
		Business Plan implications	None								
		Impact on other departments	The savings will have an impact on other departments due to the deterioration in the cleanliness of the operational buildings where customer facing services are delivered.								
		Equalities Implications	None								
		TOM Implications	None								
O&S	2020-21 CS10	Service/Section	Infrastructure & Technology Division - Transactional Services								
		Description	Further restructuring of the Transactional Services team	531		100			Low	Medium	SS2
		Service Implication	Will increase the time taken to process income and expenditure payments and set up new suppliers on the Councils financial system. Will have a direct impact on the Councils cash flow due to delays in the production and processing of invoices for covering chargeable services.								
		Staffing Implications	Previously agreed saving of £100k in 2020/21 which reduces the current establishment from 13 FTE down to 10 and the additional £100k saving will reduce the team down to 7 FTE.								
		Business Plan implications	To be determined								
		Impact on other departments	Likely to have a direct impact on the Councils cash flow due to delays in the production and processing of invoices for covering chargeable services.								
		Equalities Implications	None								
		TOM Implications	None								

PROPOSED REVENUE SAVINGS 2020-24

DEPARTMENT: Corporate Services

Panel	Ref	Description of Saving	Baseline Budget 19/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
	2020-21 CS11	<p>Service/Section Infrastructure & Technology Division - Commercial Services</p> <p>Description Restructure of the Commercial Services (Procurement) team and deletion of 1 permanent FTE post.</p> <p>Service Implication The Commercial Services team provide specialist procurement advice and support across all areas of the business. The team are responsible for delivering £14M of procurement related savings over the next three years and also ensure that the council is able to demonstrate value for money through its various procurement and commissioning activities.</p> <p>Staffing Implications Restructure to reduce the permanent establishment by 1 FTE.</p> <p>Business Plan implications Unlikely to fully achieve agreed corporate savings of £14M due to the reduction in the level of resources.</p> <p>Impact on other departments Significant impact on other departments who rely on the Commercial Services team to provide specialist technical advice and support on procurement activities.</p> <p>Equalities Implications None</p> <p>TOM Implications To be determined</p>	323			50		Low	High	SS2
O&S	2020-21 CS12	<p>Service/Section Infrastructure & Technology Division</p> <p>Description Cancel lease on two Council vans</p> <p>Service Implication Staff from both the IT and Facilities Management teams extensively utilise the vans to transport equipment and materials around the borough, which are required to undertake urgent repairs and rectify faults.</p> <p>Staffing Implications None</p> <p>Business Plan implications None</p> <p>Impact on other departments The IT and FM teams will be unable to continue to provide such a reactive and responsive service, which will in turn impact on departments.</p> <p>Equalities Implications None</p> <p>TOM Implications None</p>	9	5				Low	Low	SNS2

PROPOSED REVENUE SAVINGS 2020-24
DEPARTMENT: Corporate Services

Panel	Ref	Description of Saving		Baseline Budget 19/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
	2020-21 CS13	Service/Section	Corporate Governance								
		Description	Corp Gov AD - Running Costs	39	24				Low	Low	SNS1
		Service Implication	None								
		Staffing Implications	None								
		Business Plan implications	None								
		Impact on other departments	None								
		Equalities Implications	None								
		TOM Implications	None								
	2020-21 CS14	Service/Section	Corporate Governance								
		Description	Information governance - reduction in consultancy spend	15	10				Low	Low	SNS1
		Service Implication	None								
		Staffing Implications	None								
		Business Plan implications	None								
		Impact on other departments	None								
		Equalities Implications	None								
		TOM Implications	None								
	2020-21 CS15	Service/Section	Corporate Services								
		Description	Miscellaneous savings (eg. Subscriptions)	66	39	(29)			Low	Low	SNS1
		Service Implication	None								
		Staffing Implications	None								
		Business Plan implications	None								
		Impact on other departments	None								
		Equalities Implications	None								
		TOM Implications	None								

PROPOSED REVENUE SAVINGS 2020-24

DEPARTMENT: Corporate Services

Panel	Ref	Description of Saving		Baseline Budget 19/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
	2020-21 CS16	Service/Section	Corporate Services								
		Description	Saving in Consultancy costs	70	20				Low	Low	SNS1
		Service Implication	None								
		Staffing Implications	None								
		Business Plan implications	None								
		Impact on other departments	None								
		Equalities Implications	None								
		TOM Implications	None								
			Total		570	(49)	125	0			

Type of Saving

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

Panel	Ref	Description of Saving		Baseline Budget 19/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
C&YP	CSF2019-04	Service Description	Children Social Care Review of the current Permanency and 14+ service to establish a Leaving Care service delivered by personal advisors rather than social workers	911	60				Low	Low	SS1
		Service Implication	Organisational change required to deliver proposal. Disruption of care experienced young people's relationships with their allocated social worker. No statutory implications as support for eligible care experienced young people over 18 years doesn't require qualified social workers.								
		Staffing Implications	Resource to review, prepare and lead organisational change. Likely redeployment of qualified social work staff from 14+ service to social work vacancies in other CSC & YI service areas.								
		Business Plan implications	None								
		Impact on other departments	Potential for resource efficiencies between CSC and ASC for those eligible care experienced young people who are also eligible for Care Act services and support.								
		Equalities Implications	The Council's HR and organisational change procedures will be used for the engagement, equalities impact assessment and consultation of affected staff.								
		TOM Implications	Proposal to reduce use of qualified social workers for functions where their expertise is not a requirement is consistent with TOM.								

