

Financial Management Task Group

Date: 15 September 2020

Subject: Financial Report 2020/21 – Period 3, June 2020

Lead officer: Roger Kershaw

Lead member: Mark Allison

Recommendations:

A. That Cabinet note the financial reporting data for month 3, June 2020, relating to revenue budgetary control, showing a forecast net adverse variance at year-end of £23.7m.

B. That Cabinet note the contents of Section 4 and approve the amendments to the Capital Programme contained in Appendix 5B of the report

That Cabinet note the outcome of a review of the Capital Programme and the contents of Section 4 and Appendix 5B and approve the amendments to the Programme contained in the Table below

	Budget 2020-21	Budget 2021-22	Budget 2022-23	Budget 2023-24	Narrative
-	£	£	£	£	
Corporate Services					
Customer Contact Programme	(350,000)	(400,000)	0	0	Relinquished Budget
Capital Building Works	(175,420)	0	0	0	Relinquished Budget
Replacement Boilers	(267,200)	267,200	0	0	Re-profiled from 2020-21 to 2021-22
Civic Centre Lighting Upgrade		(300,000)	300,000	0	Re-profiled from 2021-22 to 2022-23
Planning & Public Protection	0	0	0	(550,000)	Relinquished Budget
School Admissions System	(125,000)	0	125,000	0	Re-profiled from 2020-21 to 2022-23
Youth Justice IT System	(100,000)	100,000	0	0	Re-profiled from 2020-21 to 2021-22
Multi Function Device	(330,000)	0	0	0	Relinquished Budget
IT Equipment	0	(100,000)	(100,000)	0	Relinquished Budget
Capital Bidding Fund	0	0	0	(186,400)	Relinquished Budget
Community and Housing					
Learnin Disability Housing	(138,000)	138,000			Re-profiled from 2020-21 to 2021-22
Environment and Regeneration					
Car Park Upgrades	(264,000)	264,000	0	0	Re-profiled from 2020-21 to 2021-22
Replacement of Fleet Vehicles	(116,800)	116,800	0	0	Re-profiled from 2020-21 to 2021-22
Highway Bridges and Structures	(150,000)	150,000	0	0	Re-profiled from 2020-21 to 2021-22
Morden Town Centre Regeneration	(50,000)	(460,000)	108,000	402,000	Re-profiled from 2020-21 onwards
Cannons Parks for the People	178,770	(178,770)			Re-profiled from 2021-22 to 2020-21
Padding Pool - Option 2	(113,000)	113,000	0	0	Re-profiled from 2020-21 to 2021-22
Total	(2,000,650)	(289,770)	433,000	(334,400)	

C. That finance officers continue to work with budget managers to identify further re-profiling and savings throughout the approved programme 2020-24.

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 This is the first quarter monitoring report for 2020/21 presented in line with the financial reporting timetable.

This financial monitoring report provides -

- The income and expenditure at period 3 and a full year forecast projection.
- An update on the financial impact of Covid-19
- An update on the capital programme and detailed monitoring information;
- An update on Corporate Items in the budget 2020/21;
- Progress on the delivery of the 2020/21 revenue savings

2. THE FINANCIAL REPORTING PROCESS

- 2.1 The budget monitoring process for 2020/21 will focus on the financial impact of Covid-19. The Council's services are under pressure due to the need to support businesses and residents, particularly vulnerable groups in need of social care and there has been a major reduction in the Council's income which is expected to continue. The detrimental impact of Covid-19 exceeds the support that the Government has currently pledged to provide.
- 2.2 There are also significant pressures on the Dedicated Schools Grant (DSG) which are being monitored. The cumulative deficit at the end of 2019/20 was £12.7m and the deficit is forecast to continue to increase in 2020/21.
- 2.3 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; With the projected scale of the impact of the Covid-19 pandemic and the growing DSG deficit, in the absence of further funding, the call on reserves will use all of the general fund reserve and a significant proportion of earmarked reserves of the Authority, which would need to be unearmarked.

3. 2019/20 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

Executive summary – At period 3 to 30th June 2020, the year-end forecast is a net adverse variance of £23.7m when all incremental Covid costs are included, after applying the remaining government emergency Covid-19 grant. If the Covid pressures hadn't arisen, the numbers suggest that we would be reporting a £3.2m underspend, however, there may be other impacts on services arising from Covid that are not apparent at this stage. This will be kept under review.

Summary Position as at 30th June 2020

	Original Budget 2020/21 £000s	Current Budget 2020/21 £000s	Full Year Forecast June) £000s	Forecast Variance at year end (June) £000s	Forecast Variance at year end (May) £000s	Covid-19 Forecast £000s	Outturn variance 2019/20 £000s
Department							
Corporate Services	10,275	10,348	15,153	4,805	4,582	3,663	(490)
Children, Schools and Families	61,997	62,060	61,511	-550	-490	460	(241)
Community and Housing	68,656	68,656	68,551	-106	-359	3,583	(319)
Public Health	-157	-157	(157)	0	0	0	0
Environment & Regeneration	14,021	15,945	25,891	9,947	10,503	10,223	783
Overheads		0	0	0	0	0	120
NET SERVICE EXPENDITURE	154,791	156,852	170,950	14,096	14,236	17,929	(147)
Corporate Items							
Impact of Capital on revenue budget	11,190	11,190	11,171	(19)	0	0	(161)
Other Central budgets	(10,397)	(10,485)	(9,808)	677	650	0	(1,405)
Levies	962	962	962	0	0	0	(1)
TOTAL CORPORATE PROVISIONS	1,754	1,666	2,324	658	650	0	(1,567)
Covid-19			9,210	9,272	9,210	9,272	176
TOTAL GENERAL FUND	156,546	158,518	173,274	24,026	24,096	27,201	(1,714)
FUNDING							
Revenue Support Grant	-5,159	-5,159	-5,159	0	0	0	0
Business Rates *	(35,586)	(35,586)	(35,586)	3,990	3,990	3,990	(50)
Other Grants	(18,245)	(18,245)	(18,245)	0	0	0	0
Council Tax and Collection Fund *	(97,713)	(97,713)	(97,713)	7,699	7,699	7,699	50
COVID-19	0	0	(37,361)	(11,973)	(10,383)	(11,973)	0
FUNDING	(156,703)	(156,703)	(194,064)	(284)	1,306	(284)	0
NET	(157)	1,815	(20,790)	23,742	25,402	26,917	(1,714)

* These relate to deficits on the Collection Fund relating to Business Rates and Council Tax arising as a result of Covid-19. How these are reported going forward will be reviewed for future reports.

The current level of GF balances is £13.778m and the minimum level reported to Council for this is £13.8M.

Covid-19 Financial Impact

The ongoing Covid-19 pandemic has had a profound impact on council finances and will continue to do so during lockdown and beyond. Emergency funding of £10.6m has been received to date from Central Government in two tranches.

On 2nd July, the Secretary of State for Local Government announced a funding package for Councils to help address the range of Covid-19 pressures we face. This package included:

- A further £500m of unringfenced funding to respond to spending pressures, adding to the £3.2billion of unringfenced funding previously provided. Merton will receive a further £1.59m taking the total to £12.2m.
- A new scheme to reimburse Councils for lost income from sales, fees and charges. This will involve a 5% deductible rate, whereby the Council will absorb up to 5% and the government

compensation will cover 75p in every pound of relevant loss thereafter. The details of this are yet to be published and not included in the financial forecasts within the report.

- Accounting changes so that local authorities can spread their local tax deficits over three years rather than the usual one in the collection fund accounts. Again we await details of this scheme.

This additional funding is still insufficient to cover the projected financial impact of this crisis in terms of additional expenditure, income loss and the impact on delivery of savings for 2020/21.

Covid Expenditure

Covid expenditure which is incremental is reported centrally and not included in the departmental summaries below. These are the incremental costs such as PPE, food banks and the community hub.

Income shortfall

Income budgets are included within departments and so the impact of Covid-19 is reflected in department forecasts.

Impact on savings

Departmental budgets are adjusted for the agreed savings targets for 2020/21 as part of the budget setting process. The savings which are now under pressure due to Covid-19 are included in the forecast of the department.

A new column is included in departmental summaries to show the Covid effect within the departmental forecast. These, together with the central Covid-19 costs are summarised in the table below:

COVID-19 COST SUMMARY	June 2020/21 £000s
<u>Department</u>	
Corporate Services	3663
Children, Schools and Families	460
Community and Housing	3583
Public Health	0
Environment & Regeneration	10,223
TOTAL INCOME LOSS & SAVINGS UNACHIEVED	17,929
<u>Corporate Items</u>	9,272
ADDITIONAL COVID EXPENDITURE	9,272
<u>FUNDING</u>	
Business Rates	3,990
Council Tax	7,699
TOTAL FUNDING LOSS	11,689
GROSS COST OF COVID-19	38,890
Covid-19 Emergency funding received	(10,383)
Covid-19 Emergency funding - July 2020	(1,590)
NET COST OF COVID-19	26,917

Cashflow

The Covid-19 outbreak that emerged in March 2020 created pressure on the council's cash flow which is likely to remain for the rest of the year. Through prudent treasury cash flow procedures, the Council has been able to meet its additional expenditure from its cash imbalances in the bank and primarily from liquid cash balances held in Money Market Funds (MMF's).

In light of Government relief announcements, the Council will see a reduction in income going forward. Therefore, in order to meet its commitments going forward the decision was made to keep the Council's available fund in cash/MMF's to maintain liquidity. This meant that as fixed short and medium term deposits matured they were placed in MMF's and bank deposits which are immediately callable.

Cash flow is monitored on a daily basis and the current forecast shows the Council has sufficient funds to meet its payment needs going forward over the medium term. However, if a cash short fall occurs, the Council has the option to borrow from the market in order to meet its needs.

4. DEPARTMENTAL SUMMARY OF CURRENT POSITION

Corporate Services

Division	2020/21 Current Budget £000	2020/21 Full year Forecast (June) £000	2020/21 Full Year Forecast Variance (June) £000	2020/21 Full Year Forecast Variance (May) £000	2020/21 Covid-19 Forecast Impact (June) £000	2019/20 Outturn Variance £000
Customers, Policy & Improvement	3,694	4,738	1,044	1,052	443	(169)
Infrastructure & Technology	12,156	12,533	377	370	297	(678)
Corporate Governance	2,259	2,266	7	17	73	(180)
Resources	5,545	8,003	2,458	2,291	2,267	95
Human Resources	2,083	2,203	120	123	0	187
Corporate Other	173	972	799	729	583	255
Total (Controllable)	25,910	30,715	4,805	4,582	3,663	(490)

Overview

At the end of period 3 (June) the Corporate Services (CS) department is forecasting an adverse variance of £4.805m at year end, of which £3.663m is due to the external impact of covid-19. The adverse forecast within CS has increased by £223k compared to period 2.

Customers, Policy and Improvement - £1,044k adverse variance

The adverse variance in the division is mainly due to spend on the Customer Contact budget which is forecasting a £985k variance. This is made up of £172k for the cost of delays in light of the covid-19 pandemic and the remainder from the cost of contracts novated from the previous supplier which fall into the first months of 2020/21 and the estimated annual costs of the new systems.

The Registrars service is forecasting a £160k adverse variance and currently anticipating a 40% reduction in income for the year whilst it is still unclear when some services will be able to resume operating at normal capacity. Other adverse variances within the division due to covid-19 are from Blue Badges (£13k) as the introduction of charging has not commenced and the Translations service (£23k) due to a reduced number of face to face interpretations being fulfilled. The Press and PR

budget is also forecasting an adverse variance (£118k) mainly due to the use of agency staff covering the Head of Communications post pending the completion of a restructure within the division.

Partly offsetting the above are various favourable variances including £43k in the AD budget and £28k in Continuous Improvement due to vacancies expected for part of the year. A further £30k favourable variance is expected on Voluntary Sector Co-ordination mainly due to level of grants planned. Other forecast variances from less than budgeted running costs are in Merton Link (£45k favourable), Cash Collections (£59k favourable) and Marketing and Communications (£56k favourable).

The forecast variance overall for the division has changed by only £8k compared to period 2.

Infrastructure & Technology - £377k adverse variance

Many of the adverse variances within the division are due to reduced recharges as a result of the change in working arrangements surrounding the covid-19 pandemic. These adverse variances include £86k on the Corporate Print Strategy, £51k on the Print and Post room and £122k on the PDC (Chaucer Centre) room hire. Where these are internal recharges they have not been included in calculating the impact of covid-19 on the Council as they will positively impact other departments and are therefore not a net cost to LBM.

The FM External account is also forecasting a £111k adverse variance due to no new commissions being confirmed since the lock-down began. There is a variance on Corporate Contracts (£30k adverse) due to savings for reducing cleaning in corporate buildings being unachievable within the current circumstances. £107k adverse variance is also forecast in the Business Systems Team mainly due to budget pressure on IT licenses, support and maintenance. The pandemic has added to this as some system licences have been extended due to the delay on IT projects and forecast income from street naming and numbering is reduced, though this will be kept under review as the lock-down eases.

Favourable variances within the division include £23k in Client Financial Affairs from vacant hours, £30k on the Civic Centre from rental income over-achievement and £48k on Garth Road also from rental income.

The forecast variance in Infrastructure and Technology has increased by £7k compared to period 2. This is due to a number of small changes which are partly offsetting one another, such as £12k increased spend on responsive maintenance works carried out at the Civic Centre offsetting against a slightly more optimistic view of print strategy recharges as some services begin to return to the Civic Centre.

Corporate Governance – £7k adverse variance

The main adverse variance within Corporate Governance is due to £115k of legal savings forecast not to be achieved in year. A £32k shortfall on the saving to merge Democracy and Electoral Services is expected due to the restructuring coming into effect mid-year following the retirement of the Head of Democracy Services. This is, however, offset by various vacant hours and running cost budgets within both teams and the receipt of IER grant, resulting in a total £50k favourable variance across both services.

The South London Legal Partnership (SLLp) is currently forecasting a £161k surplus, with £35k to be retained by LBM.

The Corporate Governance adverse variance forecast has reduced by £10k since period 2. This is mainly due to the confirmation of the £22k IER grant and improved SLLp position which are more than offsetting an increased forecast on Information Governance from increased hours in the team and a contribution from the division to CPI in relation to the restructuring which transfers the scrutiny function.

Resources - £2,458k adverse variance

Within Resources there are multiple budgets forecasting adverse variances due to covid-19. The Chief Executive's budget has a £110k adverse variance mainly due to an interim Head of Recovery being appointed as a result of the pandemic. The Bailiff Service ceased operations and is forecasting an adverse variance of £1,365k (including the shared service element), we are currently working on the assumption that the service will not resume full operations for the rest of the calendar year. The Local Taxation Service is also showing an adverse variance of £921k mainly as a result of covid-19's impact on court cost income.

Other adverse variances within the division that are not covid-19 related include £128k in the Financial Information Systems (FIS) team due to salary budget pressure as well as system consultancy and support costs for the year. A £57k adverse variance in Insurance is due to property valuation fees incurred in preparation for the re-tendering of insurance contracts and the new contracts not commencing until mid-2020/21 resulting in a saving being unachieved in year. This is, however, partly offset by an overachievement anticipated on income. The Budget Management team also have an adverse variance (£55k) due to the use of agency staff covering vacancies in the team.

Favourable variances in the department include £44k and £43k on the Director of Corporate Services and AD budgets respectively due to consultants and subscription budgets not forecast to be required in year. Corporate Accountancy are forecasting a £22k favourable variance due to reduced banking costs in year, offsetting with agency spend. Within Revenues and Benefits the Benefits Administration and Support Teams are forecasting favourable variances of £37k and £23k respectively due to various running costs, vacancies and new burdens funding.

The forecast adverse variance in the division has increased by £167k compared to period 2. This is largely due to the inclusion of consultancy costs for the FIS team and extended agency costs within Budget Management.

Human Resources – £120k adverse variance

The adverse variance in HR is mainly across the AD (£71k) and Learning and Development (£34k) budgets as a result of agency staff covering vacant posts. There is also a £14k adverse variance forecast on Staff Side due to maternity leave cover.

