

FMTG

Date: 5 March 2020

Subject: Financial Report 2019/20 – December 2019

Lead officer: Roger Kershaw

Lead member: Mark Allison

Recommendations:

- A. That Cabinet note the financial reporting data for month 9, December 2019, relating to revenue budgetary control, showing a forecast net favourable variance at year-end of £1,710k, -0.3% of gross budget.
 - B. That Cabinet note the contents of Section 4 and the amendments to the Capital Programme contained in Appendix 5b.
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This is the financial monitoring report for period 9, 31st December 2019 presented in line with the financial reporting timetable.
This financial monitoring report provides -
 - The income and expenditure at period 9 and a full year forecast projection.
 - An update on the capital programme and detailed monitoring information;
 - An update on Corporate Items in the budget 2019/20;
 - Progress on the delivery of the 2019/20 revenue savings

2. THE FINANCIAL REPORTING PROCESS

- 2.1 The budget monitoring process in 2019/20 continues to focus on children's social care, which overspent in 2018/19 and continues to have budget pressures. There are also significant pressures on the Dedicated Schools Grant (DSG) which are being monitored.
- 2.2 Chief Officers, together with budget managers and Service Financial Advisers are responsible for keeping budgets under close scrutiny and ensuring that expenditure within areas which are above budget is being actively and vigorously controlled and where budgets have favourable variances, these are retained until year end. Any final overall adverse variance on the General Fund will result in a call on balances; however this action is not sustainable longer term.

2.3 2019/20 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

Executive summary – At period 9 to 31st December 2019, the year-end forecast is a net favourable variance of £1,512k compared to the current budget. This excludes any monies due from the last year of the Business Rates London Pilot Pool.

Summary Position as at 31st December 2019

	Current Budget 2019/20	Full Year Forecast (Dec)	Forecast Variance at year end (Dec)	Forecast Variance at year end (Nov)	Outturn variance 2018/19
	£000s	£000s	£000s	£000s	£000s
Department					
3A. Corporate Services	11,445	11,036	(409)	(290)	(2,511)
3B. Children, Schools and Families	61,154	62,197	1,044	1,406	2,271
3C. Community and Housing	63,768	62,992	(776)	(124)	(197)
3D. Public Health	0	0	0	0	0
3E. Environment & Regeneration	15,370	15,382	12	180	(1,526)
Overheads	0	0	0	0	(33)
NET SERVICE EXPENDITURE	151,737	151,608	(129)	1,172	(1,996)
3E. Corporate Items					
Impact of Capital on revenue budget	11,364	11,215	(149)	(149)	403
Other Central budgets	(20,784)	(22,215)	(1,432)	(1,401)	(6,064)
Levies	949	949	0	0	0
TOTAL CORPORATE PROVISIONS	(8,471)	(10,051)	(1,581)	(1,550)	(5,661)
TOTAL GENERAL FUND	143,266	141,556	(1,710)	(378)	(7,657)
FUNDING					
Revenue Support Grant	0	0	0	0	0
Business Rates	(44,026)	(44,026)	0	0	0
Other Grants	(8,169)	(8,169)	0	0	0
Council Tax and Collection Fund	(91,070)	(91,070)	0	0	0
FUNDING	(143,265)	(143,265)	0	0	0
NET	1	(1,709)	(1,710)	(378)	(7,657)

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

3. DEPARTMENTAL SUMMARY OF CURRENT POSITION

Corporate Services

Division	2019/20 Current Budget £000	2019/20 Full year Forecast (December) £000	2019/20 Full Year Forecast Variance (December) £000	2019/20 Full Year Forecast Variance (November) £000	2018/19 Outturn Variance £000
Customers, Policy & Improvement	3,760	3,584	(176)	(162)	(246)
Infrastructure & Technology	11,795	11,998	203	255	(64)
Corporate Governance	2,438	2,314	(124)	(104)	(294)
Resources	5,887	5,917	30	(52)	(707)
Human Resources	1,919	2,168	249	220	16
Corporate Other	734	143	(591)	(459)	(1,216)
Total (Controllable)	26,533	26,124	(409)	(290)	(2,511)

Overview

At the end of period 9 (December) the Corporate Services (CS) department is forecasting a favourable variance of £409k at year end. This has increased since the £290k favourable variance forecast in period 8 (November).

Customers. Policy and Improvement - £176k favourable variance

Customer Contact is forecasting a £42k favourable variance due to lower than budgeted licence costs and the division's AD budget is forecasting a £33k favourable variance due to the vacant AD post. There is a forecast favourable variance of £59k on Cash Collections, capturing future year savings early in 2019/20. Marketing and Communications have a £46k favourable variance forecast from less than budgeted spend on the council magazine and graphic design. A further £52k favourable variance is forecast on Community Engagement, this is a result of maternity leave earlier in the year and other running costs. The policy team are forecasting a £24k favourable variance mainly due to notional rents and grants to voluntary organisations being less than budgeted, part offset by agency spend. A £10k favourable variance is forecast on the Registrars Service relating to the overachievement of income, part offset by additional spend on running costs.

Press and PR are forecasting a £67k adverse variance due to the underachievement of income and the use of agency staff. Merton Link is also forecasting a £13k adverse variance due to agency staff covering sickness and maternity leave as well as covering additional work pressures in year.

The forecast favourable variance in CPI has increased by £14k since period 8. This is mainly due to the AD post remaining vacant and reduced running costs for the Registrars service. This is partly offset by a reduced Translation Service income forecast and recent recruitment to Communications Officer and Digital Communications Officer posts in Press and PR.

Infrastructure & Technology - £203k adverse variance

I&T are forecasting adverse variances on Telecoms of £110k due to system upgrades and delays in the PABX telecoms implementation. A £59k adverse variance is forecast on the Professional Development Centre (Chaucer Centre) due to the underachievement of rental income. There is also a £200k adverse variance forecast for Microsoft Licences which is a best estimate of the cost at this stage, pending the outcome of a procurement exercise. Facilities Management are forecasting a £26k adverse variance reflecting the use of agency staff and only a partial achievement of a saving in year (2018-19 CS04) following a recent restructure of the energy team. Facilities are forecasting a further £52k adverse variance on the external fees account due to the use of additional agency staff during the year. The Business Systems Team is also forecasting an adverse variance of £94k due to recruitment costs, hardware purchases, IT licences and the underachievement of income.

Various favourable variances within the division are partly offsetting the above variances. The Print and Post Room are forecasting a £40k favourable variance with a vacancy held in the team for part of the year. The Corporate Print Strategy is forecasting a £51k favourable variance due to less than budgeted multi-functional device (MFD) costs. Additionally, Transactional Services are forecasting a £79k favourable variance resulting from the recovery of expenses in previous years and there is a £94k favourable variance forecast on Garth Road Archive Storage due to rental income. A £39k favourable variance is also forecast on the Energy budget due to delays on works to be carried out.

The forecast adverse variance in I&T has reduced by £52k since period 8. This is mainly due to increased rental income for the Garth Road site as well as the delay to energy works.

Corporate Governance – £124k favourable variance

The favourable variance within Corporate Governance is formed of £19k from various running cost budgets held by the AD, £12k from Democracy Services largely due to vacancies and £15k running costs. A further £36k favourable variance is forecast in the Information Governance team due to vacancies and consultants budget not required in year. Electoral Services are forecasting an £18k favourable variance as there will not be household notification letters in January as the register is currently at its most accurate as a result of the general election. Additionally, Legal Services outside of SLLp are forecasting a £33k favourable variance due to expenditure budgets not required in year.

The South London Legal Partnership (SLLp) is forecasting a £47k deficit, of which £10k is attributable to Merton. The SLLp deficit has reduced from £70k in period 8 due to increased income from clients.

The forecast favourable variance on Corporate Governance has increased by £20k from the position at period 8. This is mainly due to the Electoral Service's reduced canvassers and printing costs as the planned household notification letters are no longer required.

Resources - £30k adverse variance

There are various favourable variances forecast within Senior Management, made up of the Chief Executive's budget (£36k), Director of Corporate Services (£82k) and AD Resources (£28k) due to subscription and consultancy budgets not expected to be required in year.

Corporate Accountancy has a £79k adverse variance forecast largely due to agency spend. An £80k adverse variance is forecast on the Financial Information System (FIS) team mainly due to additional system support costs.

The Insurance and Treasury teams are forecasting an adverse variance of £104k due to property valuation fees ahead of a re-tendering of insurance contracts, partly offset by a recharge of staff time to the pension fund.

Benefits Administration is forecasting a £279k favourable variance mainly due to additional income from DWP for various schemes though this is in part offset by agency spend. There is a forecast adverse variance of £212k on Local Taxation Services due to various running costs and agency spend which is not fully offset by additional income relating to the cost of collection for NDR and council tax.

The forecast in the Resources division has had an adverse movement of £82k since period 8. This is due to reduced income from the Bailiffs Service in recent months which will continue to be closely monitored. This is part offset by smaller favourable movements, such as reduced agency spend in the Benefits Administration and Budget Management teams.

Human Resources – £249k adverse variance

Learning and Development is forecasting a £180k adverse variance due to recruitment costs as well as interim cover for the Head of Organisational Development and HR Strategy post. £55k of the L&D variance relates to training, a review of the planned training for the rest of the year is being carried out. The forecast in Learning and Development also includes an additional temporary resource to assist with implementing the new recruitment system.

The HR AD budget is also forecasting an adverse variance of £37k due to the interim cover of the Head of HR post and recruitment costs. A significant budget pressure within HR is from the Transactions budget which is currently forecasting a £75k adverse variance. This is due to a £15k budget pressure on DBS recharges to clients, which no longer include an internal admin charge as the work is carried out by the London Borough of Kingston, and the remainder relates to the shared payroll system and iTrent client team charges, also by the London Borough of Kingston. The underachievement of schools buyback income is also contributing to the HR adverse variance.

Payroll has a favourable variance forecast of £32k as a result of a restructure in year, which captures part of a future year saving early, and a vacancy held in the team.

Overall the HR adverse variance has increased by £17k since period 8. This is mainly due to an extension of the temporary resource assisting with the implementation of the new recruitment system until the end of February 2020.

Corporate Items - £592k favourable variance

The Housing Benefit Rent Allowances budget is forecasting a net favourable variance of £141k. This is generated from a £500k budget to top-up the bad debt provision which isn't forecast to be required in year, part offset by a shortfall on income relating to overpayment recovery.

An additional surplus of £80k is forecast following the introduction of a scheme to recover old housing benefit debts which had previously been written off, due to new access to information from HMRC. The corporately funded items budget has a favourable variance forecast of £215k due to budget not expected to be required in year.

The Coroners Court is forecasting an adverse variance of £46k, incorporating a contingency for additional charges from Westminster. This part offsets with £40k additional income from the Magistrates Court. A further £138k favourable variance is forecast on the redundancies and added years pensions budget.

The forecast favourable variance on corporate items has increased by £132k since period 8 due to reductions in forecast for corporately funded items and redundancies based on information known to date. This is part offset by the reduced Housing Benefits overpayment recovery forecast.

Environment & Regeneration

Environment & Regeneration	2019/20 Current Budget	Full year Forecast (Dec)	Forecast Variance at year end (Dec)	Forecast Variance at year end (Nov)	2018/19 Outturn Variance
	£000	£000	£000	£000	£000
Public Protection	(12,947)	(12,921)	26	(157)	(753)
Public Space	13,953	14,008	55	252	(1,449)
Senior Management	975	1,091	116	130	(17)
Sustainable Communities	8,223	8,038	(185)	(45)	694
Total (Controllable)	10,204	10,216	12	180	(1,525)

Description	2019/20 Current Budget	Forecast Variance at year end (Dec)	Forecast Variance at year end (Nov)	2018/19 Variance at year end
	£000	£000	£000	£000
Regulatory Services	648	87	66	112
Parking Services	(14,466)	(147)	(317)	(964)
Safer Merton & CCTV	871	86	94	99
Total for Public Protection	(12,947)	26	(157)	(753)
Waste Services	12,996	459	460	(1,611)
Leisure & Culture	416	(337)	(250)	(222)
Greenspaces	1,236	(64)	8	145
Transport Services	(695)	(3)	34	239
Total for Public Space	13,953	55	252	(1,449)
Senior Management & Support	975	116	130	(17)
Total for Senior Management & Support	975	116	130	(17)
Property Management	(2,713)	(131)	(118)	368
Building & Development Control	4	(81)	(60)	275
Future Merton	10,932	27	133	51
Total for Sustainable Communities	8,223	(185)	(45)	694
Total Excluding Overheads	10,204	12	180	(1,525)

Overview

The department is currently forecasting an adverse variance of £12k at year end. The main areas of variance are Parking Services, Waste Services, Leisure & Culture, Senior Management & Support, and Property Management.

Public Protection

Parking Services favourable variance of £147k

The favourable variance is mainly as a result of additional penalty charge notices being issued, following the implementation of the ANPR system across the borough (£657k), and P&D income (£572k).

The section has a £1,900k saving this year relating to the review of parking charges, based on an October start date. Cabinet approved a revised set of charges in September and officers are preparing to follow the statutory order making process. The forecast reflects a prudent approach to the delayed implementation, and associated income of £950k.

The favourable variance is being further offset by an employee related adverse variance (£71k) due to a combination of savings not yet implemented and service demand, and Premises related costs (£73k) due to new signage connected to the revised parking charges.

Public Space

Waste Services adverse variance of £459k

Following the conclusion of discussions between the South London Waste Partnership (SLWP) and Veolia pursuant to the Annual Review (AR) process, which takes account of factors such as property growth and other contractual matters, the SLWP have proposed to the partnership authorities seeking permission for additional payments of which Merton's contribution is £740k. A 2020/21 growth item for this ongoing additional cost was presented to Cabinet on 27th January 2020.

The SLWP have also recommended an additional lump sum payment relating to the Year 2 (2018/19) AR process, which was conducted simultaneously, of which Merton's contribution is £304k.

The revenue impact of the above on the 2019/20 forecast is an increase in net revenue spend of £366k, as the figure is being partially offset by £119k relating to capital expenditure which forms part of the capital programme, £410k of deductions relating to contract performance, and an agreed 2018/19 reserve of £150k relating to this contract.

Merton, in common with the rest of the country, has experienced a significant increase in fly-tipping and abandoned waste. The service has been handling approximately 12,000 incidents across the borough each year. In order to take a proactive approach to fly tipping the service has recently implemented a new fly-tipping strategy and agreed action plan for 2020/21. The forecast cost to address the increase in fly tipping is £197k for 2019/20 onwards. A 2020/21 growth item for this ongoing additional cost was presented to Cabinet on 27th January 2020.

The section is forecasting an adverse variance on its current waste collection and street cleansing contract by £286k. This is largely due to the internal debt charge of £676k for capital spend, along with recharges for additional services being undertaken by the service provider.

The section is also forecasting an adverse variance on its employee costs by £57k, which is mainly due to a delay in fully implementing a 2018/19 saving (ENR6 £200k), and the temporary employment of a Public Space Inspector to provide greater resilience in the monitoring of our service provider performance. This role is scheduled to come to an end in March.

The above adverse variances are being partially mitigated by a forecast favourable variance on disposal costs of £516k. Following the introduction of the new wheelie bin service we have seen a significant reduction in the level of general refuse being collected and disposed of through our energy waste facility at Beddington, alleviating the need for landfill and the associated landfill tax charges.

Over this period, we have continued to see a sustained 12% reduction in refuse, which equates to a monthly average reduction of over 500 tonnes per month this financial year. The main contributor to this success is the increase in food waste participation which has seen an increase of over 66% or 184 tonnes per month.

emissions and the Council's commitment to be Carbon neutral. Therefore, from 2020/21 this saving will be replaced by the favourable variance in residual waste disposal costs following the October 2018 service change.

Leisure & Culture favourable variance of £337k

The forecast favourable variance is mainly as a result of the final year, under the previous contractual agreement, of the profit share arrangement with our service provider for the Leisure Centres Contract (£214k). Changes to this contract came into effect from 1st December 2018, which has resulted in future guaranteed annual income, now being built into the Medium Term budget. Due to this guaranteed income the likelihood of future profit shares is now unlikely.

The section is also forecasting a favourable variance of £41k on utilities spend incurred at these leisure Centres, and a favourable variance of £34k relating to the Watersports Centre.

Greenspaces favourable variance of £64k

The forecast favourable variance is in relation to the grounds maintenance contract. However, in tandem with the Phase C Waste Services (lot1) Annual Review process, a similar process is also being undertaken regarding the Grounds Maintenance contract (lot 2), which should be concluded before year-end, and any financial impact forecast accordingly.

Senior Management & Support

Senior Management & Support adverse variance of £110k

The adverse variance relates to the parking review project currently being undertaken to analyse and develop the Council's staff travel plans and reduction in car use.

Sustainable Communities

Property Management favourable variance of £131k

The principal reason for the forecast favourable variance relates to exceeding the commercial rental income expectations by £652k, which includes £95k of one-off income from conducting the backlog of rent reviews in line with the tenancy agreements.

This is being partially offset by an adverse variance of £410k on premises related expenditure, in particular, utility and repairs & maintenance costs. In addition, a £125k adverse variance on supplies & services is being forecast, mainly relating to the employment of consultants to progress rent reviews due to lack of internal resource, valuations to support asset valuations, and additional costs from holding Worsfold House vacant.

Children Schools and Families

Children, Schools and Families	2019/20 Current Budget £000	Full year Forecast Dec £000	Forecast Variance at year end (Dec) £000	Forecast Variance at year end (Nov) £000	2018/19 Variance at year end £000
Education	24,687	24,955	268	240	(37)
Social Care and Youth Inclusion	19,571	21,220	1,649	2,062	3,211
Cross Department budgets	1,029	974	(55)	(52)	(20)
PFI	8,573	8,162	(411)	(465)	(354)
Redundancy costs	2,183	1,798	(385)	(378)	(529)
Other Education	4	(26)	(22)	0	0
Total (controllable)	56,047	57,109	1,044	1,407	2,271

Overview

At the end of December Children Schools and Families forecast to overspend by £1,044m on local authority funded services, a decrease of £363k from November's forecast.

This is primarily due to a favourable £413k movement within CSC (mainly attributed to £264k decrease within access to resources placement cost and an additional £102k CCG and early intervention youth fund income) and staffing under-spends within CSC.

Due to the volatile nature of placement and SEN transport budgets, and the current volume of CSC activity and Education, Health and Care Plan (EHCP) requests forecasts are vulnerable to change. Despite an increasing population, Merton has managed to hold steady our number of children in care through a combination of actions, which are detailed in the management action section below. However, EHCP numbers continue to rise from 1,973 in November to 1,999 in December, an increase of 26.

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

Local Authority Funded Services

The table below details the significant budget variances identified to date:

Description	Budget £000	Dec £000	Nov £000	2018/19 £000
Procurement & School organisation	594	(288)	(281)	(411)
SEN transport	4,705	1,359	1,196	1,223
Early Years services	3,117	(318)	(179)	(349)
CWD team staffing	571	(79)	(84)	(88)
Childrens Short-Breaks	280	155	155	219
Education Inclusion	1,771	(276)	(202)	(398)
Internal legal hard charge	543	(110)	(110)	(32)
Other over and underspends	13,106	(175)	(255)	(380)
Subtotal Education	24,687	268	240	(216)
Fostering and residential placements (ART)	7,111	412	676	1,057
Un-accompanied asylum seeking children (UASC)	75	285	261	488
Community Placement	0	400	385	500
No Recourse to Public Funds (NRPF)	21	147	141	301
MASH & First Response staffing	1,618	311	311	354
Legal costs	526	224	224	280
Other over and underspends	10,220	(130)	64	231
Subtotal Children's Social Care and Youth Inclusion	19,571	1,649	2,062	3,211

Education Division

The procurement and school organisation budget is showing a favourable variance of £288k because of lower spend on re-venue budgets. This budget relates to the revenue cost of construction projects and is affected by slippage of capital schemes. The majority of this is used for temporary classrooms usually required due to rising pupil demand when it is not viable to provide permanent buildings.