Panel	Ref	Description of Saving		Baseline Budget 19/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
C&YP	CSF2019-05	Service Description	Children Social Care Full year effect of transfer of adoption service to Adopt London South	1,216	30				Medium	Medium	SP1
		Service Implication	Full year effect of the regional centralisation of adoption services delivering savings through a larger commissioning base and the benefit of economies of scale.								
		Staffing Implications	Some staff TUPE transferred into the regional arrangements, remainder of service restructured during 2019/20.								
		Business Plan implications	Certain services ceased to be provided by Merton as they were outsourced to Adopt London South.								
		Impact on other departments	None								
		Equalities Implications	We will need to ensure the new arrangements maintain the improvement of the adoption process and post adoption support to maintain and improve outcomes for this group of vulnerable children and young people. We used the Council's agreed HR policies and procedures for the restructure.								
		TOM Implications	In line with CSF TOM								

Panel	Ref	Description of Saving		Baseline Budget 19/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
C&YP	CSF2019-06	Service Description	Children Social Care Review of safeguarding and social work training budgets	166	60				Low	Medium	SNS1
		Service Implication	Opportunity to better align staff, current training offer and partner contributions to improve training offer and deliver efficiencies.								
		Staffing Implications	Reduction in breadth and quality of training may reduce staff retention and recruitment increasing agency costs. A reduction in workforce skill and knowledge may compromise the quality of social work practice, resulting in the potential for increased harm to children.								
		Business Plan implications	None								
		Impact on other departments	None								
		Equalities Implications	Identified risks would have greatest impact on children and vulnerable families.								
		TOM Implications	In line with TOM								
C&YP	CSF2019-07	Service Description	Children Social Care Reduction of Central recruitment cost budget	82	30				Low	Low	SP1
		Service Implication	Annual recruitment advertising contract with national Guardian now in place to reduce costs of 'spot purchasing' the same.								
		Staffing Implications	None								
		Business Plan implications	None								
		Impact on other departments	None								
		Equalities Implications	None								
		TOM Implications	In line with TOM principles								

Panel	Ref	Description of Saving		Baseline Budget 19/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
C&YP	CSF2019-08	Service Description	Education Review of school premises and contracts staffing structure	653	45				Low	Low	SS1
		Service Implication	Present vacancies in team won't be filled and re-organised to ensure service is delivered								
		Staffing Implications	Minor due to present vacancy								
		Business Plan implications	None								
		Impact on other departments	None								
		Equalities Implications	None								
		TOM Implications	None								
C&YP	CSF2019-09	Service Description	Education Repurposing of some posts in education inclusion service	1,773	150				Medium	Medium	SS1
		Service Implication	1)Merton's NEET and NK rates are low. The MY Futures team leads on NEET/NK work. Over the last two years it has been restructured and refocused, reducing management and setting up targeted roles for care leavers, young people with mental health needs and young people with special educational needs and disabilities. This restructure has freed up 135k. 2) Merton's Youth service is income generating and has increased it participation rate over 3 years. We will reduce premises costs but will not reduce front line offer to young people. 15k								
		Staffing Implications	3 Vacant posts of targeted youth workers; historical underspend in premises cost centres								
		Business Plan implications	Work more targeted at vulnerable groups								
		Impact on other departments	1) Work more targeted at vulnerable groups and employability service pathway set up. 2) less premises funding for maintenance of buildings.								
		Equalities Implications	Work more targeted at vulnerable groups, particularly SEND.								
		TOM Implications	None								

Panel	Ref	Description of Saving		Baseline Budget 19/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
C&YP	CSF2019-10	Service Description	Education Reduced contribution towards the MSCB This will bring Merton's contribution more in line with statutory partners	144	44				Low	Medium	SNS2
		Service Implication	None								
		Staffing Implications	None								
		Business Plan implications	Service will be planned in lined with total available partner funding								
		Impact on other departments	None								
		Equalities Implications	None. The partnership does not deliver direct services to Merton residents.								
		TOM Implications	None								
C&YP	CSF2019-11	Service Description	Cross cutting Review of centralised commissioning budgets. There will be a review of current staffing across the Integrated Children's Commissioning Team. This would lead to a potential saving of approximately £90k (Salary saving of £74k and non-staffing underspend of £16k)	815	90				Low	Low	SS2
		Service Implication	None								
		Staffing Implications	Redundancy of the Head of CSF Commissioning Role								
		Business Plan implications	Consultation and potential restructure of the Integrated Commissioning Team across PH (and potentially CCG).								
		Impact on other departments	Review and potential restructure will involve Public Health Lead for Children Services.								
		Equalities Implications	Staff will be fully consulted on any proposed changes and have the opportunity to influence any final structure, within budget								
		TOM Implications	None								

Panel	Ref	Description of Saving		Baseline Budget 19/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
C&YP	CSF2019-12	Service Description	Public Health A recurrent saving will be achieved by a review of public health commissioned services. The saving will be made from reductions in Healthy Child 0-19 service budget and Public health contribution to the Risk and Resilience budget.	3,835		400			Medium	Medium	SP1
		Service Implication	The re-commissioning of community services provides an opportunity to review current service model and gain efficiencies from integrated commissioning and service delivery. However it is anticipated that there will be some changes and reductions in universal and targeted services. Areas which will be reviewed for redesign may include, but are not limited to, support for vulnerable young parents (currently FNP).								
		Staffing Implications	No staffing implications for LBM. However staff changes including potential staff reductions will be within commissioned services as part of new service models. There may be associated redundancy costs for staff within the commissioned services which will need to be factored into any efficiencies/savings plans and due diligence carried out. This may initially reduce the anticipated efficiency.								
		Business Plan implications	There are uncertainties in the Public Health (PH) grant for 21/22. If there are further reductions in Merton's PH grant, some of these efficiencies might be used to mitigate other PH statutory or key services. If there is any increase in the PH grant this may reduce the impact of the efficiencies.								
		Impact on other departments	There are interdependencies between CSF, C&H and MCCG. Through the co-commissioning of community health services with MCCG, local integration will help mitigate the impact of financial reductions. The new service model may impact on other department services, e.g. CSF Early Help and Early Years services.								
		Equalities Implications TOM Implications	An equalities impact assessment of new service models will be undertaken as part of the procurement process. tbc								
Total					509	400	0	0			