The Occupational Health service is currently forecasting nil variance but will continue to be monitored through the year to review any impacts from covid-19 and changes to working arrangements.

The forecast variance on HR has reduced by only £2k since period 2 as a result of small adjustments offsetting one another.

Corporate Items - £799k adverse variance

The Housing Benefit Rent Allowances budget is forecasting a net adverse variance of £843k. This is due to a shortfall on the subsidy attracted by overpayments compared to the budgeted amount for 2020/21 and is inclusive of the £500k saving built in to the budget this year for improvement of overpayment recovery and therefore reducing the bad debt provision budget which is now not expected to be achievable in light of covid-19.

There is also a one-off saving in 2020/21 for the recovery of old housing benefit debts which had previously been written off, due to new access to information from HMRC. There is a £83k adverse variance and shortfall on the saving as recovery has been significantly impacted by covid-19.

Partly offsetting the above are favourable variances on the corporately funded items budget of £86k due to budget not expected to be required in year and £51k on the added years pension budget.

Compared to period 2, the Corporate Items adverse variance has increased by £70k. This is mainly due to a reduced forecast on the subsidy receivable in relation to Housing Benefit overpayments.

Environment & Regeneration

Environment & Regeneration	2020/21 Current Budget	Full year Forecast (June)	Forecast Variance at year end (June)	Forecast Variance at year end (May)	2020/21 Covid-19 Forecast Impact (June)	2019/20 Outturn Variance
	£000	£000	£000	£000	£000	£000
Public Protection	(15,539)	(7,682)	7,857	8,605	6,999	1,286
Public Space	15,484	17,191	1,707	1,507	2,078	(364)
Senior Management	1,018	901	(117)	(101)	0	81
Sustainable Communities	7,766	8,267	501	493	1,146	(220)
Total (Controllable)	8,729	18,677	9,947	10,503	10,223	783

Description	2020/21 Current Budget	Forecast Variance at year end (June)	Forecast Variance at year end (May)	2019/20 Variance at year end
	£000	£000	£000	£000
Regulatory Services	601	262	171	87
Parking Services	(17,156)	7,584	8,448	1,171
Safer Merton & CCTV	1,016	11	(14)	28
Total for Public Protection	(15,539)	7,857	8,605	1,286
Waste Services	14,280	273	242	72
Leisure & Culture	467	801	815	(334)
Greenspaces	1,441	596	477	(111)
Transport Services	(704)	37	(27)	9
Total for Public Space	15,484	1,707	1,507	(364)
Senior Management & Support	1,018	(117)	(101)	81
Total for Senior Management	1,018	(117)	(101)	81
Property Management	(2,990)	(115)	(26)	(251)
Building & Development Control	42	273	219	34
Future Merton	10,714	343	300	(3)
Total for Sustainable Communities	7,766	501	493	(220)
Total Excluding Overheads	8,729	9,947	10,503	783

Overview

The department is currently forecasting an adverse variance of £9,947k at year end. The main areas of variance are Regulatory Services, Parking Services, Waste Services, Leisure & Culture, Greenspaces, Building & Development Control, and Future Merton.

Public Protection

Regulatory Services adverse variance of £262k

The section has implemented agreed income savings of £160k over the last few financial years relating to potential commercial opportunities. However, the focus for the financial year 2019/20 needed to refocus from income generation to service improvement including a major IT project and restructure of the service. Key projects and staff vacancies has meant it has not yet been possible to achieve these savings targets. Once the new structure is in place and IT project has been completed, the section will be able to refocus their efforts on generating additional income, for example, through the provision of business advice.

In addition, Covid-19 has impacted on licensing income levels due to factors including street markets being closed and new Government guidelines being relaxed in areas such as pavement licences. Current forecasts estimate the financial impact to be in the region of £104k.

Parking Services adverse variance of £7,584k

Covid-19 has affected parking revenue across the board including ANPR, PCNs as well as on and off street charges income. Further work is underway to fully understand the short and longer term impact of this but current forecasts show an adverse variance on PCN, P&D, and permit income of £3,148k, £2,515k, and £1,705k respectively.

Contributing to the PCN adverse variance is a 2020/21 saving (ENV1920-01) of £340k relating to an application to change Merton's PCN charge band from band B to band A, which is now not expected to be implemented until April 2021.

Covid-19 has also had an impact of other areas of income, namely skip licences and parking bay suspensions, contributing to adverse variances of £165k and £92k being forecast respectively.

It should be noted that the section has a £3,800k budget expectation relating to the review of parking charges, which commenced on the 14th January 2020. The new charges were designed to influence motorists' behaviour and reduce the use of the motor car. It is too early to tell exactly how behaviour has been affected, which is being compounded by the impact of Covid-19, but work has started to try and better understand this.

The section is also forecasting an adverse variance on Supplies & Services (£136k), mainly in relation to the necessity of re-procuring body worn cameras and radios for the Civil Enforcement Officers.

The adverse variance is being partially offset by an employee related favourable variance of £144k.

Public Space

Waste Services adverse variance of £273k

An adverse variance of £109k is being forecast in relation to its waste collection and street cleansing contract, due to recharges for additional services being undertaken by the service provider.

The section is forecasting an adverse variance on disposal costs of £138k. As a result of changes to our residents working arrangements we have seen a greater increase in the number of households now working from home following the current Government advice in relation to Covid-19. This has resulted in an increase in overall domestic waste across all kerbside collection services.

An adverse variance of £33k is also being forecast in relation to the Household, Reuse, Recycling Centre (HRRC). However, negotiations are currently underway in order to extend the current contract, via a contract variation, in order to **Page 105** minimise future costs and to align the contract period with the other SLWP boroughs. It is estimated that, if agreed, this would increase costs by

around £120k this financial year. The section is currently working with both the SLWP and our service provider to mitigate these increased costs, and an associated report will be presented in due course for Cabinet considerations.

A favourable variance on employee related spend of £38k is partially mitigating the adverse variance.

Leisure & Culture adverse variance of £801k

Due to the Covid 19 pandemic, on the 21st March 2020 the Authority's Leisure Centres closed following central Government instruction. Since this request, officers have been working with our service provider, GLL, to consider how best to support them, whilst still ensuring that they maximise the Government benefits; minimise costs whilst keeping their previous customer base supported through such measures as 'free' online exercise classes, etc.

However, it is clear from the continuous dialogue between the two parties that the GLL needs financial support from the council if they are going to survive. Following conversations with the industry, it is estimated that leisure centres might not be able to return to normal working practices until around January 2021. Therefore, the Authority has agreed to forego the guaranteed income due from the GLL contract until the end of December 2020, which equates to about £622k. (this may change depending on how the centres perform once they open).

As the leisure centres have been closed, the Authority is incurring lower utility costs at these premises, leading to a forecast favourable variance of £82k.

Covid-19 has also led to the closure of the Wimbledon Sailing base since 20th March 2020. The site re-opened on the 15th June with much smaller programmes available, but due to the closure and social distancing measures an adverse variance of £275k is being forecast, mainly as a result of reduced income.

Greenspaces adverse variance of £596k

The adverse variance is mainly as a result of most of this year's events in our parks and openspaces being cancelled due to Covid-19, which has led to a net variance of £258k.

In addition, an adverse variance of £181k is being forecasted in relation to the maintenance of the Authority's trees located on highways and in parks. This is due to the high number of trees requiring pollarding and maintenance and compliance with our management of public liability risk. We are now much clearer about the detailed maintenance regime and the costs.

Further adverse variances are being forecast in relation to rental income (66k), and P&D within certain parks (£55k), whereby the original saving proposal to include charging on Saturdays was removed following consultation alongside a significant reduction in commuter (paid for) parking.

An adverse variance of £29k is being forecast in relation to the grounds maintenance contract. However, this figure includes an expected contractual cemetery revenue share for 2018/19 and 2019/20 of £157k. However, in tandem with the Phase C Waste Services (lot1) Annual Review process, a similar process is nearing completion regarding the Grounds Maintenance contract (lot 2), which could affect this revenue share and, therefore, the forecast.

Sustainable Communities

Building and Development Control adverse variance of £273k

Covid-19 has also had a significant impact reducing various types of building and development control applications being submitted, leading to the section forecasting an associated income shortfall of £519k.

(£113k), and other grants & contributions by (£113k), mainly as a result of allowable CIL income to cover the administration and overhead costs associated with managing the levy.

Future Merton adverse variance of £343k

The section continues to incur staff and consultancy costs in relation to Bishopsford Bridge, for which there is no budget, leading to a forecast adverse variance of £262k. Increased costs include legal fees dealing with contractual issues, fees to divert utilities and the need to pay for access to third party land for the demolition and construction of the new bridge.

Covid-19 has also significantly affected the section's ability to generate income. Firstly, an adverse variance of £203k is being forecast in relation to the income received from the contract for the provision of bus shelters and free standing units advertising within Merton, partly due to the fact that JC Decaux have invoked the force majeure clause in the contract due to lack of demand for advertising due to C-19. This has been agreed by SLLP with a loss of the guaranteed minimum income for at least 4 months.

Secondly, Vestry Hall has been closed since 26th March 2020 resulting in a forecast variance of £151k in relation to room lettings and hall hiring's.

These adverse variances are being partially mitigated by favourable variances on temporary traffic orders income (£110k), and costs associated with CPZ consultation and implementation (£190k)

Children Schools and Families

Children, Schools and Families	2020/21 Current Budget £000	Full year Forecast June £000	Forecast Variance at year end (June) £000	Forecast Variance at year end (May) £000	2020/21 Covid-19 Forecast Impact £'000	2019/20 Variance at year end £000
Education	24,536	24,209	(328)	(92)	50	63
Social Care and Youth Inclusion	21,114	21,546	432	321	410	416
Cross Department budgets	890	874	(16)	(10)		(47)
PFI	8,730	8,240	(490)	(561)		(251)
Redundancy costs	1,927	1,780	(147)	(147)		(422)
Total (controllable)	57,197	56,648	(549)	(490)	460	(241)

Overview

At the end of June 2020, the Children Schools and Families directorate is forecasting a favourable £549k variance on local authority funded services, a favourable movement of £60k from last month.

£460k Covid-19 cost pressure has been identified, £410k relate to savings shortfall, £50k shortfall in income targets. These have been included in the forecasted position. There remains considerable uncertainty about the likely level of increased costs due to Covid-19. It is expected that the impact of the lockdown on children and families will emerge in increased safeguarding referrals as the lockdown is lifted. It is too soon to forecast the likely increase in families who will need the support of our family

wellbeing service, children in need, children on a child protection plan or children who become looked after as a result. We are monitoring the situation closely and expect the forecast to change as things become clearer in the autumn when the vast majority of children should be back in school.

The forecast favourable position is mainly due to the Schools PFI forecast of £490k favourable variance. This is due to an overachievement of Schools Contribution Income, due to higher pupil numbers, which is greater than budgeted for.

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. EHCP numbers have increased from 2,011 in March, to 2,086 in June, an increase of 75.

The CSF department has received £3.847m growth for 2020/21. £1.756m has been allocated across Childrens Social Care and £2,091m across Education.

Local Authority Funded Services

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

Description	Budget £000	June Var £000	May Var £000	2019/20 £000
Procurement & School organisation	321	(80)	(81)	(306)
SEN transport	6,198	0	19	1,289
Early Years services	4,189	12	50	(314)
Education Inclusion	1,683	(138)	(107)	(350)
Internal legal hard charge	493	0	6	(105)
LSCB	76	31	70	(65)
Other over and underspends	11,576	(153)	(49)	(86)
Subtotal Education	24,536	(328)	(92)	63
Fostering and residential placements (ART)	7,417	(266)	0	(98)
Un-accompanied asylum seeking children (UASC)	254	442	0	33
No Recourse to Public Funds (NRPF)	172	(14)	(14)	132
MASH & First Response staffing	1,643	345	345	257
CWD team staffing	557	(130)	0	(67)
CWD Placements	634	5	0	(58)
Legal costs	531	(45)	0	72
Other over and underspends	9,906	95	(10)	145
Subtotal Children's Social Care and Youth Inclusion	21,114	432	321	416

Education Division

£2.091m growth is attributed to; £1.496m SEN Transport, £400k SEN Team Staffing and £195k Education Psychology.

The procurement and school organisation budget is showing a favourable variance of £80k 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 a nil variance, this budget has become increasingly difficult to forecast given COVID-19 and the variability of schools' wider opening and the impact of social distancing requirements on transport commissioning. This is our current best estimate based on the

information available at the end of June. The current estimated cost includes a small forecast for mileage claims where parents transport themselves and send in invoices. Buses are still being used to transport young people, but this is a moving target with no real way of predicting what will happen since we don't know what will occur in September and beyond. The position at the end of the summer term is that we are starting to transport more clients – rising from only around a quarter to nearly a half of the normal client base in recent weeks - but in many cases not full time, no reduction is shown at present for this. That being said, if all pupils were to return in the autumn term (before allowing for new applications), we could expect a significant increase in cost. To support the existing cost pressure in this area, £1.496m growth was allocated in 2020/21, but this does not reflect the Covid-19 impact, which was not known at the time.

Early years service is reporting a £12k adverse variance due to underachievement of income targets as a consequence of COVID-19 of approx. £50k and underspends in staffing.

Education Inclusion is reporting a £138k favourable variance primarily due to staffing underspends within My Futures and Children and Young People's participation services as well as increased 'buy backs' of £25k.

LSCP has reported an adverse variance of £31k due to agency staff cost. A restructure is planned but timescales are uncertain at the moment because Covid-19 has delayed restructure activity.

Children's Social Care and Youth Inclusion Division

At the end of June, Merton had 158 looked after children. 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	2019/20
Number of children in care as at 31st March	163	152	154	160	154
Of which UASC	22	20	28	34	28
Rate per 10,000	35	33	33	34	33
London Rate	51	50	49	Tbc	Tbc
England Rate	60	62	64	Tbc	Tbc

£1.76m growth across Childrens Social Care has been attributed to ART Placements (£604k), ART Supported Housing (£92k), Community Placement (£200k), No Recourse to Public Funds (£150k) and UASC placements and previous USAC that are now Care Leavers (£710k).

Service	Budget £000	June Forecast spend £000	Variance		Placements	
			June £000	May £000	June No	May No
Residential Placements	1,822	1117	(705)	0	11	11
Independent Agency Fostering	1,974	2,199	225	0	45	44
In-house Fostering	1,421	1,649	228	0	75	76
Secure accommodation	245	245	0	0	4	4
Parent and Baby	105	179	74	0	2	0
Supported lodgings/housing	1,850	1,762	(87)	0	56	59
Total	7,417	7,151	(266)	0	193	194

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 sometimes required. Some specific provision is mandated by the courts.

For June, placement costs have been forecast based on known placements as well as an estimated cost for movement in placements, including new cases, expected during the year. The demand-led nature of placements makes forecasting difficult but the assumptions will be reviewed and updated each month and estimates adjusted accordingly to provide our best estimate of full year costs.

Service	Budget £000	June Forecast- spend £000	Variance		Placements	
			June £000	May £000	June No	May No
Independent Agency Fostering	383	420	37	0	10	9
In-house Fostering	378	735	357	0	31	33
Supported lodgings/housing	693	741	48	0	30	29
UASC grant	(1,200)	(1,200)	0	0		
Total	254	696	442	0	71	71

At the end of June, we have a total of 71 USAC placements, 29 under 18 and 42 over 18. Of the 29 under 18 clients, 24 were placed in foster care and 5 in semi-independent accommodation. The administration's commitment (in line with other London Labour Councils) for Merton is to accommodate 38 unaccompanied asylum-seeking children (equivalent of 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 42 young people aged 18+ who were formerly UASC in our care at the end of May, 17 in foster care, 25 in semi-independent accommodation. Once UASC young people reach age 18, we retain financial responsibility for them as Care Leavers until their immigration status is resolved.

A review of the UASC growth £710k and the above adverse variance forecast of £442k will take place shortly to ensure the budgets are aligned correctly and the forecast reflects the true expected position.

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. Changes in the fostering recruitment budget from the corporate communications team has reduced the range of recruitment activity.