The SEN transport budget is forecasting an adverse variance of £1.359m (increase of £163k from November). The forecast for maintained school taxis is £3.567m, circa £284k more than last year. This is our best estimate based on the information available at the end of December. The current estimated cost includes a small forecast for new placements that may be required towards the end of the year. There is a risk that this cost could increase more than currently allowed for as we have seen a major increase in the number of EHCPs, although not all plans will necessarily be eligible for support under Merton's transport policy. To support the cost pressure in this area, the £500k growth allocated to the department in 2019/20 has been allocated against this budget. However, this has been insufficient to cover the full extent of the growth in this area.

As part of management action to reduce the overall in-year departmental overspend, where possible in the Early Years' service, recruitment to vacancies is being delayed. At the end of December this is estimated to deliver a favourable variance of £318k.

The Children with Disabilities (CWD) team, which transferred to the Education division this year, is holding vacant posts which is expected to deliver a favourable variance of £79k in the current financial year. Some of this is being used to offset agreed social work activities in the fostering service.

The internal legal hard charging budget is projecting a favourable variance of £110k. This forecast is based on spend to date and will fluctuate if usage increases towards year-end.

There are various other movements in forecast across the division netting to a £175k favourable variance. These combine with the items described above to arrive at the total divisional adverse forecast of £268k.

Children's Social Care and Youth Inclusion Division

At the end of December Merton had 168 looked after children. This is a decrease of 2 children from November. The numbers of Looked after Children in Merton remain relatively stable and we continue to maintain relatively low levels of children in care as detailed in the table below:

Overview	2015/16	2016/17	2017/18	2018/19
Number of children in care as at 31st March	163	152	154	160
Of which UASC	22	20	28	34
Rate per 10,000	35	33	33	34
London Rate	51	50	49	Tbc
England Rate	60	62	64	Tbc

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

Service	Budget £000	Dec Forecast spend £000	Variance		Placements	
			Dec £000	Nov £000	Dec No	Nov No
Residential Placements	2,305	1,653	(652)	(300)	14	15
Independent Agency Fostering	1,753	2,100	347	200	49	49
In-house Fostering	993	1,697	704	704	70	73
Secure accommodation	138	79	(59)	0	0	0
Mother and baby	103	103	0	0	0	0
Supported lodgings/housing	1,819	1,911	92	92	60	56
Total	7,111	7,543	432	696	193	193

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

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

- The Residential placement expenditure is forecasting a favourable £652k variance at the end of the financial year. We currently have 14 residential (including 10 respite) placements with one placement ended in December.
- The Independent Agency Fostering expenditure is forecasting an adverse variance of £347k. We currently have 49 placements, unchanged from November.
- The In-house Foster carer expenditure is forecasting an adverse £704k variance. We currently have 70 placements. There has been 2 new placements and 5 Placements ended in December. The cost difference of this change in placements is contained within the expected movement built into the full year estimated cost.
- The Youth Justice secure accommodation expenditure is projecting a favourable £59k variance in December.

- The mother and baby assessment unit expenditure is forecast budget for the current year. We currently have no placements but are forecasting for additional placements expected by the end of financial year.
- We are forecasting that the budget for the semi-independent accommodation and supported lodgings/housing placements will have an adverse variance of £92k in December. There has been 5 new placements while 1 placements ended. The cost difference of this change in placements is contained within the expected movement built into the full year estimated cost.
- At the end of December, UASC placements and previous UASC that are now Care Leavers are reflecting an adverse variance of £279k, increase of £18k from November.

Service	Budget £000	Dec Forecast- spend £000	Variance		Placements	
			Dec £000	Nov £000	Dec No	Nov No
Independent Agency Fostering	380	482	102	102	12	11
In-house Fostering	325	697	372	354	34	33
Supported lodgings/housing	570	675	105	105	26	25
UASC grant	(1,200)	(1,500)	(300)	(300)		
Total	75	354	279	261	72	69

At the end of December, we had 37 placements for UASC young people under 18. Of these, 34 were placed in foster care and 3 in semi-independent accommodation. The administration's commitment (in line with other London Labour Councils) for Merton is 37 (0.08% of the child population). We receive UASC grant towards these placements although it is not sufficient to cover the full cost of placement, subsistence and social work intervention.

Merton had 35 young people aged 18+ who were formerly UASC in our care at the end of December, 12 in foster care, 23 in semi-independent accommodation. In addition, we have 8 who received non-accommodation related support. Once UASC young people reach age 18, we retain financial responsibility for them as Care Leavers until their immigration status is resolved.

We are currently forecasting to 'over-achieve' our projected UASC grant income by £300k. The grant income is offset against the additional costs incurred through having higher numbers of UASC in our care.

Placements

We continue to use the Panel processes to ensure that spending on IFAs instead of in-house placements can be justified, as well as continuing our scrutiny on residential children's home placements.

Our ART Fostering Recruitment and Assessment team is continuing to recruit new foster carers who will offer locally based placements with a campaign targeted at attracting foster carers for teenagers and UASC young people. Removal of the £14k fostering recruitment budget from the corporate Communications team budget has reduced the range of recruitment activity.

We have recruited 8 new foster carers and 3 connected persons this year so far and there are currently 9 prospective foster carers and 1 connected person in assessment with Panel dates for approval scheduled before the end of March 2020. The target for this financial year is to recruit 20 new foster carers (including connected persons) and we are therefore behind target.

Our aim is to slow down the increase in more expensive agency foster placements. In addition, we are implementing actions to retain our experienced existing foster carers such as increasing the support offer to them through the trauma based training and support to enable them to take and

retain children with more challenging behaviours in placement and implementing the Mockingbird Model. We are also targeting our recruitment to increase our number of in-house mother and child foster placements.

Our ART Placement service is working with providers to establish more local provision and offer better value placements to the Council. We continue to convene the Semi-Independent Accommodation (SIA) Panel which will record costs incurred. We are working to identify our Housing Benefit payments and what we should be getting and what are the actuals received. This work is continuing with the aim to further reduce under-achievement of housing benefits during this year.

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

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

Our average placements costs against each budget code are reported each month. Due to the low numbers in UASC independent agency (non-grant) placements and secure accommodation units, small changes in numbers result in big variations in the average weekly unit costs as detailed in the following table.

Description	March	May	June	July	Aug	Sep	Oct	Nov	Dec	Movement from last month	Dec No
	£	£	£	£	£	£	£	£	£		
ART Independent Agency Fostering	900	879	854	889	898	896	910	910	908	0	49
ART In-house Fostering	440	438	443	430	428	438	435	431	432	1	70
UASC Independent Agency (Grant)	803	822	822	821	821	818	818	831	803	-28	10
UASC In house Fostering (Grant)	490	410	388	452	419	422	425	506	495	-11	24
UASC Independent Agency (Non-Grant)	237	802	802	802	802	618	560	560	560	0	2
UASC In house Fostering (Non-Grant)	589	409	417	405	426	422	420	397	417	20	10
ART Residential Placements	3,978	3,919	3,887	3,886	3,916	3,925	3,870	3,874	3,865	-9	14
ART Secure Accommodation	3,374	1,323	1,890	1,890	2,457	1,816	1,804	1,760	1,760	0	0
ART Mother & Baby Unit	3,589	4,204	4,204	3,401	3,401	3,401	3,405	3,405	3,405	0	0
Supported Housing & Lodgings (Art 16+ Accommodation)	585	611	619	627	652	671	676	750	733	-16	60
Supported Housing & Lodgings - UASC (Grant)	782	788	736	687	687	685	708	767	656	-111	3
Supported Housing & Lodgings - UASC (Non Grant)	642	451	410	400	427	434	428	422	420	-1	23

Dedicated Schools Grant (DSG)

DSG funded services are forecast to overspend by £10.552m, a decrease of £4k over last month. The DSG had a cumulative overspend of £2.909m at the end of 2018/19. The overspend in the current financial year will be adding to this balance, currently estimated at £13.460m. There was a separate report on the DSG Deficit Recovery Plan to Cabinet in January 2020.

The main reason for the variance relates to a £6.829m overspend on Independent Day School provision. This is a £40k increase from November 2019. The reason for the overspend is due to the high number of placements.

Based on past years' experience, we are expecting the number of placements within Independent day school provision to increase towards the end of the year. At this stage it is difficult to predict how many EHCPs' will be issued, or the type of education provision they will require. They are going through assessment and a decision about issuing a plan and the type of provision is made once all the professional advice is received and reviewed by the SEND Panel.

We are seeking to increase the number of local maintained special school places in the borough, in order to reduce these costs, but it will take time to bring these additional places on stream. At present

the annual increase in the number of EHCPs significantly exceeds the number of additional special school places we are able to create in the borough. Based on the number of new EHCPs still being awarded following assessment, we would expect this cost to still increase towards year-end and the £13.460m cumulative deficit to increase further.

Other overspends include £1,088k on EHCP allocations to Merton primary and secondary schools, £1.878m on EHCP allocations to out of borough maintained primary, secondary and special schools, and £1.235m on one-to-one support, OT/SLT and other therapies as well as alternative education.

The table below shows the increase in number of EHCPs over the past 4 years since the entitlement changed following the implementation of the Children and Families Act. At the end of December 2019 there were 1,999 EHCPs, a 17% increase year to date.

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

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

The Early Years block of the DSG is normally adjusted in the July following the end of the financial year as it is based on January census information. We are therefore not in a position to estimate this adjustment until year-end. For 2018/19 this additional grant was £338k.

Merton was required to return to the DfE a Deficit Recovery Plan for the DSG, which is a 5-year plan, taking us up to 2023/24. A full update was included in a separate report on the DSG which went to Cabinet in January 2020.

In addition to the pressures on the high needs block, which are clear from the budget monitoring figures highlighted above and continue into 2019/20 and beyond, some schools are also having trouble in setting balanced budgets with the funding provided to them through the funding formula. The Finance Service monitors this closely, and before any deficit budget is agreed, work is undertaken with the school to ensure they are maximising every opportunity to reduce costs and spend wisely. The number of schools setting deficit budgets has reduced from 14 in 2018/19 to 13 in 2019/20. There are various reasons for schools requiring to set deficit budgets including unfunded non-teacher pay increases, increased costs relating to children that require additional support but do not meet statutory thresholds for additional funding, reduction in pupil numbers and reduced levels of reserves that schools would previously have used to balance their budgets. Total school balances, including capital balances, did however increase last year.

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 a national issue that requires additional grant funding.

Management action

Staffing report

We continue to reduce the use of agency by imposing a three month recruitment drag, where appropriate, for non-social work posts. We continue to prioritise meeting our statutory duties when determining whether recruitment drag may be applied to any vacant post. Children's Social Care and Youth Inclusion are currently reviewing the distribution of social work staffing to ensure workloads in the MASH and First Response Service are at a level that supports recruitment and retention of permanent staff.

Placements

We continue to use the Panel processes to ensure that spending on IFAs instead of in-house placements can be justified, as well as continuing our scrutiny on residential children's home placements.

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

Children with additional needs

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

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

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

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

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

New burdens

There are a number of duties placed on the Local Authority that have not been fully funded or not funded at all through additional burdens funding from Central Government. Excluding the cost of these duties would leave a net departmental overspend of £432k, however that figure masks substantial one off windfalls and non-recurrent and recurrent management action. The table below highlights the continued estimated overspends relating to these unfunded duties:

Description	Budget £000	Dec overspend forecast £000	Nov overspend forecast £000	2018/19 over £000
Supported lodgings/housing- care leavers	1,819	92	92	52
Supported lodgings/housing- UASC	570	105	105	774
UASC	705	476	476	211
No Recourse to Public Funds (NRPF)	21	147	141	301
UASC grant	(1,200)	(300)	(300)	
Total	1,915	520	514	1,338

The above table summarises the placement cost in relation to additional burdens. On top of these costs there will also be staffing costs to support these cases.

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

Other unfunded burdens include:

- The increase in the age range of EHCPs, particularly for those young people aged 18-25, due to legislation changes, which is causing cost pressures in both the general fund (in education psychology and SEN transport) and the DSG (High Needs Block costs relating to most EHCP services);
- New statutory duties in relation to children missing from education have increased the cases dealt with by the Education Welfare Service by 79% (from 290 in the 6 months from September to March 2016 to 519 in the same 6 months the following year and the level of referrals has remained at this level).
- SEND tribunals will cover all elements of children's care packages, not just education.
- New requirement of social work visits to children in residential schools and other provision.

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

Community and Housing

Overview

Community and Housing is currently forecasting a favourable variance of £776k as at December 2019. The department continues to have under and over spends in a number of its services except in Merton Adult Learning and Public Health which are forecasting a breakeven position.

The department transformation project is currently in progress in order to achieve its strategic priorities outlined in the TOM. This project is expected to be concluded in 2023.

Community and Housing Summary Outturn Position

Community and Housing	2019/20 Current Budget £000	2019/20 Forecast Spend £'000	2019/20 Forecast Variance (Dec'19) £000	2019/20 Forecast Variance (Nov'19) £000	2018/19 Outturn Variance £000
Access and Assessment	45,199	43,981	(1,218)	(462)	(258)
Commissioning	4,438	4,307	(131)	(135)	(5)
Direct Provision	4,706	4,881	175	69	6
Directorate	1,142	1,437	295	289	90
Adult Social Care	55,485	54,606	(879)	(240)	(167)
Libraries and Heritage	2,186	2,223	37	55	45
Merton Adult Learning	(8)	(8)	0	0	0
Housing General Fund	1,926	1,992	66	60	(73)
Other Services Sub-total	4,104	4,207	103	115	(28)
Public Health	(148)	(148)	0	0	0
Grand Total Controllable	59,441	58,665	(776)	(124)	(195)

Adult Social Care

Overall Adult Social Care is forecasting a favourable variance of £879k, of which £695k relates to one-off items. Overspends in direct provision and directorate budgets are offset by underspends elsewhere in the division. There is an expectation that placement numbers will increase over the winter months due to the current increase in hospital admissions. The service is currently awaiting January 2020 data to ascertain the impact on the service.

Winter pressures in the NHS are starting to show in demand for adult social care. There are significant demand pressures in the health system, and that is before any flu has impacted. ASC has put in place contingency plans with our health partners. The short term beds commissioned for winter have been utilised at a higher level than last year and some of the service users have been moved on to long term nursing home placements.

The current underspend is not only due to 2020/21 savings achieved early, but particularly in December the service recognised a one-off contribution of £695k received from clawback of payments not utilised as per the agreements. The department has also reduced spend on employee related expenditure to December 2019.

The announcement of a 6.2% increase in the national minimum wage will have a major impact on the cost of care from April 2020. Given the fragility of care markets, the increase will need to be fully reflected in care fees.

Direct Provision-£175k Adverse Variance

This service is currently forecasting an adverse variance of £175k. This is a change since November.

In December payroll implemented guidelines issued by ACAS which increases the amount of holiday pay bank staff are entitled to receive, and this also significantly includes permanent staff who work bank hours at other establishments. Thus this has affected the divisions forecast.

Work is now taking place to urgently review how bank staff are deployed and what the ongoing cost will be to the service.

High sickness levels in Supported Living and temporary support put in at JMC day service also led to higher usage of bank staff.

The largest movement however came about as the result of correcting an error in two areas. The first was at Glebelands extra care unit where forecasts had been based on the activity levels of 2018/19. Reviewing the service has shown that current levels do not reflect this and an overcharge to placements of around £59k had taken place. Secondly the recharge to the Learning Disability team for 1-1 support across day services had been incorrectly calculated and has now been adjusted. This amounted to £31k. This total has moved as a credit to the placements budget. We are now looking at finance support in Direct Provision and building in extra time for budget monitoring with managers.

C&H-Other Services

Libraries-£37k Adverse Variance

The library service is currently forecasting an adverse variance of £37k which is an improvement of £18k since November. This is mainly due to an increase in rental income at a number of libraries. However the service continues to experience budget pressures on its utilities budget namely electricity and security costs.

Merton Adult Learning

Merton Adult Learning continues to report a break even position and its funding relies solely on external grants. A new 3-year strategy for the service is in the process of being agreed by Cabinet and will outline investment plans in priority areas. A recent Ofsted inspection noted the strong performance of the service and the improvements made to the offer for residents since the move to the new commissioning model in 2016.

Housing - £66k – Adverse Variance

The Housing service is currently forecasting an adverse variance of £66k as at December 2019 which is an increase of £6k since November. This is due to a combination of items, such as a reduction in salary forecast, a reduction in forecasted Housing Benefit contributions and conversely the increases in subsidy, rent deposits and rent sanctuary costs.

To ensure that housing standards in the private rental sector are maintained and where necessary and appropriate a robust enforcement approach is taken therefore the budget will need to reflect the need to recruit and retain additional and qualified enforcement staff. However across London it is acknowledged that there is a shortage of qualified environmental health housing enforcement officers thus this brings challenges to the recruitment and retention of staff.

The temporary accommodation budget continues to fluctuate to reflect numbers of households being admitted into temporary accommodation, numbers of households leaving temporary accommodation and the income received from households living in temporary accommodation via Housing Benefit.

Housing benefit Income and subsidy costs are affected by the fluctuation in the number of households accessing the service in accordance with the provisions of the Housing Act. There was an increase of 9 cases since October.

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

The service continues to provide outcomes to the most vulnerable members of our community who are rough sleeping. Recently the hub provided 18 bed spaces for those most entrenched rough sleepers. Any resident residing in the hub have had their housing and support needs assessed and appropriate pathways drawn up so as to minimise the risk of their returning to rough sleeping.

Other initiatives that are being developed following successful applications to MHCLG for grant funding. These include:-

Rough Sleeping Initiative, Rapid Rehousing Pathway, Controlling Migration Fund, And Outreach Rapid Response Team. These projects are all in progress and will contribute to the reduction of vulnerable rough sleepers sleeping

Prevention Activities undertaken as part of the New Burdens for Housing

Activities undertaken to prevent homelessness:-

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

The table below shows the number of homelessness prevented to December 2019.

Period	Homelessness Prevention Targets 2019-20
Full Year Target	450
Target YTD	338
Achieved-Apr'19	57
Achieved-May'19	86
Achieved-June'19	118
Achieved-July'19	152
Achieved-Aug'19	193
Achieved-Sept'19	233
Achieved-Oct'19	273
Achieved-Nov'19	309
Achieved-Dec'19	371

The service continues consistently exceed its target to date and it is expected to over achieve its annual prevention target. This is the second year of the additional duties undertaken by the housing team and the team continue to exceed its target. It also demonstrates that if homelessness prevention service was ineffective the number of homeless households in temporary accommodation would be much greater.

Analysis of Housing and Temporary Accommodation Expenditure

The table below shows the analysis of housing expenditure to December 2019.

Housing	Budget 2019/20 £000	Forecast (Dec'19) £'000	Forecast Variances (Dec'19) £'000	Forecast Variances (Nov'19) £000	Outturn Variances (March'19) £000
Temporary Accommodation- Expenditure	2,368	2,961	593	616	562
Temporary Accommodation- Client Contribution	(140)	(495)	(355)	(354)	(518)
Temporary Accommodation- Housing Benefit Income	(2,005)	(2,445)	(440)	(508)	(26)
Temporary Accommodation- Subsidy Shortfall	322	1,072	750	768	455
Temporary Accommodation- Grant	0	(450)	(450)	(450)	(531)
Subtotal Temporary Accommodation	544	642	98	73	(58)
Housing Other Budgets- Over/(favourable)adverse	1,382	1,350	(32)	(13)	(15)
Total Controllable	1,926	1,992	66	60	(73)

Temporary Accommodation (TA) movement to December 2019

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

Temporary Accommodation	Numbers IN	Numbers OUT	Total for the Month	2018/19
Mar'17	-	-	186	
Mar'18	16	16	165	
Mar'19	15	11	174	
April'19	15	11	178	170
May'19	15	16	177	175
June'19	11	18	170	172
July'19	16	20	166	175
Aug'19	16	14	168	176
Sept'19	14	13	169	174
Oct'19	17	12	174	168
Nov'19	19	15	178	169
Dec'19	17	12	183	167

Temporary accommodation numbers has slowly increased in the last 4 months. The table above also shows that the total numbers in temporary accommodation in the last financial year were much lower.

Public Health –Breakeven Position

Public Health is forecasting a breakeven position as at December 2019. The service has also secured LGA funding to fund a Behavioural Insights project. The objective is to design, implement and evaluate behavioural insights trial which aims to change behaviours to only improvement the environment but health.