DEPARTMENT: ENVIRONMENT AND REGENERATION SAVINGS - BUDGET PROCESS 2020/21

Panel	Ref	Description of Saving		Baseline Budget 19/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
	ENV1920-01	Service/Section	Parking Services								
		Description	<p>Application to change Merton's PCN charge band from band B to band A. To effect this a full business case will need to be presented to Full Council. Following this, an application will be made to the London Councils Transport, and Environment Committee. Depending on the outcome at the Committee, the Mayor will also be required to ratify the application and the Secretary of State has final sign off. This 'saving' reflects the impact on estimated revenue until motorist compliance takes full effect. The objective is to reduce non-compliance but if the band change is implemented it is likely that there will be a short term increase in revenue.</p> <p>In setting out its measures of success, the proposed bandings and increase in PCN charges aims to deliver better compliance and driver behaviours in respect of parking regulations, which will reduce congestion, and lead to improved traffic flows and availability of spaces.</p> <p>The purpose of PCN parking charges is to dissuade motorists from breaking parking restrictions and charges must be proportionate. The income from charges must only be used in accordance with the Road Traffic Regulation Act 1984. These purposes are contained within the Council's traffic management and other policy objectives.</p>	(7,921)	340	340			Med	Low	SI1
		Service Implication	System configuration & consultation process.								
		Staffing Implications	None								
		Business Plan implications	None								
		Impact on other departments	None								
		Equalities Implications	To be assessed								
		TOM Implications	consistent with TOM objectives								

DEPARTMENT: ENVIRONMENT AND REGENERATION SAVINGS - BUDGET PROCESS 2020/21

Panel	Ref	Description of Saving		Baseline Budget 19/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
Page 64	ENV1920-04	Service/Section	Waste Services								
		Description	The service change in October 2018 has had a significant impact on waste arisings and recycling levels. Residual waste volume has reduced by c12% whilst recycling levels have increased from c34% to c45% . Whilst we have already built £250k into the MTFS we believe that this can be added to.	6,266	250				Med	Low	SNS1
		Service Implication	None								
		Staffing Implications	None								
		Business Plan implications	None								
		Impact on other departments	None								
		Equalities Implications	None								
		TOM Implications	consistent with TOM objectives								
	ENV1920-05	Service/Section	Waste Services								
		Description	The Kingdom environment enforcement contract is due for reprocurement and renewal in Spring 2020. This provides an opportunity for it to be broadened and also to ensure that its operation is as effective as possible for the Council .	(517)	50				Med	Med	SI2
		Service Implication	Possible broadening of FPN offences being enforced. Also, payment rate and volume could go down								
		Staffing Implications	None								
		Business Plan implications	Improved enforcement presence across the Borough and opportunity to work across divisions to maximise potential enforcement receipts								
		Impact on other departments	Possible improvements in the type and number of enforcements.								
		Equalities Implications	To be considered as part of expansion of enforcement remit								
		TOM Implications	Refines and improves enforcement model within scope of TOM								
Total Environment and Regeneration Savings					1,240	340	0	0			

PROPOSED SAVINGS 2020-24
DEPARTMENT: COMMUNITY AND HOUSING

Panel	Ref	Description of Saving		Baseline Budget 19/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
Page 65	2020-21 CH1	Service/Section	Public Health								
		Description	Further reduction in contracts and grants.	10,000		500			Med	Med	SNS2
		Service Implication	Assumes that the current ring fence is removed by April 2021. Further work is needed to identify the options to deliver these savings. It is likely to fall in areas such as prevention rather than demand led services such as sexual health or substance misuse. It may therefore impact more on voluntary sector providers than health providers.								
		Staffing Implications	tbc								
		Business Plan implications	There may be a reduction in performance against key performance indicators								
		Impact on other departments									
		Equalities Implications	The equalities impacts will depend on the detailed actions identified. However, Public Health services have a strong focus on reducing health inequalities and the Council's response to that will be reduced as a result.								
		TOM Implications									
			TOTAL		0	500	0	0			

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - SAVINGS TO BE REPLACED

Panel	Ref	Description of Saving		Baseline Budget £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
C&YP	CSF2018-13	<p>Service Description</p> <p>Service Implication</p> <p>Staffing Implications</p> <p>Business Plan implications</p> <p>Impact on other departments</p> <p>Equalities Implications</p> <p>TOM Implications</p>	<p>Cross Cutting</p> <p>Review of CSF admin structure</p> <p>With changes to the structure of the department, the implementation of MOSAIC and a focus on minimal education and social care core functions we will redesign our workforce across what will be a smaller department dealing with increasing demands. Less resource and flexibility to meet increasing demands will lead to a risk of decreased timeliness of response to customers and reduced support for vulnerable children and young people.</p> <p>A reduction of 10-12 posts from a total of 65FTE. We will prioritise our core statutory education and social care functions.</p> <p>A smaller workforce will reduce our ability to work on cross cutting issues and new developments.</p> <p>We will use the Council's agreed HR policies and procedures for restructuring. An EA will be developed for the service change staffing proposals.</p> <p>The TOM includes a focus on delivering the restructure as well as flexible working and the embedding of MOSAIC. The CSF workforce needs to be more highly skilled and flexible. Delivery of a functioning MOSAIC product is key to delivering this saving.</p>	1,100	300				Medium	High	SS2

Being replaced by an alternative

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - SAVINGS TO BE REPLACED

Panel	Ref	Description of Saving		Baseline Budget £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
C&YP	CSF2018-09	Service Description	Education Radically reduce some statutory education functions	8,137	200				High	High	SS2
		Service Implication	We will agree with schools priorities for the use of the retained DSG to support delivery of a reduced statutory service function.								
		Staffing Implications	Majority of costs associated with direct services are staffing costs as part of this proposal. This will equate to approximately 7 members of staff								
		Business Plan implications	No specific Implications								
		Impact on other departments	No specific Implications expected although we could see some legal challenge.								
		Equalities Implications	We will use the Council's agreed HR policies and procedures for restructuring and will complete EAs. This will reduce support to vulnerable and at risk children, increasing pressure on our universal service's capacity to manage these needs.								
		TOM Implications	Statutory Education and Social Care services for C&YP will be further reduced. The department will be reorganised to reflect downsizing. This saving is in line with TOM direction of travel to focus delivery on the council's statutory duties. Detailed work will need to ensure that risk and vulnerability is prioritised and careful consideration of the ability to deliver the statutory minimum required.								