We have recruited 5 new foster carers (3 of these are connected persons & 2 are mainstream carers) this year so far. The target for this financial year is to recruit 20 new mainstream foster carers. We are therefore behind in relation to this 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 accept and retain children with more challenging behaviours in placement and by implementing the Mockingbird

Model. We are also targeting our recruitment to increase our number of in-house parent 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 continue to review all options to secure better value independent accommodation for our care leavers and expect to be able to procure further placements in 2020/21 which will help us reduce costs in this area.

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.

Schools PFI

Schools PFI is forecasting a £490k favourable variance. This is due to an overachievement of Schools Contribution Income compared with the sums budgeted for.

Dedicated Schools Grant (DSG)

DSG funded services are forecasting an adverse £12.050m variance, an increase of £2.209m over the 19/20 outturn. The DSG had a cumulative overspend of £12.750m at the end of 2019/20. The overspend in the current financial year will be adding to this balance, currently estimated at £24.8m. There was a separate report on the DSG Deficit Recovery Plan to Cabinet in January 2020. The DfE met with us on 11 February 2020 to discuss this recovery plan, and they will return to assess our progress in November.

The main reason for the variance relates to a £6.822m adverse variance on Independent Day School provision this is lower than forecast at period 2. The reason for the significant overspend is due to the high number of placements coupled with additional DSG budget of £2.6m applied as part of a realignment exercise.

Based on past years' experience, we are expecting the number of placements within Independent day school provision to increase in 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. However, we note an increase of 75 in the first quarter, and this therefore shows no slowing down, or plateauing of requirements. Requests for EHCPs go 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, which have been built into the future forecasts on the deficit, 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 £24.8m cumulative deficit to increase further.

Other adverse variances include £1.803m on EHCP allocations to Merton primary and secondary schools, £1.715m on EHCP allocations to out of borough maintained primary, secondary and special schools, and £1.651m 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 June 2020 there were 2,086 EHCPs.

Type of Provision	Jan 2016 Total Statements and EHCPs		Jan 2017 Total Statements and EHCPs		Jan 2018 Total Statements and EHCPs		Jan 2019 Total Statements and EHCPs		Jan 2020 Total Statements and EHCPs	
	No	%	No	%	No	%	No	%	No	%
Early Years (incl. Private & Voluntary Settings)	0	0%	1	0%	7	0%	7	0%	7	0%
Mainstream Schools (incl. Academies, Free and Independent)	422	39%	461	37%	526	35%	584	34%	707	37%
Additional Resourced Provision	110	10%	111	9%	116	8%	125	7%	125	6%
State Funded Special Schools	358	33%	388	31%	416	27%	440	26%	474	25%
Independent Special Schools	132	12%	153	12%	176	12%	228	13%	280	15%
Post 16 College and traineeships	25	2%	93	7%	183	12%	212	12%	199	10%
Post 16 Specialist	10	1%	25	2%	44	3%	37	2%	35	2%
Alternative Education (incl. EOTAS, Hospital Schools and EHE)	15	1%	10	1%	22	1%	28	2%	61	3%
No placement (including NEET)	3	0%	0	0%	28	2%	51	3%	40	2%
Total	1075	100%	1242	100%	1518	100%	1712	100%	1928	100%
Change over previous year				16%		22%		13%		11%

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 DSG deficit issue.

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 yet. 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 which continue into 2020/21 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 13 in 2019/20 to 10 in 2020/21. There are various reasons for schools requiring to set deficit budgets, increased costs relating to children that require additional support but do not meet statutory thresholds for additional funding, reduction in

pupil numbers, reduced levels of reserves that schools would previously have used to balance their budgets and loss of income due to Covid-19. Total school balances, including capital balances, did slightly 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 contributions 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. Some cost-saving measures linked to consolidation of routes or shared travel arrangements may not be possible in the light of Covid-19 restrictions

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 special provision including the expansion of Cricket Green special school completed in early 2020, and the opening of an Additionally Resourced Provision (ARP)

at Stanford Primary School. There is further expansion of provision in the capital programme, including the expansion of Melrose School (for children with Social, Emotional and Mental Health), which is currently at the statutory consultation and planning application stage. Additional local provision should also assist with minimising increases to transport costs.

New burdens

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.

Community and Housing

Community and Housing is forecasting a favourable variance of £106k as at June 2020. This is made up of forecasted favourable variances in Adult Social Care of £667k, and unfavourable variance in Housing of £322k and Libraries of £240k.

Community and Housing is still operating an emergency response and are working with NHS and community partners to for potential future surges in demand in autumn and winter related to a further surge in Covid-19 combined with the usual winter flu season. It is likely that recovery will run in parallel with an ongoing emergency response. We are planning on this being our operating model for the rest of this year.

The full impact of COVID 19 on our community, and therefore our services, is not yet fully understood. At present the department is focussed on supporting the NHS, housing rough sleepers and other homeless people, infection control, the local Test Track & Trace response, supporting the care sector (including with PPE supplies), shielding and community response as well as current residents shielding on advice from the government.

Community and Housing Summary Position

Community and Housing	2020/21	2020/21	2020/21	2020/21	2020/21	2019/20
	Current Budget	Full Year Forecast	Full Year Forecast	Full Year Forecast	Covid-19 Forecast Impact	Outturn
	£'000	June'20 £'000	Variance June'20 £'000	Variance May'20 £'000	June'20 £'000	Variance £'000
Adult Social Care	59,717	59,050	(667)	(698)	3,227	(728)
Libraries and Heritage	2,353	2,593	240	165	152	70
Merton Adult Learning	(5)	(5)	0	0	0	0
Housing General Fund	2,105	2,427	322	174	205	328
Public Health	(157)	(157)	0	0	0	0
Grand Total	64,013	63,907	(106)	(359)	3,583	(330)

The forecast above is prepared on the basis of our current understanding of activity, spend and income to date. The COVID costs in the second last column of the table below are those reflected in the budget forecast.

In addition, the department is estimating £5.8m of one-off costs of COVID 19. Of this £5.8m, £3.9m has been committed to support care providers. ASC will also receive a separate £1.3m grant in two tranches to support infection control in care. The first tranche payments to care homes is currently in progress.

At present, we have achieved £607k of the £2.46m savings target for 2020/21. The Department continues to work towards achieving the outstanding savings and maintain a balanced budget this year. However, it is too early in an unprecedented year to be able to be confident that this position will be maintained.

Adult Social Care

The ASC underspend is partly a consequence of the sad loss of service users; this has been experienced across all boroughs as a result of Covid-19. In addition, most of the costs of discharges from hospital into care homes is currently being met by the NHS in line with national guidance and these cases will likely return to adult social care in the not too distant future. This is likely to continue for now but we have to plan to take over the care arrangements for some of those placed by health. We are tracking these cases and the ASC forecast reflects this. The forecast also reflects a fall in income of c£1.3m, due to loss of client contributions.

The net underspend of £667k reflects the reduction in care packages. We sadly lost 115 service users who died of various causes between April and June 2020, compared to 63 the same period last year. There were a number of other changes in care, with a number of packages of care suspended as families took over care during the period of lockdown.

With no precedent to follow, it is difficult to forecast the impact of any future surges in COVID-19. We will need to maintain our surge capacity in re-ablement, the hospital team, nursing beds and home care to cope with any future surges. The forecast is prepared on the basis of current activity levels, but it is not possible to know if this will be reflected throughout the rest of the year.

The service has not had to make use of the Care Act easements enabled by emergency legislation and continues to act in accordance with the Care Act 2014. The focus has naturally been on supporting borough residents and the NHS, as well as contributing to the cross-council work on shielding, the community hub and the food hub.

COVID 19 is having a major impact on the lives of families and communities, and this will inevitably impact on the needs and preferences for people who use social care services. As we move forward, we will need to re-evaluate our offer to ensure that they are aligned with the new patterns of demand.

The Shielding Programme is supporting over 7,200 of a small number will need ongoing regular support. We will need to work with these people and their families when the national shielding programme is paused (it may restart if there are further surges in the coming months) to ensure that they recover their independence. We will also work with mental health services to support those shielding to deal with the psychological impact of their isolation.

The COVID emergency is having a significant impact on the care sector, and care providers in particular. Providers are facing additional costs for PPE and staffing, and homes in particular are facing lower occupancy rates. The council is providing support in cash, in line with LGA/ADASS guidance, and in kind by supply of significant volumes of PPE. We have provided in excess of 500,000 fluid resistant face masks and 58,000 pairs of gloves, amongst a range of PPE supplied to support providers. The crisis is likely to have long term and significant consequences for the care sector, which the council will have to manage in line with its Care Act 2014 duties.

Library & Heritage Service

This service is currently forecasting an unfavourable variance of £240k which is due to the under achievability of income as a result of COVID-19 and business rates cost at the Colliers Wood library.

Whilst the physical buildings have been closed Merton's Library & Heritage Service has enhanced its online offer to provide improved resources including a much expanded e-book offer. In lockdown usage of the libraries online services has increased by 56%. Three libraries have opened on a Click & Collect basis so far.

Adult Learning

Adult Learning currently forecasting a breakeven position. The service is reporting a break even position. No physical courses have run since lockdown but providers have been innovative in their delivery of courses online and have amended their curriculum plans to respond to the current challenges. As all of the courses planned could not go ahead the GLA and ESFA, who fund the adult learning provision for the borough, have confirmed that they will provide the borough with the full funding allocation for the year and this will be paid proportionately across agreed spend levels to providers.

Housing General Fund

This service is currently forecasting an unfavourable variance of £322k which is due to a reduction in expected income from Housing Benefit and client contribution, and an increase in the numbers of individuals placed in temporary accommodation since lockdown

During the pandemic the supply of housing association homes to which the council has nomination rights reduced dramatically, although work is underway with partners to obtain access to those dwellings. However the lack of housing supply has been impacted by the lack of movement from temporary accommodation and the increase in numbers. There has been fewer moves out of temporary accommodation, including evictions from temporary accommodation for reasons such as rent arrears, anti-social behaviour and refusal of accommodation.

As a result, as at the end of June 2020 there were 213 households in temporary accommodation, which is the highest number of cases accommodated in the last ten years.

This has been triggered by the need to protect individuals during the lockdown period and the requirement by government that everyone who is rough sleeping or at risk of rough sleeping is accommodated. This has included those individuals who would not normally be eligible for the provision of accommodation and therefore ineligible for housing which includes those who have no recourse to public funds and those who would not normally be vulnerable and therefore in priority need for accommodation under the Housing Act.

The housing service has continued to support all those individuals who were homeless or threatened with homelessness in accordance with the Homelessness Reduction Act 2017. This included the provision of appropriate advice to prevent homelessness and the procurement of temporary accommodation. Whilst there was a reduction in homelessness prevention activity early in the pandemic this work has since recovered.

During the pandemic the term homelessness has been used to reflect rough sleeping but it is important to mention that homelessness is a much bigger issue than rough sleeping and is far more complicated. As the service moves forward into a more business as usual phase it is important to think about other forms of homelessness and how they will impact upon the service as we move forward. Rough sleeping is one type of homelessness, but others include people who during the pandemic have ended up sofa surfing. This group has no security of tenure and as lockdown is eased and households seek to return to normality many may find themselves being asked to leave their accommodation as the host may no longer wish to accommodate them.

As lockdown eases landlords, both private and public sector will want to take their properties back. There continues to be a moratorium on evictions until the 24th August but after this time Landlords may seek to recover properties through the courts. No matter what the reason for this is, those households, if displaced, may seek advice, support and accommodation from the housing service.

Debt and financial hardship may lead to episodes of homelessness, whether it's a mortgage, rent, council tax and the recent pandemic may lead to households losing their homes. Exhausting support from family friends and the current downturn of the economy may trigger further demands upon the housing service

Households claiming welfare benefits, such as universal credit, may find it harder to manage their money and be worse off and as a consequence face episodes of debt and financial hardship and these people may fall into arrears and face eviction proceedings

Other reasons for homelessness will include those who have been in prison, or who have come back from service and have to re-join society. It might be very difficult for them to find accommodation and employment and as they struggle to get back into normality they may face homelessness and seek the housing services assistance

Domestic abuse is a cause of homelessness and is a main cause why individuals may flee their homes to escape a violent or emotionally abusive partner. These individuals may not be able to receive the correct support from family or friends and they may turn to the housing service for accommodation.

In summary homelessness can affect everyone and the recent pandemic may see more episodes in Merton than it has hitherto experienced.

During the pandemic the housing service has also managed to deal with those persons experiencing rough sleeping and at the height of the pandemic 52 individuals were being accommodated. Officers have been working hard to find suitable and sustainable solutions and as at the end of June the number of cases had reduced to 42. Work continues to find solutions for the remaining cases,

Analysis of Housing and Temporary Accommodation Expenditure

The table below shows the analysis of housing expenditure to June 2020

Housing	Budget 2020-21 £000	Forecast (Jun'20) £'000	Forecast Variances (Jun'20) £'000	Forecast Variances (May'20) £000	Outturn Variances (March'20) £000
Temporary Accommodation- Expenditure	2,403	3,865	1,462	1,467	1,002
Temporary Accommodation-Client Contribution	(140)	(453)	(313)	(362)	(321)
Temporary Accommodation-Housing Benefit Income	(2,005)	(2,718)	(713)	(911)	(535)
Temporary Accommodation-Subsidy Shortfall	322	1,299	978	961	793
Temporary Accommodation- Grant	0	(1,132)	(1,132)	(1,132)	(766)
Subtotal Temporary Accommodation	580	861	282	23	173
Housing Other Budgets- Over/(favourable)adverse	1,525	1,565	40	151	155
Total Controllable	2,105	2,426	322	174	328

The numbers in temporary accommodation has risen steadily as efforts to move people on has been hampered.

Temporary Accommodation	Numbers IN	Numbers OUT	Total for the Month	
Mar'17	-	-	186	
Mar'18	16	16	165	
Mar'19	15	11	174	
Mar'20	12	6	199	
			2020/21	2019/20
Apr'20	5	8	196	178
May'20	18	10	204	177
Jun'20	21	12	213	170

Public Health

Public is reporting a breakeven position.

The forecast is stated after accounting for £371k grant increase, which mitigate; PH salary and inflationary increases, additional sexual health costs due to revised tariffs, the NHS Agenda for Change pay award and pension increases for staff on commissioned contracts

The Public Health team, together with public protection, is leading on LBM's outbreak control plan. A ring-fenced grant has been allocated to LAs to support costs for outbreak control

DHSC recently announced £71k allocation for Sexual Health (HIV Pre-Exposure Prophylaxis) to cover routine testing as part of the commissioned service. The income and projected expenditure is not included in June monitoring but will be factored in July budget return. The Commissioner is still liaising with London Programme Board to ensure allocation is adequate to cover potential costs.

Corporate Items

The details comparing actual expenditure up to 30 June 2020 against budget are contained in Appendix 1. COVID-19 corporate expenditure is again shown on a separate line:-

Corporate Items	Current Budget 2020/21 £000s	Full Year Forecast (June) £000s	Forecast Variance at year end (June) £000s	Forecast Variance at year end (May) £000s	Outturn Variance 2019/20 £000s
Impact of Capital on revenue budget	11,190	11,171	(19)	0	(161)
Investment Income	(707)	(680)	27	0	(704)
Pension Fund	340	340	0	0	(104)
Pay and Price Inflation	4,181	4,831	650	650	(100)
Contingencies and provisions	20,978	20,978	0	0	(154)
Income Items	(1,963)	(1,963)	0	0	(343)
Appropriations/Transfers	(9,963)	(9,963)	0	0	0
Central Items	12,866	13,543	677	650	(1,405)
Levies	962	962	0	0	(1)
Depreciation and Impairment	(23,351)	(23,351)	0	0	0
TOTAL CORPORATE PROVISIONS	1,666	2,324	658	650	(1,567)
COVID-19 Emergency expenditure	0	9,272	9,272	9,210	176

The utilisation of corporate budgets is greatly influenced by the pressures and challenges that service departments face and the extent to which they require support from corporate contingency budgets. This is particularly the case in the current financial year with the devastating effect of COVID-19 being felt by many Council services.

