

# Cabinet

**Date: 9 November 2020**

**Subject: Draft Business Plan 2021-25**

**Lead officer:** Caroline Holland – Director of Corporate Services

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

**Contact Officer:** Roger Kershaw

## **Urgent report:**

Reason for urgency: The chairman has approved the submission of this report as a matter of urgency as it provides the latest available information on the Business Plan and Budget 2021/22 and requires consideration of issues relating to the Budget process and Medium Term Financial Strategy 2021-2025. It is important that this consideration is not delayed in order that the Council can work towards a balanced budget at its meeting on 3 March 2021 and set a Council Tax as appropriate for 2021/22.

## **Recommendations:**

### **DRAFT**

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- 1 That Cabinet considers and agrees the proposed new savings to meet the non-Covid gap, and refers them to the Overview and Scrutiny Commission. That Cabinet agrees to ratify these savings at a future Cabinet meeting, with the draft Equality Assessments (EAs) subject to scrutiny comments.
  - 2 That Cabinet notes that any proposed amendments to previously approved savings previously agreed (replacements and deferrals) will be reported to the Cabinet meeting in December.
  - 3 That Cabinet note the decision in principle to continue with the Business Rate Pool for 2021/22
  4. That Cabinet note the summary of the COVID-19 Impact, along with details of funding received to date, at Appendix 2
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### **1. Purpose of report and executive summary**

- 1.1 This report provides an update on the Council's progress towards developing a Business Plan for 2021-25. In particular, it sets out the latest financial information relating to the MTFS 2021-25 and its impact on the requirement to set a balanced budget and Council Tax for 2021/22.
- 1.2 Details of savings proposals identified by service departments are set out in the report.

- 1.3 Any replacement/deferred savings will be reported to the next meeting of Cabinet.

### Details

## 2. Background

- 2.1 The last report to Cabinet on 7 September 2020 set out the approach towards setting a balanced budget for 2021-2025 and a draft timetable for the business planning process for 2021/22. It also proposed initial corporate and departmental targets to be met from savings and income over the four year period of the MTFS.
- 2.2. The report emphasised the high degree of economic and financial uncertainty which surrounds local government finance at the present time and presented an updated MTFS 2021-25 based on an even level economic recovery (assuming an even level economic bounce post-Covid).
- 2.3 In particular the report provides updates on two major areas of uncertainty that could have major financial implications for Merton's MTFS 2021-25: DSG and Covid-19.
- 2.4 The report to Cabinet in September presented an updated MTFS which rolled forward the previous year's by one year and re-priced for the latest inflation forecasts. On this basis the MTFS gap was as follows:-

|              | <b>2021/22</b> | <b>2022/23</b> | <b>2023/24</b> | <b>2024/25</b> |
|--------------|----------------|----------------|----------------|----------------|
| (Cumulative) | <b>£000</b>    | <b>£000</b>    | <b>£000</b>    | <b>£000</b>    |
| MTFS GAP     | 1,304          | 9,504          | 11,416         | 8,755          |

- 2.5 The September report then set out the financial implications of options which were based on assumptions around a low, even and high level bounce economic recovery following Covid-19.
- 2.6 Based on the even level recovery the revised gap in the MTFS 2021-25 was estimated as set out in the table below, and savings targets for each service department were set on this basis.

|              | <b>2021/22</b> | <b>2022/23</b> | <b>2023/24</b> | <b>2024/25</b> |
|--------------|----------------|----------------|----------------|----------------|
| (Cumulative) | <b>£000</b>    | <b>£000</b>    | <b>£000</b>    | <b>£000</b>    |
| MTFS GAP     | 16,737         | 21,457         | 22,942         | 19,667         |

- 2.7 Since Cabinet in September there have been a number of major developments that will inevitably impact on the financial forecasts over the MTFS period:-
- 2.7.1 **DSG Deficit** - Discussions have been ongoing between CIPFA, the DfE and the National Audit Office in respect of the large and increasing DSG Deficit and treatment in the council's accounts. This was discussed at the Standards and General Purposes meeting on 22 September 2020 which considered the

Council's Statement of Accounts for 2019/20. The Authority has followed the guidance issued by CIPFA following clarification of the DfE guidance which allows the Authority to disclose a negative DSG deficit without this being charged to the General Fund. A statutory instrument is currently being prepared by the Ministry of Housing, Communities and Local Government which would allow cumulative DSG deficits to be accounted for as an unusable reserve. The statutory instrument will apply prospectively from 1 April 2020 and therefore has no impact on the Council's 2019/20 financial statements.

Currently, the Council's accounts, budget and draft MTFS 2021-22 provide for 100% of the DSG deficit up to 2020/21 and 50% thereafter. The guidance expected could allow Merton to release the amounts currently set aside in the General Fund and apply them to other service demands.

However, it must be emphasised that this action would be taken at some risk as there is no indication at the current time that the Government is willing to provide any additional resources to fund the deficit, which continues to increase and would be larger than our GF and earmarked balances combined.

#### 2.7.2 Spending Review 2020

The Government had originally planned to issue a three-year Spending Review for 2021-2024 but on 21 October 2020 it was announced that "In order to prioritise the response to Covid-19, and our focus on supporting jobs, the Chancellor and the Prime Minister have decided to conduct a one-year Spending Review, setting department's resource and capital budgets for 2021-22, and Devolved Administration's block grants for the same period. Multi-year NHS and schools' resource settlements will be fully funded, as will priority infrastructure projects."

This announcement was not unexpected but it makes forward strategic financial planning in an effective and efficient way extremely difficult.