The largest spending areas for Public Health are the commissioning of statutory services such sexual health, 0-19 healthy child (health visiting and school nursing) and substance misuse. However Public Health also has a range of other duties including strategy/system leadership for health (Health and Wellbeing Board, JSNA and Health and Wellbeing Strategy, independent Annual Public Health Report - all mandatory); commissioning support to the NHS (mandatory) and council; and health protection oversight (mandatory), including screening, infection control, emergency preparedness and immunisations.

Projects linked to the preventative agenda include a whole systems approach to diabetes, child healthy weight and workplace health:

Following a 'Diabetes Truth' programme, a whole systems Diabetes Action Plan has been developed with three evidence based themes (clinical oversight and service improvement, holistic individual care and healthy place) and has actions for partners across Merton.

Implementation of a refreshed Child Healthy Weight Action Plan (CHWAP) 2019/22, will continue to be a priority and has 3 key themes: making childhood Obesity everybody's business, supporting children young people and their families, and healthy place, which includes healthy food and the physical environment.

health and active travel, focused for the latter on the co-benefits with climate change, is a priority including building a network with other organisations. Within LBM, applying for the London Healthy Workplace Award, working through the Workforce Strategy Board, to be linked to the review of the council vehicle fleet, new arrangements for staff travel, and #MertonCan physical activity campaign.

In addition, as part of collaborative working across the Council, Public Health manages the integrated commissioning team in CSF, as well as financial contribution to CSF early year prevention programmes. Public health also contributes funding to Adult Social Care prevention priorities, primarily dementia hub and ageing well.

Corporate Items

The details comparing actual expenditure up to 31 December 2019 against budget are contained in Appendix 2. Based on expenditure and income as at 31 December 2019 there is a favourable variance of £1.581m forecast on corporate items as summarised in the following table:-

Corporate Items	Current Budget 2019/20 £000s	Full Year Forecast (Dec.) £000s	Forecast Variance at year end (Dec.) £000s	Forecast Variance at year end (Nov.) £000s	Outturn Variance 2018/19 £000s
Impact of Capital on revenue budget	11,364	11,215	(149)	(149)	403
Investment Income	(664)	(1,206)	(542)	(479)	(364)
Pension Fund	3,279	3,179	(100)	(100)	(254)
Pay and Price Inflation	100	100	0	0	(1,122)
Contingencies and provisions	2,510	1,932	(577)	(577)	(3,366)
Income Items	(1,503)	(1,716)	(212)	(245)	(956)
Appropriations/Transfers	(1,602)	(1,602)	0	0	(6)
Central Items	2,119	688	(1,431)	(1,401)	(6,068)
Levies	949	949	0	0	0
Depreciation and Impairment	(22,903)	(22,903)	0	0	4
TOTAL CORPORATE PROVISIONS	(8,471)	(10,051)	(1,581)	(1,550)	(5,661)

There has been an increase of £0.031m since November in the forecast level of favourable variance in corporate items due to :-

- A review of investment income has been undertaken based on the third quarter position and it is expected that there will £0.063m more income than forecast based on the previous quarter. This brings the net additional investment income forecast to £0.542m. This is due to an improvement in the investment interest rates achieved and a larger sum being available for short term investment.
- The net amount of income from unbudgeted income and technical adjustments reduced by £0.033m in December.

In addition, the figures in the table above have been adjusted to reflect the transfer of the following amounts, where budgets are planned to be available, to the Spending Review Reserve

	£000
Single Status/Equal Pay	50
Redundancy/Pension Strain	1,000
Total	1,050

The addition of this amount will increase the balance on the Spending Review Reserve to £6.995m.

4 Capital Programme 2019-23

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

Depts	Current Budget 19/20	Variance	Revised Budget 19/20	Current Budget 20/21	Variance	Revised Budget 20/21	Revised Budget 21/22	Variance	Revised Budget 21/22	Revised Budget 22/23	Variance	Revised Budget 22/23
CS	7,150	0	7,150	28,923		28,923	4,245	0	4,245	16,075		16,075
C&H	1,057	0	1,057	2,004		2,004	913	0	913	882		882
CSF	9,063	0	9,063	5,966		5,966	3,150	0	3,150	1,900		1,900
E&R	9,606	70	9,676	12,847		12,847	7,504	0	7,504	4,826		4,826
TOTAL	26,876	70	26,946	49,739	0	49,739	15,812	0	15,812	23,683	0	23,683

4.2 The table below summarises the position in respect of the 2018/19 Capital Programme as at D e c e m b e r 2019. The detail is shown in Appendix 5.

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2019/20	Full Year Variance
Corporate Services	1,982,327	2,742,210	(759,883)	7,149,230	6,944,091	(205,139)
Community and Housing	645,478	672,700	(27,222)	1,057,490	957,490	(100,000)
Children Schools & Families	6,842,945	7,045,858	(202,914)	9,062,400	9,051,670	(10,730)
Environment and Regeneration	5,856,118	6,496,501	(640,383)	9,676,240	9,620,259	(55,981)
Total	15,326,867	16,957,269	(1,630,403)	26,945,360	26,573,510	(371,850)

- a) Corporate Services – All budget managers are projecting a full spend against budget, apart from Customer Contact which is currently showing in year slippage of £200k and Westminster Coroners Court which is showing in year slippage of £5k. It is currently envisaged that the unspent balance on Customer Contact will be relinquished at year end. No budget adjustments are being made this month.
- b) Community and Housing – All budget managers are projecting a full year spend apart from disabled facilities grants which is showing in year slippage of £100k. No budget adjustments are being made this month

- c) Children, Schools and Families – Officers are currently projecting in year slippage of £11k over various sites. The table below summarises the virements being made to the schools capital maintenance capital programme this month:

	2019/20 Budget	Virements	Revised 2019/20 Budget	Narrative
-	£	£	£	
Children, Schools and Families				
Hollymount - Capital Maintenance	16,240	(850)	15,390	Virement to match budget to expected outturn
West Wimbledon - Capital Maintenance	90,370	(10,230)	80,140	Virement to match budget to expected outturn
Hatfield - Capital Maintenance	80,000	6,050	86,050	Virement to match budget to expected outturn
Hillcross - Capital Maintenance	232,740	(5,000)	227,740	Virement to match budget to expected outturn
Joseph Hood - Capital Maintenance	21,800	3,410	25,210	Virement to match budget to expected outturn
Garfield - Capital Maintenance	126,780	13,460	140,240	Virement to match budget to expected outturn
Pelham - Capital Maintenance	85,890	(8,460)	77,430	Virement to match budget to expected outturn
Poplar - Capital Maintenance	27,070	3,940	31,010	Virement to match budget to expected outturn
Wimbledon Chase - Capital Maintenance	133,780	2,880	136,660	Virement to match budget to expected outturn
Wimbledon Park - Capital Maintenance	1,800	(1,800)	0	Virement to match budget to expected outturn
Morden - Capital Maintenance	3,970	(3,970)	0	Virement to match budget to expected outturn
Cranmer - Capital Maintenance	34,430	(550)	33,880	Virement to match budget to expected outturn
Haslemere - Capital Maintenance	36,840	(300)	36,540	Virement to match budget to expected outturn
Links - Capital Maintenance	49,480	(5,500)	43,980	Virement to match budget to expected outturn
Lonsome - Capital Maintenance	56,300	4,820	61,120	Virement to match budget to expected outturn
Raynes Park - Capital Maintenance	37,680	(500)	37,180	Virement to match budget to expected outturn
Ricards Lodge - Capital Maintenance	36,690	1,800	38,490	Virement to match budget to expected outturn
SMART - Capital Maintenance	121,000	800	121,800	Virement to match budget to expected outturn
Total	1,192,860	0	1,192,860	

- d) Environment and Regeneration – Officers are projecting full spend on all budgets apart from favourable variances on Alleygating (£20k), Fleet Vehicles (16k) and Morden Leisure Centre (£20k)(in-year slippage). Only one budget adjustment is proposed this month £70k is being added to Highways and Footways – Safer Walking Routes, this addition will be funded by TfL.

- 4.3 The table below summarises the movement in the Capital Programme for 2019/20 since its approval in March 2019 (£000s):

Depts.	Original Budget 19/20	Net Slippage 2018/19	Adjustments	New External Funding	New Internal Funding	Re-profiling	Revised Budget 19/20
Corporate Services	28,857	1,686			60	(23,453)	7,150
Community & Housing	971	225				(139)	1,057
Children Schools & Families	10,203	566		594	50	(2,350)	9,063
Environment and Regeneration	13,498	404	(232)	520	519	(5,034)	9,676
Total	53,529	2,881	(232)	1,114	629	(30,976)	26,946

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

Depts.	Spend To December 2016	Spend To December 2017	Spend to December 2018	Spend to December 2019	Variance 2016 to 2019	Variance 2017 to 2019	Variance 2018 to 2019
CS	348	1,799	3,975	1,982	1,634	183	(1,993)
C&H	1,386	581	635	645	(741)	64	11
CSF	9,684	3,969	4,777	6,843	(2,841)	2,874	2,066
E&R	7,834	9,660	11,155	5,856	(1,977)	(3,804)	(5,299)
Total Capital	19,252	16,009	20,542	15,327	(3,925)	(682)	(5,216)

Outturn £000s	30,626	32,230	31,424	
Budget £000s				26,946
Projected Spend December 2019 £000s				26,574
Percentage Spend to Budget				56.88%
% Spend to Outturn/Projection	62.86%	49.67%	65.37%	57.68%
Monthly Spend to Achieve Projected Outturn £000s				3,082

4.5 December is three quarters of the way through the financial year and departments have spent just over 57% of the budget. Spend to date is lower than all three of the three previous financial years shown.

Department	Spend To November 2019 £000s	Spend To December 2019 £000s	Increase £000s
CS	1,753	1,982	229
C&H	557	645	88
CSF	6,391	6,843	452
E&R	5,058	5,856	798
Total Capital	13,760	15,327	1,567

4.6 During December 2019 officers spent just over £1.5 million, allowing for £2m accruals an average monthly spend of just over £3million is required to achieve budget managers projected outturn. An allowance for further slippage against this figure will be made in the Medium Term Financial Strategy as finance officers are projecting an outturn position of circa £25 million.

DELIVERY OF SAVINGS FOR 2019/20

Department	Target Savings 2019/20	Projected Savings 2019/20	Period 9 Forecast Shortfall	Period Forecast Shortfall (P8)	Period 8 Forecast Shortfall	2020/21 Expected Shortfall
	£000	£000	£000	%	£000	£000
Corporate Services	1,484	1,388	96	6.5%	83	35
Children Schools and Families	572	572	0	0.0%	0	0
Community and Housing	1,534	1,416	118	7.7%	118	0
Environment and Regeneration	3,370	2,097	1,273	37.8%	1,273	100
Total	6,960	5,473	1,487	21.4%	1,474	135

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

Progress on savings 2018/19

Department	Target Savings 2018/19	2018/19 Shortfall	2019/20 Projected shortfall	2020/21 Projected shortfall
	£000	£000	£000	£000
Corporate Services	2,024	505	395	120
Children Schools and Families	489	0	0	0
Community and Housing	2,198	442	0	0
Environment and Regeneration	926	523	172	97
Total	5,637	1,470	567	217

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

Progress on savings 2017/18

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

Appendix 8 details the progress on unachieved savings from 2017/18 by department and the impact on the current year and next year.

6. CONSULTATION UNDERTAKEN OR PROPOSED

6.1 All relevant bodies have been consulted.

7. TIMETABLE

7.1 In accordance with current financial reporting timetables.

8. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

8.1 All relevant implications have been addressed in the report.

9. LEGAL AND STATUTORY IMPLICATIONS

9.1 All relevant implications have been addressed in the report.

10. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

10.1 Not applicable

11. CRIME AND DISORDER IMPLICATIONS

11.1 Not applicable

12. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

12.1 The emphasis placed on the delivery of revenue savings within the financial monitoring report will be enhanced during 2019/20; the risk of part non-delivery of savings is already contained on the key strategic risk register and will be kept under review.

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

Appendix 1-	Detailed position table
Appendix 2 –	Detailed Corporate Items table
Appendix 3 –	Pay and Price Inflation
Appendix 4 –	Treasury Management: Outlook
Appendix 5a -	Current Capital Programme 2019/20
Appendix 5b -	Detail of Virements
Appendix 5c -	Summary of Capital Programme Funding
Appendix 6 –	Progress on savings 2019/20
Appendix 7 –	Progress on savings 2018/19
Appendix 8 -	Progress on savings 2017/18
Appendix 9 –	Debt report
Appendix 10 -	Establishment
Appendix 11 -	Analysis of Staffing Spend

14. BACKGROUND PAPERS

14.1 Budgetary Control files held in the Corporate Services department.

15. REPORT AUTHOR

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Summary Position as at 31st December 2019

	Original Budget 2019/20	Current Budget 2019/20	Year to Date Budget (Dec)	Year to Date Actual (Dec)	Full Year Forecast (Dec)	Forecast Variance at year end (Dec)	Forecast Variance at year end (Nov)	Outturn variance 2018/19
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000
Department	-	-	-	-	-	-	-	-
3A. Corporate Services	10,930	11,445	18,760	18,761	11,036	(409)	(290)	(2,511)
3B. Children, Schools and Families	60,819	61,154	34,756	32,707	62,197	1,044	1,406	2,271
3C. Community and Housing	-	-	-	-	-	-	-	-
Adult Social Care	58,657	58,650	41,521	46,587	57,770	(880)	(240)	(169)
Libraries & Adult Education	2,878	2,878	2,198	3,106	2,915	37	55	45
Housing General Fund	2,219	2,241	1,001	682	2,307	66	60	(73)
3D. Public Health	0	0	17	(1,001)	0	0	0	0
3E. Environment & Regeneration	15,832	15,370	3,171	(11,852)	15,382	12	180	(1,526)
Overheads	0	0	0	0	0	0	0	(33)
NET SERVICE EXPENDITURE	151,335	151,737	101,424	88,991	151,608	-129	1,172	(1,996)
3E. Corporate Items								
Impact of Capital on revenue budget	10,481	11,364	4,210	4,347	11,215	(149)	(149)	403
Other Central items	(19,500)	(20,784)	853	4,796	(22,215)	(1,432)	(1,401)	(6,064)
Levies	949	949	433	433	949	0	0	0
TOTAL CORPORATE PROVISIONS	(8,070)	(8,471)	5,496	9,576	(10,051)	(1,581)	(1,550)	(5,661)
TOTAL GENERAL FUND	143,264	143,266	106,920	98,568	141,556	(1,710)	(378)	(7,657)
Funding								
- Business Rates	(44,026)	(44,026)	0	0	(44,026)	0	0	0
- RSG	0	0	0	0	0	0	0	0
- Section 31 Grant	0	0	(3,080)	(3,080)	0	0	0	0
- New Homes Bonus	(2,108)	(2,108)	(1,581)	(1,581)	(2,108)	0	0	0
- PFI Grant	(4,797)	(4,797)	(3,598)	(3,598)	(4,797)	0	0	0
- Brexit Grant	(210)	(210)	(210)	(210)	(210)	0	0	0
- Adult Social Care Grant	(1,054)	(1,054)	(4,605)	(4,605)	(1,054)	0	0	0
Grants	(52,195)	(52,195)	(13,074)	(13,074)	(52,195)	0	0	-
Collection Fund - Council Tax Surplus(-)/Deficit	(1,949)	(1,949)	0	0	(1,949)	0	0	0
Collection Fund - Business Rates Surplus(-)/Deficit	3,250	3,250	0	0	3,250	0	0	0
Council Tax								
- General	(92,028)	(92,028)	0	0	(92,028)	0	0	0
- WPC	(343)	(343)	0	0	(343)	0	0	0
Council Tax and Collection Fund	(91,070)	(91,070)	0	0	(91,070)	0	0	-
FUNDING	(143,265)	(143,265)	(13,074)	(13,074)	(143,265)	0	0	-
NET	(0)	1	93,846	85,494	(1,709)	(1,710)	(378)	(7,657)

Appendix 2

3E. Corporate Items	Council 2019/20 £000s	Original Budget 2019/20 £000s	Current Budget 2019/20 £000s	Year to Date Budget (Dec.) £000s	Year to Date Actual (Dec.) £000s	Full Year Forecast (Dec.) £000s	Forecast Variance at year end (Dec.) £000s	Forecast Variance at year end (Nov.) £000s	Outturn Variance 2018/19 £000s
Cost of Borrowing	10,481	10,481	11,364	4,210	4,347	11,215	(149)	(149)	403
Impact of Capital on revenue budget	10,481	10,481	11,364	4,210	4,347	11,215	(149)	(149)	403
Investment Income	(664)	(664)	(664)	(443)	(747)	(1,206)	(542)	(479)	(364)
Pension Fund	3,429	3,429	3,279	3,552	3,552	3,179	(100)	(100)	(254)
Corporate Provision for Pay Award	877	877	(0)		0	(0)	0	0	(744)
Provision for excess inflation	450	450	100		0	100	0	0	(378)
Pay and Price Inflation	1,327	1,327	100	0	0	100	0	0	(1,122)
Contingency	1,500	1,500	750		0	500	(250)	(250)	(1,398)
Single Status/Equal Pay	100	100	0		0	0	0	0	(84)
Bad Debt Provision	500	500	500		0	500	0	0	(33)
Loss of income arising from P3/P4	200	200	100		0	0	(100)	(100)	(200)
Loss of HB Admin grant	83	83	34		0	0	(34)	(34)	(83)
Apprenticeship Levy	450	450	250	167	209	250	0	0	(217)
Revenuisation and miscellaneous	2,070	2,070	875		277	682	(193)	(193)	(1,351)
Contingencies and provisions	4,904	4,904	2,510	167	486	1,932	(577)	(577)	(3,366)
Other income	0	0	0	0	(212)	(212)	(212)	(246)	(953)
CHAS IP/Dividend	(1,407)	(1,407)	(1,503)	(821)	(830)	(1,503)	0	0	(3)
Income items	(1,407)	(1,407)	(1,503)	(821)	(1,042)	(1,716)	(212)	(246)	(956)
Appropriations: CS Reserves	(711)	(711)	(1,027)	(1,027)	(371)	(1,027)	0	0	0
Appropriations: E&R Reserves	(146)	(146)	(446)	(446)	0	(446)	0	0	0
Appropriations: CSF Reserves	9	9	(586)	(586)	(976)	(586)	0	0	0
Appropriations: C&H Reserves	(104)	(104)	(104)	(104)	0	(104)	0	0	0
Appropriations: Public Health Reserves	(1,200)	(1,200)	(1,200)	(1,200)	0	(1,200)	0	0	0
Appropriations: Corporate Reserves	(2,034)	(2,034)	1,761	1,761	3,895	1,761	0	0	(6)
Appropriations/Transfers	(4,186)	(4,186)	(1,602)	(1,602)	2,548	(1,602)	0	0	(6)
Depreciation and Impairment	(22,903)	(22,903)	(22,903)	0	0	(22,903)	0	0	4
Other Central Items	(19,500)	(19,500)	(20,784)	853	4,796	(22,215)	(1,432)	(1,401)	(6,064)
Levies	949	949	949	433	433	949	0	0	0
TOTAL CORPORATE PROVISIONS	(8,070)	(8,070)	(8,471)	5,496	9,576	(10,051)	(1,581)	(1,550)	(5,661)

Pay and Price Inflation as at December 2019

In 2019/20, the budget includes 2.8% for increases in pay and 1.5% for increases in general prices, with an additional amount, currently £0.450m, which is held to assist services that may experience price increases greatly in excess of the inflation allowance provided when setting the budget. With CPI inflation currently at 1.5% and RPI at 2.2% this budget will only be released when it is certain that it will not be required.

Pay:

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

Prices:

The Consumer Prices Index (CPI) 12-month rate was 1.3% in December 2019, down from 1.5% in November 2019. The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 1.4% in December 2019, down from 1.5% in November 2019. The largest downward contributions to change in the 12-month inflation rate between November and December 2019 came from accommodation services and clothing. The largest offsetting upward contributions came from housing, water, electricity, gas and other fuels. The RPI rate for December 2019 was 2.2%, which is unchanged from the figure for November 2019.