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - SAVINGS TO BE REPLACED

Panel	Ref	Description of Saving		Baseline Budget £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
C&YP	CSF2018-10	<p>Service Description</p> <p>Service Implication</p> <p>Staffing Implications</p> <p>Business Plan implications</p> <p>Impact on other departments</p> <p>Equalities Implications</p> <p>TOM Implications</p>	<p>Children Social Care</p> <p>Radically reduce support for LAC/CSE/respice</p> <p>During 2019/20 we will review our eligibility criteria and service offer for some of our most vulnerable clients. This is likely to mean reduced therapeutic support to highly vulnerable children including looked after children and care leavers</p> <p>These services are mainly commissioned or spot purchased. There may be staffing implications as the current contract means that some of our own staff are employed and could be eligible for redundancy.</p> <p>No specific Implications</p> <p>These reductions may place additional burdens on universal, targeted and specialist services.</p> <p>This will reduce support to vulnerable and at risk children including C&YP In Need, on a Child Protection Plan, on the edge of care, Looked After C&YP, care leavers or young people with complex disabilities, young people in the youth justice system, increasing pressure on our parents/carers and universal service's capacity to manage these needs.</p> <p>The TOM sets out an approach to prioritisation but this level of saving is likely to impact on those already most at risk and vulnerable young people at the top end of our Well Being Model</p>	10,545	200				High	High	SNS2
Total Children, Schools and Families Savings					700	0	0	0			

Being replaced by an alternative

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - REPLACEMENT SAVINGS

Panel	Ref	Description of Saving	Baseline Budget 19/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)	
C&YP	CSF2019-01	<p>Service Description Service Implication</p> <p>Staffing Implications Business Plan implications Impact on other departments Equalities Implications TOM Implications</p>	<p>Cross Cutting Review of CSF admin structure With changes to the structure of the department, the implementation of MOSAIC and a focus on minimal education and social care core functions we will redesign our workforce across what will be a smaller department dealing with increasing demands. Less resource and flexibility to meet increasing demands will lead to a risk of decreased timeliness of response to customers and reduced support for vulnerable children and young people.</p> <p>A reduction of 10-12 posts from a total of 65FTE. We will prioritise our core statutory education and social care functions. A smaller workforce will reduce our ability to work on cross cutting issues and new developments. We will use the Council's agreed HR policies and procedures for restructuring. An EA will be developed for the service change staffing proposals. The TOM includes a focus on delivering the restructure as well as flexible working and the embedding of MOSAIC. The CSF workforce needs to be more highly skilled and flexible. Delivery of a functioning MOSAIC product is key to delivering this saving.</p>	1,100	200				Medium	High	SS2

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - REPLACEMENT SAVINGS

Panel	Ref	Description of Saving		Baseline Budget 19/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
C&YP	CSF2019-02	Service Description	Children Social Care & Youth Inclusion Establish more cost effective Merton independent living provision		400				Medium	Low	SP1
		Service Implication	The likely routes to achieve more cost effective provision may reduce flexibility of location and support available for young people.								
		Staffing Implications	Commissioning and procurement capacity and expertise required.								
		Business Plan implications	This is an existing action in the CSF Business Plan to deliver cost effective independent living provision								
		Impact on other departments	Work with colleagues in C&H required								
		Equalities Implications	The Council's commissioning and procurement policies will be used. Cost effective provision with lower levels of support would improve the experience of care leaving young people who have unresolved immigration status.								
		Implications	This ethnicity of this group is primarily BAME.								
		TOM Implications	Consistent with CSF TOM								

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - REPLACEMENT SAVINGS

Panel	Ref	Description of Saving		Baseline Budget 19/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Risk Analysis Deliverability	Risk Analysis Reputational Impact	Type of Saving (see key)
C&YP	CSF2019-03	Service Description	Cross Cutting Early help re-design of Transforming Families team, Family and Contact team at Bond Road and 0-5s Supporting Families team	2,148	100				Low	Medium	SS2
		Service Implication	To create a new all ages Family Wellbeing Service, that works intensively with children and families assessed as having needs prior to statutory intervention across the age ranges of 0-25. To streamline and improve referral, assessment and practice, creating economies of scale.								
		Staffing Implications	A staffing reorganisation is being implemented, and it is anticipated there will be a reduction of approximately 5- 7 posts								
		Business Plan implications	This will involve a change to service provision, bringing together several team functions from across a combination of teams within Children SC&YI and Education								
		Impact on other departments	Not significant, however, work is taking place to identify any possible impact across wider children's								
		Equalities Implications	Contained with the EIA assessment as part of the reorganisation process.								
		TOM Implications	This delivers the early help redesign as stated in the TOM								
Total Children, Schools and Families Savings					700	0	0	0			

Previously Agreed Saving

DEPARTMENT: ENVIRONMENT AND REGENERATION SAVINGS - BUDGET PROCESS

Budget Process	Ref	Description of Saving		2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Risk Analysis Deliverability	Risk Analysis Reputation al Impact	Type of Saving (see key)
SC	E1	Service/Section Description	Regulatory Services Partnership 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	65	75		Med	Low	SI2
		Service Implication	Will need to ensure no conflict of interest in respect of service delivery.							
		Staffing Implications	Developing new areas of business will need careful consideration of deployment of existing resources.							
		Business Plan implications	Consistent with Business Plan objectives							
		Impact on other departments	None, but will need to consider potential impact on partner boroughs.							
		Equalities Implications	None.							
		TOM Implications	Consistent with objective of making service more commercially driven.							
Total Environment and Regeneration Savings				60	65	75	0			

Deferred Savings proposal**DEPARTMENT: ENVIRONMENT AND REGENERATION SAVINGS - BUDGET PROCESS**

Budget Process	Ref	Description of Saving		2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	Risk Analysis Deliverability	Risk Analysis Reputation al Impact	Type of Saving (see key)
SC	E1	Service/Section Description	Regulatory Services Partnership 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		65	75	Med	Low	SI2
		Service Implication	Will need to ensure no conflict of interest in respect of service delivery.							
		Staffing Implications	Developing new areas of business will need careful consideration of deployment of existing resources.							
		Business Plan implications Impact on other departments	Consistent with Business Plan objectives None, but will need to consider potential impact on partner boroughs.							
		Equalities Implications TOM Implications	None. Consistent with objective of making service more commercially driven.							
Total Environment and Regeneration Savings				60	0	65	75			