#### 2.7.3 COVID-19

On 31 October 2020, the Government announced that there would be a second lockdown from Thursday 5 November until Wednesday 2 December due to COVID-19 case numbers rising rapidly across the whole of the UK and in other countries. The second lockdown is part of the government's measures to control the spread of the virus but it will probably have implications for the Council's finances in the current and future financial years which will need to be taken into account when setting the budget 2021/22 and MTFS 2021-25.

2.7.4 As a result the assumptions made with respect to COVID-19 will need to be revisited and reported in future Business Plan reports as part of the Business Planning process.

2.7.5 A summary of the COVID-19 Impact on our expenditure and income is included at Appendix 2, along with details of funding received to date. The

expenditure summary is based on the September MHCLG monitoring return and does not take into account the impact of the second lockdown measures.

## 2.8 Business Rates Retention – future of London Pool

2.8.1 The Government set a deadline of 23 October 2020 for local authorities to confirm whether existing business rates pools want to continue in 2021-22 and for any expressions of interest to form new pools.

2.8.2 The October deadline is to give MHCLG enough time to prepare the provisional settlement in December 2020. However, this is not the final deadline by which boroughs must decide whether to continue to pool. As with last year, each authority will have until 28 days after the provisional settlement (i.e. likely by mid-January) to decide formally whether it wishes to continue to pool, and each must agree that decision individually through local governance arrangements and sign a Memorandum of Understanding (MOU).

2.8.3 All London boroughs have provisionally agreed to continue pooling in 2021/22 and updates will be provided throughout the Business Planning process.

## 2.9 Summary

Given the uncertainty and constantly changing scenario arising from COVID-19 it is considered prudent to update the MTFS gap based on non-COVID costs and non-government funded services at this stage and to update for revised COVID-19 and DSG implications in a future report when more information is known.

| (cumulative)  | 2021/22<br>£000 | 2022/23<br>£000 | 2023/24<br>£000 | 2024/25<br>£000 |
|---|-----------------|-----------------|-----------------|-----------------|
| <b>MTFS Gap 2021-25 (exc. COVID-19) Cabinet September 2020</b>                  | <b>1,304</b>    | <b>9,504</b>    | <b>11,416</b>   | <b>8,755</b>    |
| Adjustment to Collection Fund deficit (updating for September MHCLG monitoring) | 372             | (3,897)         | (3,897)         | 0               |
| <b>Revised MTFS Gap 2021-25 (exc. COVID-19)</b>                                 | <b>1,676</b>    | <b>5,607</b>    | <b>7,519</b>    | <b>8,755</b>    |

This MTFS gap will provide an interim savings target for service departments to aim for pending development of further savings which will be included in future Business Planning reports to Cabinet as part of the agreed timetable.

## 3. **New Savings 2021-25: Progress**

3.1 In the report to Cabinet in September, in order to be able to set a balanced budget for 2021/22 as required by statute, savings targets were set out based on the initial update of the MTFS 2021-25 as follows:-

| <b>SAVINGS TARGETS BY DEPARTMENT</b> | <b>2021/22<br/>£000</b> | <b>2022/23<br/>£000</b> | <b>2023/24<br/>£000</b> | <b>2024/25<br/>£000</b> | <b>Total<br/>£000</b> |
|--------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-----------------------|
| Corporate Services                   | 3,028                   | 854                     | 269                     | (592)                   | 3,558                 |
| Children, Schools and Families       | 2,142                   | 604                     | 190                     | (419)                   | 2,518                 |
| Environment and Regeneration         | 5,008                   | 1,412                   | 444                     | (980)                   | 5,885                 |
| Community and Housing                | 6,559                   | 1,850                   | 582                     | (1,283)                 | 7,707                 |
| <b>Total</b>                         | <b>16,737</b>           | <b>4,720</b>            | <b>1,485</b>            | <b>(3,275)</b>          | <b>19,667</b>         |
| <b>Total (cumulative)</b>            | <b>16,737</b>           | <b>21,457</b>           | <b>22,942</b>           | <b>19,667</b>           |                       |

3.2 As indicated in paragraph 2.7 of this report, given the developments since September, the assumptions made in the financial forecasts on which this MTFs gap is based will need to be reviewed and updated once the Local Government Settlement has been published and the ongoing implications of Covid-19 and DSG assessed.

3.3 Since September service departments have been reviewing their budgets in order to identify savings proposals to meet their targets. As the government has indicated that it will meet councils' costs for dealing with the pandemic, in the first instance departments have focused on achieving savings that would balance the "non-Covid" gap (in para 2.9 above). Therefore the following progress has been made:-

|  | <b>2021/22<br/>£000</b> | <b>2022/23<br/>£000</b> | <b>2023/24<br/>£000</b> | <b>2024/25<br/>£000</b> | <b>Total<br/>£000</b> |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-----------------------|
| <b>"Non-Covid" Savings Proposals</b>           |                         |                         |                         |                         |                       |
| Corporate Services                             | 374                     | 0                       | 0                       | 0                       | 374                   |
| Children, Schools and Families                 | 450                     | 200                     | 0                       | 0                       | 650                   |
| Environment and Regeneration                   | 930                     | 750                     | (50)                    | (85)                    | 1,545                 |
| Community and Housing                          | 55                      | 1,299                   | 0                       | 0                       | 1,354                 |
| <b>Total</b>                                   | <b>1,809</b>            | <b>2,249</b>            | <b>(50)</b>             | <b>(85)</b>             | <b>4,493</b>          |
| <b>Total (cumulative)</b>                      | <b>1,809</b>            | <b>4,058</b>            | <b>4,008</b>            | <b>3,923</b>            |                       |
| Less:  |                         |                         |                         |                         |                       |
| Contribution to Balancing the Budget Reserve * | (133)                   | 133                     | 0                       | 0                       | 0                     |
| <b>Total (cumulative)</b>                      | <b>1,676</b>            | <b>4,191</b>            | <b>4,008</b>            | <b>3,923</b>            |                       |