Outlook for inflation:

The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target and in a way that helps to sustain growth and employment. At its meeting ending on 18 December 2019, the MPC voted by a majority of 7-2 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 December meeting, the MPC note that "there continue to be some signs that the labour market is loosening, although it remains tight. Employment growth has slowed and vacancies have fallen, but the unemployment rate has remained stable and the employment rate is around its record high. Although pay growth has eased somewhat, unit labour costs have continued to grow at rates above those consistent with meeting the inflation target in the medium term. CPI inflation remained at 1.5% in November and core CPI inflation remained at 1.7%, broadly as expected. The headline rate is still expected to fall to around 1¼% by the spring, owing to the temporary effects of falls in regulated energy and water prices. Monetary policy could respond in either direction to changes in the economic outlook in order to ensure a sustainable return of inflation to the 2% target. The Committee will, among other factors, continue to monitor closely the responses of companies and households to Brexit developments as well as the prospects for a recovery in global growth."

The next decision on the Bank Base Rate will be made on 30 January 2020.

The Government announced on 7 January 2020 that there will be a Budget on 11 March 2020.

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

Source: HM Treasury - Forecasts for the UK Economy (January 2020)			
	Lowest %	Highest %	Average %
2019 (Quarter 4)			
CPI	1.4	2.0	1.6
RPI	1.8	2.3	2.2
LFS Unemployment Rate	3.7	4.2	3.9
2020 (Quarter 4)	Lowest %	Highest %	Average %
CPI	1.4	2.5	1.8
RPI	1.8	3.2	2.4
LFS Unemployment Rate	3.7	4.4	4.0

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 (December 2019)					
	2019	2020	2021	2022	2023
	%	%	%	%	%
CPI	1.8	1.8	1.9	2.1	2.1
RPI	2.6	2.4	2.7	3.3	3.4
LFS Unemployment Rate	3.9	4.0	4.0	4.1	4.0

Treasury Management: Outlook

The Government announced on 7 January 2020 that there will be a Budget on 11 March 2020.

At its meeting ending on 18 December 2019, the MPC voted by a majority of 7-2 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.

The next decision on the Bank Base Rate will be made on 30 January 2020.

In the minutes to the December 2019 meeting the MPC state that “Monetary policy could respond in either direction to changes in the economic outlook in order to ensure a sustainable return of inflation to the 2% target. The Committee will, among other factors, continue to monitor closely the responses of companies and households to Brexit developments as well as the prospects for a recovery in global growth. If global growth fails to stabilise or if Brexit uncertainties remain entrenched, monetary policy may need to reinforce the expected recovery in UK GDP growth and inflation. Further ahead, provided these risks do not materialise and the economy recovers broadly in line with the MPC’s latest projections, some modest tightening of policy, at a gradual pace and to a limited extent, may be needed to maintain inflation sustainably at the target. The MPC judges at this meeting that the existing stance of monetary policy is appropriate.”

The outlook for interest rates looking forward will be heavily dependent on the Brexit outcome. The MPC say that “The MPC sets monetary policy to meet the 2% inflation target, and in a way that helps to sustain growth and employment. In pursuing that objective, the main challenges the Committee faced had been to assess the economic implications of the United Kingdom withdrawing from the European Union against a backdrop, more recently, of weaker global growth, and to identify the appropriate policy response to that changing outlook. That outlook depended significantly on the nature and timing of EU withdrawal, in particular: the form of new trading arrangements between the European Union and the United Kingdom; whether the transition to them was abrupt or smooth; and how households, businesses and financial markets responded. The implications for the appropriate path of monetary policy would depend on the balance of the effects on demand, supply and the exchange rate.”

In terms of the likely path of interest rates the MPC state that “Financial markets had remained sensitive to domestic policy developments. Since the November Report, the sterling exchange rate had appreciated by 2% and UK-focused equities had outperformed their international counterparts. The expected path for Bank Rate in three years’ time was around 10 basis points higher than the 15-day average on which the November Report projections had been conditioned. These movements probably reflected a perceived reduction in tail risks around the Brexit process as well as an updated judgement among market participants about the likely central outcome.”

The Quarterly “Inflation Report now “The Monetary Policy Report”

Starting on 7 November, the Bank of England Inflation Report became the Monetary Policy Report. The Report is also to undergo some changes to its structure

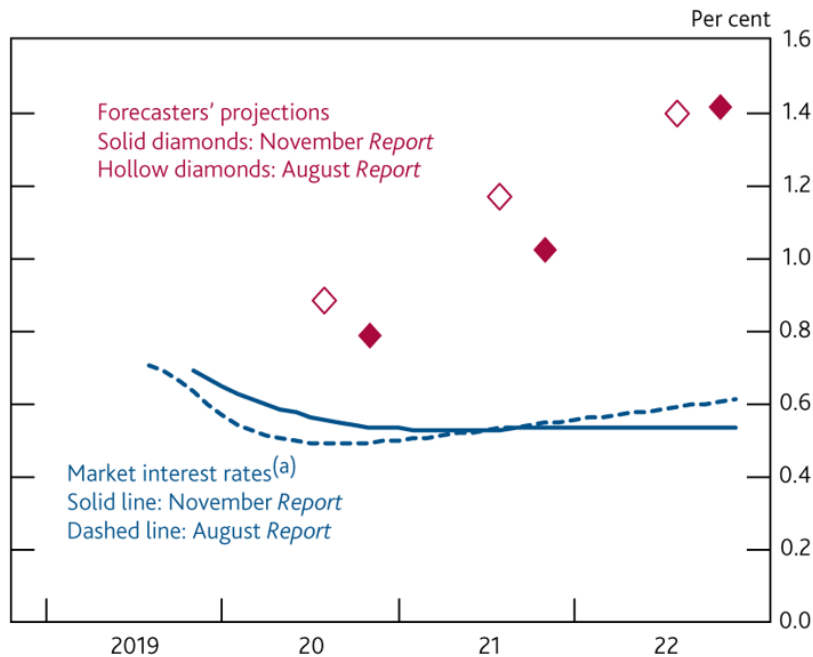
These changes are part of the Bank’s ongoing efforts to improve its communications and ensure that those outside the institution have the information they need in order to understand our policy decisions and to hold the Bank to account.

External forecasters’ central projections for Bank Rate in one and two years’ time were lower, on average, than three months ago, while they were broadly similar at the three-year horizon (See

Chart below). The average central projection for Bank Rate remained well above the market-implied path upon which the MPC’s November Report forecast assumptions are conditioned.

	2019 Qtr.4	2020 Qtr.4	2021 Qtr.4	2022 Qtr.4
MPC’s Market implied Bank Rate (November 2019)	0.7	0.5	0.5	0.5
External forecasters projections (November 2019)		0.8	1.0	1.4

Market interest rates and averages of forecasters’ central projections of Bank Rate



Sources: Bloomberg Finance L.P. and projections of outside forecasters as of 25 October 2019 and 19 July 2019.

(a) Estimated using instantaneous forward overnight index swap rates in the 15 working days to 30 October 2018 and 24 July 2019 respectively.

Source: Monetary Policy Report November 2019 (Bank of England – MPC)

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

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

Key Judgement 1:

Global GDP growth is projected to remain slow in the first part of the forecast period, partly reflecting the impact of trade protectionism, before rising gradually towards potential rates.

Key Judgement 2:

Supply growth is subdued.

Key Judgement 3:

Uncertainty is reduced by the Withdrawal Agreement — providing some support to UK demand growth.

Key Judgement 4:

CPI inflation declines further below 2% in the near term given lower utilities prices, before rising slightly above the target by the end of the forecast owing to building domestic price pressures.

Office for Budget Responsibility (OBR) Economic and Fiscal Outlook (EFO)

Following the outcome of the General Election, the OBR published its “Restated March 2019 Forecast” on 16 December 2019. The main conclusions in the OBR’s report as to how the forecast has changed since March 2019 are that:-

- World GDP and trade growth are materially weaker, with the International Monetary Fund having revised down its forecasts for growth in advanced and emerging economies over the next two years
- UK GDP growth this year has been more uneven than expected, with output declining in the second quarter and rebounding in the third. Business surveys have weakened further in recent months and consumer confidence remains subdued.
- Average earnings growth has continued to pick up and unemployment remains low.
- ONS Blue Book revisions point to a higher saving ratio than previously estimated.
- New ONS population projections suggest less fiscally unfavourable demographics over the coming five years, with lower fertility and higher mortality (both reducing pressure on spending) but higher net migration (adding to employment and receipts growth).
- Year-to-date borrowing has risen proportionately faster than the OBR’s full-year March forecast. Mechanically extrapolating the increase over the year to date would imply a full-year upward revision of around £10 billion

Capital Budget Monitoring- December 2019

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2019/20	Full Year Variance
Capital	15,326,867	16,957,269	(1,630,403)	26,945,360	26,573,510	(371,850)
Corporate Services	1,982,327	2,742,210	(759,883)	7,149,230	6,944,091	(205,139)
Customer, Policy and Improvmen	270,568	49,100	221,468	472,660	272,520	(200,140)
Customer Contact Programme	270,568	49,100	221,468	472,660	272,520	(200,140)
Facilities Management Total	574,353	818,230	(243,877)	1,280,420	1,280,420	0
Works to other buildings	234,519	485,680	(251,161)	841,320	835,843	(5,477)
Civic Centre	268,530	267,550	980	272,660	278,137	5,477
Invest to Save schemes	71,304	65,000	6,304	166,440	166,440	0
Infrastructure & Transactions	1,111,120	1,854,880	(743,760)	3,466,180	3,466,180	0
Business Systems	68,510	183,800	(115,290)	536,860	536,860	0
Social Care IT System	96,903	185,000	(88,097)	425,240	425,240	0
Planned Replacement Programme	945,708	1,486,080	(540,372)	2,504,080	2,504,080	0
Resources	26,286	20,000	6,286	24,970	24,970	0
Financial System	26,286	20,000	6,286	24,970	24,970	0
Corporate Items	0	0	0	1,905,000	1,900,000	(5,000)
Westminster Ccl Coroners Court	0	0	0	5,000	0	(5,000)
Housing Company	0	0	0	1,900,000	1,900,000	0
Community and Housing	645,478	672,700	(27,222)	1,057,490	957,490	(100,000)
Adult Social Care	3,349	4,000	(651)	5,000	5,000	0
Telehealth	3,349	4,000	(651)	5,000	5,000	0
Housing	568,535	570,000	(1,465)	927,160	827,160	(100,000)
Disabled Facilities Grant	568,535	570,000	(1,465)	927,160	827,160	(100,000)
Libraries	73,594	98,700	(25,106)	125,330	125,330	0
Library Enhancement Works	33,935	48,700	(14,765)	48,700	48,700	0
Libraries IT	39,659	50,000	(10,342)	76,630	76,630	0

Capital Budget Monitoring- December 2019

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2019/20	Full Year Variance
Children Schools & Families	6,842,945	7,045,858	(202,914)	9,062,400	9,051,670	(10,730)
Primary Schools	960,672	1,051,153	(90,482)	1,635,320	1,621,000	(14,320)
Hollymount	0	12,180	(12,180)	15,390	15,390	0
West Wimbledon	36,917	52,778	(15,861)	80,140	80,140	0
Hatfeild	35,884	39,653	(3,768)	86,050	86,050	0
Hillcross	168,588	174,555	(5,967)	227,740	227,750	10
Joseph Hood	36,460	31,350	5,110	45,210	45,210	0
Dundonald	(3,871)	0	(3,871)	0	0	0
Garfield	82,546	73,835	8,711	140,240	140,240	0
Merton Abbey	21,479	17,843	3,636	23,790	23,790	0
Pelham	67,618	76,418	(8,800)	77,430	68,978	(8,452)
Poplar	18,896	20,303	(1,406)	31,010	32,000	990
Wimbledon Chase	116,251	114,835	1,416	136,660	136,700	40
Wimbledon Park	0	1,800	(1,800)	0	0	0
Abbotsbury	32,067	53,655	(21,588)	184,540	184,540	0
Morden	(2,219)	3,970	(6,189)	0	0	0
Bond	107,640	98,950	8,689	120,600	121,200	600
Cranmer	12,980	10,073	2,908	33,880	34,150	270
Gorringe Park	10,970	7,500	3,470	83,970	83,970	0
Haslemere	30,464	31,130	(666)	36,540	36,540	0
Liberty	34,003	65,120	(31,117)	92,300	85,000	(7,300)
Links	64,651	66,360	(1,709)	68,980	69,000	20
St Marks	278	0	278	0	0	0
Lonesome	33,075	36,300	(3,226)	81,120	81,120	0
Sherwood	42,367	45,598	(3,231)	51,130	51,130	0
Stanford	(1,768)	0	(1,768)	0	0	0
William Morris	15,396	16,950	(1,554)	18,600	18,102	(498)

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

Capital Budget Monitoring- December 2019

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2019/20	Full Year Variance
Secondary School	1,623,472	1,661,358	(37,885)	1,813,640	1,806,670	(6,970)
Harris Academy Morden	0	0	0	0	0	0
Harris Academy Merton	1,550	4,570	(3,020)	35,720	35,720	0
Raynes Park	28,749	51,983	(23,234)	37,180	37,200	20
Ricards Lodge	29,991	31,440	(1,449)	38,490	38,490	0
Rutlish	222,659	226,165	(3,506)	251,540	244,550	(6,990)
Harris Academy Wimbledon	1,340,523	1,347,200	(6,677)	1,450,710	1,450,710	0
SEN	3,999,199	4,071,953	(72,753)	5,261,450	5,272,450	11,000
Perseid	(5,176)	51,210	(56,386)	94,490	94,490	0
Cricket Green	3,348,366	3,367,743	(19,376)	4,148,160	4,159,160	11,000
Melrose	8,900	7,000	1,900	57,000	57,000	0
Unlocated SEN	541,820	540,000	1,820	820,000	820,000	0
Melbury College - Smart Centre	105,289	106,000	(711)	141,800	141,800	0
CSF Schemes	259,602	261,395	(1,793)	351,990	351,550	(440)
CSF IT Schemes	(1,353)	440	(1,793)	440	0	(440)
Devolved Formula Capital	260,955	260,955	0	351,550	351,550	0

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

Capital Budget Monitoring- December 2019

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2019/20	Full Year Variance
Environment and Regeneration	5,856,118	6,496,501	(640,383)	9,676,240	9,620,259	(55,981)
Public Protection and Developm	48,190	66,800	(18,610)	66,800	66,800	0
CCTV Investment	0	10,340	(10,340)	10,340	10,340	0
Public Protection and Developm	48,190	56,460	(8,270)	56,460	56,460	0
Street Scene & Waste	656,193	669,660	(13,467)	814,300	778,325	(35,975)
Fleet Vehicles	37,685	37,660	25	53,660	37,685	(15,975)
Alley Gating Scheme	7,508	21,000	(13,492)	30,000	10,000	(20,000)
Waste SLWP	611,000	611,000	0	730,640	730,640	0
Sustainable Communities	5,151,734	5,760,041	(608,307)	8,795,140	8,775,134	(20,006)
Street Trees	20,340	20,000	340	60,000	60,000	0
Raynes Park Area Roads	0	0	0	26,110	26,110	0
Highways & Footways	2,816,158	2,899,290	(83,132)	4,655,650	4,655,650	0
Cycle Route Improvements	627,277	872,700	(245,423)	984,600	984,600	0
Mitcham Transport Improvements	561,714	576,590	(14,876)	931,590	931,590	0
Colliers Wood Area Regeneratio	0	0	0	15,000	15,000	0
Mitcham Area Regeneration	16,566	72,816	(56,250)	125,000	125,000	0
Wimbledon Area Regeneration	128,276	122,000	6,276	158,470	158,470	0
Morden Area Regeneration	0	0	0	0	0	0
Borough Regeneration	157,632	216,870	(59,238)	389,150	389,145	(5)
Morden Leisure Centre	259,133	341,400	(82,267)	365,000	345,000	(20,000)
Sports Facilities	360,229	420,000	(59,771)	570,000	570,000	(0)
Parks	204,408	218,375	(13,967)	514,570	514,569	(1)

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

Virement, Re-profiling and New Funding - December 2019

	2019/20 Budget	Virements	Funding Adjustments	Revised 2019/20 Budget	Narrative
	£	£		£	
<u>Children, Schools and Families</u>					
Hollymount - Capital Maintenance	16,240	(850)		15,390	Virement to match budget to expected outturn
West Wimbledon - Capital Maintenance	90,370	(10,230)		80,140	Virement to match budget to expected outturn
Hatfield - Capital Maintenance	80,000	6,050		86,050	Virement to match budget to expected outturn
Hillcross - Capital Maintenance	232,740	(5,000)		227,740	Virement to match budget to expected outturn
Joseph Hood - Capital Maintenance	21,800	3,410		25,210	Virement to match budget to expected outturn
Garfield - Capital Maintenance	126,780	13,460		140,240	Virement to match budget to expected outturn
Pelham - Capital Maintenance	85,890	(8,460)		77,430	Virement to match budget to expected outturn
Poplar - Capital Maintenance	27,070	3,940		31,010	Virement to match budget to expected outturn
Wimbledon Chase - Capital Maintenance	133,780	2,880		136,660	Virement to match budget to expected outturn
Wimbledon Park - Capital Maintenance	1,800	(1,800)		0	Virement to match budget to expected outturn
Morden - Capital Maintenance	3,970	(3,970)		0	Virement to match budget to expected outturn
Cranmer - Capital Maintenance	34,430	(550)		33,880	Virement to match budget to expected outturn
Haslemere - Capital Maintenance	36,840	(300)		36,540	Virement to match budget to expected outturn
Links - Capital Maintenance	49,480	(5,500)		43,980	Virement to match budget to expected outturn
Lonesome - Capital Maintenance	56,300	4,820		61,120	Virement to match budget to expected outturn
Raynes Park - Capital Maintenance	37,680	(500)		37,180	Virement to match budget to expected outturn
Ricards Lodge - Capital Maintenance	36,690	1,800		38,490	Virement to match budget to expected outturn
SMART - Capital Maintenance	121,000	800		121,800	Virement to match budget to expected outturn
<u>Environment and Regeneration</u>					
Highways and Footways - Safer Walking Routes	53,000		70,000	123,000	Additional TfL Funding
Total	1,245,860	0	70,000	1,315,860	

Capital Programme Funding Summary 2019/20

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Programme	18,184	8,691	26,875
<u>Environment and Regeneration</u>			
Highways & Footways - Safer Walking Routes	0	70	70
Proposed Capital Programme - Dec Monitoring	18,184	8,761	26,945

APPENDIX 6

Department	Target Savings 2019/20	Projected Savings 2019/20	Period 9 Forecast Shortfall	Period Forecast Shortfall (P8)	Period 8 Forecast Shortfall	2020/21 Expected Shortfall
	£000	£000	£000	%	£000	£000
Corporate Services	1,484	1,388	96	6.5%	83	35
Children Schools and Families	572	572	0	0.0%	0	0
Community and Housing	1,534	1,416	118	7.7%	118	0
Environment and Regeneration	3,370	2,097	1,273	37.8%	1,273	100
Total	6,960	5,473	1,487	21.4%	1,474	135