Since May, the forecast has been updated for two small variations which increase the net forecast unfavourable variance by £8k, from £0.650m to £0.658m:-

- Capital financing costs have been updated following an update of the Capital Programme. This reflects changes arising from the outturn for 2019-20 and the impact of COVID-19 will continue to be monitored and any implications arising from further amendments will be advised in future monitoring reports throughout the year. Currently the impact of changes has resulted in a forecast favourable variance of £19k against budget in 2020/21 and there will be ongoing implications for future years.

- The first quarter's treasury forecast of investment income has resulted in a small adverse variance of £27k against the 2020/21 budget. This reflects the current very low interest rates and amounts invested.

In addition, in order to continue to make preparations to address the expected adverse variance at year end arising from COVID-19, it is proposed to transfer the following budgets to the COVID-19 Reserve to provide cover for the costs arising from addressing the pandemic:-

Contingencies and Provisions

The balance of Social Care Grant of £1.686m which was set aside whilst plans were made for it application will be appropriated to the COVID-19 Reserve. A large element of the COVID-19 costs are social-care related and it is an appropriate application of this funding

4 Capital Programme 2020-24

4.1 The Table below shows the movement in the 2020/24 corporate capital programme since the last monitoring report and summarises the initial review of the approved capital programme in response to Covid 19:

Depts	Current Budget 20/21	Variance	Revised Budget 20/21	Current Budget 21/22	Variance	Revised Budget 21/22	Original Budget 2022-23	Variance	Revised Budget 22/23	Original Budget 2023-24	Variance	Revised Budget 23/24
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Corporate Services	20,025	(1,363)	18,663	15,203	(433)	14,770	2,895	325	3,220	15,410	(736)	14,674
Community & Housing	1,709	(158)	1,551	1,680	148	1,828	1,429	0	1,429	425		425
Children Schools & Families	4,489	0	4,489	6,630	0	6,630	1,900	0	1,900	1,900		1,900
Environment and Regeneration	14,654	(610)	14,044	12,832	188	13,020	8,343	39	8,382	7,029	387	7,416
TOTAL	40,877	(2,131)	38,746	36,345	(97)	36,248	14,567	364	14,931	24,764	(349)	24,415

4.2 The table below summarises the position in respect of the 2020/21 Capital Programme as at June 2020. The detail is shown in Appendix 5.

Capital Budget Monitoring - June 2020

Department	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2020/21	Full Year Variance
Corporate Services	349,104	1,457,150	(1,108,046)	18,662,610	18,662,610	0
Community and Housing	65,747	150,360	(84,613)	1,551,000	1,550,166	(834)
Children Schools & Families	45,576	116,530	(70,954)	4,488,670	4,488,670	0
Environment and Regeneration	759,313	1,264,406	(505,092)	14,043,870	13,805,870	(238,000)
Total	1,219,740	2,988,446	(1,768,706)	38,746,150	38,507,316	(238,834)

a) Corporate Services – All budget managers are projecting a full spend against budget. The following adjustments have been made to the approved departmental programme this month:

Corporate Services		Budget 2020-21	Budget 2021-22	Budget 2022-23	Budget 2023-24	Narrative
		£	£	£	£	
Customer Contact Programme	(1)	(350,000)	(400,000)	0	0	Relinquished Budget
Capital Building Works	(1)	(175,420)	0	0	0	Relinquished Budget
Replacement Boilers	(1)	(267,200)	267,200	0	0	Re-profiled from 2020-21 to 2021-22
Civic Centre Lighting Upgrade	(1)		(300,000)	300,000	0	Re-profiled from 2021-22 to 2022-23
Environmental Asset Management		(10,600)	0	0	0	Relinquished Budget
Planning & Public Protection*	(1)	0	0	0	(550,000)	Relinquished Budget
School Admissions System	(1)	(125,000)	0	125,000	0	Re-profiled from 2020-21 to 2022-23
Parking System		(4,470)	0	0	0	Relinquished Budget
Youth Justice IT System	(1)	(100,000)	100,000	0	0	Re-profiled from 2020-21 to 2021-22
Multi Function Device	(1)	(330,000)	0	0	0	Relinquished Budget
IT Equipment	(1)	0	(100,000)	(100,000)	0	Relinquished Budget
Capital Bidding Fund	(1)	0	0	0	(186,400)	Relinquished Budget
Total		(1,362,690)	(432,800)	325,000	(736,400)	

Please note the £550k for Planning and Public Protection (*) has been reprofiled from 2023-24 into the indicative programme in 2024/25 and items with a (1) require Cabinet Approval.

b) Community and Housing – All budget managers are projecting a full year spend apart from the Library Self Service project which is projected to slightly underspend. The following adjustments have been made to the approved departmental programme this month:

Community and Housing		Budget 2020-21	Budget 2021-22	Budget 2022-23	Budget 2023-24	Narrative
		£	£	£	£	
Telehealth		(20,200)	10,200			£20.2k re-profiled and £10k relinquished
Learnin Disability Housing	(1)	(138,000)	138,000			Re-profiled from 2020-21 to to 2021-22
Total		(158,200)	(148,200)	0	0	

c) Children, Schools and Families – Officers are currently projecting a full spend against budget. The following adjustments have been made to the approved departmental programme this month:

Children, Schools and Families		Budget 2020-21	Budget 2021-22	Budget 2022-23	Budget 2023-24	Narrative
		£	£	£	£	
Wimbledon Chase - Capital Maintenance		30,000	0	0	0	Virement from the Unallocated Budget
Unallocated - Capital Maintenance		(30,000)	0	0	0	Virement to Wimbledon Chase
Total		0	0	0	0	

d) Environment and Regeneration – Officers are projecting full spend on all budgets apart from favourable variances on two schemes:

- Car Park Upgrades are currently showing a favourable variance of £125k. This projection only includes essential Fire Safety Works at St Georges Car Park, all other works as part of this scheme are under review
- Paddling Pools Option 2 are currently showing a favourable variance of £113k. The programme currently contains both options for Paddling Pools only one option will be progressed following a consultation process which is likely to commence over the Autumn of 2020.

The following adjustments have been made to the approved departmental programme this month:

Environment & Regeration		Budget 2020-21	Budget 2021-22	Budget 2022-23	Budget 2023-24	Narrative
		£	£	£	£	
Car Park Upgrades	(1)	(264,000)	264,000	0	0	Re-profiled from 2020-21 to to 2021-22
Replacement of Fleet Vehicles	(1)	(116,800)	116,800	0	0	Re-profiled from 2020-21 to to 2021-22
Alley Gating Scheme		(6,000)	(6,000)	(6,000)	(6,000)	Relinquished Budget
South London Waste Partnership		(9,610)	0	0	0	Relinquished Budget
Traffic Schemes		(50,000)	0	0	0	Relinquished Budget
Lamp Column Chargers		65,640	0	0	0	New TfL and Section 106 Funding
Active Travel Fund		90,480	0	0	0	New Dept. For Trans Funding
Surface Water Drainage		(9,000)	(9,000)	(9,000)	(9,000)	Relinquished Budget
Maintain Anti Skid & Coloured Surface		(15,000)	15,000	0	0	Re-profiled from 2020-21 to 2021-22
Highway Bridges and Structures	(1)	(150,000)	150,000	0	0	Re-profiled from 2020-21 to 2021-22
Morden Town Centre Regeneration	(1)	(50,000)	(460,000)	108,000	402,000	Re-profiled from 2020-21 onwards
Parks Investment		(63,000)	63,000	0	0	Re-profiled from 2020-21 to 2021-22
Cannons Parks for the People	(1)	178,770	(178,770)			Re-profiled from 2021-22 to to 2020-21
Merton Park Green Walks		21,810				New Section 106 Funding
Paddling Pool - Option 1		(45,000)	45,000	0	0	Re-profiled from 2020-21 to 2021-22
Paddling Pool - Option 2	(1)	(113,000)	113,000	0	0	Re-profiled from 2020-21 to 2021-22
Resurface Tennis Courts Wimb. Pk.		(75,000)	75,000	0	0	Re-profiled from 2020-21 to 2021-22
Mortuary Provision		0	0	(53,890)	0	Relinquished Budget
Total		(609,710)	188,030	39,110	387,000	

Please note the £6k reduction for Alley Gating and £9k reduction Surface Water Drainage will be reflected throughout the whole indicative programme.

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 20/21	Net Slippage 2020/21	Adjustments	New External Funding	New Internal Funding	Re-profiling	Revised Budget 20/21
Corporate Services	22,100	2,000	(870)			(4,567)	18,663
Community & Housing	2,004	189				(642)	1,551
Children Schools & Families	4,566	480		573		(1,130)	4,489
Environment and Regeneration	18,530	818	(1,612)	130	47	(3,870)	14,044
Total	47,199	3,487	(2,482)	703	47	(10,209)	38,746

4.4 The table below compares capital expenditure (£000s) to June 2020 to that in previous years':

Depts.	Spend To June 2017	Spend To June 2018	Spend to June 2019	Spend to June 2020	Variance 2017 to 2020	Variance 2018 to 2020	Variance 2019 to 2020
CS	195	652	275	349	154	(303)	74
C&H	98	176	146	66	(32)	(110)	(80)
CSF	367	548	1,550	46	(321)	(503)	(1,504)
E&R	1,625	2,300	300	759	(866)	(1,541)	460
Total Capital	2,285	3,677	2,270	1,220	(1,065)	(2,457)	(1,050)

Outturn £000s	32,230	31,424	26,960	
Budget £000s				38,746
Projected Spend June 2020 £000s				38,507
Percentage Spend to Budget				3.15%
% Spend to Outturn/Projection	7.09%	11.70%	8.42%	3.17%
Monthly Spend to Achieve Projected Outturn £000s				3,921

4.5 June is one quarter of the way into the financial year and departments have spent just over 3% of the budget. Spend to date lower than all three previous financial years shown and is in part due to the impact of Covid 19

Department	Spend To May 2020 £000s	Spend To June 2020 £000s	Increase £000s
CS	10	349	339
C&H	36	66	30
CSF	(80)	46	125
E&R	238	759	522
Total Capital	204	1,220	1,016

4.6 During June 2020 officers spent just over £1 million, to achieve year end spend officer would need to spend approximately £3.9 million each month to year end. Finance officers will continue to work with budget managers to re-profile and change the Capital Programme appropriately in the light of Covid 19 and the current financial challenges facing the Authority.

4.7 Appendix 5C summarises the impact of the changes to the Capital Programme on funding. The Table below compares the revenue impact from the original Medium Term Financial Strategy agreed in March 2020:

MTFS March 2020	2020/21	2021/22	2022/23	2023/24
	£000s	£000s	£000s	£000s
MRP	4,875	5,635	6,950	7,704
Interest on Borrowing	6,315	6,315	6,110	6,082
Total Borrowing Costs	11,190	11,950	13,060	13,786
Interest on Investments	(285)	(137)	(6)	0
Interest on HC Loan	0	0	0	0
CCLA Investment Two Loans @ £10m	(322)	(322)	(322)	(322)
Total Borrowing Costs Net of Investment interest	10,583	11,491	12,733	13,464

Proposed Programme Business Plan 2020-24	2020/21	2021/22	2022/23	2023/24
	£000s	£000s	£000s	£000s
MRP	4,855	5,644	6,597	7,343
Interest on Borrowing	6,316	6,316	6,111	5,981
Total Borrowing Costs	11,171	11,960	12,708	13,324
Interest on Investments	(357)	(365)	(322)	(130)
Interest on HC Loan	0	0	0	0
CCLA Investment Two Loans @ £10m	(323)	(323)	(323)	(323)
Total Borrowing Costs Net of Investment interest	10,491	11,272	12,063	12,871

Movement in Projected Costs	2020/21	2021/22	2022/23	2023/24
	£000s	£000s	£000s	£000s
MRP	(19)	9	(353)	(361)
Interest on Borrowing	1	1	1	(101)
Total Borrowing Costs	(18)	10	(352)	(462)
Interest on Investments	(73)	(227)	(316)	(130)
Interest on HC Loan	0	0	0	0
CCLA Investment Two Loans @ £10m	(1)	(1)	(1)	(1)
Total Borrowing Costs Net of Investment interest	(92)	(218)	(670)	(593)

DELIVERY OF SAVINGS FOR 2020/21

Department	Target Savings 2020/21	Projected Savings 2020/21	Period 3 Forecast Shortfall	Period Forecast Shortfall (P3)	Period 2 Forecast Shortfall	2021/22 Expected Shortfall
	£000	£000	£000	%	£000	£000
Corporate Services	2,718	1,754	964	35.5%	871	595
Children Schools and Families	2,969	2,305	664	22.4%	664	300
Community and Housing	2,460	607	1,853	75.3%	1,853	100
Environment and Regeneration	3,927	936	2,991	76.2%	2,991	0
Total	12,074	5,602	6,472	53.6%	6,379	995

Appendix 6 details the progress on unachieved savings from 2020/21 by department and the impact on the current year and next year.

Progress on savings 2019/20

Department	Savings Target 2019/20	Shortfall 2019/20	Projected Shortfall 2020/21	Projected Shortfall 2021/22
	£000	£000	£000	£000
Corporate Services	1,484	100	70	0
Children Schools and Families	572	0	0	0
Community and Housing	1,534	118	0	0
Environment and Regeneration	2,449	837	2,065	0
Total	6,039	1,055	2,135	0

Appendix 7 details the progress on unachieved savings from 2019/20 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 Corporate Items table
- Appendix 2 – Pay and Price Inflation
- Appendix 3 – Treasury Management: Outlook
- Appendix 5A – Current Capital Programme
- Appendix 5B - Detail of Virements
- Appendix 5C - Summary of Capital Programme Funding
- Appendix 6 – Progress on savings 2020/21
- Appendix 7 – Progress on savings 2019/20
- Appendix 8 - Debt Report
- Appendix 9 - Establishment Control Report Q1 2020-21

14. BACKGROUND PAPERS

14.1 Budgetary Control files held in the Corporate Services department.

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APPENDIX 1

3E. Corporate Items	Council 2020/21 £000s	Original Budget 2020/21 £000s	Current Budget 2020/21 £000s	Year to Date Budget (June) £000s	Year to Date Actual (June) £000s	Full Year Forecast (June) £000s	Forecast Variance at year end (June) £000s	Forecast Variance at year end (May) £000s	Outturn Variance 2019/20 £000s
Cost of Borrowing	11,190	11,190	11,190	1,579	759	11,171	(19)	0	(161)
Impact of Capital on revenue budget	11,190	11,190	11,190	1,579	759	11,171	(19)	0	(161)
Investment Income	(707)	(707)	(707)	(177)	(184)	(680)	27	0	(704)
Pension Fund	340	340	340	85	0	340	0	0	(104)
Corporate Provision for Pay Award	2,231	2,231	2,231	558	0	2,881	650	0	0
Corporate Provision for National Minimum Wage	1,500	1,500	1,500	375	0	1,500	0	0	0
Provision for excess inflation	450	450	450	113	0	450	0	0	(100)
Pay and Price Inflation	4,181	4,181	4,181	1,045	0	4,831	650	0	(100)
Contingency	1,500	1,500	500	125	0	500	0	0	(500)
Single Status/Equal Pay	100	100	100	25	0	100	0	0	0
Bad Debt Provision	500	500	500	125	0	500	0	0	1,304
Loss of income arising from P3/P4	400	400	0	0	0	0	0	0	(100)
Loss of HB Admin grant	34	34	34	9	0	34	0	0	(34)
Apprenticeship Levy	450	450	450	113	35	450	0	0	(22)
Revenuisation and miscellaneous	3,384	3,384	3,384	846	122	3,384	0	0	(802)
Growth - Provision against DSG	16,009	16,009	16,009	4,002	0	16,009	0	0	0
Contingencies and provisions	22,378	22,378	20,978	5,245	157	20,978	0	0	(154)
Other income	0	0	0	0	(3)	0	0	0	(186)
CHAS IP/Dividend	(1,963)	(1,963)	(1,963)	(491)	(60)	(1,963)	0	0	(157)
Income items	(1,963)	(1,963)	(1,963)	(491)	(63)	(1,963)	0	0	(343)
Appropriations: CS	(908)	(908)	(908)	(227)	0	(908)	0	0	0
Appropriations: E&R	(317)	(317)	(317)	(79)	0	(317)	0	0	0
Appropriations: CSF	(360)	(360)	(448)	(112)	(88)	(448)	0	0	0
Appropriations: C&H	(104)	(104)	(104)	(26)	0	(104)	0	0	0
Appropriations: Public Health	(1,200)	(1,200)	(1,200)	(300)	0	(1,200)	0	0	0
Appropriations: Corporate	(8,386)	(8,386)	(6,986)	(1,747)	(6,986)	(6,986)	0	0	0
Appropriations/Transfers	(11,275)	(11,275)	(9,963)	(2,491)	(7,074)	(9,963)	0	0	0
Depreciation and Impairment	(23,351)	(23,351)	(23,351)	0	0	(23,351)	0	0	0
Central Items	793	793	705	4,795	(6,406)	1,363	658	0	(1,566)
Levies	962	962	962	240	314	962	0	0	(1)
TOTAL CORPORATE PROVISIONS	1,754	1,754	1,666	5,036	(6,091)	2,324	658	0	(1,567)
COVID-19 Emergency expenditure						9,272	9,272	9,210	176
COVID-19 Expenditure	0	0	0	0	1,691	9,272	9,272	9,210	176

Pay and Price Inflation as at June 2020

In 2020/21, the budget includes 2.0% 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 0.8% and RPI at 1.5% and the Council's overall revenue budget under extreme pressure, this budget will be retained as cover and only released in exceptional circumstances.