\* To be kept under review pending identification of the level of replacement and deferred savings caused by Covid-10

3.4 Details of the "non-Covid" savings proposals are set out in Appendix 3. Associated draft Equalities Assessments will be included with the Business Plan presented to the December Cabinet, along with comments from the Overview and Scrutiny Commission. These savings will be further scrutinised by Overview and Scrutiny Panels and the Commission during January 2021 and will be included in the Member's Information pack that will be despatched to all Members at the end of December 2020.

- 3.5 Departments are looking at options that may be required to meet the budget gap once the settlement has been announced in late December, should this settlement not cover the council's Covid-related costs or address the DSG issues. These savings would be brought forward to the January Cabinet following the Spending Review, when this would be known.
- 3.6 If all of the savings proposals are agreed and there is no further funding for the council's Covid-related costs or a solution for the DSG, the revised gap would be as follows:-

| <b>REVISED MTFS GAP</b>             | <b>2021/22<br/>£000</b> | <b>2022/23<br/>£000</b> | <b>2023/24<br/>£000</b> | <b>2024/25<br/>£000</b> |
|-------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Revised Gap (para.2.8 refers)       | 16,737                  | 21,457                  | 22,942                  | 19,667                  |
| "Non-Covid" savings proposals (Net) | (1,676)                 | (4,191)                 | (4,008)                 | (3,923)                 |
| Revised Gap including Savings       | 15,061                  | 17,266                  | 18,934                  | 15,774                  |

A revised MTFS is included as Appendix 1.

### **3.7 Replacement and Deferred Savings**

- 3.7.1 Monitoring of the delivery of savings is important and it is essential to recognise as quickly as possible where circumstances change and savings previously agreed are either not achievable in full or in part or are delayed.
- 3.7.2 If this is the case, departments will need to identify replacement savings from elsewhere within their overall budgets. As previously mentioned this will be more difficult in light of COVID-19. Members will recall that in determining the MTFS gap reported to Cabinet in September it was assumed that 50% of programmed savings will be achieved in line with the original forecast.
- 3.7.3 Any replacement/deferred savings will be reported to the next meeting of Cabinet to enable the latest position to be reported as the situation is subject to more change than in previous years.

### **4. Capital Programme for 2021-25**

- 4.1 There was not a capital bidding round for 2021-25 due to the financial situation, but departments were able to bid for CIL funded schemes which have previously been reported to Cabinet. The programme is kept under constant review.

### **5. Service Planning for 2021-25**

- 5.1 The pilot Service planning process for 2021-25 was launched in August 2020. A plan has been created for each council service. These plans describe what the service does, its plans for the future linked to the Modernising Merton Programme, its key performance indicators and how its plans will take place within the budget.

5.2 These will be reported to Cabinet and scrutiny.

## **6. Alternative Options**

6.1 The range of options available to the Council relating to the Business Plan 2021-25 and for setting a balanced revenue budget and fully financed capital programme will be presented in reports to Cabinet and Council in accordance with the agreed timetable which was approved by Cabinet on 7 September 2020.

## **7. Consultation Undertaken or Proposed**

7.1 All relevant bodies have been consulted.

## **8. Timetable**

8.1 In accordance with current financial reporting timetables approved by Cabinet on 7 September 2020.

## **9. Financial, resource and property implications**

9.1 As contained in the body of the report.

## **10. Legal and statutory implications**

10.1 As outlined in the report.

## **11. Human rights, equalities and community cohesion implications**

11.1 Draft Equalities assessments of the savings proposals will be included in the report referred to the Overview and Scrutiny Commission.

## **12. Crime and Disorder Implications**

12.1 Not applicable.

## **13. Risk Management and health and safety implications**

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

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

Appendix 1 – Updated MTFs 2021-25

Appendix 2 – Covid-19 Expenditure/Income Pressures and Grant Funding

Appendix 3 – Details of departmental savings proposals 2021-25

**15. Background Papers**

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

2019/20 Budgetary Control and Final Accounts Working Papers in the Corporate Services Department.  
2020/21 Budget Monitoring working papers  
MTFS working papers