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 19-20

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Expected £000	Period 9 Shortfall forecast	19/20 RAG	2020/21 Savings Expected £000	2020/21 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/underspend? Y/N
Customers, Policy & Improvement											
CS2016 -05	Increase income through translations	15	15	0	G	15	0	A	Sean Cunniffe	20/21 will see the outsourcing of Translation Services so income streams will be removed as a result. Efficiencies will be made organisationally as a result of reduced administrative costs associated with maintaining the in-house service.	
CS2016 -07	Cash Collection Reduction	30	30	0	G	30	0	G	Sean Cunniffe		
2018-19 CS09	Reduction/rationalisation in running costs budgets across multiple budgets	35	35	0	G	35	0	G	Sean Cunniffe		
CS2016 -06	Merton Link - efficiency savings								Sean Cunniffe	Saving has been re-profiled to 20/21 as the efficiencies expected from the customer contact programme have not yet been realised. To offset this, a £30k saving on the Registrars service (2019-20 CS05) planned for 20/21 has been brought forward to 2019/20 (see below).	
2019-20 CS05	Registrars Reduction in staff	30	15	15	A	30	0	G	Sean Cunniffe	Saving brought forward from 20/21 to 19/20 to offset CS2016-06 reprofiled from 19/20 to 20/21. Staff reduction expected mid-year, with the shortfall being met from elsewhere in the division.	Y
Infrastructure & Technology											
CS2016-08	Potential income derived from letting two floors of vacant office space within the Civic Centre to external/partner organisations.	190	190	0	G	190	0	G	Edwin O'Donnell		
2018-19 CS01	Revenue saving associated with current MFD contract	150	150	0	G	150	0	G	Richard Warren		
2018-19 CS02	Reduction in the level of building repairs and maintenance undertaken on the corporate buildings	100	100	0	G	100	0	G	Edwin O'Donnell		
2018-19 CS04	Delete or full cost recovery of one post within FM	36	18	18	A	31	5	A	Edwin O'Donnell	Energy team restructure mid-year is in the process of being implemented. Only a part-year impact in 19/20.	Y
2018-19 CS14	M3 support to Richmond/Wandsworth	20	0	20	R	20	0	A	Clive Cooke	This is dependent on agreement with RSP, may be at risk if they don't migrate to M3 system.	Y
Corporate Governance											
CSREP 2019-20 (1)	Increase in income from Legal Services relating to S106, property and court fees	50	45	5	A	50	0	G	Fiona Thomsen	Reduced forecast on property related income, this is offset in year by underspends on LBM legal services expenditure	Y
CSREP 2019-20 (6)	Legal services - reduce employment and HR support by 50%	30	22	8	A	30	0	G	Fiona Thomsen	Underachievement offset by underspends elsewhere on legal support	Y
Resources											
CS2016-02	Restructure of HB section to roll out universal credit	66	66	0	G	66	0	G	David Keppler		
2018-19 CS05	Reduction in permanent staffing	30	0	30	R	0	30	R	Roger Kershaw	Saving to be replaced from 2020/21. For 19/20 the saving will be met by underspends elsewhere within the division.	Y
2018-19 CS10	Reduction in staffing	60	60	0	G	60	0	G	David Keppler		
2018-19 CS08	Increase in income from Enforcement Service	100	100	0	G	100	0	G	David Keppler		
2019-20 CS01	Amend discretionary rate relief policy	75	75	0	G	75	0	G	David Keppler		
CSREP 2019-20 (2)	Reduction in internal insurance fund contribution	250	250	0	G	250	0	G	Nemashe Sivayogan		
CSREP 2019-20 (3)	Increase in income from Enforcement service	50	50	0	G	50	0	G	David Keppler		

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 19-20

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Expected £000	Period 9 Shortfall forecast	19/20 RAG	2020/21 Savings Expected £000	2020/21 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/underspend? Y/N
	<u>Corporate</u>										
2019-20 CS12	Increase in Empty Homes Premium for long term empty properties	97	97	0	G	97	0	G	David Keppler		
CSREP 2019-20 (4)	Increase in investment income	30	30	0	G	30	0	G	Nemashe Sivayogan		
CSREP 2019-20 (5)	CHAS dividend	40	40	0	G	40	0	G	Ian McKinnon		
	Total Corporate Services Department Savings for 2019/20	1,484	1,388	96		1,449	35				

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2019-20

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Expected £000	Shortfall	2019/20 RAG	2020/21 Savings Expected £000	2020/21 Expected Shortfall £000	2020/21 RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Underspend? Y/N
SUSTAINABLE COMMUNITIES											
E4	Income from Merantun Development Limited for services provided to the company by LBM	100	95	5	A	100	0	G	James McGinlay		Y
ENV1819-05	Highways advertising income through re-procurement of the advertising contract for the public highway. New contract due to be in place by last quarter of 2019/20.	55	28	27	R	55	0	G	James McGinlay	New contract expected to commence in the final quarter of 2019/20, so full saving won't be achieved this financial year.	Y
PUBLIC PROTECTION											
ENR1	Further expansion of the shared service.	100	100	0	A	100	0	A	Cathryn James		N
E1	Investigate potential commercial opportunities to generate income from provision of business advice. This follows on from the expansion of the RSP to include Wandsworth from November 2017, and increased resilience.	60	0	60	R	60	0	A	Cathryn James	This saving is conditional on income being generated from chargeable business advice/consultancy. A new income generating Business Development team has been established as part of the Regulatory Services Partnership restructure, which will now look to deliver these savings. However, it is unlikely to be delivered this financial year.	Y
ENR4	Charge local business' for monitoring of their CCTV	100	0	100	R	0	100	R	Cathryn James	Alternative Saving presented Cabinet on 27th Jan 2020.	Y
ENV1819-03	The objective of the proposal is to support the delivery of key strategic council priorities including public health, air quality and sustainable transportation, in addition to managing parking, kerbside demand and congestion. Whilst implementation of the proposals will have the incident effect of generating additional revenue, it is difficult to assess the level of change in customer behaviour and any subsequent financial impact arising from the changes. This will be monitored after implementation and any resulting impacts will be considered during the future years' budget planning cycles. The above will be subject to the outcome of the consultation process in 2019.	1,900	950	950	R	1900	0	A	Cathryn James	The implementation date for the revised charges is still subject to committee approval. The original savings target was based on an October go live date. It is felt that a more prudent approach to the likely implementation date should be reflected in the savings targets.	Y
ALT2	Reduction of 2fte from the Parking establishment in administrative/processing roles as a result of the impending new permit system	57	57	0	G	57	0	G	Cathryn James		Y
ALT3	Reduction in the number of pay & display machines required.	14	3	11	R	14	0	G	Cathryn James		Y
PUBLIC SPACE											
ENR9	Increase level of Enforcement activities of internal team ensuring the operational service is cost neutral	200	200	0	A	200	0	A	John Bosley	This saving is currently being mitigated by the additional revenue delivered by the external enforcement contractor. (£140k) additional / alternative saving of c£60k needs to be agreed.	Y
E2	Thermal Treatment of wood waste from HRRC	30	0	30	R	30	0	G	John Bosley	Saving rejected by members due to impact on recycling rate and reputational damage. Thermal treatment of wood is no longer an option due to impact on carbon and the Council's commitment to be Carbon neutral. This saving will be replaced from 2020/21 by the underspend in residual waste disposal costs following the October 2018 service change.	Y
EV08	Increased recycling rate by 3% following education and communications activity funded by WCSS. This will be driven by the incentivisation and education programme due to commence in March 2014.	250	250	0	G	250	0	G	John Bosley		N
ALT4	Environmental Enforcement - Maintain a payment rate of 70% for all FPN issued.	54	54	0	G	54	0	G	John Bosley		Y
E5	Letting of remaining vacant facilities in Greenspaces	50	0	50	R	50	0	A	John Bosley		Y
E6	Increased tenancy income in Greenspaces	40	0	40	R	40	0	R	John Bosley	Alternative saving required	Y
ENR10	Two year extension of the GLL contract	300	300	0	G	300	0	G	John Bosley		N
ENV1819-01	Five year extension of the GLL contract	60	60	0	G	60	0	G	John Bosley		N
Total Environment and Regeneration Savings 2018/19		3,370	2,097	1,273		3,270	100				

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2019/20										22/01/2020	APPENDIX 6
Ref	Description of Saving	Period 8 Forecast Shortfall	Period Forecast Shortfall (P8)	Shortfall £000	RAG	2020/21 Savings Expected £000	2020/21 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R / A Included in Forecast Over/Unders pend? Y/N
Adult Social Care											
CH35/36/52	Housing Related Support:- The purpose of the project is to review existing service provision linked to original SP funding, identify gaps and utilise the data to inform a new set of contract specifications to support the re-procurement of services aligned with the Council's Community and Housing strategic priorities. The objective of the project is to deliver successful procurement of contracted services that demonstrate effective outcomes for service users, effective performance management framework and value for money services.	309	309	0	G	309	0	G	Steve Langley	Achieved	Y
CH39	Extra Care Contracts:- This reduced savings of £57k is targeted on contract efficiencies and non-statutory support hours; eligible social care needs will not be affected. Providers will seek alternative resources to provide this support. Service will ensure that new specification requires providers to seek other support for residents. Impact will be reviewed as part of each service users annual review.	57	57	0	G	57	0	G	John Morgan	Achieved	Y
CH55	Promoting Independence:- The aim of this proposal has been to support people to remain independent and well. To support them to achieve their desired outcomes by enabling them to remain in their own homes, close to their friends, families, support networks and local communities.	553	553	0	G	553	0	G	John Morgan	Achieved	Y
CH56	Home Care:- The aim of this proposal is to maximise the benefit of the new home care contract arrangements. The new arrangements were implemented from February 2018. With a year to get established, it is planned to start to transfer cases with legacy providers who are not on the new contract as either prime or back-up providers. Some of these contracts are at higher hourly rates, so the transfer will generate a saving with no reduction in care. New care providers will be required to use a care visit monitoring system, which should increase the reliability of care.	301	301	0	G	301	0	G	John Morgan	Achieved	Y
CH88	Home Care Monitoring System:- The aim of this proposal is to roll out a home care monitoring system for all home care providers to ensure that we can monitor the delivery of home care visits.	40	40	0	G	40	0	G	John Morgan	Achieved through Forum. The plan is to enrol all major home providers on to the home monitoring system and only seek variations for when there is a need to utilise specialist providers as required. This is due to the low volume of hours taken on by the specialist providers, they may only support one customer thus not economically viable to be enrolled on to home monitoring system.	Y
CH89	Older People Day Care Activities:- As less people are choosing to attend these formal day centre we currently having increasingly vacancies within these provisions which are not been utilised. The proposal seeks to assess and analyse the demand and supply of activity aimed at supporting older people to access community activity. This will objectively look at the supply of building based and non-building based activity, its utilisation and the limitations on providing what people expect and need within the current model. It is envisaged that this will include a rationalisation and reduction of the current level of building based 'day centre' activity. This is based on current demand statistics and will include consideration of the effect of 2018/19 reductions in contracted day centre services; which is covered in a separate EIA for that specific proposal.	236	118	118	R	236	0	G	Richard Ellis	Engagement with the new owner has established an agreed timeline that means that the majority of savings will not be achieved until the new year. The work is underway to ensure that delivery	Y
Subtotal Adult Social Care		1,496	1,378	118		1,496	0				
Library & Heritage Service											

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2019/20											
Ref	Description of Saving	Period 8 Forecast Shortfall	Period Forecast Shortfall (P8)	Shortfall £000	RAG	2020/21 Savings Expected £000	2020/21 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R / A Included in Forecast Over/Unders pend? Y/N
CH67	Merton Arts Space income	38	38	0	G	38	0	G	Anthony Hopkins	On track, rental income has increased above budget by £9.4k	Y
Total C & H Savings for 2019/20		1,534	1,416	118		1,534	0				

22/01/2020

APPENDIX 6

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

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Expected £000	Period 8 Forecast Shortfall	Period Forecast Shortfall (P8)	2020/21 Savings Expected £000	2020/21 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Undersp end? Y/N
	Education										
CSF2018-03	Review Early Years : raise income or cease some services in preparation for 2020 where we'd consider withdrawing from direct provision of a childcare offer.	49	49	0	G	49	0	G	Jane McSherry		
CSF2018-04	Review schools trade offer, raise charges or consider ceasing services from 2020.	30	30	0	G	30	0	G	Jane McSherry		
CSF2018-07	Reorganisation of Admissions, My Futures and School Improvement Teams and reduction in contribution to the MSCB (Safeguarding Partnership)	100	100	0	G	100	0	G	Jane McSherry		
CSF2018-11	Reduction of SENDIS early intervention service and reduction in spend associated with the introduction of the web based EHCP Hub	72	72	0	G	72	0	G	Jane McSherry		
	Children Social Care & Youth Inclusion										
CSF2018-01	Reduced costs/offer through the national centralised adoption initiative	30	30	0	G	30	0	G	El Mayhew		
CSF2018-02	Reorganisation of the Children with Disability (CWD), Fostering and Access to Resources (ART) teams and a review of the Common and Shared Assessment (CASA) service.	130	130	0	G	130	0	G	El Mayhew		
CSF2018-05	Delivery of preventative services through the Social Impact Bond	45	45	0	R	45	0	R	El Mayhew	We expect to achieve the savings target as numbers of LAC are stable. The overall service will still overspen however because UASC costs have increased over the past few years and the growth received was not sufficient to offset this pressure. Placements are reviewed on an on-going basis and detailed analysis to back up movement caseloads and placement costs reported to DMT.	Y
CSF2018-06	South London Family Drug and Alcohol Court commissioning	45	45	0	R	45	0	R	El Mayhew	We expect to achieve the savings target as numbers of LAC are stable. The overall service will still overspen however because UASC costs have increased over the past few years and the growth received was not sufficient to offset this pressure. Placements are reviewed on an on-going basis and detailed analysis to back up movement caseloads and placement costs reported to DMT.	Y
CSF2018-12	Further reduction in staffing at Bond Road. This will include a FGC post and a contact worker.	71	71	0	G	71	0	G	El Mayhew		
	Total Children, Schools and Families Department Savings for 2019/20	572	572	0		572	0				

APPENDIX 7

Department	Target Savings 2018/19	2018/19 Shortfall	2019/20 Projected shortfall	2020/21 Projected shortfall
	£000	£000	£000	£000
Corporate Services	2,024	505	395	120
Children Schools and Families	489	0	0	0
Community and Housing	2,198	442	0	0
Environment and Regeneration	926	523	172	97
Total	5,637	1,470	567	217

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 18-19

Ref	Description of Saving	2018/19 Savings Required £000	2018/19 Shortfall	18/19 RAG	2019/20 Expected Shortfall £000	19/20 RAG	2020/21 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments
	Infrastructure & transactions									
CS2015-10	FM - Energy invest to save	465	465	R	365	A	110	A	Richard Neal	The capital spend to achieve this was slipped and hence the saving was delayed with £100k expected in 19/20 and the balance in 20/21. In 19/20 the unachieved saving will be met from the Corporate Services reserve.
CSREP 2018-19 (13)	Business Improvement - Business Systems maintenance and support reduction	10	10	R	10	R	10	R	Clive Cooke	Saving to be reviewed during 19/20 to identify if this can be met or if a replacement saving is required.
CSREP 2018-19 (14)	M3 support to Richmond/Wandsworth	20	20	R	20	R	0	A	Clive Cooke	This is dependent on agreement with RSP, may be at risk if they don't migrate to M3 system.
	Corporate Governance									
CSD43	Share FOI and information governance policy with another Council	10	10	R					Karin Lane	Replacement saving identified. From 19/20 this saving will be replaced by a reduction to the Corporate Governance AD's budget
	Total Corporate Services Department Savings for 2018/19	505	505		395		120			

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2018-19

APPENDIX 7

Ref	Description of Saving	2018/19 Savings Required £000	2018/19 Savings Expected £000	Shortfall	18/19 RAG	2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	2020/21 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
SUSTAINABLE COMMUNITIES													
ENV20	D&BC: Increased income from building control services.	35	0	35	R	35	0	G	0	G	James McGinlay	Based on the P5 forecast, the income targets are now being achieved.	N
PUBLIC PROTECTION													
ENV07	Parking: Reduction in supplies & services/third party payment budgets.	60	13	47	R	13	47	R	47	R	Cathryn James	Alternative saving being presented to Cabinet	Y
ENV08	Regulatory Services: Funding of EH FTE by public health subsidy. As agreed between DPH and Head of PP.	40	0	40	R						Cathryn James	Alternative saving has been agreed for 2019/20.	Y
ENV09	Regulatory Services: Investigate potential commercial opportunities to generate income	50	0	50	R	50	0	A	0	A	Cathryn James	This saving is conditional on income being generated from chargeable business advice/consultancy. A new income generating Business Development team has been established as part of the Regulatory Services Partnership restructure, which will now look to deliver these savings.	Y
ENR2	Parking & CCTV: Pay & Display Bays (On and off street)	44	0	44	R	44	0	G	0	G	Cathryn James		Y
ENR3	Parking & CCTV: Increase the cost of existing Town Centre Season Tickets in Morden, Mitcham and Wimbledon.	17	0	17	R	17	0	G	0	G	Cathryn James	Saving is being delayed as it will now form part of the wider discussion on parking charges.	Y
ALT1	Parking: The further development of the emissions based charging policy by way of increased charges applicable to resident/business permits as a means of continuing to tackle the significant and ongoing issue of poor air quality in the borough.	440	390	50	R	440	0	G	0	G	Cathryn James		N
PUBLIC SPACE													
ENV32	Transport: Review of Business Support requirements	30	0	30	R						John Bosley	Alternative saving has been agreed and implemented for 2019/20.	Y
ENR6	Waste: Wider Department restructure in Waste Services	200	0	200	R	75	125	R	50	A	John Bosley	This was not delivered in 2018. Review of the current wider Public Space structure is being assessed and business needs along with resource gap being identified. Scheduled. The restructure is now scheduled for the first quarter 2020/21	Y
ENR7	Transport Services: Shared Fleet services function with LB Sutton	10	0	10	R						John Bosley	Alternative saving has been agreed and implemented for 2019/20.	Y
Total Environment and Regeneration Savings 2018/19		926	403	523		674	172		97				

Updated 22/01/2020											APPENDIX 7
DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2018/19											
Ref	Description of Saving	2018/19 Savings Required £000	Shortfall £000	RAG	2019/20 Savings Expected £000	2019/20 Expected Shortfall £000	19/20 RAG	2020/21 Expected Shortfall £000	19/20 RAG	Responsible Officer	Comments
	Adult Social Care										
CH73	A review of management and staffing levels of the AMH team in line with the reductions carried out in the rest of ASC.	100	23	R	100	0	G	0	G	Richard Ellis	Balance deferred to 2019/20
CH36	Single homeless contracts (YMCA, Spear, Grenfell) - Reduce funding for contracts within the Supporting People area which support single homeless people -Reduced support available for single homeless people - both in terms of the numbers we could support and the range of support we could provide. In turn this would reduce their housing options. (CH36)	38	38	R	38	0	G	0	G	Steve Langley	£38k deferred to 2019/20
CH71	Transport: moving commissioned taxis to direct payments. Service users can purchase taxi journeys more cheaply than the council.	50	50	R	50	0	R	0	G	Phil Howell	Deferred to 2020/21.
CH73	Reviewing transport arrangements for in-house units, linking transport more directly to the provision and removing from the transport pool.	100	100	R	100	0	R	0	G	Richard Ellis	£100k deferred to 2020/21. Part of the Transport review which is about to commence
CH74	The implementation of the MOSAIC social care system has identified the scope to improve the identification of service users who should contribute to the costs of their care and assess them sooner, thus increasing client income. Assessed as a 3% improvement less cost of additional staffing	231	231	R	231	0	G	0	G	Richard Ellis	Team resources have increased and this has enabled to team to catch up on reviews and nil payers, which has netted more then £200k in additional income
	Total C & H Savings for 2018/19	519	442		519	0		0			

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

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

There were no red savings for CSF

APPENDIX 8

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

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

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

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 17-18

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

Updated 22/01/20

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2017/18

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

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2017-18

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

Appendix 9

Subject: Miscellaneous Debt Update December 2019

1. LATEST ARREARS POSITION – MERTON'S AGED DEBTORS REPORT

- 1.1 A breakdown of departmental net miscellaneous debt arrears, as at 31 December 2019, is shown in column F of the table below.
- 1.2 Please note that on the 6 February 2017 the new financial computer system E5 went live and this included the raising and collection of invoices and the debt recovery system.

Sundry Debtors aged balance – 31 December 2019 – not including debt that is less than 30 days old (Please note the new system reports debt up to 30 days whereas previously we reported up to 39 days)

Department a	30 days to 6 months b	6 months to 1 year c	1 to 2 years d	Over 2 years e	Dec 19 arrears f	Sept 19 arrears f	Direction of travel
	£	£	£	£	£	£	
Env & Regeneration	1,044,767	382,460	566,489	329,260	2,322,975	2,807,729	↓
Corporate Services	324,475	65,306	34,025	136,960	560,766	812,108	↓
Housing Benefits	563,573	348,239	1,311,656	2,778,036	5,001,504	4,946,888	↑
Children, Schools & Families	262,229	176,483	134,620	359,126	932,458	1,365,871	↓
Community & Housing	855,255	802,728	1,449,831	2,099,125	5,206,939	5,009,288	↑
Chief Executive's					-	-	-
CHAS 2013	9,302	11,533	1,745	10,206	32,786	33,837	↓
Total	3,059,602	1,786,749	3,498,365	5,712,713	14,057,428	14,975,720	↓

- 1.3 Since the position was last reported on 30 September 2019, the net level of arrears, i.e. invoices over 30 days old, has decreased by £918,292.
- 1.4 Since last reported at the end of September Community and Housing debt has increased by £197,651 the majority relates to increase in Adult Social Care debt over 30 day (detailed below in this report). Housing benefit debt has increased by £55,000 (detailed below in this report).