Pay:

The local government pay award for 2020/21 has not yet been agreed. On 16 April 2020, the National Employers made an improved, final pay offer to the unions representing the main local government NJC workforce as follows:

- With effect from 1 April 2020, an increase of 2.75 per cent on all NJC pay points 1 and above
- With effect from 1 April 2020, an increase of one day to the minimum annual leave entitlement. This increase would apply just to those employees whose leave entitlement at 1 April 2020 is twenty one days (plus extra statutory and public holidays)
- joint work on mental health.

UNISON's national joint council (NJC) committee met on 5 June, to consider feedback from regions and decide on next steps in the NJC pay negotiation process.

The Local Government Association has made it clear that it will not approach the UK government to request any further money for local government pay. UNISON will send a full consultation pack to branches in the week of 22 June, and branches will then send key information to members and ask them to vote on whether they accept or reject the pay offer. They will have around six weeks to make up their mind and discuss the offer with fellow members.

The impact of a 2.75% pay increase on the Council's budget will increase employee costs by c.£0.650m for which additional budget would be required. The cost of additional leave has not yet been costed.

Prices:

The latest statistic have been affected by COVID-19. As a result of the ongoing coronavirus (COVID-19) pandemic, the ONS identified 67 CPIH items that were unavailable to UK consumers in June. These account for 13.5% of the CPIH basket by weight and made a downward contribution of 0.02 percentage points to the change in the CPIH 12-month rate; the number of unavailable items is down from 74 in May and 90 in April; for June, the ONS have collected a weighted total of 84.0% (excluding unavailable items) of the number of price quotes collected for February (the most recent "normal" collection).

The Consumer Prices Index (CPI) 12-month rate was 0.6% in June 2020, up from 0.5% in May.

Rising prices for games and clothing resulted in the largest upward contributions to the change in the CPI 12-month inflation rate between May and June 2020.

Falling prices for food resulted in a partially offsetting downward contribution to the change.

The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 0.8% in June 2020, up from 0.7% in May 2020.

The RPI rate for June 2020 was 1.1%, which is up from 1.0% in May 2020.

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. Previously at a special meeting on 19 March 2020, the Monetary Policy Committee (MPC) unanimously voted to cut interest rates from 0.25% to 0.1% and to increase holdings of UK government and corporate bonds by £200bn in response to the COVID-19 crisis.

At its meeting ending on 17 June 2020, the MPC voted unanimously to maintain Bank Rate at 0.1%. The Committee voted unanimously for the Bank of England to continue with the programme of £200 billion of UK government bond and sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, to take the total stock of these purchases to £645 billion. The Committee voted by a majority of 8-1 to increase the target for the stock of asset purchases by an additional £100 billion at this meeting.

In the minutes to the meeting the MPC note that "Recent data outturns suggest that the fall in global GDP in 2020 Q2 will be less severe than expected at the time of the May Monetary Policy Report. There are signs of consumer spending and services output picking up, following the easing of Covid-related restrictions on economic activity. Recent additional announcements of easier monetary and fiscal policy will help to support the recovery. Downside risks to the global outlook remain, however, including from the spread of Covid-19 within emerging market economies and from a return to a higher rate of infection in advanced economies. UK GDP contracted by around 20% in April, following a 6% fall in March. Evidence from more timely indicators suggests that GDP started to recover thereafter. Payments data are consistent with a recovery in consumer spending in May and June, and housing activity has started to pick up recently."

In terms of the outlook for inflation the MPC minutes summarise the uncertainty caused by the pandemic and state that "current below-target rates of CPI inflation can in large part be accounted for by the effects of the pandemic. The collapse in global oil prices has had direct effects on inflation, via the prices of motor fuels, and indirect effects by reducing input costs in other sectors of the economy. The sharp drop in domestic activity is also adding to downward pressure on inflation through increased spare capacity in most sectors of the economy. The unprecedented situation means that the outlook for the UK and global economies is unusually uncertain. It will depend critically on the evolution of the pandemic, measures taken to protect public health, and how governments, households and businesses respond to these factors."

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

Table 11: Forecasts for the UK Economy

Source: HM Treasury - Forecasts for the UK Economy (July 2020)			
	Lowest %	Highest %	Average %
2020 (Quarter 4)			
CPI	0.0	2.5	0.7
RPI	0.4	6.7	1.5
LFS Unemployment Rate	5.9	10.8	8.1
2021 (Quarter 4)			
CPI	0.5	3.2	1.7
RPI	1.1	6.7	2.8
LFS Unemployment Rate	4.0	9.4	6.4

Note the wide range between highest and lowest forecasts which reflects the volatility and uncertainty arising from COVID-19 and the difficulty of forecasting how the situation will evolve. 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 2020 to 2024 are summarised in the following table:-

Source: HM Treasury - Forecasts for the UK Economy (May 2020)					
	2020	2021	2022	2023	2024
	%	%	%	%	%
CPI	1.0	1.4	1.7	1.8	1.8
RPI	1.6	2.0	2.5	2.8	2.8
LFS Unemployment Rate	7.0	6.8	6.1	5.5	5.0

Treasury Management: Outlook

At its meeting ending on 17 June 2020, the MPC voted unanimously to maintain Bank Rate at 0.1%. The Committee voted unanimously for the Bank of England to continue with the programme of £200 billion of UK government bond and sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, to take the total stock of these purchases to £645 billion. The Committee voted by a majority of 8-1 to increase the target for the stock of asset purchases by an additional £100 billion at this meeting.

The MPC has published the May 2020 Monetary Policy Report in the context that “the unprecedented situation due to COVID-19 means that the outlook for the UK and global economies is unusually uncertain. It will depend critically on the evolution of the pandemic, and how governments, households and businesses respond to it. “ To illustrate the potential future implications has constructed a plausible illustrative economic scenario based on a set of stylised assumptions about the pandemic and the responses of governments, households and businesses, and, as usual, on the prevailing levels of asset prices and the market path for interest rates.

In an accompanying interim Financial Stability Report, the Financial Policy Committee (FPC) assessed the risks to UK financial stability and the resilience of the UK financial system to the economic and market shocks associated with Covid-19. The MPC has statutory objectives to maintain price stability and, subject to that, to support the economic policy of the Government including its objectives for growth and employment. In the current circumstances, and consistent with the MPC’s remit, monetary policy is aimed at supporting businesses and households through the crisis, and limiting any lasting damage to the economy.

The MPC note that “the illustrative scenario incorporates a very sharp fall in UK GDP in 2020 H1 and a substantial increase in unemployment. The fall in activity should be temporary, and GDP should pick up relatively rapidly as social distancing measures are relaxed. Nonetheless, because a degree of precautionary behaviour by households and businesses is assumed to persist beyond that point, the economy takes some time to recover towards its previous path, with risks skewed to the downside. In the near term, CPI inflation is likely to fall significantly below the MPC’s 2% target, given falling energy prices and the weakness of demand. It rises to around the 2% target further out.”

However, in the MPC’s minutes to the meeting ending on 17 June 2020, it is stated that “the emerging evidence suggests that the fall in global and UK GDP in 2020 Q2 will be less severe than set out in the May Report. Although stronger than expected, it is difficult to make a clear inference from that about the recovery thereafter. There is a risk of higher and more persistent unemployment in the United Kingdom. Even with the relaxation of some Covid-related restrictions on economic activity, a degree of precautionary behaviour by households and businesses is likely to persist. The economy, and especially the labour market, will therefore take some time to recover towards its previous path. CPI inflation is well below the 2% target and is expected to fall further below it in coming quarters, largely reflecting the weakness of demand. At this meeting, the MPC judges that a further easing of monetary policy is warranted to meet its statutory objectives. The Committee agreed to increase the target stock of purchased UK government bonds by an additional £100 billion in order to meet the inflation target in the medium term. The Committee expects that programme to be completed, and the total stock of asset purchases to reach £745 billion, around the turn of the year. The MPC will continue to monitor the situation closely and, consistent with its remit, stands ready to take further action as necessary to support the economy and ensure a sustained return of inflation to the 2% target. The Committee will keep the asset purchase programme under review.”

Higher and more persistent unemployment is seen as a major risk and the economy will take some time to recover towards its previous path. The MPC minutes say that “more generally, there were risks to the recovery from ongoing high uncertainty, weaker balance sheets, particularly in the corporate sector, and increased risk aversion.”

Although, they are unable to indicate what their approach in the coming months will be, the MPC emphasise that they will have an important role in the coming months, “a persistent margin of spare capacity, in large part reflecting slack in the labour market, would weigh on inflation. Existing fiscal support provided to workers and to companies was likely to continue to play a key role in preventing a larger fall in spending and widespread business failures. Looser monetary policy also had a role to play by supporting cashflows, demand, and financial conditions. In an environment of heightened uncertainty, some members in this group also envisaged a role for monetary policy in seeking to mitigate the potential impact of more adverse economic scenarios, including those in which there were higher rates of Covid-19 infection going forward. Some members noted that risk management considerations favoured a prompt response to downside risks at present in order to ensure a sustained return of inflation to the target.”

Capital Budget monitoring- June 2020

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Capital	1,219,740	2,988,446	(1,768,706)	38,746,150	38,507,316	(238,834)
Corporate Services	349,104	1,457,150	(1,108,046)	18,662,610	18,662,610	0
Customer, Policy and Improvmen	103,780	0	103,780	1,000,000	1,000,000	0
Customer Contact Programme	103,780	0	103,780	1,000,000	1,000,000	0
Facilities Management Total	61,040	357,555	(296,515)	1,445,370	1,445,370	0
Works to other buildings	70,968	245,355	(174,387)	903,170	902,870	(300)
Civic Centre	(3,753)	37,200	(40,953)	67,200	67,500	300
Invest to Save schemes	(6,175)	75,000	(81,175)	475,000	475,000	0
Infrastructure & Transactions	184,284	599,595	(415,311)	2,670,490	2,670,490	0
Business Systems	13,233	151,745	(138,512)	880,700	880,700	0
Social Care IT System	0	68,220	(68,220)	272,870	272,870	0
Planned Replacement Programme	171,051	379,630	(208,579)	1,516,920	1,516,920	0
Corporate Items	0	500,000	(500,000)	13,546,750	13,546,750	0
Multi Functioning Device (MFD)	0	0	0	270,000	270,000	0
Westminster Ccl Coroners Court	0	0	0	460,000	460,000	0
Housing Company	0	500,000	(500,000)	12,816,750	12,816,750	0
Community and Housing	65,747	150,360	(84,613)	1,551,000	1,550,166	(834)
Housing	66,598	150,360	(83,762)	1,177,000	1,177,000	0
Disabled Facilities Grant	66,598	150,360	(83,762)	827,000	827,000	0
Major Projects - Social Care H	0	0	0	350,000	350,000	0
Libraries	(851)	0	(851)	374,000	373,166	(834)
Library Enhancement Works	(851)	0	(851)	0	0	0
Major Library Projects	0	0	0	350,000	349,166	(834)
Libraries IT	0	0	0	24,000	24,000	0

Capital Budget Monitoring- June 2020

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Children Schools & Families	45,576	116,530	(70,954)	4,488,670	4,488,670	0
Primary Schools	84,694	0	84,694	1,888,830	1,888,830	0
Hollymount	(356)	0	(356)	0	0	0
West Wimbledon	(901)	0	(901)	39,350	39,350	0
Hatfield	7,258	0	7,258	43,910	43,910	0
Hillcross	(5,227)	0	(5,227)	83,290	83,290	0
Dundonald	0	0	0	79,500	79,500	0
Garfield	29,680	0	29,680	42,620	42,620	0
Merton Abbey	(530)	0	(530)	0	0	0
Poplar	(4,824)	0	(4,824)	24,010	24,010	0
Wimbledon Chase	0	0	0	81,990	81,990	0
Wimbledon Park	0	0	0	40,000	40,000	0
Abbotsbury	32,930	0	32,930	137,200	137,200	0
Malmesbury	0	0	0	35,000	35,000	0
Morden	(2,219)	0	(2,219)	0	0	0
Bond	0	0	0	6,030	6,030	0
Cranmer	0	0	0	34,000	34,000	0
Gorringe Park	0	0	0	86,650	86,650	0
Haslemere	(795)	0	(795)	0	0	0
Liberty	(487)	0	(487)	33,640	33,640	0
Links	(690)	0	(690)	220,000	220,000	0
St Marks	0	0	0	165,000	165,000	0
Lonesome	33,680	0	33,680	46,740	46,740	0
Sherwood	(1,059)	0	(1,059)	201,200	201,200	0
Stanford	(1,768)	0	(1,768)	0	0	0
William Morris	0	0	0	3,200	3,200	0
Unlocated Primary School Proj	0	0	0	485,500	485,500	0

Capital Budget Monitoring- June 2020

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Secondary School	(43,243)	0	(43,243)	260,010	260,010	0
Harris Academy Merton	0	0	0	34,170	34,170	0
Raynes Park	0	0	0	5,590	5,590	0
Ricards Lodge	0	0	0	5,580	5,580	0
Rutlish	0	0	0	19,000	19,000	0
Harris Academy Wimbledon	(43,243)	0	(43,243)	195,670	195,670	0
SEN	(81,913)	0	(81,913)	1,990,260	1,990,260	0
Perseid	(16,241)	0	(16,241)	285,970	285,970	0
Cricket Green	(90,267)	0	(90,267)	366,150	366,150	0
Melrose	40,644	0	40,644	1,070,590	1,070,590	0
Secondary School Autism Unit	0	0	0	50,000	50,000	0
Unlocated SEN	(16,048)	0	(16,048)	204,210	204,210	0
Melbury College - Smart Centre	0	0	0	13,340	13,340	0
CSF Schemes	86,037	116,530	(30,493)	349,570	349,570	0
CSF IT Schemes	(1,353)	0	(1,353)	0	0	0
Devolved Formula Capital	87,390	116,530	(29,140)	349,570	349,570	0