Savings Type

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

Panel

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

SUMMARY OF DEPARTMENTAL GROWTH 2020-24

SAVINGS TARGETS BY DEPARTMENT	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
Corporate Services	430	0	0	0	430
Children, Schools and Families	9,297	(1,297)	726	925	9,651
Environment and Regeneration	0	0	0	0	0
Community and Housing	0	0	0	0	0
Total	9,727	(1,297)	726	925	10,081
Total (cumulative)	9,727	8,430	9,156	10,081	

DEPARTMENTAL GROWTH 2020-24
DEPARTMENT: Corporate Services

Panel	Ref	Description of growth	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Type of Growth (see key)
Page 75	2020-21 CSG1	Description - Service Implications Emergency Planning Growth is required in order to increase the level of service to better respond to major or prolonged incidents and comply with resilience standards for London. It will also be used to fund the Council's contribution to the central resilience fund. Staffing Implications Additional 1 permanent FTE. Further requirements for a rota of staff to be available for incident response. Business Plan implications The growth will enable the service to meet its business plan Impact on other departments Staff from other departments will be part of the increased rota arrangements Equalities Implications None TOM Implications None	150				GS1 / GNS1
	2020-21 CSG2	Description - Service Implications Microsoft Licences (Enterprise Agreement) Allows the Council to continue the use of Microsoft applications and services, required to licence and run the IT infrastructure and end user computers Staffing Implications None Business Plan implications The growth will enable the service to meet its business plan Impact on other departments Growth to this Corporate Services budget will ensure other departments can maintain their use of IT products requiring these licences Equalities Implications None TOM Implications Consistent with technology strategy within the TOM	280				GNS1
Total : Corporate Services Growth 2020-24			430	0	0	0	

Type of Growth Key

- GI1** Income: Decrease due to fall in demand for service
- GI2** Income: Decrease due to reduction/deletion of service
- GS1** Staffing: increase in level of service
- GS2** Staffing: New service
- GNS1** Non - Staffing: increase in level of service
- GNS2** Non - Staffing: New service
- GP1** Addition to Procurement / Third Party arrangements
- GPROP** Increase in Property Related costs

Panel

- C&YP** Children & Young People
- CC** Corporate Capacity
- HC&OP** Healthier Communities & Older People
- SC** Sustainable Communities

DEPARTMENT: Children, Schools and Families - Growth

Panel	Ref	Description of growth	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Type of Growth (see key)
C&YP	CSF2019-G01	<p>Description - New burdens funding to offset DSG deficit The number of EHCPs have increased significantly over the past five years from 1,075 in January 2016 to 1,712 in January 2019. This is a 59% caseload increase resulting in a huge increase in cost with a very small increase in grant funding, allocations announced still to be confirmed, so will be kept under review.</p> <p>Service Implications</p> <p>Staffing Implications Due to the increase in EHCPs, staff caseloads have increased in response and staff levels are urgently required to be redressed as caseload levels are not sustainable.</p> <p>Business Plan implications The demand issues are covered in CSFs TOM document as well as in divisional and service plans.</p> <p>Impact on other departments This growth requirement will result in a significant increase the savings requirements for all departments.</p> <p>Equalities Implications N/a</p> <p>TOM Implications The demand issues are covered in CSFs TOM document under SEND in the customer and physical location layers.</p>	9,297	(1,297)	726	925	GP1
Total			9,297	(1,297)	726	925	

Type of Growth Key

- GI1 Income: Decrease due to fall in demand for service
- GI2 Income: Decrease due to reduction/deletion of service
- GS1 Staffing: increase in level of service
- GS2 Staffing: New service
- GNS1 Non - Staffing: increase in level of service
- GNS2 Non - Staffing: New service
- GP1 Addition to Procurement / Third Party arrangements
- GPROP Increase in Property Related costs

Panel

- C&YP Children & Young People
- CC Corporate Capacity
- HC&OP Healthier Communities & Older People
- SC Sustainable Communities

All Bids 2023-24 Cycle - Cabinet 14 October 2019

Project Title	Bid Amount									Movement or New
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	
	£	£	£	£	£	£	£	£	£	
Aligned Assets (Movement/Additional)					(75,000)					Movement
Revenue and Benefits (Movement)						(400,000)	400,000			Movement
Capita Housing				(100,000)			100,000		(100,000)	Movement
ePayments Project (Additional)							125,000			Movement
Invoice (Kofax) Scanning							100,000			Movement
Parking System					(126,000)		126,000			Movement
Civic Centre Cycle Parking		60,000								New
Combined Heat and Power (CHP) System Replacement					450,000					New
Absorption Chiller Replacement					275,000					New
Project General (Additional)					50,000	500,000				
Acquisitions Budget				(6,985,180)	6,985,180					Movement
Capital Bidding Fund				(1,186,400)	1,186,400					Movement
Corporate Capital Contingency				(4,800,000)	4,800,000					Movement
Melrose Secondary SEMH 14 Places		200,000	750,000							New
Surface Water Drainage	0	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)	(8,000)	Movement
Maintain AntiSkid and Coloured Surface	0	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	Movement
Morden TC Regeneration Match Funding				1,000,000						New
Lost Rivers Repairs		100,000	100,000	100,000						New
Wimbledon Public Realm Implementation		500,000	500,000	500,000						New
New street tree planting programme		50,000	50,000							New
New interactive water play feature at Wimbledon Park		226,000								New
Wimbledon Park Surfacing of top entrance car park		40,000								New
<i>Paddling Pools (borough wide) OPTION 1 *</i>		90,000	90,000	90,000						New
<i>Paddling Pools (borough wide) OPTION 2 *</i>		226,000								New
CCTV cameras and infrastructure upgrade **		140,000	699,000	480,000						New
Car Park Upgrades		681,000	766,000							New
P&D machines for emission-based charging		500,000								New
Environmental Improvements - Mechanical Street Washer		75,000								New
	0	2,860,000	2,927,000	(10,929,580)	13,517,580	72,000	823,000	(28,000)	(128,000)	