- 1.5 Actions being taken to collect housing benefit overpayments and Adult Social Care debt are detailed below in the report.

2 THE PROCESS FOR COLLECTION OF MISCELLANEOUS DEBT

- 2.1 In considering the current levels of debt, it is important to outline the general process Merton currently has in place to collect its arrears. In general terms the process has 5 stages, as detailed below, although processes employed vary by debt type. It is important to note that most debtors can not pay their outstanding liabilities other than by payment arrangements. Once a payment arrangement has been made it can not be changed without the debtors consent.

The process for collecting debt

Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
Invoice issued to debtor with 30 days allowed for payment.	After 30 days and following two requests for payment, a final warning notice is issued and the case passed to the Debt Recovery team.	The debt and debtor is evaluated to ensure the most effective recovery action is taken. This will include contacting debtors' direct and collecting payment or agreeing repayment plans and passing the debt to SLLP, external solicitors, collection agents to collect on our behalf, bankruptcy proceedings, attachment to benefit etc.	If the debt remains unpaid then County Court action is taken by the Debt Recovery team's solicitor who administers this process.	The final stage is consideration of the debt for write-off if all other attempts to collect the debt have failed.

3. ACTION BEING TAKEN TO COLLECT OUTSTANDING DEBT

3.1 Adult Social Care Debt

- 3.2 One of the two largest debts owed to the council is for Adult Social Care debt and the current level of this debt is £4.693 million, an increase of £325,000 since last reported in September 2019.
- 3.3 Over the past few year's council staff have been working closely and following new processes to manage this debt. This work involves regular joint meetings between the financial assessments, social services, client financial affairs and debt recovery teams to review the debts of individual clients and establish action plans for each one.
- 3.4 These actions include, but are not limited to: early intervention from social workers to prevent debts from getting out of control and to ensure that clients are supported earlier to get their finances in order;

as part of their induction all new Social Workers spend time with the Financial Assessment Team, to understand how financial assessments are carried out; social workers also check to see if there any safeguarding issues around non-payment of bills and work very closely with the Welfare Benefits Officer; there is more use of credit checks and land registry checks when assessing/investigating debt issues; increased involvement from the client financial affairs team to take appointeeship for those without capacity or appropriate deputyship; Increased identification of cases where we will consider legal action to secure the debt and generally to share information and support each other in the collection and prevention of this debt. New deferred payment arrangements are excluded from the debt position as the cases are managed separately within Community and Housing. Although the debt has grown the actions being taken are mitigating the impact.

- 3.5 A new working group chaired by the Director of Community and Housing has been set up to monitor Community Care debt and to work across departments to improve processes and ensure best practice is in place to maximise collection of debts at all stages.
- 3.6 The Financial Assessments team have been reviewing their clients to ensure that the assessments are accurate and correct. They have reviewed over 600 clients who had previously been assessed as not contributing but now, due to change of their circumstances they have started to charge 137 of these with contributions. The team have also helped these clients claim additional benefits which has resulted in these reassessments
- 3.7 The team have also reviewed clients that have been previously fully costed and in particular where the assessment was made due to the client or their representative not engaging with the process. This will include contacting family members and ensuring all benefits are being claimed by clients.
- 3.8 These projects are time consuming and have required additional resource but will ensure, where possible, clients are making the correct contribution at an earlier stage towards their care, which should reduce large bills coming through at a later stage. It will also ensure that clients are claiming correct benefits and will reduce the council's funding.
- 3.9 For the period 1 October 2019 to 31 December 2019 the council raised invoices for £2,029,000 for Adult Social care clients. As at 18 January 2020 there is still £645,000 or 32% unpaid.
- 3.10 An initiative was commenced in April 2019 to issue communication with all non direct debit payer invoices encourage the take up of direct debit payment method. In April we issued 471 non direct debit emails and managed to increase take up by 62 accounts signing up for direct debit. This exercise was repeated in October.

- 3.11 A further 42 clients signed up for payment by direct debit in October/November 2019. The overall percentage of clients now paying by direct debit is 45.2% (347 out of 767).
- 3.12 In February 2018 agreement was reached with a specialist Adult Social Care debt collection company to collect some of our larger debts and debts for deceased debtors for a one year trial. As at the 30 September 2019 we had passed 34 cases totalling £1.8 million. Of these cases 8 totalling £238,000 were returned as uncollectable after investigations. Another 6 cases totalling £291,000 were paid in full.
- 3.13 As at the end of December 2019 a further £32,000 has been collected. They currently have 18 live cases and they have identified 8 (£416,000) as 70% to 100% prospect of payment, 9 (£741,000) as 50% to 69% prospect of collection, 1 (£73,000) less than 50% prospect of collection. Of the debt outstanding they have indicated that £803,000 could be paid within six months. The team will monitor progress against these time estimates.
- 3.14 Agreement was reached for the Shared Legal Service to undertake legal work for an initial trial period of six months for all debts and this commenced in July 2019. Currently they have 10 cases with a total value of £172,000. Progress has been made on all cases and action commenced, including some legal proceedings. One case where £14,500 of a £16,400 has been paid and another one where £8,000 is due by the end of January 2020.
- 3.15 Cases for all debts types are still being passed to the Shared Legal Service and quarterly progress meetings take place to review processes and collection.
- 3.16 Housing Benefit Overpayments
- 3.17 The largest area of debt owed to the council is for housing benefit overpayments with the total level of debt being £7.653 million, which is a reduction of £170,000 since last reported at the end of September 2019.
- 3.18 The Department of Work and Pensions commenced a "Real Time" Information initiative at the end of September 2014 which was aimed at ensuring that earnings and pensions data within the housing benefit system matched that held by HMRC. At the same time they also commenced another initiative to identify fraud and error.
- 3.19 The DWP have provided additional funding to the council to undertake this work and up until March 2017 granted additional income based on targets met.

- 3.20 The Real Time information initiative continued throughout 2018/19 and will again run in 2019/20 under Verification of Earnings and Pension (VEP) initiative. The council receives notifications every week for cases where the DWP suggests we check earnings details using the real time information.
- 3.21 Since the start of the Real Time information initiative over £5.4 million of overpayments have been identified. Where possible these overpayments are being recovered from on-going benefit payments. We are entitled to deduct between £10.95 and £23.35 per week from on-going housing benefit dependant on circumstances. Where the change has resulted in housing benefit being cancelled or nil entitlement we can contact the claimants employer and are paid a percentage deduction of their salary each month.
- 3.22 Although the overall housing benefit debt has increased over the years there has also been an increase in the amount of debt either being recovered from on-going benefit or on arrangements, with £2.6 million being recovered from on going benefit by reducing current housing benefit payments. Just over £5.6 million is on a payment arrangement or recovery from on going benefit
- 3.23 The table below shows breakdown of all housing benefit overpayments by recovery action.

Total Housing Benefit Debt by recovery action from March 2018 to December 2019 by quarter

Recovery Stage	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19
Invoice and Reminder stage	340,008	312,186	347,861	407,687	151,889	152,121	257,883	88,857
On-going recovery	3,032,656	2,775,552	2,618,115	2,477,390	2,550,198	2,622,894	2,349,142	2,178,844
Payment Arrangements	2,647,525	2,826,435	3,012,437	3,249,997	3,256,461	3,044,975	3,036,016	3,046,935
No Arrangements secured	2,427,693	2,384,329	2,216,787	1,912,306	1,967,960	2,073,063	2,180,600	2,338,903
Total HB Debt	8,447,882	8,298,502	8,195,200	8,047,380	7,926,508	7,893,053	7,823,641	7,653,539

- 3.24 We have continued to review and target all housing benefit debt. We have tried to improve the procedures at the beginning of the process

when a debt is first identified by ensuring that invoices are raised as soon as possible to give the best chance of recovery, we are targeting debtors who are now in work and we will be applying to recover the overpayments from their employers and we are looking at the oldest debts to consider if they are still collectable. However, it should be noted that a lot of the housing benefit debt is very difficult to recover as the Council's powers of recovery are very limited unless the debtor works or owns their own property.

3.25 We commenced another DWP initiative to assist with the collection of unpaid overpayments. On a monthly basis we provide a list of debts to the DWP who will compare it to HMRC data and highlight where customers are now working so that we can apply for an attachment to their earnings. This commenced in May 2018 and since then we have applied for in excess of 291 new attachment to earnings. We currently have £721,000 set to recover by this method. We have also been provided with up to date contact details of debtors which has enabled us to make contact and secure further payment arrangements and payments.

3.26 The table below shows the value of housing benefit overpayments created and collected by year in millions.

Year	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Overpayments raised	4.67	4.56	3.66	3.74	3.10	2.14
Overpayments collected	2.22	2.88	2.75	2.92	3.00	1.95
Recovered from ongoing benefit	1.33	1.69	1.64	1.74	1.40	1.02

3.27 It should be noted that in 2018/19 collection was higher than in previous years. The amount recovered from ongoing benefit is included in the overpayments collected and does not necessarily tie back to the year the overpayment was raised.

3.28 It has previously been reported that a new initiative with an external company to review and try to collect housing benefit overpayments that have been written off by the council over the past five years had been explored. This commenced in May 2019 with the company reviewing approximately £1.9 million (1,469 cases) of previously written off debt.

3.29 By the end of December 2019 the company reported that they had issued letters to 519 accounts, had applied for 389 attachment to earnings, set up 50 payment arrangements and received just over £108,000 in payments.

3.30 They had assigned three full time officers to the initiative and have obtained information on accounts from the DWP as detailed in 3.24 above.

3.31 A further update of this initiative will be provided in the March 2020 report.

3.32 Debt Written Off

3.33 The table below shows the amount of debt written off in accordance with financial regulations and scheme of management for the period 2014/15 to 2018/19 plus for this year.

Debt written off since 2014/15 to date by debt type

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20			2019/20
	Total	Total	Total	Total	Total	Quarter 1	Quarter 2	Quarter 3	Total
Debt type									
Sundry Debt	£347,726	£581,419	£129,338	£443,317	£572,301	£0	£99,584	£0	£99,584
Housing benefit overpayment	£1,050,105	£510,352	£517,467	£512,379	£364,549	£28,901	£94,136	£97,691	£220,728
Council Tax	£526,881	£951,280	£623,486	£804,987	£424,936	£101,495	£73,290	£0	£174,785
Business Rates	£790,373	£659,514	£567,908	£378,155	£367,299	£0	£0	£315,523	£315,523
Total	£2,715,085	£2,702,565	£1,838,199	£2,138,838	£1,729,085	£130,396	£267,010	£413,214	£810,620

3.34 Of the business rates debt written off a large proportion relates to debts owed by businesses that went into liquidation. From 2014/15 to 2018/19 £2.761 million of business rates debt was written off and £1.5 million (54%) related to businesses that went into liquidation. Of the £315,000 written off in 2019/20 £261,000 relates to businesses that went into liquidation.

3.35 Although the debt written off within any of the years does not relate to one specific year it should be noted that in 2018/19 the council was collecting a net debt of £111.5 million in council tax (this includes the GLA portion), a net debt of £94.3 million in business rates (this includes Business Rates Supplement) and approximately over £83 million raised through sundry debts.

3.36 Every effort is made to collect all outstanding debts and debts are only written off as a last resort. The council is still collecting some council tax debts that are greater than 6 years old or will have secured the debts against properties where possible.

4. **SUNDRY DEBT COLLECTED**

4.1 Based on previous years performance (2013/14 to 2015/16) an average of £56 million invoices were raised each year and 97.9%

collected. This data is based at 31 December 2016 prior to the implementation of E5.

- 4.2 Active recovery action continues to be undertaken on all outstanding debts. Some of the debt owed for previous years would be secured against a charge on the property or deferred payment arrangement.

5. PROVISION FOR BAD AND DOUBTFUL DEBTS

- 5.1 Provision has been made in the 2018/19 accounts for writing off bad and doubtful debts held within the ASH, E5 and Housing benefits systems. These provisions are £3.442m for Accounts Receivable (including former ASH) miscellaneous debt and £5,890m for debt held in the Housing Benefits system, making a total General Fund provision for bad and doubtful debts of £9,332m. Clearly, every attempt is made to collect debts before write-off is considered. The current level of General Fund provision is analysed in the table below.
- 5.2 The Council adheres to the principles of the SORP when calculating its provisions. Merton's methodology is to provide on the basis of expected non collection using estimated collection rates for individual departmental debt which take account of the age of the debt.

Provision for Bad and Doubtful Debts

Department	Total Provision	
	At 31/03/2018	At 31/03/2019
	£000's	£000's
Env & Regeneration	608	701
Corporate Services	171	119
Housing Benefits	6504	5890
Children, Schools & Families	413	426
Community & Housing	2249	2196
Total	9945	9332

6. TOTAL DEBT DUE TO MERTON

The total amount due to Merton as at 31 December 2019 is detailed in the table below.

Total debt outstanding as at 31 December 2019 and compared with previous periods over the past 15 months

	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19
	£	£	£	£	£	£
Miscellaneous sundry debt Note 1	13,492,395	14,496,116	17,532,710	16,803,235	16,459,168	12,584,544
Housing Benefit debt	8,195,200	8,047,380	7,926,508	7,893,055	7,823,641	7,653,539
Parking Services	4,352,661	4,658,685	4,508,378	4,535,378	3,848,876	4,183,930
Council Tax Note 2	6,587,840	6,127,652	8,157,533	7,215,847	6,825,605	6,496,094
Business Rates Note 3	2,099,948	1,822,228	2,979,843	2,586,876	2,474,270	1,941,014
Total	34,728,044	35,152,061	41,104,972	39,034,391	37,431,560	32,859,121

Note 1 The amount shown against miscellaneous sundry debt above differs from the amount shown in table 1 as it shows all debt, including debt which is less than 30 days old and table 1 only includes debt over 30 days old and also includes housing benefit overpayments which is shown separate in the table above.

Note 2 Council tax debt now includes unpaid council tax for 2018/19 in March 19 figures hence the increase.

Note 3 Business rates debt now includes unpaid business rates for 2018/19 in March 19 figure hence the increase.

- 6.1 The overall debt outstanding has reduced by £4,572,439 since last reported at the end of September 2019. The majority relates to sundry debt or which £3.5 million is debt under 30 days.
- 6.2 All debts have reduced since last reported at the end of September 2019 with the exception of parking debts which increased by just over £300,000.
- 6.3 A more relevant comparison is between December 2018 and December 2019. The changes in outstanding debt are as follows
- Overall £2,292,940 decrease
Sundry debt £1,911,000 decrease
Housing Benefit £394,000 decrease
Council Tax £368,000 increase
Parking £475,000 decrease
Business Rates £119,000 increase
- 6.4 Detailed breakdowns of the Council Car Parking figures are shown in the table below:

Car Parking Aged Debtors – 31 December 2019

Age of Debt	Outstanding £	Number of PCNs	Average Value £
0-3 months	£1,249,643	12,399	£101
3-6 months	£753,931	4,650	£158
6-9 months	£474,232	2,656	£178
9-12 months	£429,538	2,417	£178
12-15 months	£458,426	2,533	£181
Older than 15 months	£836,160	4,650	£180
Total	£4,183,930	29,305	£143

Total September 2019 £3,848,915 26,568

Increase/-decrease £335,015+ 2,737+

APPENDIX AUTHOR - David Keppler (020 8545 3727/david.keppler@merton.gov.uk)

Date of meeting: 5 March 2020		Appendix 10
Title of report:	Establishment Control and Vacancy reporting – 3rd Quarter 2019/20	
Lead Director:	Caroline Holland	
Lead Officer:	Liz Hammond	
To which strategic theme(s) does this item relate?	Sustainable communities	
	Safer & Stronger communities	
	Healthier Communities	
	Older People	
	Children & Young People	
	Corporate Capacity	Yes
Is this item for:	Information only?	
	Discussion?	Yes
	Decision?	
If this report is for decision, please list the recommendations that you are making to CMT	1.	
	2.	
	3.	
	4.	
	5.	
Is this report intended to...	Come back to CMT?	No
	Go to Leader's Policy Group?	No

Committee: Financial monitoring scrutiny task group

Date: 5 March 2020

Agenda item:

Wards:

Subject: Establishment Control and Vacancy reporting – 3rd Quarter 2019/20

Lead officer: Liz Hammond – interim HR lead

Lead member: Councillor Mark Allison

Contact officer: Liz Hammond ext 3152

Recommendations:

A. To note the contents of this report

1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1. The last report to this committee reported data as at Q2 2019/20 – data as at 30 September 2019.
- 1.2. This report provides data as at 3rd quarter 2019/20 (data as at 31 December 2019). Subject to timing of committee dates updates are provided quarterly, tied to the financial quarters of 30 June, 30 September, 31 December and 31 March.
- 1.3. The data reflects further work to align iTrent agency workers and interims with the established posts they are covering.
- 1.4. A mechanism is in place to convert agency workers to Employees, subject to safeguards to ensure there is no conflict of interest and that named individuals are not hired via agency on an interim basis and then offered direct employment with no competitive selection.

2 DETAILS

- 2.1. Appendix 10A shows the position as at 31 December 2019. The appendices show vacancies not filled by direct employees, and vacancies not filled by either a direct employee or an agency worker/consultant. The size of establishment is measured in terms of authorised Full Time Equivalents, rather than numbers of posts, and therefore the appendix totals FTEs for budgeted posts, employees, agency workers and vacancies.
- 2.2. The budgeted FTEs at time of revenue budget setting are shown alongside the actual FTE establishment, based on iTrent data and managed through the Establishment Control process. The two figures will vary due, for example, to in-year changes and reorganisations, and due to external funding of posts (as in the case of Regulatory Services, where some

posts are funded by Wandsworth) and posts funded from capital or grants.

- 2.3. Further work has been undertaken to ensure the accuracy of the data including close liaison with Heads of Service to review the detailed establishment for their areas.
- 2.4. The establishment can vary for a number of reasons, including planned budget changes, TUPE transfers in and out of groups of employees, and in-year adjustments due to reorganisations.
- 2.5. Apprentice data has been excluded as in many cases they are at present centrally funded on a case by case basis and do not form part of the formal establishment.
- 2.6. The base data behind these statistics is circulated to DMT officers on a monthly basis so that they are up to date on the current establishment and vacancy position, and have the opportunity to address any errors or corrections. Subject to the timing of committee dates it is intended to provide a quarterly update, tied to the financial quarters of 30 June, 30 September, 31 December and 31 March.
- 2.7. HR provides information to Standards and General Purposes Committee on agency and interim usage.
- 2.8. HR has strategies in place to address recruitment to hard to fill roles, in order to reduce dependency on agency staff. There will be situations where certain specialist roles can only be covered by agency, and shorter term usage of agency to cover vacancies during periods of planned organisational change.
- 2.9. A Temp to Perm mechanism is in place whereby agency workers or interims can be converted to direct employment, subject to safeguards to ensure there is no conflict of interest and that named individuals are not hired via agency or an interim basis and then offered direct employment with no competitive selection. Appointment to senior roles which require member-level involvement will continue to be dealt with in the normal way. The aim is to encourage agency workers, particularly those in hard to fill roles, to become Employees. Any such conversions will only be to posts that have been subject to full establishment control processes.

3 ALTERNATIVE OPTIONS

Without accurate establishment data, the Authority cannot appropriately plan for the future service or workforce needs. There is also a need to be able to report on unfilled substantive posts, and to monitor and control the use of agency workers to cover unfilled vacancies.

4 CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1. Merton Improvement Board and the Workforce Strategy Board are kept up to date on work to refine the technical establishment and ensure robust establishment controls remain in place.

5 TIMETABLE

- 5.1. Subject to the timing of committee dates updates are provided to this committee quarterly, based on data as at 31st March, 30th June, 30th September and 31st December each year. Heads of Service receive a monthly update of establishment details in their area so that they can address any corrections required.