Capital Budget Monitoring- June 2020

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Environment and Regeneration	759,313	1,264,406	(505,092)	14,043,870	13,805,870	(238,000)
Public Protection and Developm	0	71,434	(71,434)	450,340	325,340	(125,000)
On Street Parking - P&D	0	10,000	(10,000)	100,000	100,000	0
Off Street Parking - P&D	0	46,400	(46,400)	200,000	75,000	(125,000)
CCTV Investment	0	15,034	(15,034)	150,340	150,340	0
Public Protection and Developm	0	0	0	0	0	0
Street Scene & Waste	(117,973)	110,500	(228,473)	604,630	604,630	0
Fleet Vehicles	0	107,500	(107,500)	542,200	542,200	0
Alley Gating Scheme	1,200	3,000	(1,800)	24,000	24,000	0
Waste SLWP	(119,173)	0	(119,173)	38,430	38,430	0
Sustainable Communities	877,286	1,082,472	(205,185)	12,988,900	12,875,900	(113,000)
Street Trees	(4,500)	6,600	(11,100)	126,000	126,000	0
Raynes Park Area Roads	0	2,611	(2,611)	26,110	26,110	0
Highways & Footways	702,916	405,843	297,073	5,810,430	5,810,430	0
Cycle Route Improvements	99,878	13,239	86,639	132,390	132,390	0
Mitcham Transport Improvements	705	9,661	(8,956)	96,610	96,610	0
Unallocated TfI	0	0	0	0	0	0
Colliers Wood Area Regeneratio	2,050	1,500	550	15,000	15,000	0
Mitcham Area Regeneration	1,747	228,755	(227,008)	2,287,550	2,287,550	0
Wimbledon Area Regeneration	70,000	78,830	(8,830)	788,300	788,300	0
Morden Area Regeneration	0	25,000	(25,000)	200,000	200,000	0
Borough Regeneration	1,987	58,305	(56,318)	583,050	583,050	0
Morden Leisure Centre	0	14,170	(14,170)	55,000	55,000	0
Wimbledon Park Lake and Waters	1,475	19,000	(17,525)	329,500	329,500	0
Sports Facilities	22,836	30,000	(7,164)	308,840	308,840	0
Parks	(21,806)	188,958	(210,764)	2,230,120	2,117,120	(113,000)

Virement, Re-profiling and New Funding - June 2020

Appendix 5B

	2019/20 Budget	Virements	Funding Adjustments	Reprofiling	Revised 2019/20 Budget	2020/21 Budget	Movement	Revised 2020/21 Budget	Narrative
	£	£		£	£	£		£	
Corporate Services									
Customer Contact Programme	(1) 1,350,000		(350,000)		1,000,000	1,900,000	(400,000)	1,500,000	Relinquished Budget
Capital Building Works	(1) 877,110		(175,420)		701,690	600,000	0	600,000	Relinquished Budget
Replacement Boilers	(1) 468,680			(267,200)	201,480	0	267,200	267,200	Re-profiled to 2022-23
Civic Centre Lighting Upgrade	(1) 0				0	300,000	(300,000)	0	Re-profiled to 2022-23
Environmental Asset Management			(10,600)		7,200	0	0	0	Relinquished Budget
School Admissions System	(1) 125,000			(125,000)	0	0	0	0	Re-profiled to 2022-23
Parking System			(4,470)		17,880	0	0	0	Relinquished Budget
Youth Justice IT System	(1) 100,000			(100,000)	0	0	100,000	100,000	Re-profiled from 2020-21 to to 2021-22
Multi Function Device	(1) 600,000		(330,000)		270,000	0	0	0	Relinquished Budget
IT Equipment	(1) 120,000				120,000	100,000	(100,000)	0	Relinquished Budget
Community and Housing									
Telehealth		20,200		(20,200)	0	20,200	10,200	30,400	£20.2k re-profiled and £10k relinquished
Learnin Disability Housing	(1) 488,000			(138,000)	350,000	633,000	138,000	771,000	Re-profiled from 2020-21 to to 2021-22
Children, Schools and Families									
Wimbledon Chase - Capital Maintenance		51,990	30,000		81,990	0	0	0	Virement from the Unallocated Budget
Unallocated - Capital Maintenance		515,500	(30,000)		485,500	1,900,000	0	1,900,000	Virement to Wimbledon Chase
Environment and Regeneration									
Car Park Upgrades	(1) 464,000			(264,000)	200,000	520,000	264,000	784,000	Re-profiled from 2020-21 to to 2021-22
Replacement of Fleet Vehicles	(1) 584,000			(116,800)	467,200	300,000	116,800	416,800	Re-profiled from 2020-21 to to 2021-22
Alley Gating Scheme		30,000	(6,000)		24,000	30,000	(6,000)	24,000	Relinquished Budget
South London Waste Partnership		48,040	(9,610)		38,430	0	0	0	Relinquished Budget
Traffic Schemes		261,540	(50,000)		211,540	150,000	0	150,000	Relinquished Budget
Lamp Column Chargers		0	65,640		65,640	0		0	New TfL and Section 106 Funding
Active Travel Fund		0	90,480		90,480	0		0	New Dept. For Trans Funding
Surface Water Drainage		69,000	(9,000)		60,000	69,000	(9,000)	60,000	Relinquished Budget
Maintain Anti Skid & Coloured Surface		70,000		(15,000)	55,000	70,000	15,000	85,000	Re-profiled from 2020-21 to to 2021-22
Highway Bridges and Structures	(1) 634,670			(150,000)	484,670	260,000	150,000	410,000	Re-profiled from 2020-21 to to 2021-22
Morden Town Centre Regeneration		250,000		(50,000)	200,000	2,500,000	(460,000)	2,040,000	Re-profiled across approved programme
Parks Investment		315,670		(63,000)	252,670	300,000	63,000	363,000	Re-profiled from 2020-21 to to 2021-22
Cannons Parks for the People	(1) 1,199,680			178,770	1,378,450	178,770	(178,770)	0	Re-profiled from 2021-22 to to 2020-21
Merton Park Green Walks		38,000	21,810		59,810	0		0	New Section 106 Funding
Paddling Pool - Option 1		90,000		(45,000)	45,000	90,000	45,000	135,000	Re-profiled from 2020-21 to to 2021-22
Paddling Pool - Option 2	(1) 226,000			(113,000)	113,000	0	113,000	113,000	Re-profiled from 2020-21 to to 2021-22
Resurface Tennis Courts Wimb. Pk.		150,440		(75,000)	75,440	0	75,000	75,000	Re-profiled from 2020-21 to to 2021-22
Total		9,187,670	0	(767,170)	(1,363,430)	7,057,070	9,920,970	(96,570)	9,824,400

(1) Requires Cabinet Approval

Virement, Re-profiling and New Funding - June 2020

Appendix 5B

	2022/23 Budget	Movement	Revised 2022/23 Budget	2023/24 Budget	Movement	Revised 2023/24 Budget	Narrative
	£	£	£	£		£	
Corporate Services							
Civic Centre Lighting Upgrade	(1) 0	300,000	300,000	0	0	0	Re-profiled from 2021-22
School Admissions System	(1) 0	125,000	125,000	0	0	0	Re-profiled from 2020-21
IT Equipment	(1) 100,000	(100,000)	0	0	0	0	Relinquished Budget
Planning and Public Protection	(1) 0	0	0	550,000	(550,000)	0	Re-profiled to 24-25 Indicative Budget
Capital Bidding Fund	(1) 0	0	0	1,186,400	(186,400)	1,000,000	Relinquished Budget
Environment and Regeneration							
Alley Gating Scheme	30,000	(6,000)	24,000	30,000	(6,000)	24,000	
Surface Water Drainage	69,000	(9,000)	60,000	30,000	(9,000)	21,000	
Morden Town Centre Regeneration	(1) 1,500,000	108,000	1,608,000	1,750,000	402,000	2,152,000	
Mortuary Provision	53,890	(53,890)	0	0	0	0	
Total	1,752,890	364,110	2,117,000	3,546,400	(349,400)	3,197,000	

(1) Requires Cabinet Approval

Capital Programme Funding Summary 2020/21

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Programme 4-3-20	39,388	7,811	47,199
Outum Adjustments	(2,234)	(414)	(2,648)
Approved Capital Programme Outturn	37,154	7,397	44,551
<u>Corporate Services</u>			
Housing Company	(3,674)	0	(3,674)
Approved May Monitoring	33,479	7,397	40,877
<u>Corporate Services</u>			
Customer Contact Programme	(350)	0	(350)
Capital Building Works	(175)	0	(175)
Replacement Boilers	(267)	0	(267)
Civic Centre Lighting Upgrade	0	0	0
Environmental Asset Management	(11)	0	(11)
School Admissions System	(125)	0	(125)
Parking System	(4)	0	(4)
Youth Justice IT System	(100)	0	(100)
Multi Function Device	(330)	0	(330)
IT Equipment	0	0	0
<u>Community and Housing</u>			
Telehealth	(20)	0	(20)
Learnin Disability Housing	(138)	0	(138)
<u>Environment and Regeneration</u>			
Car Park Upgrades	(264)	0	(264)
Replacement of Fleet Vehicles	(117)	0	(117)
Alley Gating Scheme	(6)	0	(6)
South London Waste Partnership	(10)	0	(10)
Traffic Schemes	(50)	0	(50)
Lamp Column Chargers	26	40	66
Active Travel Fund	0	90	90
Surface Water Drainage	(9)	0	(9)
Maintain Anti Skid & Coloured Surface	(15)	0	(15)
Highway Bridges and Structures	(150)	0	(150)
Morden Town Centre Regeneration	(50)	0	(50)
Parks Investment	(63)	0	(63)
Canons Parks for the People	0	179	179
Merton Park Green Walks	22	0	22
Paddling Pool - Option 1	(45)	0	(45)
Paddling Pool - Option 2	(113)	0	(113)
Resurface Tennis Courts Wimb. Pk.	(75)	0	(75)
Proposed June Monitoring	31,040	7,707	38,746

Capital Programme Funding Summary 2021/22

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Programme 4-3-20	24,774	4,192	28,966
Outturn Adjustments	3,158	547	3,705
Current Approved Programme	27,932	4,739	32,671
<u>Corporate Services</u>			
Housing Company	3,674	0	3,674
Approved May Monitoring	31,606	4,739	36,345
<u>Corporate Services</u>			
Customer Contact Programme	(400)	0	(400)
Replacement Boilers	267	0	267
Civic Centre Lighting Upgrade	(300)	0	(300)
Youth Justice IT System	100	0	100
IT Equipment	(100)	0	(100)
<u>Community and Housing</u>			
Telehealth	10	0	10
Learnin Disability Housing	138	0	138
<u>Environment and Regeneration</u>			
Car Park Upgrades	264	0	264
Replacement of Fleet Vehicles	117	0	117
Alley Gating Scheme	(6)	0	(6)
Surface Water Drainage	(9)	0	(9)
Maintain Anti Skid & Coloured Surface	15	0	15
Highway Bridges and Structures	150	0	150
Morden Town Centre Regeneration	(460)	0	(460)
Parks Investment	63	0	63
Canons Parks for the People	0	(179)	(179)
Paddling Pool - Option 1	45	0	45
Paddling Pool - Option 2	113	0	113
Resurface Tennis Courts Wimb. Pk.	75	0	75
Proposed June Monitoring	31,689	4,560	36,249

Capital Programme Funding Summary 2022/23

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Programme 4-3-20	10,540	3,480	14,020
Outturn Adjustments	269	278	547
Approved May Monitoring	10,809	3,758	14,567
<u>Corporate Services</u>			
Civic Centre Lighting Upgrade	300	0	300
School Admissions System	125	0	125
IT Equipment	(100)	0	(100)
<u>Environment and Regeneration</u>			
Alley Gating Scheme	(6)	0	(6)
Surface Water Drainage	(9)	0	(9)
Morden Town Centre Regeneration	108	0	108
Mortuary Provision	(54)	0	(54)
Proposed June Monitoring	11,173	3,758	14,931

Capital Programme Funding Summary 2023/24

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Programme 4-3-20	19,534	3,200	22,734
Outturn Adjustments	2,030	0	2,030
Current Approved Budget	21,564	3,200	24,764
<u>Corporate Services</u>			
Planning and Public Protection	(550)	0	(550)
Capital Bidding Fund	(186)	0	(186)
<u>Environment and Regeneration</u>			
Alley Gating Scheme	(6)	0	(6)
Surface Water Drainage	(9)	0	(9)
Morden Town Centre Regeneration	402	0	402
Proposed June Monitoring	21,215	3,200	24,415

APPENDIX 6

Department	Target Savings 2020/21	Projected Savings 2020/21	Period 3 Forecast Shortfall	Period Forecast Shortfall (P3)	Period 2 Forecast Shortfall	2021/22 Expected Shortfall
	£000	£000	£000	%	£000	£000
Corporate Services	2,718	1,754	964	35.5%	871	595
Children Schools and Families	2,969	2,305	664	22.4%	664	300
Community and Housing	2,460	607	1,853	75.3%	1,853	100
Environment and Regeneration	3,927	936	2,991	76.2%	2,991	0
Total	12,074	5,602	6,472	53.6%	6,379	995

Updated for June 2020											APPENDIX 6
DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2020/21											
Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Achieved £000	Shortfall	RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	21/22 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Unders pend? Y/N
Adult Social Care											
CH72	Deferred Savings - Transport	100	100	0	G	100	0	G	John Morgan	Although the implementation of the review has been delayed, there has been a drop in transport activity, particularly taxis, due to C19. There is also a projected underspend on concessionary fares	
CH76	OPMH Staffing	100	0	100	R	0	100	R	John Morgan	We need to review the demand for MH services with the trust due to C19. We are expecting demand to rise making this saving no longer achievable	
CH87	Mascot Income	100	0	100	R	100	0	A	Andy Ottaway-Searle	Income from MASCOT is currently down by £25k due to a net loss of 57 customers. LGA Peer Challenge delayed. Other options to make savings are being explored.	
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.	78	0	78	A	78	0	G	Phil Howell	The project has been delayed by actions necessary due to C19. We are currently paying on commissioned hours. The system provider has delayed roll out to	
CH82, 83 / 90	Out of Area Placements	1,100	0	1,100	A	1,100	0	A	John Morgan	The project has been delayed by actions necessary due to C19. A desktop review linked to London wide research is underway to re-start the work. We also need to	
CH91	Supported Living / Residential review	400	0	400	R	400	0	A	John Morgan	The project has been delayed by actions necessary due to C19. The work will be linked to London wide research that is being commissioned by ADASS. We	
CH92	Mobile Working	50	7	43	A	50	0	G	John Morgan	C19 has prompted a major move towards mobile working. Public transport costs are down £7k, other recharges awaited	
CH96	Home Care Monitoring	32	0	32	R	32	0	G	John Morgan	The project has been delayed by actions necessary due to C19	
CH99	Placements	500	500	0	G	500	0	G	John Morgan	There has been a reduction in gross costs of care forecast as at period 2..Placements are subject to continued senior management scrutiny	

Updated for June 2020										APPENDIX 6	
DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2020/21											
Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Achieved £000	Shortfall	RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	21/22 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Unders pend? Y/N
	Subtotal Adult Social Care	2,460	607	1,853		0	2,360	100			
	Total C & H Savings for 2020/21	2,460	607	1,853			2,360	100			