* One Option to be chosen

** Awaiting split between Infrastructure and Camera Upgrade and CIL Funding for 2022-24 to be determined

Capital Investment Programme - Schemes for Approval**Annex 1**

Department	Scrutiny	Proposed Budget 2020-21	Proposed Budget 2021-22	Proposed Budget 2022-23	Proposed Budget 2023-24
Corporate Services		26,388	3,945	2,895	18,067
Community and Housing		1,118	913	882	425
Children, Schools and Families		5,806	3,900	1,900	1,900
Environment and Regeneration		10,859	9,681	6,543	3,979
Total		44,171	18,439	12,220	24,371

Department	Scrutiny	Proposed Budget 2020-21	Proposed Budget 2021-22	Proposed Budget 2022-23	Proposed Budget 2023-24
Corporate Services					
Customer Policy and Improvement		1,200	1,900	0	0
Facilities		1,211	950	950	1,675
IT Infrastructure		1,567	1,095	1,245	3,420
Resources		0	0	700	0
Corporate		22,410	0	0	12,972
Total Corporate Services		26,388	3,945	2,895	18,067
Community and Housing					
Housing		768	913	742	425
Libraries		350	0	140	0
Total Community and Housing		1,118	913	882	425
Children, Schools and Families					
All Sectors		1,900	1,900	1,900	1,900
Secondary		300	0	0	0
Special		3,606	2,000	0	0
Total Children, Schools and Families		5,806	3,900	1,900	1,900
Environmental and Regeneration					
Public Protection and Development		1,321	1,500	480	0
Street Scene and Waste		405	330	670	330
Sustainable Communities		9,133	7,851	5,393	3,649
Total Environmental and Regeneration		10,859	9,681	6,543	3,979
Total Capital		44,171	18,439	12,220	24,371

Please Note

1. Excludes budgets relating to future year announcements of Better Care Fund

2. Excludes budgets relating to future year announcements of Transport for London Grant

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

FUNDING THE CAPITAL PROGRAMME 2019-24**Annex2**

Merton	Capital Programme £000s	Funded by Merton* £000s	Funded by grant and capital contributions £000s
2019/20 Current Budget	35,401	19,057	16,344
Potential Slippage b/f	0	0	0
2019/20 Revised Budget	35,401	19,057	16,344
Potential Slippage c/f	(3,362)	(2,559)	(803)
Potential Underspend not slipped into next year	(879)	(793)	(87)
Total Spend 2019/20	31,160	15,706	15,454
2020/21 Current Budget	44,171	34,307	9,864
Potential Slippage b/f	3,362	2,559	803
2020/21 Revised Budget	47,533	36,866	10,667
Potential Slippage c/f	(13,016)	(11,844)	(1,172)
Potential Underspend not slipped into next year	(1,654)	(1,380)	(274)
Total Spend 2020/21	32,863	23,641	9,221
2021/22 Current Budget	18,439	12,103	6,337
Potential Slippage b/f	13,016	11,844	1,172
2021/22 Revised Budget	31,455	23,947	7,509
Potential Slippage c/f	(4,303)	(3,582)	(721)
Potential Underspend not slipped into next year	(1,407)	(1,161)	(246)
Total Spend 2021/22	25,746	19,203	6,541
2022/23 Current Budget	12,220	9,078	3,142
Potential Slippage b/f	4,303	3,582	721
2022/23 Revised Budget	16,523	12,661	3,863
Potential Slippage c/f	(1,758)	(1,463)	(295)
Potential Underspend not slipped into next year	(1,491)	(1,245)	(246)
Total Spend 2022/23	13,273	9,952	3,322
2023/24 Current Budget	24,371	22,046	2,325
Potential Slippage b/f	1,758	1,463	295
2023/24 Revised Budget	26,129	23,509	2,620
Potential Slippage c/f	(913)	(889)	(22)
Potential Underspend not slipped into next year	(398)	(289)	(109)
Total Spend 2023/24	24,818	22,329	2,489

* Funded by Merton refers to expenditure funded through capital receipts, revenue reserves and borrowing

Detailed Capital Programme 2020-24**Annex 3**

Department	Scrutiny	Proposed Budget 2020-21	Proposed Budget 2021-22	Proposed Budget 2022-23	Proposed Budget 2023-24
Corporate Services					
<u>Customer Policy and Improvement</u>					
Customer Contact Programme	OSC	1,200	1,900	0	0
<u>Facilities</u>					
Other Buildings - Capital Building Works	OSC	650	650	650	650
Civic Centre Boilers	OSC	201	0	0	0
Combined Heat and Power (CHP) System Rep.	OSC	0	0	0	450
Absorption Chiller Replacement	OSC	0	0	0	275
Civic Centre Cycle Parking	OSC	60	0	0	0
Invest to Save schemes	SC	300	300	300	300
<u>IT Infrastructure</u>					
Aligned Assets	OSC	0	75	0	0
Environmental Asset Management	OSC	0	0	240	0
Revenue and Benefits	OSC	400	0	0	0
ePayments Project	OSC	157	0	0	0
School Admission System	OSC	125	0	0	0
Planning&Public Protection Sys	OSC	200	0	0	550
Spectrum Spatial Analyst Repla	OSC	90	0	0	0
Ancillary IT Systems	OSC	0	50	0	0
Youth Justice IT Systems	OSC	85	0	0	0
Replacement SC System	OSC	0	0	0	2,100
Project General	OSC	390	870	705	770
Network Switch Upgrade	OSC	0	0	200	0
IT Equipment	OSC	120	100	100	0
<u>Resources</u>					
Financial Systems	OSC	0	0	700	0
<u>Corporate</u>					
Acquisitions Budget	OSC	0	0	0	6,985
Capital Bidding Fund	OSC	0	0	0	1,186
Multi-Functioning Device (MFC)	OSC	600	0	0	0
Housing Company	OSC/SC	21,810	0	0	0
Corporate Capital Contingency	OSC	0	0	0	4,800
Total Corporate Services		26,388	3,945	2,895	18,067