6 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1. Employees account for 25% of the gross General Fund spend in the authority. Having an accurate establishment helps managers plan their service and financial implications.
- 6.2. As a result of the earlier technical establishment exercise and ongoing establishment controls, each post will be linked to appropriate budgetary provision.

7 LEGAL AND STATUTORY IMPLICATIONS

- 7.1. There are no specific legal implications arising from this report.

8 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1. There are no specific human rights, equalities or community cohesion implications arising from this report.

9 CRIME AND DISORDER IMPLICATIONS

- 9.1. There are no crime disorder implications arising from this report.

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

- 10.1. There are no specific risk or health and safety issues arising from this report.

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

- Appendix 10A – establishment analysis including FTE agency workers and vacancies as at 31 December 2019

12 BACKGROUND PAPERS

12.1 Previous quarterly reports to Financial Management Task Group

Column	Explanatory Notes
	<p>The tables have been simplified to focus on FTE establishment, FTE employees and agency workers and FTE vacancies - with the aim of making them easier to read and understand.</p> <p>The data excludes Schools and Apprentices</p>
Budgeted FTE Establishment	The total budget FTE
FTE Employees	Total FTE employees
Vacancies: Budgeted FTE less FTE Employees	Budgeted FTE less FTE employees, i.e. the vacancies before accounting for agency workers
FTE vacancies covered by agency workers	Total FTE agency workers
Unfilled vacancies	Total FTE vacancies not filled by an employee or covered by an agency worker

OVERALL SUMMARY

APPENDIX A VACANCY DATA FOR MERTON - as at 31st December 2019

As at 31 December 2019

Department	Original Budget FTE	Budget FTE Variance	iTrent FTE Establishment	FTE Employees	Vacancies: iTrent Estab FTE less FTE Employees	FTE vacancies covered by agency workers	Unfilled vacancies
Corporate Services	489.82	31.41	521.23	432.56	88.67	62.99	25.68
Children Schools and Families	514.78	46.92	565.70	438.34	127.36	47.50	79.86
Community and Housing	436.67	8.13	444.80	353.93	90.87	41.00	49.87
Environment and Regeneration	373.21	84.68	457.89	327.00	130.89	67.00	63.89
Total	1814.48	171.14	1989.62	1551.83	437.79	218.49	219.30

As at 30 September 2019

Department	Original Budget FTE	Budget FTE Variance	iTrent FTE Establishment	FTE Employees	Vacancies: iTrent Estab FTE less FTE Employees	FTE vacancies covered by agency workers	Unfilled vacancies
Corporate Services	489.82	30.21	520.03	428.58	91.45	57.99	33.46
Children Schools and Families	514.78	44.69	563.47	437.57	125.90	48.30	77.60
Community and Housing	436.67	3.14	439.81	356.48	83.33	41.00	42.33
Environment and Regeneration	373.21	80.30	453.51	334.19	119.32	60.89	58.43
Total	1814.48	158.34	1976.82	1556.82	420.00	208.18	211.82

As at 30 June 2019

Department	Original Budget FTE	Budget FTE Variance	iTrent FTE Establishment	FTE Employees	Vacancies: iTrent Estab FTE less FTE Employees	FTE vacancies covered by agency workers	Unfilled vacancies
Corporate Services	489.82	25.22	515.04	422.65	92.39	50.99	41.40
Children Schools and Families	514.78	49.78	565.56	445.19	120.37	51.93	68.44
Community and Housing	436.67	-4.26	432.41	351.34	81.07	32.00	49.07
Environment and Regeneration	373.21	77.36	450.57	328.72	121.85	59.00	62.85
Total	1814.48	148.10	1963.58	1547.90	415.68	193.92	221.76

As at 31st March 2019

Department	Original Budget FTE	Budget FTE Variance	iTrent FTE Establishment	FTE Employees	Vacancies: iTrent Estab FTE less FTE Employees	FTE vacancies covered by agency workers	Unfilled vacancies
Corporate Services	503.41	19.53	522.94	437.49	85.45	58.59	26.86
Children Schools and Families	526.03	42.91	568.94	451.57	117.37	64.93	52.44
Community and Housing	421.38	8.53	429.91	348.34	81.57	36.60	44.97
Environment and Regeneration	306.31	134.76	441.07	329.71	111.36	56.19	55.17
Total	1757.13	205.73	1962.86	1567.11	395.75	216.31	179.44

As at 31st December 2018

Department	Original Budget FTE	Budget FTE Variance	iTrent FTE Establishment	FTE Employees	Vacancies: iTrent Estab FTE less FTE Employees	FTE vacancies covered by agency workers	Unfilled vacancies
Corporate Services	503.41	16.53	519.94	437.23	82.71	54.29	28.42
Children Schools and Families	526.03	41.42	567.45	461.28	106.17	60.60	45.57
Community and Housing	421.38	8.57	429.95	342.38	87.57	36.60	50.97
Environment and Regeneration	306.31	134.34	440.65	330.95	109.70	53.79	55.91
Total	1757.13	200.86	1957.99	1571.84	386.15	205.28	180.87

As at 30th September 2018

Department	Original Budget FTE	Budget FTE Variance	iTrent FTE Establishment	FTE Employees	Vacancies: iTrent Estab FTE less FTE Employees	FTE vacancies covered by agency workers	Unfilled vacancies
Corporate Services	503.41	19.35	522.76	433.98	88.78	56.69	32.09
Children Schools and Families	526.03	41.62	567.65	459.43	108.22	65.20	43.02
Community and Housing	421.38	4.71	426.09	340.64	85.45	28.60	56.85
Environment and Regeneration	306.31	139.24	445.55	329.88	115.67	54.60	61.07
Total	1757.13	204.92	1962.05	1563.93	398.12	205.09	193.03

As at 30th June 2018

Department	Original Budget FTE	Budget FTE Variance	iTrent FTE Establishment	FTE Employees	Vacancies: iTrent Estab FTE less FTE Employees	FTE vacancies covered by agency workers	Unfilled vacancies
Corporate Services	503.41	18.63	522.04	427.73	94.31	59.29	35.02
Children Schools and Families	526.03	37.06	563.09	457.95	105.14	67.40	37.74
Community and Housing	421.38	-1.39	419.99	343.01	76.98	23.60	53.38
Environment and Regeneration	306.31	131.74	438.05	330.73	107.32	56.17	51.15
Total	1757.13	186.04	1943.17	1559.42	383.75	206.46	177.29

Department / Team	Sub Team (if any)	Original Budget FTE	Budget FTE Variance	iTrent FTE Establishment	FTE Employees	Vacancies: iTrent Estab FTE less FTE Employees	FTE vacancies covered by agency workers	Unfilled vacancies
Chief Exec - Management		2	0.00	2.00	2.00	0.00	0.00	0.00
Chief Exec - Management Total		2.00	0.00	2.00	2.00	0.00	0.00	0.00
Corporate Governance								
Democracy Services		13.70	0.00	13.70	13.64	0.06	0.00	0.06
Electoral Services		4.50	0.08	4.58	4.00	0.58	1.00	-0.42
Information		10.73	0.00	10.73	9.87	0.86	0.00	0.86
South London Legal Partnership		110.50	4.14	114.64	83.65	30.99	31.99	-1.00
Management		1.00	0.00	1.00	1.00	0.00	0.00	0.00
Corporate Governance Total		140.43	4.22	144.65	112.16	32.49	32.99	-0.50
Customers, Policy and Improvement								
Continuous Improvement		4.00	1.00	5.00	4.00	1.00	0.00	1.00
Customer Contact & Communication	Communications	6.50	0.80	7.30	6.30	1.00	0.00	1.00
	Customer Contact	28.48	5.85	34.33	24.99	9.34	7.00	2.34
		1.00	0.00	1.00	0.00	1.00	0.00	1.00
Customer Contact Programme		0.00	3.00	3.00	1.00	2.00	2.00	0.00
Policy Strategy & Partnerships		5.60	0.00	5.60	5.60	0.00	1.00	-1.00
Management		3.00	0.00	3.00	2.00	1.00	0.00	1.00
Customers, Policy and Improvement Total		48.58	10.65	59.23	43.89	15.34	10.00	5.34
Executive								
Executive Assistant		1	0.00	1.00	1.00	0.00	0.00	0.00
Executive Total		1.00	0.00	1.00	1.00	0.00	0.00	0.00
Human Resources								
Human Resources	Advice and Consultancy	7.00	1.50	8.50	7.11	1.39	0.00	1.39
	HR Processing and Report	7.00	-1.00	6.00	5.80	0.20	0.00	0.20
	Organisational Development & HR Strategy	12.00	-1.22	10.78	8.78	2.00	1.00	1.00
	Recruitment	3.00	0.00	3.00	3.00	0.00	1.00	-1.00
	Staff Side - Merton	2.54	1.00	3.54	3.54	0.00	0.00	0.00
	Management	1.00	0.00	1.00	0.00	1.00	0.00	1.00
HR Total		32.54	0.28	32.82	28.23	4.59	2.00	2.59
Infrastructure & Technology								
Business Systems Team		25.20	3.00	28.20	25.20	3.00	3.00	0.00
Client Financial Affairs Team		6.00	-0.29	5.71	5.51	0.20	0.00	0.20
Commercial Services		9.00	0.00	9.00	7.00	2.00	0.00	2.00
Facilities Management	Compliance and Maintenance	9.20	-0.10	9.10	8.56	0.54	0.00	0.54
	Energy and Sustainability	3.00	-1.00	2.00	2.00	0.00	0.00	0.00
	Facilities	5.60	0.00	5.60	5.60	0.00	0.00	0.00
	Major Projects	3.00	0.00	3.00	0.00	3.00	3.00	0.00
	Post & Print	12.43	0.00	12.43	10.57	1.86	1.00	0.86
	Management	1.00	0.00	1.00	1.00	0.00	0.00	0.00
IT Service Delivery	Business Development and Projects	3.00	0.00	3.00	3.00	0.00	0.00	0.00
	IT Customer Support & Services	12.00	0.00	12.00	11.00	1.00	1.00	0.00
	IT Operations	11.00	3.00	14.00	10.00	4.00	1.00	3.00
	Management	2.00	3.00	5.00	2.00	3.00	2.00	1.00
Safety Services		4.00	1.00	5.00	4.00	1.00	0.00	1.00
Transactional Services	Trans Services (Accounts)	8.00	0.00	8.00	8.00	0.00	0.00	0.00
	Trans Services (Care First)	2.60	0.00	2.60	2.60	0.00	0.00	0.00
	Vendor Maintenance Officer	1.71	0.00	1.71	1.00	0.71	0.00	0.71
	Management	1.00	0.00	1.00	1.00	0.00	0.00	0.00
Management		2.00	0.00	2.00	2.00	0.00	0.00	0.00
Infrastructure & Technology Total		121.74	8.61	130.35	110.04	20.31	11.00	9.31
Resources								
Accountancy	Budget Team	14.60	1.00	15.60	9.86	5.74	4.00	1.74
	Corporate Accountancy	5.60	3.40	9.00	7.71	1.29	1.00	0.29
	Service Financial Adviser CSF	4.53	2.00	6.53	5.33	1.20	1.00	0.20
	Management	1.00	0.00	1.00	1.00	0.00	0.00	0.00
Financial Strategy and Capital		9.00	-0.20	8.80	8.60	0.20	0.00	0.20
Revenues and Benefits	Bailiffs	18.60	0.00	18.60	18.39	0.21	0.00	0.21
	Council Tax Incl R&B	1.00	0.00	1.00	1.00	0.00	0.00	0.00
	Council Tax Incl R&B Team 2	22.39	0.03	22.42	20.79	1.63	0.00	1.63
	HB Support	10.00	0.00	10.00	9.80	0.20	0.00	0.20
	Housing Benefits Incl Appeals	35.36	1.00	36.36	31.96	4.40	0.00	4.40
	Income Collection C Tax Recovery	11.80	0.17	11.97	11.80	0.17	0.00	0.17
	Management & Support	2.00	0.00	2.00	2.00	0.00	0.00	0.00
Treasury & Insurance		4.65	0.25	4.90	4.00	0.90	1.00	-0.10
Management		2.00	0.00	2.00	2.00	0.00	0.00	0.00
Resources Total		142.53	7.65	150.18	134.24	15.94	7.00	8.94
Management								
Management		1.00	0.00	1.00	1.00	0.00	0.00	0.00
Management Total		1.00	0.00	1.00	1.00	0.00	0.00	0.00
Grand Total		489.82	31.41	521.23	432.56	88.67	62.99	25.68

Department / Team	Sub Team (if any)	Original Budget FTE	Budget FTE Variance	iTrent FTE Establishment	FTE Employees	Vacancies: iTrent Estab FTE less FTE Employees	FTE vacancies covered by agency workers	Unfilled vacancies
Children's Social Care & Youth Inclusion								
Adolescent and Family Services	Restorative Justice and Partnerships			1.20	1.20	0.00	0.00	0.00
	Risk and Desistence			1.00	1.00	0.00	0.00	0.00
	Tackling Exploitation Team	3.00	0.00	3.00	2.00	1.00	0.00	1.00
	Transforming Families Team	12.00	1.00	13.00	7.77	5.23	0.00	5.23
	Youth Justice Team (Risk and Court)	5.46	-0.60	4.86	4.00	0.86	0.00	0.86
	Youth Justice Team (Safeguarding and Partnerships)	5.20	-0.60	4.60	3.00	1.60	0.00	1.60
	Management	2.00	0.50	2.50	2.50	0.00	0.00	0.00
Children's Social Care Business	Business Support (AFS)	4.80	1.20	6.00	3.60	2.40	0.00	2.40
	Business Support (MASH/FR/Bond Road)	6.40	-0.40	6.00	2.20	3.80	1.00	2.80
	Business Support (PLACCL)	7.40	-0.40	7.00	6.00	1.00	0.00	1.00
	Business Support (QAPD)	6.60	1.60	8.20	5.60	2.60	0.00	2.60
	Business Support (Safeguarding/VCT/CWD)	6.00	1.50	7.50	7.20	0.30	0.00	0.30
	Finance Team - Children's Social Care	4.50	1.00	5.50	3.50	2.00	0.00	2.00
	Management	1.00	0.00	1.00	0.00	1.00	0.00	1.00
MASH & Child Protection Services	First Response Team 1	5.00	0.00	5.00	3.00	2.00	2.00	0.00
	First Response Team 2	5.00	1.00	6.00	3.00	3.00	3.00	0.00
	First Response Team 3	5.00	0.00	5.00	4.00	1.00	1.00	0.00
	First Response Team 4	4.00	-2.00	2.00	4.00	-2.00	0.00	-2.00
	MASH	7.60	0.00	7.60	6.00	1.60	3.00	-1.40
	Management	1.00	0.00	1.00	1.00	0.00	0.00	0.00
Permanency, Looked after Children	14+ Looked After & Leaving Care	16.69	1.60	18.29	17.11	1.18	0.00	1.18
	Adoption Team	8.90	-0.40	8.50	3.60	4.90	2.00	2.90
	Fostering Team	5.60	0.00	5.60	5.00	0.60	0.00	0.60
	Permanency	7.10	-0.10	7.00	7.30	-0.30	0.00	-0.30
	Quality Assurance & Panel	1.00	-1.00	0.00	0.00	0.00	0.00	0.00
	Management	9.60	3.00	12.60	7.60	5.00	2.00	3.00
	Quality Assurance and Practice Development	13.60	1.50	15.10	10.20	4.90	1.00	3.90
Safeguarding and Planning	Safeguarding and Care Planning Team 1	5.00	1.00	6.00	5.00	1.00	0.00	1.00
	Safeguarding and Care Planning Team 2	5.00	1.00	6.00	6.00	0.00	0.00	0.00
	Safeguarding and Care Planning Team 3	5.00	0.00	5.00	4.00	1.00	0.00	1.00
	Safeguarding and Care Planning Team 4	6.00	0.00	6.00	5.00	1.00	1.00	0.00
	Safeguarding and Care Planning Team 5	5.00	1.00	6.00	4.00	2.00	2.00	0.00
	Safeguarding and Care Planning Team 6	7.60	-1.60	6.00	4.00	2.00	1.00	1.00
	Management	2.00	3.00	5.00	3.00	2.00	0.00	2.00
Management	1.00	0.00	1.00	1.00	0.00	0.00	0.00	
Children's Social Care & Youth Inclusion Total		191.05	12.80	206.05	153.38	52.67	19.00	33.67
Education Division								
Contracts and School Organisation	Contracts Management	6.00	0.00	6.00	6.00	0.00	1.00	-1.00
	Schools Admissions	5.00	0.00	5.00	4.91	0.09	0.00	0.09
Early Years Childcare and Child Development		3.00	0.00	3.00	2.00	1.00	0.00	1.00
	Brightwell Team	12.50	2.26	14.76	12.17	2.59	0.50	2.09
	Children's Centres	32.40	-1.40	31.00	27.40	3.60	2.00	1.60
	Continuous Improvement, Inclusion, Portage and Outreach	46.03	11.89	57.92	40.58	17.34	0.00	17.34
	Early Years 0-5s Supporting Families	15.20	-0.20	15.00	12.00	3.00	2.00	1.00
	Family Support Centre Bond Road	16.60	2.80	19.40	13.30	6.10	1.00	5.10
	Funded Places, Sufficiency and Information	4.92	0.58	5.50	3.50	2.00	0.00	2.00
	Resources, Systems and Service Development	8.11	-1.00	7.11	5.71	1.40	2.00	-0.60
	Management	1.69	0.00	1.69	2.00	-0.31	0.00	-0.31
Education Inclusion	Education Welfare Service	9.84	2.11	11.95	9.67	2.28	2.00	0.28
	Learning Behaviour & Language Team	16.65	2.08	18.73	15.33	3.40	6.00	-2.60
	Merton Advice and Support	0.00	1.00	1.00	2.00	-1.00	0.00	-1.00
	MIASS	1.00	0.00	1.00	1.00	0.00	0.00	0.00
	My Futures Team	8.60	2.40	11.00	7.51	3.49	2.00	1.49
	Participation	2.00	4.09	6.09	5.34	0.75	0.00	0.75
	Virtual Behaviour Service (Youth Inclusion)	11.07	0.63	11.70	9.80	1.90	0.00	1.90
	Youth Service	12.46	0.65	13.11	9.67	3.44	0.00	3.44
	Management	3.00	-2.00	1.00	1.00	0.00	0.00	0.00
Merton School Improvement	Education Support Team	1.50	-1.50	0.00	0.00	0.00	0.00	0.00
	Equality & Diversity	3.83	-0.33	3.50	3.00	0.50	0.00	0.50
	Governance Team	2.83	0.17	3.00	3.00	0.00	0.00	0.00
	MSI Business Support Team			1.80	1.80	0.00	0.00	0.00
	Schools ICT Support	6.86	-0.26	6.60	5.60	1.00	0.00	1.00
	Strategic School Improvement	6.80	-0.60	6.20	6.20	0.00	1.00	-1.00
	Virtual Team	5.83	0.24	6.07	4.93	1.14	1.00	0.14
	Management	1.00	0.00	1.00	1.00	0.00	0.00	0.00
	Policy, Planning & Performance	Business Support Team (CSPD)	3.00	-1.00	2.00	1.66	0.34	0.00
Merton School Improvement	MCSB	3.40	-0.80	2.60	2.60	0.00	0.00	0.00
	Performance Analysis	0.00	3.66	3.66	2.00	1.66	3.00	-1.34
	Research & Information	4.66	-1.00	3.66	0.00	3.66	1.00	2.66
	Management	3.36	1.00	4.36	2.36	2.00	2.00	0.00
SEN & Inclusion Service	0-25 SEND Intervention Team	3.33	0.67	4.00	1.00	3.00	0.00	3.00
	Assessment, Planning and Resource Team	11.51	1.02	12.53	10.60	1.93	2.00	-0.07
	Children with Disability Social Work Team	8.00	1.00	9.00	8.60	0.40	0.00	0.40
	Educational Psychology Service	14.85	1.13	15.98	15.66	0.32	0.00	0.32
	SEN Team	11.46	3.40	14.86	10.06	4.80	0.00	4.80
	Sensory Impairment Service	5.00	0.06	5.06	4.20	0.86	0.00	0.86
	Short Breaks Team	3.00	0.00	3.00	2.00	1.00	0.00	1.00
	Management	1.00	0.00	1.00	1.00	0.00	0.00	0.00
	Management	1.00	0.00	1.00	1.00	0.00	0.00	0.00
Education Division Total		318.29	32.75	352.84	279.16	73.68	28.50	45.18
Joint Commissioning & Partnerships								
Joint Commissioning & Partnerships		3.44	1.37	4.81	3.80	1.01	0.00	1.01
Commissioning, Strategy And Performance Division Total		3.44	1.37	4.81	3.80	1.01	0.00	1.01
Management & Exec Assistant								
Management & Exec Assistant		2.00	0.00	2.00	2.00	0.00	0.00	0.00
Management & Exec Assistant total		2.00	0.00	2.00	2.00	0.00	0.00	0.00
Grand Total		514.78	46.92	565.70	438.34	127.36	47.50	79.86