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## APPENDIX 1

| <b>DRAFT MTFS 2021-25:</b>  |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|
|   | <b>2021/22</b>   | <b>2022/23</b>   | <b>2023/24</b>   | <b>2024/25</b>   |
|   | <b>£000</b>      | <b>£000</b>      | <b>£000</b>      | <b>£000</b>      |
| <b>Departmental Base Budget 2020/21</b>                               | <b>159,038</b>   | <b>159,038</b>   | <b>159,038</b>   | <b>159,038</b>   |
| Inflation (Pay, Prices)   | 3,468            | 6,937            | 10,405           | 13,874           |
| Salary oncost increase (15.2% to 17.06%)                              | 23               | 47               | 71               | 95               |
| FYE – Previous Years Savings  | (3,887)          | (4,252)          | (4,448)          | (4,448)          |
| FYE – Previous Years Growth   | 404              | 788              | 1,178            | 1,178            |
| Amendments to previously agreed savings/growth                        | 1,944            | 2,126            | 2,224            | 2,224            |
| Change in Net Appropriations to/(from) Reserves                       | (392)            | (950)            | (950)            | (950)            |
| Taxi card/Concessionary Fares   | 450              | 900              | 1,350            | 1,800            |
| Change in depreciation/Impairment (Contra Other Corporate items)      | 0                | 0                | 0                | 0                |
| Social Care - Additional Spend offset by grant and precept            | 154              | 150              | 150              | 150              |
| Growth  | 3,768            | 5,018            | 6,268            | 6,268            |
| Provision - DSG Deficit   | 9,156            | 8,750            | 9,650            | 10,550           |
| Other   | 733              | 813              | 893              | 973              |
| <b>Re-Priced Departmental Budget</b>                                  | <b>174,859</b>   | <b>179,365</b>   | <b>185,829</b>   | <b>190,752</b>   |
| Treasury/Capital financing  | 11,282           | 12,082           | 12,899           | 13,539           |
| Other Corporate items   | (21,149)         | (20,731)         | (21,082)         | (21,086)         |
| Levies  | 609              | 609              | 609              | 609              |
| <b>Sub-total: Corporate provisions</b>                                | <b>(9,258)</b>   | <b>(8,040)</b>   | <b>(7,574)</b>   | <b>(6,938)</b>   |
| <b>Sub-total: Repriced Departmental Budget + Corporate Provisions</b> | <b>165,601</b>   | <b>171,325</b>   | <b>178,255</b>   | <b>183,814</b>   |
| Savings/Income Proposals 2021/22                                      | (1,676)          | (4,191)          | (4,008)          | (3,923)          |
| <b>Sub-total</b>  | <b>163,925</b>   | <b>167,134</b>   | <b>174,247</b>   | <b>179,891</b>   |
| Appropriation to/from departmental reserves                           | (2,497)          | (1,935)          | (1,935)          | (1,935)          |
| Appropriation to/from Balancing the Budget Reserve                    | (2,597)          | 0                | 0                | 0                |
| ONGOING IMPACT OF COVID-19 (NET)                                      | 6,919            | 3,217            | 1,514            | 0                |
| <b>BUDGET REQUIREMENT</b>   | <b>165,751</b>   | <b>168,416</b>   | <b>173,826</b>   | <b>177,956</b>   |
| <b>Funded by:</b>   |                  |                  |                  |                  |
| Revenue Support Grant   | 0                | 0                | 0                | 0                |
| Business Rates (inc. Section 31 grant)                                | (41,358)         | (39,185)         | (40,029)         | (40,890)         |
| Adult Social Care Grants inc. BCF                                     | (4,862)          | (4,862)          | (4,862)          | (4,862)          |
| Social Care Grant   | (2,776)          | (3,160)          | (3,550)          | (3,550)          |
| PFI Grant   | (4,797)          | (4,797)          | (4,797)          | (4,797)          |
| New Homes Bonus   | (1,008)          | (800)            | (800)            | (800)            |
| Council Tax inc. WPCC   | (99,785)         | (102,242)        | (104,751)        | (107,313)        |
| Collection Fund – (Surplus)/Deficit                                   | 3,896            | 3,896            | 3,896            | 0                |
| <b>TOTAL FUNDING</b>  | <b>(150,690)</b> | <b>(151,150)</b> | <b>(154,892)</b> | <b>(162,212)</b> |
| <b>GAP including Use of Reserves (Cumulative)</b>                     | <b>15,061</b>    | <b>17,266</b>    | <b>18,934</b>    | <b>15,744</b>    |

## APPENDIX 2

### SUMMARY OF COVID-19 IMPLICATIONS AS PER MHCLG MONTHLY RETURN

| Service area   | Full Financial Year<br>2020-21 |
|--|--------------------------------|
| <b><u>ESTIMATED SPENDING PRESSURES (General Fund)</u></b>                    | £m                             |
| Adult social care  | 6.839                          |
| Children's Social Care   | 1.036                          |
| Education  | 0.050                          |
| Highways and Transport   | 0.000                          |
| Public Health  | 1.007                          |
| Housing sub total excluding HRA  | 0.476                          |
| Cultural & related   | 0.663                          |
| Environment & regulatory   | 1.574                          |
| Planning & development   | 0.000                          |
| Finance & corporate  | 0.892                          |
| Other (includes Shielding)   | 7.263                          |
| <b>TOTAL ESTIMATED SPENDING PRESSURES (General Fund)</b>                     | <b>19.800</b>                  |
| <b><u>Loss of Income - Sales, Fees, Charges</u></b>                          |                                |
| Highways and Transport Sales, Fees & Charges (SFC) - Parking services losses | 3.628                          |
| Highways and Transport Sales, Fees & Charges (SFC) losses - other            | 0.247                          |
| Cultural & Related (SFC) - Recreation and sport losses                       | 1.045                          |
| Cultural & Related (SFC) losses - other                                      | 0.406                          |
| Planning & Development SFC losses  | 0.391                          |
| SFC income losses - other  | 5.265                          |
| <b>Sales, Fees &amp; Charges (SFC) income losses subtotal</b>                | <b>10.982</b>                  |
| <b>TOTAL SPENDING PRESSURES + SFC INCOME LOSSES</b>                          | <b>30.782</b>                  |
| Commercial Income losses   | 0.899                          |
| Other income losses  | 0.000                          |
| <b>SPENDING PRESSURES + SFC INCOME + NON-COLLECTION FUND INCOME LOSS</b>     | <b>31.681</b>                  |
| <b>Funding:</b>  |                                |
| CCG  | (0.465)                        |
| Government Grant Funded  | (14.643)                       |
|  | <b>(15.108)</b>                |
| NET  | <b>16.573</b>                  |
| <b>COLLECTION FUND</b>   |                                |
| Business rates losses - Deferrals (Delay)                                    | 5.572                          |
| Business rates losses- Other   | 6.924                          |
| <b>Business Rates Losses - excluding reliefs</b>                             | <b>12.496</b>                  |
| Council Tax receipt losses - working age LCTS                                | 2.300                          |
| Council Tax receipt losses - payment failure                                 | 2.778                          |
| Council Tax receipt losses - other   | 0.000                          |
| <b>Council Tax receipt losses sub total</b>                                  | <b>5.078</b>                   |