Please Note

1. Excludes budgets relating to future year announcements of Better Care Fund
 2. Excludes budgets relating to future year announcements of Transport for London Grant
- OSC = Overview and Scrutiny, CYP = Children and Young People, HCOP = Heathier Communities and Older People
and SC = Sustainable Communities

Detailed Capital Programme 2020-24 Continued.....**Annex 3**

Department	Scrutiny	Proposed Budget 2020-21	Proposed Budget 2021-22	Proposed Budget 2022-23	Proposed Budget 2023-24
Community and Housing					
<u>Housing</u>					
Disabled Facilities Grant	SC/HCOP	280	280	280	280
Learning Disability Aff Housing	SC/HCOP	488	633	462	145
<u>Libraries</u>					
Library Self Service	SC	350	0	0	0
Library Management System	SC	0	0	140	0
Total Community and Housing		1,118	913	882	425

Department	Scrutiny	Proposed Budget 2020-21	Proposed Budget 2021-22	Proposed Budget 2022-23	Proposed Budget 2023-24
Children, Schools and Families					
<u>All Sectors</u>					
Unallocated - Schools Capital maintenance	CYP	1,900	1,900	1,900	1,900
<u>Secondary</u>					
Harris Academy Wimbledon New School	CYP	300	0	0	0
<u>Special</u>					
Melrose Primary SEMH annexe 16	CYP	1,500	0	0	0
Melrose Secondary SEMH 14 Places	CYP	200	750	0	0
Harris Morden Sec Autism Unit	CYP	1,288	0	0	0
Further SEN Provision	CYP	188	0	0	0
Primary ASD base 1-20 places	CYP	100	0	0	0
Secondary SEMH/medical PRU	CYP	80	800	0	0
New ASD Provision	CYP	250	450	0	0
Total Children, Schools and Families		5,806	3,900	1,900	1,900

Please Note

1. Excludes budgets relating to future year announcements of Better Care Fund
 2. Excludes budgets relating to future year announcements of Transport for London Grant
- OSC = Overview and Scrutiny, CYP = Children and Young People, HCOP = Healthier Communities and Older People
and SC = Sustainable Communities

Detailed Capital Programme 2020-24 Continued.....**Annex 3**

Department	Scrutiny	Proposed Budget 2020-21	Proposed Budget 2021-22	Proposed Budget 2022-23	Proposed Budget 2023-24
Environmental and Regeneration					
<u>Public Protection and Development</u>					
P&D machines for emission-based charging	SC	500	0	0	0
Car Park Upgrades	SC	681	766	0	0
CCTV cameras and infrastructure upgrade	SC	140	699	480	0
Public Protection and Developm	SC	0	35	0	0
<u>Street Scene and Waste</u>					
Replacement of Fleet Vehicles	SC	300	300	300	300
Envir. Imps - Mechanical Street Washer	SC	75	0	0	0
Alley Gating Scheme	SC	30	30	30	30
Replacement of Fleet Vehicles	SC	0	0	340	0
<u>Sustainable Communities</u>					
Street Tree Programme	SC	60	60	60	60
New street tree planting programme	SC	50	50	0	0
Street Lighting Replacement Prog.	SC	290	290	290	290
Traffic Schemes	SC	150	150	150	150
Surface Water Drainage	SC	69	69	69	69
Repairs to Footways	SC	1,000	1,000	1,000	1,000
Maintain AntiSkid and Coloured Surface	SC	70	70	70	70
Borough Roads Maintenance	SC	1,200	1,200	1,200	1,200
Highways bridges & structures	SC	260	260	260	260
Culverts Upgrade	SC	250	250	0	0
Lost Rivers Repairs	SC	100	100	100	0
Mitcham Town Centre	SC	382	0	0	0
Regeneration - Canons - Parks for People	SC	1,000	533	0	0
Wimbledon Public Realm Implementation	SC	500	500	500	0
Morden TC Regeneration Match Funding	SC	2,000	2,500	1,000	0
Christmas Lighting	SC	95	0	0	0
Vacant Premises Upgrade	SC	25	0	0	0
Leisure Centre Plant & Machine	SC	250	250	250	250
Parks Investment	SC	300	300	300	300
Parks - Canons - Parks for People	SC	500	179	0	0
New interactive water play feature at Wimbledon Park	SC	226	0	0	0
Wimbledon Park Surfacing of top entrance car park	SC	40	0	0	0
Paddling Pools (borough wide) OPTION 1	SC	90	90	90	0
Paddling Pools (borough wide) OPTION 2	SC	226	0	0	0
Mortuary Provision	SC	0	0	54	0
Total Environmental and Regeneration		10,859	9,681	6,543	3,979
Total Capital		44,171	18,439	12,220	24,371

Please Note

1. Excludes budgets relating to future year announcements of Better Care Fund
 2. Excludes budgets relating to future year announcements of Transport for London Grant
- OSC = Overview and Scrutiny, CYP = Children and Young People, HCOP = Heathier Communities and Older People
and SC = Sustainable Communities

**Growth/(Reductions) against Approved Programme 2020-23 and Indicative
Programme 2023-24**

Department	Proposed Budget 2020-21	Proposed Budget 2021-22	Proposed Budget 2022-23	Proposed Budget 2023-24
Corporate Services	60	0	(13,072)	13,546
Community and Housing	0	0	0	0
Children, Schools and Families	200	750	0	0
Environment and Regeneration	2,600	2,177	2,142	(28)
Total	2,860	2,927	(10,930)	13,518

Department	Proposed Budget 2020-21	Proposed Budget 2021-22	Proposed Budget 2022-23	Proposed Budget 2023-24
Corporate Services				
Facilities	60	0	0	725
IT Infrastructure	0	0	(100)	(151)
Corporate	0	0	(12,972)	12,972
Total Corporate Services	60	0	(13,072)	13,546
Children, Schools and Families				
Special	200	750	0	0
Total Children, Schools and Families	200	750	0	0
Environmental and Regeneration				
Public Protection and Development	1,321	1,465	480	0
Street Scene and Waste	75	0	0	0
Sustainable Communities	1,204	712	1,662	(28)
Total Environmental and Regeneration	2,600	2,177	2,142	(28)
Total Capital	2,860	2,927	(10,930)	13,518