Department / Team	Sub Team (if any)	Original Budget FTE	Budget FTE Variance	iTrent FTE Establishment	FTE Employees	Vacancies: iTrent Estab FTE less FTE Employees	FTE vacancies covered by agency workers	Unfilled vacancies
Adult Social Care								
Adult Social Care	Commissioning & Market Development		9.00	9.00	7.00	2.00	0.00	2.00
	Long Term Services	47.82	-5.97	41.85	35.30	6.55	11.00	-4.45
	Mental Health Team	34.25	-7.22	27.03	18.31	8.72	6.00	2.72
	Operations	80.36	12.55	92.91	74.11	18.80	8.00	10.80
	Operations and Commissioning	27.00	-4.19	22.81	18.31	4.50	3.00	1.50
	Management	8.00	-1.00	7.00	4.00	3.00	0.00	3.00
Adult Social Care Total		197.43	3.17	200.60	157.03	43.57	28.00	15.57
C&H Strategy & Improvement								
		0.00	10.40	10.40	3.00	7.40	2.00	5.40
C&H Strategy & Improvement		0.00	10.40	10.40	3.00	7.40	2.00	5.40
Housing Services								
Housing Needs	Advice & Options	12.50	-1.00	11.50	11.00	0.50	1.00	-0.50
	Development	5.00	0.00	5.00	4.00	1.00	0.00	1.00
	Environmental Health (Housing) Team	8.03	-3.00	5.03	2.80	2.23	2.00	0.23
	Housing Strategy	0.00	4.00	4.00	1.00	3.00	3.00	0.00
	Management	3.00	2.00	5.00	4.00	1.00	0.00	1.00
Housing Services Total		28.53	2.00	30.53	22.80	7.73	6.00	1.73
Libraries, Heritage and Adult Education Service								
Library Service	Heritage Centre	1.00	1.00	2.00	2.00	0.00	0.00	0.00
	Mitcham Library	3.80	0.00	3.80	3.80	0.00	0.00	0.00
	Morden Library	5.46	0.00	5.46	5.46	0.00	0.00	0.00
	Pollards Hill & Colliers Wood Library	3.17	0.40	3.57	3.57	0.00	0.00	0.00
	Raynes Park & West Barnes Library	3.27	0.01	3.28	3.27	0.01	0.00	0.01
	Resources Team	2.00	-0.50	1.50	1.50	0.00	0.00	0.00
	Service Development	2.00	0.00	2.00	2.00	0.00	0.00	0.00
	Wimbledon Library	7.45	-0.02	7.43	6.44	0.99	0.00	0.99
		1.50	0.50	2.00	2.50	-0.50	0.00	-0.50
Adult Learning		3.75	-0.15	3.60	3.80	-0.20	0.00	-0.20
Management		0.00	1.00	1.00	1.00	0.00	0.00	0.00
Libraries, Heritage and Adult Education Service Total		33.40	2.24	35.64	35.34	0.30	0.00	0.30
Provider Services								
All Saints/High Path Day Centre	All Saints	9.52	-0.52	9.00	8.23	0.77	0.00	0.77
	High Path	8.81	-1.10	7.71	6.51	1.20	0.00	1.20
		0.00	1.00	1.00	1.00	0.00	0.00	0.00
Jan Malinowski/Eastways Centre	Eastways Day Centre	8.02	-0.52	7.50	7.50	0.00	0.00	0.00
	Jan Malinowski Centre	29.75	-0.54	29.21	28.16	1.05	0.00	1.05
		0.00	1.00	1.00	1.00	0.00	0.00	0.00
Supported Living/Mascot/Glebelands	Glebelands	10.17	0.80	10.97	9.60	1.37	0.00	1.37
	Mascot	18.97	3.91	22.88	16.57	6.31	0.00	6.31
	Support Living Services	27.15	0.45	27.60	12.89	14.71	0.00	14.71
		0.00	1.00	1.00	1.00	0.00	0.00	0.00
Meadowsweet/Riverside	Meadowsweet	11.17	-3.25	7.92	8.00	-0.08	0.00	-0.08
	Riverside Drive	15.16	-0.95	14.21	13.21	1.00	0.00	1.00
		0.00	1.57	1.57	1.57	0.00	0.00	0.00
Merton Employment Team		2.93	-0.33	2.60	2.46	0.14	0.00	0.14
Service Provision Business Support		3.60	-0.60	3.00	1.60	1.40	1.00	0.40
Provider Services	Management	0.00	1.00	1.00	1.00	0.00	0.00	0.00
Provider Services Total		145.25	2.92	148.17	120.30	27.87	1.00	26.87
Public Health Team								
Public Health Team		18.06	-2.60	15.46	12.46	3.00	3.00	0.00
Public Health Team Total		18.06	-2.60	15.46	12.46	3.00	3.00	0.00
Management								
Management		14.00	-10.00	4.00	3.00	1.00	1.00	0.00
Management Total		14.00	-10.00	4.00	3.00	1.00	1.00	0.00
Grand Total Community & Housing		436.67	8.13	444.80	353.93	90.87	41.00	49.87

Department / Team	Sub Team (if any)	Original Budget FTE	Budget FTE Variance	iTrent FTE Establishment	FTE Employees	Vacancies: iTrent Estab FTE less FTE	FTE vacancies covered by agency workers	Unfilled vacancies
Public Protection								
Parking & CCTV Services	Parking Services	73.50	11.00	84.50	66.01	18.49	12.00	6.49
Regulatory Services Partne	Administration and Finance	17.50	-14.50	3.00	2.00	1.00	1.00	0.00
	Business Development	1.00	0.00	1.00	0.00	1.00	1.00	0.00
	Commercial Services	3.00	2.00	5.00	2.00	3.00	0.00	3.00
	Environmental Health (Commercial)	17.48	-7.00	10.48	5.00	5.48	2.00	3.48
	Environmental Health (Pollution)	6.34	6.66	13.00	10.44	2.56	4.00	-1.44
	Licensing	10.00	1.00	11.00	3.90	7.10	5.00	2.10
	Residential & Pollution Services	18.31	-8.31	10.00	5.40	4.60	1.00	3.60
	Trading Standards	13.29	-2.09	11.20	9.39	1.81	0.00	1.81
	Wandsworth Regulatory Services Team	23.50	36.47	59.97	44.66	15.31	5.00	10.31
	Management	1.00	0.00	1.00	1.00	0.00	0.00	0.00
Safer Merton	CCTV	9.00	0.00	9.00	8.00	1.00	0.00	1.00
		8.49	0.37	8.86	6.80	2.06	0.00	2.06
Management	Management	1.40	0.00	1.40	0.40	1.00	1.00	0.00
Public Protection total		203.81	25.60	229.41	165.00	64.41	32.00	32.41
Public Realm Contracting and Commissioning								
Leisure & Culture Develop	Leisure Support Services	2.80	1.00	3.80	3.80	0.00	0.00	0.00
	Wimbledon Park Watersports Centre	5.00	2.00	7.00	3.00	4.00	0.00	4.00
	Management	1.00	0.00	1.00	1.00	0.00	1.00	-1.00
Leisure & Culture Greensp	Arboricultural	2.00	0.00	2.00	2.00	0.00	0.00	0.00
	Events	1.00	0.40	1.40	0.00	1.40	0.00	1.40
	Greenspaces Development	5.90	0.40	6.30	6.10	0.20	0.00	0.20
	Mitcham Common	0.00	2.00	2.00	2.00	0.00	0.00	0.00
	Management	0.00	1.00	1.00	1.00	0.00	0.00	0.00
Strategic Partnership Team		1.00	0.00	1.00	1.00	0.00	0.00	0.00
Waste Engagement & Enfo	Community Waste Partnerships	2.00	0.00	2.00	1.00	1.00	0.00	1.00
	Enforcement and Inspection	1.50	4.50	6.00	4.40	1.60	0.00	1.60
		0.00	1.00	1.00	0.60	0.40	0.00	0.40
Waste Services	Finance & Administration Support	2.00	0.00	2.00	2.00	0.00	0.00	0.00
	Finance and Performance	3.00	0.00	3.00	1.16	1.84	1.00	0.84
	Service Development & Strategy	2.69	2.00	4.69	2.29	2.40	0.00	2.40
	Training and Road Safety	1.00	0.00	1.00	0.50	0.50	0.00	0.50
	Transport and Operations	39.36	6.57	45.93	42.27	3.66	0.00	3.66
	Management	1.00	1.00	2.00	2.00	0.00	0.00	0.00
Management		5.40	2.63	8.03	4.71	3.32	1.00	2.32
Public Realm Contracting and Commissioning		76.65	24.5	101.15	80.83	20.32	3.00	17.32
Sustainable Communities								
Business Performance (Sustainable Communities)	Business Performance	1.00	0.57	1.57	1.00	0.57	0.00	0.57
Development Control	Admin & Finance	5.00	1.00	6.00	5.00	1.00	2.00	-1.00
	Building Control	9.30	2.31	11.61	4.00	7.61	1.00	6.61
	Enforcement	5.45	0.05	5.50	3.50	2.00	2.00	0.00
	Planning Mitcham & Morden	6.00	5.00	11.00	10.00	1.00	2.00	-1.00
	Planning Wimbledon	5.50	0.50	6.00	4.00	2.00	2.00	0.00
	Management	1.00	0.00	1.00	1.00	0.00	0.00	0.00
futureMerton	Commissioning	8.44	8.31	16.75	7.43	9.32	6.00	3.32
	Economy	4.46	1.54	6.00	4.34	1.66	0.00	1.66
	Infrastructure	24.00	7.30	31.30	22.30	9.00	9.00	0.00
	Programming	13.00	7.00	20.00	10.00	10.00	8.00	2.00
	Management	1.00	0.00	1.00	1.00	0.00	0.00	0.00
Property Management	Estates (Property Management)	3.00	0.00	3.00	2.00	1.00	0.00	1.00
	Finance & Admin (Property Management)	1.60	0.00	1.60	1.00	0.60	0.00	0.60
	Management -	0.00	1.00	1.00	1.00	0.00	0.00	0.00
Management	Management	2.00	0.00	2.00	1.60	0.40	0.00	0.40
Sustainable Communities Total		90.75	34.58	125.33	79.17	46.16	32.00	14.16
Management								
Management		2	0.00	2.00	2.00	0.00	0.00	0.00
Management Total		2	0	2.00	2.00	0.00	0.00	0.00
Grand Total		373.21	84.68	457.89	327.00	130.89	67.00	63.89

Analysis of staffing variances

Appendix 11

This appendix is provided to FMTG in response to a request for spend analysis for staffing in addition to the headcount numbers provided in the establishment report. Staffing budgets and forecast spend for 19/20 is provided by department to the same division of service level provided in the report.

Corporate Services

Division	2019/20 Salary Budget £000	2019/20 Agency Budget £000	2019/20 Salary forecast £000	2019/20 Agency forecast £000	2019/20 Salary variance £000	2019/20 Agency variance £000	2019/20 Total variance £000
Customers, Policy & Improvement	2,257	22	2,066	209	-191	187	-4
Infrastructure & Technology	5,735	149	5,289	712	-445	563	117
Corporate Governance	7,646	0	6,409	1,687	-1,237	1,687	450
Resources	6,724	2	6,905	599	181	597	778
Human Resources	1,826	0	1,572	318	-254	318	64
Corporate Items	0	0	-4	0	-4	0	-4
Total	24,187	173	22,238	3,524	-1,949	3,351	1,402

Customers, Policy & Improvement

The agency budget is mainly for the transformation reserve funded project. The agency forecast includes cover for maternity and sick leave in Merton Link as well as for vacancies in the Communications team and Policy and Strategy team pending permanent recruitment.

Infrastructure & Technology

Overall the adverse variance is mainly due to the Facilities Management external fees account where spend is recovered by charges to clients. Other areas covering permanent vacancies with agency include the Business Systems Team and IT Service Delivery due to short-term project work as well as difficulty experienced in recruiting permanently to some posts. The post room also has a vacancy covered by agency staff as the post is due for deletion in 20/21 as part of planned savings. Agency budget held is for reserve funded projects in the Business Systems Team.

Corporate Governance

The total variance above includes £288k for Advocates salaries in the shared legal service, however, these are recharged to clients (both other boroughs and Merton) quarterly in line with their usage. Agency staff are heavily used in SLLp due to difficulty in recruiting permanently to many of the Lawyer posts. In Electoral Services agency spend has been used to cover a vacancy at short notice in the lead up to elections.

Resources

£519k overspend from the Bailiffs service due to fixed term posts and commission which is funded by the additional enforcement income they generate. Agency staff are covering vacancies in Corporate Accountancy and Budget Management due to the level of staffing required at key points in the year and difficulty encountered in recruiting to some posts permanently. Agency staff have also been used to cover posts in Insurance and Financial Strategy and Capital as well as Financial Information Systems team until a temporary worker became permanent earlier in the year. Revenues and Benefits Business Admin and the Local Taxation Services use Civica on Demand services to cover vacancies and work pressures as well as having regular overtime spend.

Human Resources

Agency cover is being used for the Head of HR and Head of Organisational Development posts. Agency spend has also been on an extra resource to assist with implementing the new recruitment system. Part of the salary underspend is due to implementing new HR staffing structure early, ahead of savings for 20/21.

Environment & Regeneration

Division	2019/20 Salaries Budget £'000	2019/20 Agency Budget £'000	2019/20 Salaries Forecast £'000	2019/20 Agency Forecast £'000	2019/20 Salaries Variance £'000	2019/20 Agency Variance £'000	2019/20 Total Variance £'000
Public Protection	9,368	135	8,158	871	(1,210)	736	(474)
Public Space	3,329	1	3,387	91	58	90	148
Sustainable Communities	4,327	647	3,916	1,169	(411)	521	111
Senior Management	753	0	581	335	(172)	335	163
TOTAL	17,777	783	16,043	2,465	(1,734)	1,682	(52)

Public Protection

The agency budget for Public protection is for one Richmond pollution post within the Regulatory Services Partnership (RSP) that is Local Implementation Plan (LIP) TfL funded, one temporary post within RSP, and one MiB (Merton Improvement Board) funded post within Parking Services.

The total variance is made up of (£488k) within the RSP due to a few vacancies, (which is partially offset by an underachievement of recharge income of £395k), (£58k) within Safer Merton due to vacancies, and +£73k within Parking Services due to a saving not being achieved (a replacement saving has been agreed for 2020/21).

Public Space

The total variance mainly relates to Greenspaces (£54k) due to the implementation of a saving being delayed until 2020/21, and Waste Services (£70k) which is mainly due to the implementation of a saving being delayed until 2020/21, and the temporary employment of a Public Space Inspector to provide greater resilience in the monitoring of our service provider performance. This role is scheduled to come to an end in March.

Sustainable Communities

Sustainable Communities total variance is mainly within Development & Building Control (£104k), as a result of additional resources being provided for the planning enforcement team to enable it to clear the backlog of cases.

Senior Management

The forecast outturn variance relates to the parking review project currently being undertaken to analyse and develop the Council's staff travel plans and reduction in car use.

Children, Schools and Families

Division	2019/20 Salary Budget £'000	2019/20 Agency Budget £'000	2019/20 Salary forecast £'000	2019/20 Agency forecast £'000	2019/20 Salary variance £'000	2019/20 Agency variance £'000	2019/20 Total variance £'000
Education	9,309	383	7,799	933	(1,510)	549	(960)
Social Care and Youth Inclusion	7,499	510	6,052	1,851	(1,447)	1,341	(105)
Cross Department budgets	278		266		(12)	0	(12)
Total (controllable)	17,086	893	14,117	2,784	(2,969)	1,890	(1,079)

Education

Total staffing under-spend of £960k is primarily as a result of current vacancies within the establishment, hence increased agency staff usage. Primary service areas attributed to the £548k agency adverse variance include Education Inclusion £48k, Policy/Planning/Performance £225k and Early Years £227k.

As part of management action to reduce the overall in-year departmental overspend, recruitment to vacancies within the Early Years' service has been delayed, resulting in a £720k salary under-spend. There are earmarked savings of £150k in 2020/21.

The Policy, Planning and Performance team have recently restructured. There are currently five vacancies in the establishment. The service are looking to recruit in the coming months. Currently vacancies have been covered by agency staff in the interim.

SEN are currently under-established. Service is undergoing a cleansing exercise in relation to client costs and operations therefore will be looking to recruit to vacancies in the new financial year.

Other areas covering permanent vacancies with agency include Education Inclusion, Contracts and Procurement/School Organisation teams.

Social Care and Youth Inclusion

The MASH and Child Protection service is struggling to recruit qualified social workers and have had several unsuccessful campaigns. Consequently, the service is heavily reliant on agency staff to undertake front door operations. As a result, there is an £745k over-spend in agency staff costs (included within the £1.341m). In addition, the safeguarding teams are also struggling to recruit appropriate social workers, resulting in a £332k over-spend in agency costs (included within the £1.341m).

Other areas where agency are covering permanent vacancies include Access to Resources team, senior management team and permanency and placements teams.

Community & Housing

Divisions	2019/20 Salary Budget £000	2019/20 Agency Budget £000	2019/20 Salary forecast £000	2019/20 Agency forecast £000	2019/20 Salary variance £000	2019/20 Agency variance £000	2019/20 Total variance £000
Access & Assessment - ASC	7,699	416	6,553	1,402	-1,146	986	-160
Commissioning - ASC	1,304	9	1,314	141	10	100	110
Direct Provision - ASC	4,910	10	4,970	28	61	18	79
Directorate - ASC	1,640	0	1,414	333	-226	333	107
Libraries	1,078	0	1,052	35	-26	35	9
Merton Adult Learning	193	0	167	0	-26	0	-26
Public Health	1,161	0	875	264	-287	264	-22
Housing	1,210	20	920	263	-290	243	-47
Total	19,195	455	17,265	2,467	-1,930	1,980	50

Access & Assessment and Commissioning

During 2019-20 there was a restructure in Access & Assessment and Commissioning and as a result there were several social worker vacancies. A decision was taken to fill these posts with agency staff to enable the continuity of service. Additionally, it should be noted that there are several posts included in these services which are funded either by a grant or the Better Care Fund.

Direct Provision (In-house Residential, Supported Living & Day Care)

There are several vacancies and sickness in this service and in order to comply with the Care Quality Commission (CQC) regulation regarding the required number of staff on duty in a 24 hours' services the division is utilising agency and bank staff.

Directorate

This area includes the cost to date of additional staff involved in the Community & Housing strategic improvement development programme.

Libraries

Underspend in this area is due to one vacant post, and agency was utilised to cover maternity leave in the service.

Merton Adult Learning

This team had one post vacant for 6 months and the new starter commenced on a lower scale point than budgeted. Merton Adult Learning is funded by a grant and any amount not spent on staff cost is allocated to other adult Learning expenditure.

Public Health

Public Health is currently using agency staff to cover a vacant post and for maternity cover. An attempt was made to recruit into the vacant post, but this was unsuccessful due to the grade offered. Another recruitment drive is expected to commence in June 2020.

Housing

There are several posts in this area which are supported by one off grant allocations for specific projects. There is also an additional issue regarding the recruitment of environmental health officers due to the high demand for such professionals in London thus to assist with current workload, and to undertake work on HMO's licencing (Homes in Multiple Occupation) they are utilising agency staff.

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