## APPENDIX 2

| <b>NEW FUNDING FOR COVID 19</b>   | <b>TOTAL NOTIFIED</b> | <b>RECEIVED 2019/20</b> | <b>RECEIVED 2020/21</b> | <b>Balance not yet received</b> | <b>Notes:</b>  |
|---|-----------------------|-------------------------|-------------------------|---------------------------------|--|
| <b>Business Support Grant</b>   | 29,318,000            | -                       | 29,318,000              | -                               | 2,122 payments totalling £28.120m (1/9/20)                               |
| <b>Local Authority Discretionary Grant Fund Allocation</b>                          | 1,312,750             | -                       | -                       | 1,312,750                       | Only if main allocation exceeded   |
| <b>New burdens Funding to support administration of the Business Support scheme</b> | -                     | -                       | 130,000                 | -                               | For Admin. Costs   |
| <b>COVID 19 Relief-Local Authority Support Grant</b>                                | 14,643,266            | 4,964,977               | 7,184,321               | 2,493,968                       | Balance =Tranche 4 notified 22/10/20                                     |
| <b>Council Tax Hardship fund</b>  | 1,483,740             | -                       | 1,483,740               | -                               |  |
| <b>Rough Sleeping Initiative 2020-21</b>  | 151,750               | -                       | 151,750                 | -                               |  |
| <b>Rough Sleeping Initiative 2020-22:</b>   | -                     | -                       | 11,250                  | -                               |  |
| <b>Covid-19 Contingency Fund</b>  | Share of £10m         | -                       | -                       | -                               | Awaiting details   |
| <b>Additional Support to Rough sleepers - share of £10m Cold Weather fund</b>       | 173,550               | -                       | -                       | 173,550                         | Not yet received   |
| <b>Next Steps Accommodation Programme</b>   |                       |                         |                         |                                 |  |
| <b>Infection control Fund for Adult Social Care</b>                                 | 2,834,641             | -                       | 2,834,641               | -                               |  |
| <b>Test, Track and Contain</b>  | 964,982               | -                       | 964,982                 | -                               |  |
| <b>Self-isolation payments funding</b>  | -                     | -                       | 155,534                 | -                               | £500 support for those on lower incomes required by law to self-isolate. |
| <b>Support to extremely vulnerable</b>  | £94k per 28 days      | -                       | -                       | £94k                            | Not yet received   |
| <b>Local Welfare Assistance Fund</b>  | 176,472               |                         | 176,472                 | -                               |  |
| <b>Local Authority Compliance and Enforcement Grant</b>                             | 92,943                | -                       | 92,943                  | -                               |  |
| <b>Emergency Active travel Fund</b>   | 100,000               |                         | 100,000                 | -                               | £90k capital, £10k revenue   |
| <b>Reopening High Streets Safely Fund</b>   | 182,103               | -                       | -                       | 182,103                         | EU/ERDF funding Subject to legitimate claim                              |

## SUMMARY OF SAVINGS PROPOSALS - CABINET 9 November 2020

| Savings Proposals to Cabinet 9 November 2020 | 2021/22<br>£000 | 2022/23<br>£000 | 2023/24<br>£000 | 2024/25<br>£000 | Total<br>£000 |
|--|-----------------|-----------------|-----------------|-----------------|---------------|
| Corporate Services                           | 374             | 0               | 0               | 0               | 374           |
| Children, Schools and Families               | 450             | 200             | 0               | 0               | 650           |
| Environment and Regeneration                 | 930             | 750             | (50)            | (85)            | 1,545         |
| Community and Housing                        | 55              | 1,299           | 0               | 0               | 1,354         |
| <b>Total</b>                                 | <b>1,809</b>    | <b>2,249</b>    | <b>(50)</b>     | <b>(85)</b>     | <b>3,923</b>  |
| <b>Total (cumulative)</b>                    | <b>1,809</b>    | <b>4,058</b>    | <b>4,008</b>    | <b>3,923</b>    |               |