DEPARTMENT: CORPORATE SERVICES SAVINGS PROGRESS 2020/21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Forecast £000	Shortfall	RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	21/22 RAG	Responsible Officer	Comments	R / A Included in Forecast Over/Under spend? Y/N
Customers, Policy & Improvement											
CS2016 -06	Merton Link - efficiency savings	30	30	0	G	30	0	G	Sean Cunniffe		
2019-20 CS02	Charge for Blue Badges	15	0	15	R	15	0	A	Sean Cunniffe	Charges not yet in place - to be reviewed.	Y
2019-20 CS28	cash collection reduction	12	12	0	G	12	0	G	Sean Cunniffe		
2020-21 CS5	Reduction in various running costs across the division	20	20	0	G	20	0	G	CPI AD		
2020-21 CS6	Community engagement - reduction in running costs	8	8	0	G	8	0	G	Kris Witherington		
Resources											
2018-19 CS06	Miscellaneous budgets within Resources	17	17	0	G	17	0	G	Resources Senior Management		
2018-19 CS07	Retender of insurance contract	50	0	50	R	13	37	A	Nemashe Sivayogan	New contract comes into place mid 2020/21. Insurance premiums cost will be reduced but variance remains adverse due to historic budget pressure. This will be offset in part during 2020/21 and fully during 2021/22 by an overachievement on income	Y
2018-19 CS08	Increase in income from Enforcement Service	20	0	20	R	20	0	A	David Keppler	Not achievable in light of covid-19 circumstances. Bailiff service is currently not operational.	Y
2019-20 CS06	Revs and Bens reduction in staffing	146	146	0	G	146	0	G	David Keppler		
2019-20 CS07	Treasury - increase in investment income	20	20	0	G	20	0	G	Nemashe Sivayogan		
2019-20 CS08	Insurance reduction in staffing	15	15	0	G	15	0	G	Nemashe Sivayogan		
2020-21 CS1	Right sizing charge to Pension Fund for Pension Manager time	24	24	0	G	24	0	G	Nemashe Sivayogan		
2020-21 CS2	Savings in Insurance Fund top up budget	70	70	0	G	70	0	G	Nemashe Sivayogan		
2020-21 CS3	Increase in Investment Income	100	100	0	G	100	0	G	Nemashe Sivayogan		
2020-21 CS15	Miscellaneous savings (eg. Subscriptions)	39	39	0	G	10	0	G	Resources Senior Management	Part of this is a one-off saving - there is only £10k saving built in for 2021/22	
2020-21 CS16	Saving in Consultancy costs	20	20	0	G	20	0	G	Resources Senior Management		
CSREP 2020-21 (1)	Savings in Insurance Fund top up budget	30	30	0	G	30	0	G	Nemashe Sivayogan		
Corporate Governance											
2018-19 CS12	SLLp - reduction in legal demand	50	0	50	A	50	0	A	Louise Round	Saving to to reviewed to determine level of achieveability and if replacement may be required	Y
2019-20 CS14	impose criminal litigation cap at 20k	20	0	20	A	20	0	A	Louise Round	Saving to to reviewed to determine level of achieveability and if replacement may be required	Y
2019-20 CS15	reduce civil litigation legal support by 50%	45	0	45	A	45	0	A	Louise Round	Saving to to reviewed to determine level of achieveability and if replacement may be required	Y
2019-20 CS27	merge democracy services and electoral services	70	38	32	A	70	0	G	Louise Round	Post holder retiring mid-year, shortfall in year offsets with other underspends within the services	Y
2020-21 CS13	Corp Gov AD - Running Costs	24	24	0	G	24	0	G	Louise Round		

DEPARTMENT: CORPORATE SERVICES SAVINGS PROGRESS 2020/21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Forecast £000	Shortfall	RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	21/22 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Under spend? Y/N
2020-21 CS14	Information governance - reduction in consultancy spend	10	10	0	A	10	0	G	Karin Lane	Expected to be achieved but will be dependent upon the number of complaints	N
	Human Resources										
2019-20 CS24	Realignment/redesign of HR services to provide services to the organisation and mitigate associated risks	50	47	3	A	47	3	A	Liz Hammond	Restructure of HR staffing completed to reduce staffing structure cost by £47k	Y
2019-20 CS25	Charge for voluntary sector payroll	7	7	0	G	7	0	G	Liz Hammond		
	Infrastructure & Technology										
2019-20 CS19	Reduction in the Repairs and Maintenance budgets for the corporate buildings.	100	17	83	A	100	0	G	Edwin O'Donnell	Worked carried out to buildings in light of covid-19	Y
2019-20 CS20	Reduction in the energy 'Invest to Save' budget for the corporate buildings.	100	100	0	G	100	0	G	Edwin O'Donnell		
2019-20 CS22	Reduction in the frequency of the cleaning within the corporate buildings	25	0	25	R	0	25	A	Edwin O'Donnell	Not achievable in light of covid-19 circumstances	Y
CSD7	Restructure Post & Print section and delete 2 FTE posts	47	47	0	G	47	0	G	Keith Bartlett		
CS2015-03	Review of Transactional Services team	100	100	0	G	100	0	G	Pamela Lamb		
2018-19 CS03	Adjust current Local Authority Liaison Officer (LALO) arrangements to require Assistant Directors to undertake the duties as part of their job description.	33	33	0	G	33	0	G	Adam Viccari	Nil shortfall as this has effectively been replaced by growth added to the safety services budget from 2020/21	
2020-21 CS8	A further £100k reduction of the repairs and maintenance budget for corporate buildings.	100	100	0	G	100	0	G	Edwin O'Donnell		
2020-21 CS9	Reduction in the frequency of the cleaning within the Councils corporate buildings.	30	0	30	R	0	30	A	Edwin O'Donnell	Not achievable in light of covid-19 circumstances	Y
2020-21 CS12	Cancel lease on two Council vans	5	0	5	R	5	0	A	Edwin O'Donnell/ Richard Warren	To be reviewed but may not be achievable in light of covid-19 circumstances	Y
	Corporate										
2019-20 CS09	CHAS dividend	460	460	0	G	460	0	G	Ian McKinnon	CHAS revenue is being maintained at a good level so far during the covid-19 pandemic which would allow for this dividend payment	
2019-20 CS10	Recharges to Merantun Developments	75	71	4	A	75	0	G		Overheads set at £71k for 2020/21	Y
2019-20 CS11	Amend discretionary rate relief policy	75	75	0	G	75	0	G	David Keppler		
2019-20 CS12	Increase in Empty Homes Premium for long term empty properties	36	36	0	G	36	0	G	David Keppler		
2019-20 CS13	Improved collection of HB overpayments and reduce Bad Debt Provision	500	0	500	R	0	500	A	David Keppler	Not achievable due to covid-19	Y
2020-21 CS4	Housing benefit written off debt recovery (one off)	120	38	82	A			N/A	David Keppler	Reduced recovery due to covid-19. One-off saving not built in for 2021/22	Y
	Total CS Savings for 2020/21	2718	1754	964		1974	595	0			

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2020-21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Achieved £000	Shortfall	RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	2021/22 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
SUSTAINABLE COMMUNITIES											
ENV1920-03	Property Management: Realign rental income budgets to better reflect current levels of income being achieved from conducting rent reviews in line with tenancy agreements	300	300	0	A	300	0	G	James McGinlay	Currently expecting to achieve saving, but it remains to be seen how C-19 will impact the viability of businesses.	N
ENV1920-06	Future Merton: Highways advertising income through re-procurement of the advertising contract for the public highway.	40	0	40	R	40	0	G	James McGinlay	Covid-19 estimated to impact on saving, due to JC Decaux requesting to remove Q2 guaranteed income payment due to LBM.	Y
ALT1920-01	Property Management: Increased income already being achieved from conducting rent reviews in line with tenancy agreements	70	70	0	A	70	0	G	James McGinlay	Currently expecting to achieve saving, but it remains to be seen how C-19 will impact the viability of businesses.	N
PUBLIC PROTECTION											
ENV1819 - 02	Parking: Operational efficiencies. Parking services manage a high level of transactional applications, for PCN, Permit and general enquiries. Through improved use of technology and a review of practices, including the development of self service transactions by customers opposed to back office staff processing, efficiency savings can be made.	57	57	0	G	57	0	G	Cathryn James		N
ENV1819-03	Parking: The objective of the proposal is to support the delivery of key strategic council priorities including public health, air quality and sustainable transportation, in addition to managing parking, kerbside demand and congestion. Whilst implementation of the proposals will have the incidental effect of generating additional revenue, it is difficult to assess the level of change in customer behaviour and any subsequent financial impact arising from the changes. This will be monitored after implementation and any resulting impacts will be considered during the future years' budget planning cycles. The above will be subject to the outcome of the consultation process in 2019.	1,900	0	1,900	R	1900	0	A	Cathryn James	The new charges were implemented on 14th January 2020. Early analysis shows a reduction in sales of Permits, including scratch cards, and a greater number of 6 month permits being sold than 12 month permits against historic trends, which is even more evident in the case of diesel cars Permits. Unfortunately Covid 19 began only approximately 2 months after the introduction of the new charges, resulting in a significant change in Permit sales, which has made projections very difficult. Following the introduction of On Street charges, data showed expected income was being achieved, but off street showed a slight under recovery on estimated. Unfortunately, Covid 19 began only approximately 2 months after the introduction of the new charges, resulting in a reduction in parking activity, which makes analysis against budget projection near on impossible.	Y
ENV1819 - 04	Parking: Reduction in the number of pay & display machines required.	13	13	0	A	13	0	G	Cathryn James		N
ENV1920-01	Parking: Application to change Merton's PCN charge band from band B to band A. To effect this a full business case will need to be presented to Full Council. Following this, an application will be made to the London Councils Transport, and Environment Committee. Depending on the outcome at the Committee, the Mayor will also be required to ratify the application and the Secretary of State has final sign off. This 'saving' reflects the impact on estimated revenue until motorist compliance takes full effect. The objective is to reduce non-compliance but if the band change is implemented it is likely that there will be a short term increase in revenue. The purpose of PCN parking charges is to dissuade motorists from breaking parking restrictions and charges must be proportionate. The income from charges must only be used in accordance with the Road Traffic Regulation Act 1984. These purposes are contained within the Council's traffic management and other policy objectives.	340	0	340	R	340	0	A	Cathryn James	This saving will not be achieved in 2020/21. The consultation process has been extended to 28th June 2020 to allow further time for responses to be received due to the Covid 19 emergency. It is expected that, If the finding is to approve the policy, the application will be put before London Council in the summer. However, due to Covid 19 it is unknown when this application will be heard. Awaiting confirmation from London Councils. If approved at London councils, and by Secretary of State thereafter, an April/May 2021 may be possible. Any delay in statutory body approval will result in a delayed implementation. Or if the application is rejected this saving will not be met.	Y
ENV1920-02	Compliance rates for ANPR Moving Traffic Offences have not decreased significantly or as estimated since the implementation of the ANPR cameras and as a consequence the PCN revenue remains above original estimations. This 'saving' recognises revenue currently being received by the Council rather than any estimated increase. The purpose of PCN parking charges is to dissuade motorists from breaking parking restrictions and charges must be proportionate. The income from charges must only be used in accordance with the Road Traffic Regulation Act 1984. These purposes are	300	0	300	R	300	0	A	Cathryn James	Since mid-March 2020 there has been an unprecedented reduction in traffic on our roads. This has resulted in the number of PCNs being issued by ANPR to drop to less than 10% of normal activity for April/May 2020. Although numbers are starting to increase, due to this change in activity as a result of Covid 19, this saving projection will not be met in 2020/21, whilst the longer term impact is being analysed.	Y

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2020-21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Achieved £000	Shortfall	RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	2021/22 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Unders pend? Y/N
ALT1920-02	Parking: The use of ANPR to enforce moving traffic contraventions has been operational since July 2016. The number of cameras has increased and the locations varied over this period and the number of PCNs remains above initial estimates.	337	0	337	R	337	0	A	Cathryn James		
PUBLIC SPACE											
E3	Leisure: Polka Theatre Grant Reduction	30	30	0	G	30	0	G	John Bosley	Polka are aware of this revenue saving, however are delayed in opening their theatre which in turn increases financial pressures on their business.	N
ENV1920-04	Waste: The service change in October 2018 has had a significant impact on waste arisings and recycling levels. Residual waste volume has reduced by c12% whilst recycling levels have increased from c34% to c45% . Whilst we have already built £250k into the MTFS we believe that this can be added to.	250	250	0	A	250	0	G	John Bosley	The service has maintained a high recycling rate in 2019/20 and recycled 43% of all domestic waste and delivered significant (above target) savings in the disposal cost . This budget is now under pressure due to the sudden growth in domestic waste following the National impact of COVID 19 and residents now self isolating and working from home.	N
ENV1920-05	Waste: The Kingdom environment enforcement contract is due for procurement and renewal in Spring 2020. This provides an opportunity for it to be broadened and also to ensure that its operation is as effective as possible for the Council .	50	50	0	A	50	0	G	John Bosley	In quarter 1 of 2020 the service has been redeployed to support enforcement activities in our Parks and Green spaces along with weekly support to the Mobile Testing Unit (MTU) in Morden for Covid 19. As such the level of FPNs issued has reduced impacting on the level of income received.	N
ALT1920-03	Leisure: Increased income from Leisure Centres Management Contract	10	0	10	R	10	0	G	John Bosley	This amount is already included in the income target for this year and going forward, but with Covid 19 changing the uses of leisure centres this will not be achieved this year	Y
ALT1920-04	Waste Services: Increase level of Environmental Enforcement activities of both internal team & service provider - ensuring the operational service is cost neutral	150	150	0	A	150	0	G	John Bosley	This is subject to the commissioning and procurement of a new enforcement contract along with the wider Public Space restructure scheduled for 20/21	N
ALT1920-05	Waste Services: Reduction in external training budget.	6	6	0	G	6	0	G	John Bosley	Completed - all new training and development requirement will be assessed and managed in line with the corporate L&D team.	N
ALT1920-06	Greenspaces: Reduction in grant to Deen City farm as part of agreement involving capital investment	10	10	0	G	10	0	G	John Bosley		N
ALT1920-07	Greenspaces: Realign budgets to better reflect current levels of income from outdoor events.	64	0	64	R	64	0	G	John Bosley	Many events due for 2020/21 have been cancelled due to Covid-19.	Y
Total Environment and Regeneration Savings 2018/19		3,927	936	2,991		3,927	0				

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 20-21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Expected £000	Shortfall	20/21 RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Undersp end? Y/N
	<u>Education</u>										
CSF2017-07	Review schools trade offer, raise charges or consider ceasing services from 2020.	60	60	0		60	0		Jane McSherry	Delivered in Full	
CSF2018-08	Review Early Years service: radically reduce some services and/or consider withdrawing the Early Years offer.	150	150	0		150	0		Jane McSherry	Delivered in Full	
CSF2019-08	Review of school premises and contracts staffing structure	45	45	0		45	0		Jane McSherry	Delivered in Full	
CSF2019-09	Repurposing of some posts in education inclusion service	150	150	0		150	0		Jane McSherry	Delivered in Full	
CSF2019-10	Reduced contribution towards the MSCB	44	10	34		44	0		Jane McSherry	Won't be able to do reorganisation until Council policy is for reorganisations to be resumed. Won't be able to deliver more than approx £10k if reorganisation is undertaken in 3rd quarter.	
CSF2019-21	Review and reshaping of Short Break provision across CWD	200	60	140		200	0		Jane McSherry	This is progressing, but slowly (discussion with parent reps 20/5). Need to engage with parents and providers of short breaks. Hard to do during Covid. Won't secure full year effect. Currently paying for commissioned services not being delivered in line with government advice. There may, in due course, be additional expenses as a result. Increased provision for shielded children. Maximum of £60k deliverable, and only if it's possible to initiate the consultation in 3rd quarter. (May be able to secure some savings against this line by coding some additional activity against the Covid Budget).	
CSF2019-22	SEND Travel	50	0	50		50	0		Jane McSherry	Likely to have to spend more against this budget because of Covid-related distancing requirements in our transport options. Will also need to delay the start of this review because of the consultation requirements.	
CSF2019-20	Revenue costs of capital projects	200	200	0		200	0		Jane McSherry	Delivered in Full	
CSF2019-03	Early help re-design	100	100	0		100	0		Jane McSherry	Delivered in Full	
CSF2019-21	Legal Hard Charging	75	75	0		75	0		Jane McSherry	Delivered in Full	
	<u>Children Social Care & Youth Inclusion</u>										
CSF2017-03	Delivery of preventative services through the Social Impact Bond	45	45	0		45	0		El Mayhew		
CSF2017-05											

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 20-21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Expected £000	Shortfall	20/21 RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Undersp end? Y/N
CSF2019-15	South London Family Drug and Alcohol Court commissioning	45	15	30		45	30		El Mayhew	Part of wider CSC reorganisation. Won't be able to do reorganisation until Council policy is for reorganisations to be resumed. Will deliver no more than £15k (if and only if not impacted by DfE withdrawal), if consultation can take place in 3rd quarter of financial year.	
CSF2019-02	Establish more cost effective Merton independent living provision	400	200	200		400	200		El Mayhew	Work currently being undertaken by David Michael with support from Jacob (graduate trainee). This has been significantly impacted by Covid-19 (and also by grad trainee focusing on Ofsted. Will need to be discussion with colleagues in C&H and Tom. Conversations afoot to consider extending Jacob's placement. Could be an opportunity if that's extended and Jacob agreed to stay. Do we think the whole £400k is written off? Delay be likely to be half a year. Not likely to be able to deliver more than e.g. £200k	
CSF2019-04	Deliver the 14+ leaving care service through personal advisors rather than social workers	60	20	40		60	0		El Mayhew	Part of wider CSC reorganisation. Won't be able to do reorganisation until Council policy is for reorganisations to be resumed. Will deliver no more than £20k, if consultation can take place in 3rd quarter of financial year.	
CSF2019-05	Full year effect of transfer of adoption service to Adopt London South	30	30	0		30	0		El Mayhew	More costs emerging, than anticipated in relation to both retained function, and costs of service delivery passed on by ALS. (But currently our financial contribution is greater than our demand and use).	
CSF2019-06	Review of safeguarding and social work training budgets	60	60	0		60	0		El Mayhew	Delivered in full	
CSF2019-07	Reduction of Central recruitment cost budget	30	30	0		30	0		El Mayhew	Delivered in full	
CSF2019-13	Review of current Adolescent and Family service	100	30	70		100	70		El Mayhew	Part of wider CSC reorganisation. Won't be able to do reorganisation until Council policy is for reorganisations to be resumed. Will deliver no more than £30k, if consultation can take place in 3rd quarter of financial year. Some mitigating activity - vacancies being held and only recruited to on a fixed term basis.	