Indicative Capital Programme 2024-29**Annex 5**

Department		Indicative Budget 2024-25	Indicative Budget 2025-26	Indicative Budget 2026-27	Indicative Budget 2027-28	Indicative Budget 2028-29
Corporate Services						
Customer Contact Programme	OSC	0	1,000	1,000	1,000	0
Other Buildings - Capital Building Works	OSC	650	650	650	650	650
Invest to Save schemes	OSC	300	300	300	300	300
Aligned Assets	OSC	0	0	0	75	0
Environmental Asset Management	OSC	0	0	0	250	0
Revenue and Benefits	OSC	0	400	0	0	0
Capita Housing	OSC	0	100	0	0	0
ePayments Project	OSC	0	125	0	0	0
School Admission System	OSC	0	125	0	0	0
Planning&Public Protection Sys	OSC	0	0	0	0	550
Kofax Scanning	OSC	0	100	0	0	0
Spectrum Spatial Analyst Repla	OSC	0	200	0	0	0
Parking System	OSC	0	126	0	0	0
Ancillary IT Systems	OSC	0	0	50	0	0
Youth Justice IT Systems	OSC	100	0	0	0	0
Planned Replacement Programme	OSC	1,405	1,060	970	1,005	770
Financial Systems	OSC	0	0	0	0	700
Multi-Functioning Device (MFC)	OSC	600	0	0	0	600
Total Corporate Services		3,055	4,186	2,970	3,280	3,570
Community and Housing						
Disabled Facilities Grant	SC/HCOP	280	280	280	280	280
Library Self Service	SC	0	350	0	0	0
Library Management System	SC	0	0	0	140	0
Total Community and Housing		280	630	280	420	280
Children, Schools and Families						
Unallocated - Schools Capital maintenance	CYP	1,900	1,900	1,900	1,900	1,900
Total Children, Schools and Families		1,900	1,900	1,900	1,900	1,900
Environmental and Regeneration						
Pay and Display Machines	SC	60	0	0	0	0
Public Protection and Developmnt	SC	0	0	35	0	0
Replacement of Fleet Vehicles	SC	300	300	300	300	300
Alley Gating Scheme	SC	30	30	30	30	30
Waste SLWP IT & Premises	SC	0	42	0	0	0
Replacement of Fleet Vehicles	SC	0	3,956	0	0	0
Street Tree Programme	SC	60	60	60	60	60
Street Lighting Replacement Pr	SC	290	290	290	290	290
Traffic Schemes	SC	150	150	150	150	150
Surface Water Drainage	SC	69	69	69	69	69
Repairs to Footways	SC	1,000	1,000	1,000	1,000	1,000
Maintain AntiSkid and Coloured Surface	SC	70	70	70	70	70
Borough Roads Maintenance	SC	1,200	1,200	1,200	1,200	1,200
Highways bridges & structures	SC	260	260	260	260	260
Leisure Centre Plant & Machine	SC	250	250	250	250	250
Parks Investment	SC	300	300	300	300	300
Total Environmental and Regeneration		4,039	7,977	4,014	3,979	3,979
Total Capital		9,274	14,693	9,164	9,579	9,729

DRAFT MTFS 2020-24:				
	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000
Departmental Base Budget 2019/20	152,567	152,567	152,567	152,567
Inflation (Pay, Prices)	3,743	7,485	11,228	14,971
Autoenrolment/Nat. ins changes	0	0	0	0
FYE – Previous Years Savings	(7,307)	(8,723)	(8,828)	(8,828)
FYE – Previous Years Growth	500	500	500	500
Amendments to previously agreed savings/growth	65	10	(75)	0
Change in Net Appropriations to/(from) Reserves	(279)	(306)	(369)	(399)
Revenuisation	0	0	0	0
Taxi card/Concessionary Fares	450	900	1,350	1,800
Change in depreciation/Impairment (Contra Other Corporate items)	0	0	0	0
Social Care - Additional Spend	2,229	2,426	2,422	2,422
Growth	9,727	8,431	9,157	10,082
Contribution towards DSG Deficit	0	0	0	0
Other	930	1,013	1,093	1,173
Re-Priced Departmental Budget	162,625	164,303	169,045	174,288
Treasury/Capital financing	9,739	11,218	12,513	12,565
Pensions	3,635	3,718	3,801	3,884
Other Corporate items	(20,168)	(20,616)	(20,193)	(20,542)
Levies	607	607	607	607
Sub-total: Corporate provisions	(6,187)	(5,073)	(3,272)	(3,486)
Sub-total: Repriced Departmental Budget + Corporate Provisions	156,438	159,230	165,772	170,801
Savings/Income Proposals 2020/21	(2,319)	(3,510)	(3,635)	(3,635)
Sub-total	154,119	155,720	162,137	167,166
Appropriation to/from departmental reserves	(1,873)	(1,846)	(1,783)	(1,753)
Appropriation to/from Balancing the Budget Reserve	(8,645)	0	0	0
BUDGET REQUIREMENT	143,601	153,874	160,354	165,413
Funded by:				
Revenue Support Grant	0	0	0	0
Business Rates (inc. Section 31 grant)	(39,135)	(39,978)	(40,837)	(41,714)
Brexit Grant	0	0	0	0
Adult Social Care Grants inc. BCF	0	0	0	0
Social Care Grant - 2019/20	0	0	0	0
Social Care Grant - Spending Round 2019	0	0	0	0
PFI Grant	(4,797)	(4,797)	(4,797)	(4,797)
New Homes Bonus	(1,304)	(1,008)	(800)	(800)
Council Tax inc. WPC	(94,680)	(97,029)	(99,427)	(101,876)
Collection Fund – (Surplus)/Deficit	(825)	0	0	0
TOTAL FUNDING	(140,741)	(142,812)	(145,862)	(149,187)
GAP including Use of Reserves (Cumulative)	2,860	11,062	14,493	16,226

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