## KEY

Savings Type

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

Panel

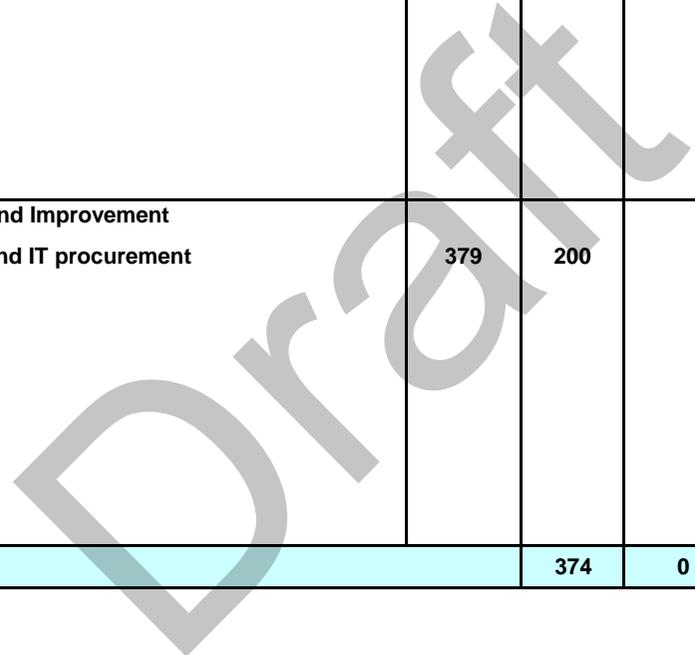
|       |                                      |
|-------|--------------------------------------|
| C&YP  | Children & Young People              |
| OS    | Overview & Scrutiny                  |
| HC&OP | Healthier Communities & Older People |
| SC    | Sustainable Communities              |

## DEPARTMENT: CORPORATE SERVICES SAVINGS - BUDGET PROCESS 2021/2022

| Panel | Ref          | Description of Saving              |  | Baseline Budget 20/21 £000 | 2021/22 £000 | 2022/23 £000 | 2023/24 £000 | 2024/25 £000 | Risk Analysis Deliverability | Risk Analysis Reputational Impact | Type of Saving (see key) |
|-------|--------------|------------------------------------|--|----------------------------|--------------|--------------|--------------|--------------|------------------------------|-----------------------------------|--------------------------|
|       | 2021-22 CS01 | <b>Service/Section</b>             | <b>Customer, Policy and Improvement</b>  |                            |              |              |              |              |                              |                                   |                          |
|       |              | <b>Description</b>                 | <b>Cash collection contract</b>  | 129                        | 23           |              |              |              | L                            | L                                 | SNS1                     |
|       |              | <b>Service Implication</b>         | Planned reduction in number and frequency of collections   |                            |              |              |              |              |                              |                                   |                          |
|       |              | <b>Staffing Implications</b>       | None   |                            |              |              |              |              |                              |                                   |                          |
|       |              | <b>Business Plan implications</b>  | In line with our strategy of digitalising more services and offering a cashless solution                     |                            |              |              |              |              |                              |                                   |                          |
|       |              | <b>Impact on other departments</b> | Led by Parking Services in reducing the number and frequency of collections                                  |                            |              |              |              |              |                              |                                   |                          |
|       |              | <b>Equalities Implications</b>     | None   |                            |              |              |              |              |                              |                                   |                          |
|       | 2021-22 CS02 | <b>Service/Section</b>             | <b>Corporate</b>   |                            |              |              |              |              |                              |                                   |                          |
|       |              | <b>Description</b>                 | <b>Corporately funded items (eg. Supplies and services)</b>  | 477                        | 75           |              |              |              | L                            | M                                 | SNS1                     |
|       |              | <b>Service Implication</b>         | None   |                            |              |              |              |              |                              |                                   |                          |
|       |              | <b>Staffing Implications</b>       | None   |                            |              |              |              |              |                              |                                   |                          |
|       |              | <b>Business Plan implications</b>  | None   |                            |              |              |              |              |                              |                                   |                          |
|       |              | <b>Impact on other departments</b> | None   |                            |              |              |              |              |                              |                                   |                          |
|       |              | <b>Equalities Implications</b>     | None   |                            |              |              |              |              |                              |                                   |                          |
|       | 2021-22 CS03 | <b>Service/Section</b>             | <b>Corporate</b>   |                            |              |              |              |              |                              |                                   |                          |
|       |              | <b>Description</b>                 | <b>Realignment of Pension Added years budget</b>   | 874                        | 63           |              |              |              | L                            | H                                 | SNS1                     |
|       |              | <b>Service Implication</b>         | If there are a high level of redundancies due to budget reductions the residual budget will be under strain. |                            |              |              |              |              |                              |                                   |                          |
|       |              | <b>Staffing Implications</b>       | None   |                            |              |              |              |              |                              |                                   |                          |
|       |              | <b>Business Plan implications</b>  | None   |                            |              |              |              |              |                              |                                   |                          |
|       |              | <b>Impact on other departments</b> | None   |                            |              |              |              |              |                              |                                   |                          |
|       |              | <b>Equalities Implications</b>     | None   |                            |              |              |              |              |                              |                                   |                          |

DEPARTMENT: CORPORATE SERVICES SAVINGS - BUDGET PROCESS 2021/2022

| Panel                                   | Ref          | Description of Saving       |   | Baseline Budget 20/21 £000 | 2021/22 £000 | 2022/23 £000 | 2023/24 £000 | 2024/25 £000 | Risk Analysis Deliverability | Risk Analysis Reputational Impact | Type of Saving (see key) |
|---|--------------|-----------------------------|---|----------------------------|--------------|--------------|--------------|--------------|------------------------------|-----------------------------------|--------------------------|
|   | 2021-22 CS04 | Service/Section             | Corporate Governance - Information Governance         |                            |              |              |              |              |                              |                                   |                          |
|   |              | Description                 | Establish income grant budget for transparency agenda | 0                          | 13           |              |              |              | H                            | M                                 | SG1                      |
|   |              | Service Implication         | None  |                            |              |              |              |              |                              |                                   |                          |
|   |              | Staffing Implications       | None  |                            |              |              |              |              |                              |                                   |                          |
|   |              | Business Plan implications  | None  |                            |              |              |              |              |                              |                                   |                          |
|   |              | Impact on other departments | None  |                            |              |              |              |              |                              |                                   |                          |
|   |              | Equalities Implications     | None  |                            |              |              |              |              |                              |                                   |                          |
|   | 2021-22 CS05 | Service/Section             | Customer, Policy and Improvement                      |                            |              |              |              |              |                              |                                   |                          |
|   |              | Description                 | Contract savings and IT procurement                   | 379                        | 200          |              |              |              | L                            | L                                 | SNS1                     |
|   |              | Service Implication         | None  |                            |              |              |              |              |                              |                                   |                          |
|   |              | Staffing Implications       | None  |                            |              |              |              |              |                              |                                   |                          |
|   |              | Business Plan implications  | None  |                            |              |              |              |              |                              |                                   |                          |
|   |              | Impact on other departments | None  |                            |              |              |              |              |                              |                                   |                          |
|   |              | Equalities Implications     | None  |                            |              |              |              |              |                              |                                   |                          |
| <b>Total Corporate Services Savings</b> |              |                             |   |                            | <b>374</b>   | <b>0</b>     | <b>0</b>     | <b>0</b>     |                              |                                   |                          |