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 20-21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Expected £000	Shortfall	20/21 RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	20/21 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Undersp end? Y/N
CSF2019-15	Development of Family Network Co-Ordinators Service	45	15	30		45	0		El Mayhew	Part of wider CSC reorganisation. Won't be able to do reorganisation until Council policy is for reorganisations to be resumed. Will deliver no more than £15k (if and only if not impacted by DfE withdrawal), if consultation can take place in 3rd quarter of financial year.	
CSF2019-17	Culture change and clarification of financial support entitlement for care leavers	50	0	50		50	0		El Mayhew	Have had to increase financial payments to care leavers - some of this will be set against the Covid-19, and it's currently not possible to have the required discussion re: funding care leavers differently in the current situation.	
CSF2019-18	Implementation of the DfE National Minimum rate	20	0	20		20	0		El Mayhew	Not started this piece of work yet (other than initial scoping). This could challenge our retention of carers and we can't risk reducing capacity at this time. Might well shunt everything back by a year. Will depend on how long the Covid arrangements run.	
CSF2019-19	Increased use of in-house foster carers	20	20	0		20	0		El Mayhew	Making use of a special focus fostering recruitment campaign. Making use of Covid-funding to progress this. Scope to use relaxed regs if we need to in order to increase approvals.	
CSF2019-01	Review of CSF admin structure	200	200	0		200	0		El Mayhew	Broadly this has been achieved in CSC&YI because of the restructure. Restructure was not fully clear about which posts would be lost. The HoS has been retained	
	<u>Commissioning</u>			0							
				0							
				0							
CSF2019-11	Review of centralised commissioning budgets	90	90	0		90	0			Delivered in full	
	<u>CSF Other</u>			0		0	0				
				0		0	0				
CSF2019-22	PFI Unitary charges	400	400	0		400	0				
CSF2019-23	Pension and Redundancies charges	300	300	0		300	0				
	Total Children, Schools and Families Department Savings for 2020/21	2,969	2,305	664		2,969	300				

Department	Savings Target 2019/20	Shortfall 2019/20	Projected Shortfall 2020/21
	£000	£000	£000
Corporate Services	1,484	100	70
Children Schools and Families	572	0	0
Community and Housing	1,534	118	0
Environment and Regeneration	2,449	837	2,065
Total	6,039	1,055	2,135

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 19-20

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Achieved £000	Shortfall	RAG	2020/21 Expected Shortfall £000	20/21 RAG	2021/22 Expected Shortfall £000	21/22 RAG	Responsible Officer	Comments
	Infrastructure & Technology										
2018-19 CS14	M3 support to Richmond/Wandsworth	20	0	20	R	20	A	0	A	Clive Cooke	This is dependent on agreement with RSP, may be at risk if they don't migrate to M3 system.
	Resources										
2018-19 CS05	Reduction in permanent staffing	30	0	30	R					Roger Kershaw	Saving replaced from 2020/21.
CSREP 2019-20 (3)	Increase in income from Enforcement service	50	0	50	R	50	R	0	A	David Keppler	The service is not currently operational in light of the covid-19 circumstances.
	Total Corporate Services Department Savings for 2019/20	100	0	100		70		0			

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2019-20

Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Achieved £000	Shortfall	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
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	10	45	R	0	55	R	James McGinlay	Covid-19 estimated to impact on saving, due to JC Decaux requesting to remove Q2 guaranteed income payment due to LBM.	Y
E1	Investigate potential commercial opportunities to generate income from provision of business advice. This follows on from the expansion of the RSP to include Wandsworth from November 2017, and increased resilience.	60	0	60	R	0	60	R	Cathryn James	This saving is conditional on income being generated from chargeable business advice/consultancy. The focus for the financial year 2019/20 needed to refocus from income generation to service improvement including a major IT project and restructure of the service. Key projects and staff vacancies has meant it has not been possible to achieve the savings targets set for this financial year.	Y
ENR4	Charge local business' for monitoring of their CCTV	100	0	100	R				Cathryn James	Alternative saving has been agreed for 2020/21.	N
ENV1819-03	The objective of the proposal is to support the delivery of key strategic council priorities including public health, air quality and sustainable transportation, in addition to managing parking, kerbside demand and congestion. Whilst implementation of the proposals will have the incidental effect of generating additional revenue, it is difficult to assess the level of change in customer behaviour and any subsequent financial impact arising from the changes. This will be monitored after implementation and any resulting impacts will be considered during the future years' budget planning cycles. The above will be subject to the outcome of the consultation process in 2019.	1,900	662	1,238	R	0	1900	R	Cathryn James	The new charges were implemented on 14th January 2020. Early analysis shows a reduction in sales of Permits, including scratch cards, and a greater number of 6 month permits being sold than 12 month permits against historic trends, which is even more evident in the case of diesel cars Permits. Unfortunately Covid 19 began only approximately 2 months after the introduction of the new charges, resulting in a significant change in Permit sales, which has made projections very difficult. Following the introduction of On Street charges, data showed expected income was being achieved, but off street showed a slight under recovery on estimated. Unfortunately, Covid 19 began only approximately 2 months after the introduction of the new charges, resulting in a reduction in parking activity, which makes analysis against budget projection near on impossible.	Y
ALT3	Reduction in the number of pay & display machines required.	14	0	14	R	14	0	A	Cathryn James		N
ENR9	Increase level of Enforcement activities of internal team ensuring the operational service is cost neutral	200	165	35	R				John Bosley	Alternative saving has been agreed for 2020/21.	N
E2	Thermal Treatment of wood waste from HRRC	30	0	30	R				John Bosley	This saving was replaced from 2020/21 by the underspend in residual waste disposal costs following the October 2018 service change.	N
E5	Letting of remaining vacant facilities in Greenspaces	50	0	50	R	0	50	R	John Bosley	One vacant property recently let, but saving impacted by C-19.	Y
E6	Increased tenancy income in Greenspaces	40	0	40	R				John Bosley	Alternative saving has been agreed for 2020/21.	Y
Total Environment and Regeneration Savings 2018/19		2,449	837	1,612		14	2,065				

Updated to June 2020											APPENDIX 7
DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2019/20											
Ref	Description of Saving	2019/20 Savings Required £000	2019/20 Savings Achieved £000	Shortfall	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											
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		236	118	118		236	0				

Appendix 8

Subject: Miscellaneous Debt Update June 2020

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

1.1 A breakdown of departmental net miscellaneous debt arrears, as at 30 June 2020, 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 – 30 June 2020 – 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	June 20 arrears f	March 20 arrears g	Direction of travel
	£	£	£	£	£	£	
Env & Regeneration	1,451,921	1,626,669	263,977	584,920	3,927,486	3,121,258	↑
Corporate Services	1,314,410	47,665	56,970	138,875	1,557,920	400,155	↑
Housing Benefits	492,892	566,882	925,224	3,155,973	5,140,971	5,089,938	↑
Children, Schools & Families	792,826	131,444	183,709	387,551	1,495,531	827,376	↑
Community & Housing	2,593,840	594,230	1,025,685	2,373,239	6,586,994	4,831,085	↑
Chief Executive's	0				-	-	-
CHAS 2013	61,936	785	-1,457	0	61,264	24,519	↑
Total	6,707,825	2,967,674	2,454,108	6,640,559	18,770,166	14,294,330	↑

1.3 Since the position was last reported on 31 March 2020, the net level of arrears, i.e. invoices over 30 days old, has increased by £4,475,836.

1.4 Since last reported at the end of March, Environmental and Regeneration has increased by £806,228. Commercial rents debt has increased by over £500,000 and Community Infrastructure debt by £250,000. Corporate Service debt has increased by £1,157,765. Legal Services debt has increased by over £1 million.

Children Schools and Families debt has increased by £668,155. Debt for the nursery education has increased by over £500,000. Community and Housing debt has increased by £1,755,909. Service Accountancy recharges debt has increased by £1.4 million and MASCOT debt increased by over £300,000.

- 1.5 Measured action to recover these debts has been on going and already the legal service, nursery education and MASCOT debts have reduced considerably. Officers in service departments have been consulted and are helping with recovery.

2 IMPACT OF COVID19

- 2.1 Towards the end of March 20, all recovery action for council tax, business rates, sundry debt, parking PCN's and enforcement work ceased.

- 2.2 The new year's council tax and business rates bills had already been distributed to residents and businesses in the borough.

2.3 Council Tax

- 2.4 From early April residents who contacted the service were offered advice on claiming welfare benefits and deferral of council tax instalments to June or July. The yearly debt was not reduced but the amount due spread over the remaining months of the year. Approximately 2,700 residents have had instalments deferred.

- 2.5 In May 20, Councillors agreed to a gradual re-commencement of recovery action. They agreed to council tax reminders being issued. In May, 2,000 SMS messages and just over 4,000 paper reminders issued to residents who had not paid April and May's instalments.

- 2.6 At the end of May, the forecasted shortfall in council tax income for the year was £7.2 million, Merton's share of this shortfall would be £5.06 million.

- 2.7 In June 20, 2,400 paper reminders were issued to residents who had received a reminder in May and still had not paid.

- 2.8 At the end of June, the forecasted shortfall in council tax income for the year had reduced to £3.88 million, Merton's share of this shortfall would be £3.06 million.

- 2.9 The Magistrate Courts are still closed and the council cannot progress cases to the court to obtain Liability Orders. The Courts service have stated that they will not be able to re-open whilst social distancing is in place. They have advised council's they will participate in remote hearings where the council provided a video link to the court and

enables any residents to appear before the Magistrates remotely. The service are is looking at the practicalities of this.

2.10 **Business Rates**

- 2.11 From early April businesses who contacted the service were offered advice on government support and grants and offered the deferral of business rates instalments to June or July. The yearly debt was not reduced but the amount due spread over the remaining months of the year. Approximately 750 businesses have had instalments deferred
- 2.12 At the end of May, the forecasted shortfall in business rates for the year was £13.3 million, Merton's share of this shortfall would be £3.99 million.
- 2.13 The government introduced new reliefs for many businesses. Over £44 million in expanded retail, hospitality and leisure relief has been granted to businesses. In addition, a further £829,000 relief has been awarded to nurseries.
- 2.14 At the beginning of the year the net debt for all business rates was £95 million. Following the award of the reliefs mentioned above the net debt now being collected is £49 million.
- 2.15 At the end of June, the forecasted shortfall in business rates for the year had reduced to £10.333 million, Merton's share of this shortfall would be £3.1 million.
- 2.16 An analysis of outstanding debt shows many businesses that should be able to pay their rates have still not paid. This includes large supermarket retailers, delivery companies and large institutions. There are also many businesses that would not be in a position to pay due to the impact of covid19. A proposal to re-commence the issuing of reminders is being considered.
- ## 2.17 **Sundry Debt**
- 2.18 Invoices have continued to be issued since April. Commercial rent clients have had their first quarter invoice deferred and payments spread across the remainder of the year.
- 2.19 Issuing of letters for non-payment was recommenced in early June although not for Commercial rent clients.
- 2.20 As detailed in the table above in 2.2, debt older than 30 days for all departments has increased since March 20.
- 2.21 Recovery action has continued on existing long term cases although the team have not been able to undertake visits and the legal service recovery has been affected with reduced court access.

2.22 Housing Benefit Overpayments

- 2.23 Invoices have continued to be issued for new debts but no other recovery action has re-commenced.
- 2.24 The external company undertaking the work on the old debt have also stopped engaging with clients and as a result the monthly payments received from them has reduced.

2.25 Parking Debts

- 2.26 Where parking enforcement has continued the service have progressed cases to Charge Certificate stage.
- 2.27 There are currently 4,500 cases waiting to be progressed to Debt Registration stage and then progressed to the enforcement team where the debts remain unpaid.

2.28 Enforcement service (bailiffs)

- 2.29 Enforcement agents ceased visits in March before the government formally announced a stop to enforcement work.
- 2.30 In May 20, Councillors agreed to re-engagement by letter and text with existing debtors with a more customer focused approach offering welfare advice and longer term arrangements.
- 2.31 In June 20, the enforcement admin team were furloughed by agreement of the Shared Enforcement Service Board.
- 2.32 Re-engagement letters were therefore not issued by the in-house team although the two external companies used did re-commence this approach.
- 2.33 Plans to issue re-engagement letters for the in-house team in August have been made. The admin team currently furloughed will return to work on a part time basis to undertake this work.
- 2.34 The government have confirmed that enforcement visits can re-commence from 24 August. A plan to re-commence enforcement visits will be drafted and presented to Councillors within the next month.

3. TOTAL DEBT DUE TO MERTON

The total amount due to Merton as at 30 June 2020 is detailed in the table below.

Total debt outstanding as at 30 June 2020 and compared with previous periods over the past 15 months

	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20
	£	£	£	£	£	£
Miscellaneous sundry debt Note 1	17,532,710	16,803,235	16,459,168	12,584,544	15,997,460	18,485,599
Housing Benefit debt	7,926,508	7,893,055	7,823,641	7,653,539	7,644,804	7,758,894
Parking Services	4,508,378	4,535,378	3,848,876	4,183,930	3,489,345	3,645,037
Council Tax Note 2	8,157,533	7,215,847	6,825,605	6,496,094	8,755,512	8,182,271
Business Rates Note 3	2,979,843	2,586,876	2,474,270	1,941,014	3,661,859	3,725,128
Total	41,104,972	39,034,391	37,431,560	32,859,121	39,548,980	41,796,929

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 2019/20 in March 20 figures hence the increase.

Note 3 Business rates debt now includes unpaid business rates for 2019/20 in March 20 figure hence the increase.

- 3.1 The overall debt outstanding has increased by £2,247,949 since last reported at the end of March 2020. There are increases in all debts apart from council tax.
- 3.2 A more relevant comparison is between June 2019 and June 2020. The changes in outstanding debt are as follows

Overall £2,762,000 increase
 Sundry debt £1,682,000 increase
 Housing Benefit £135,000 decrease
 Council Tax £967,000 increase
 Parking £890,000 decrease
 Business Rates 1,139,000 increase

- 3.3 Detailed breakdowns of the Council Car Parking figures are shown in the table below:

**Car Parking Aged Debtors – 30 June 2020
 (They show the impact of Covid19)**

Age of Debt	Outstanding £	Number of PCNs	Average Value £
0-3 months	£704,705	7,602	£92
3-6 months	£683,857	4,207	£162
6-9 months	£658,521	3,845	£171
9-12 months	£498,988	2,907	£171
12-15 months	£403,495	2,251	£179
Older than 15 months	£695,470	3,889	£179
Total	£3,645,037	24,701	£147

Total May 2020 **£3,489,345** **22,558**

Increase/-decrease **£155,692** **2,147-**

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