## DEPARTMENT: CHILDREN, SCHOOLS &amp; FAMILIES SAVINGS - BUDGET PROCESS 2021/22

| Panel | Ref  | Description of Saving              |   | Baseline Budget 20/21 £000 | 2021/22 £000 | 2022/23 £000 | 2023/24 £000 | 2024/25 £000 | Risk Analysis Deliverability | Risk Analysis Reputational Impact | Type of Saving (see key) |
|-------|--|------------------------------------|---|----------------------------|--------------|--------------|--------------|--------------|------------------------------|-----------------------------------|--------------------------|
| C&YP  |  | <b>Service/Section Description</b> | <b>Education &amp; Early Help</b><br><b>Reduction made in provision for PFI Unitary Charges</b>   |                            | £450         | £0           | 0            | 0            | High                         | Low                               | SI1                      |
|       |  | <b>Service Implication</b>         | None. Generated from increased school contributions due to increased pupil numbers. Note MTFS still needs to allow for increasing 'affordability gap' general fund contributions over the next 8 years.   |                            |              |              |              |              |                              |                                   |                          |
|       |  | <b>Staffing Implications</b>       | None  |                            |              |              |              |              |                              |                                   |                          |
|       |  | <b>Business Plan implications</b>  | The "underspend" on the unitary charge is the result of schools income being above the budget that is set and this level of income over budget is expected to continue for the next 2-3 years. The income is based upon pupil numbers, and as the "primary bulge" continues to work through this situation is expected to continue with a small rise in pupil numbers then a plateau for a period. The "saving" is therefore expected to be available in 2021/22, and then will progressively reduce. |                            |              |              |              |              |                              |                                   |                          |
|       | <b>Impact on other departments Equalities Implications</b> | None                               |   |                            |              |              |              |              |                              |                                   |                          |

## DEPARTMENT: CHILDREN, SCHOOLS &amp; FAMILIES SAVINGS - BUDGET PROCESS 2021/22

| Panel  | Ref | Description of Saving              |  | Baseline Budget 20/21 £000 | 2021/22 £000 | 2022/23 £000 | 2023/24 £000 | 2024/25 £000 | Risk Analysis Deliverability | Risk Analysis Reputational Impact | Type of Saving (see key) |
|--|-----|------------------------------------|--|----------------------------|--------------|--------------|--------------|--------------|------------------------------|-----------------------------------|--------------------------|
| C&YP   |     | <b>Service/Section Description</b> | <b>Education &amp; Early Help Rationalisation of Children's Centres</b>  |                            | £0           | £200         |              |              |                              |                                   |                          |
|  |     | <b>Service Implication</b>         | Review of the buildings and service offer. Likely to make some savings but will need to review and unpick the income-generating capacity of these buildings. Buildings currently occupied by partners who pay rental income. This is likely to reduce the number of Children's Centre sites and will require specific public consultation and anticipated communication with DFE |                            |              |              |              |              |                              |                                   |                          |
|  |     | <b>Staffing Implications</b>       |  |                            |              |              |              |              |                              |                                   |                          |
|  |     | <b>Business Plan implications</b>  |  |                            |              |              |              |              |                              |                                   |                          |
|  |     | <b>Impact on other departments</b> | Would need discussion with Health partners as they currently provide a rental income stream.   |                            |              |              |              |              |                              |                                   |                          |
|  |     | <b>Equalities Implications</b>     |  |                            |              |              |              |              |                              |                                   |                          |
| <b>Total Children Schools and Families Savings</b> |     |                                    |  |                            | £450         | £200         | £0           | £0           |                              |                                   |                          |

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

| Panel   | Ref        | Description of Saving   |   | Baseline Budget 20/21 £000 | 2021/22 £000 | 2022/23 £000 | 2023/24 £000  | 2024/25 £000  | Risk Analysis Deliverability | Risk Analysis Reputational Impact | Type of Saving (see key) |
|---|------------|---|---|----------------------------|--------------|--------------|---------------|---------------|------------------------------|-----------------------------------|--------------------------|
| SC  | ENV2021-01 | <b>Service/Section Description</b><br><b>Service Implication</b><br><b>Staffing Implications</b><br><b>Business Plan implications</b><br><b>Impact on other departments</b><br><b>Equalities Implications</b> | <b>Future Merton</b><br>Street works team income (increase in income)<br>Captures over achievement over the last few years<br>Undertaken within existing staff team<br><br>In line with business plan<br>None<br><br>None   | (120)                      | 100          |              |               |               | Low                          | Low                               | SI2                      |
| OS  | ENV2021-02 | <b>Service/Section Description</b><br><b>Service Implication</b><br><b>Staffing Implications</b><br><b>Business Plan implications</b><br><b>Impact on other departments</b><br><b>Equalities Implications</b> | <b>Development Control/Building Control</b><br>Increase PPA's income (increased income) through a dedicated Majors team<br>Assuming buoyant economy and level of development remains stable.<br><br>Would be met within the existing team with a dedicated majors team resource<br><br>In line with the business plan<br>Minimal<br><br>Minimal | (74)                       | 80           |              |               |               | Med                          | Low                               | SI2                      |
| OS  | ENV2021-03 | <b>Service/Section Description</b><br><b>Service Implication</b><br><b>Staffing Implications</b><br><b>Business Plan implications</b><br><b>Impact on other departments</b><br><b>Equalities Implications</b> | <b>Parking</b><br>Review of back office processes and efficiencies<br>To be reviewed<br>To be reviewed<br>In line with existing objectives.<br><br>None<br><br>None identified at present.  | 1,650                      |              |              | 100           | 50            | Low                          | Low                               | SS1                      |
| OS  | ENV2021-04 | <b>Service/Section Description</b><br><b>Service Implication</b><br><b>Staffing Implications</b><br><b>Business Plan implications</b><br><b>Impact on other departments</b><br><b>Equalities Implications</b> | <b>Parking</b><br>EBC - potentially commencing in 2nd half of 2021/22. Assumes a 10% reduction in 2023/24, and a further 10% in 2024/25.<br>To be reviewed<br>To be reviewed<br>In line with existing objectives.<br><br>None<br><br>To be reviewed as part of democratic processes relating to emissions based charging.                       | (11,996)                   | 750 - 1,000  | 750 - 1,000  | (150) - (200) | (135) - (180) | Low                          | Low                               | SI2                      |
| <b>Total Environment and Regeneration Savings</b> |            |   |   |                            | 930 - 1,180  | 750 - 1,000  | (50) - (100)  | (85) - (130)  |                              |                                   |                          |

## DEPARTMENT: COMMUNITY &amp; HOUSING SAVINGS - BUDGET PROCESS 2021/22

| Panel | Ref   | Description of Saving   | Baseline Budget 20/21 £000 | 2021/22 £000 | 2022/23 £000 | 2023/24 £000 | 2024/25 £000 | Risk Analysis Deliverability | Risk Analysis Reputational Impact | Type of Saving (see key) |
|-------|-------|---|----------------------------|--------------|--------------|--------------|--------------|------------------------------|-----------------------------------|--------------------------|
| HC&OP | CH100 | <p><b>Service/Section</b> Adult Social Care - Direct Provision</p> <p><b>Description</b> Review of in-house day care provision</p> <p><b>Service Implication</b> To review and consult on the consolidation of services on fewer sites to improve efficiency and to reflect the changing nature of provision. During COVID 19 the Learning Disability service has shifted away from buildings based provision to more outreach work and use of community facilities. The demand for older people's day care has also reduced. The review will consider the assets and staffing needed to serve current and future demand with a view to reducing the cost of provision. The proposals will be subject to consultation before any decision is made. If the outcome of the review and consultation does not deliver the target savings, alternative savings from across the department will have to be found. Departmental reserves may have to be used to bridge any timing gap.</p> <p><b>Staffing Implications</b> There are likely to be job losses depending on the outcome of the review.</p> <p><b>Business Plan implications</b> The proposals are likely to result in the closure of buildings which need to be considered in terms of the corporate estate strategy.</p> <p><b>Impact on other departments</b> It may impact on the delivery of passenger transport services</p> <p><b>Equalities Implications</b> Care Act eligible needs would continue to be met but may be met in different ways. Service users will be supported through any change. There may be an impact on carers who depend on the care for person being in day care on particular days</p> | 6,248                      |              | 700          |              |              | M                            | H                                 | SS1                      |

DEPARTMENT: COMMUNITY & HOUSING SAVINGS - BUDGET PROCESS 2021/22

| Panel                             | Ref  | Description of Saving              |  | Baseline Budget 20/21 £000 | 2021/22 £000 | 2022/23 £000 | 2023/24 £000 | 2024/25 £000 | Risk Analysis Deliverability | Risk Analysis Reputational Impact | Type of Saving (see key) |     |
|-----------------------------------|--|------------------------------------|--|----------------------------|--------------|--------------|--------------|--------------|------------------------------|-----------------------------------|--------------------------|-----|
| HC&OP                             | CH101  | <b>Service/Section</b>             | <b>Adult Social Care - Direct Provision</b>  |                            |              |              |              |              |                              |                                   |                          |     |
|                                   |  | <b>Description</b>                 | Review of in-house LD residential provision  | 6,248                      |              | 544          |              |              |                              | M                                 | H                        | SS2 |
|                                   |  | <b>Service Implication</b>         | To review the in-house delivery of residential care given current usage, the condition of the buildings and opportunity to redevelopment sites for supported living. The review outcome will then be subject to consultation. The review will consider whether the Council wishes to continue to operate two in-house units into the future. In the event that the review and consultation do not deliver the target saving, alternative savings will have to be found from across the department and if required departmental reserves used to meet any timing gap. |                            |              |              |              |              |                              |                                   |                          |     |
|                                   |  | <b>Staffing Implications</b>       | There are likley to be job losses depending on the outcome of the review. TUPE may apply.  |                            |              |              |              |              |                              |                                   |                          |     |
| <b>Business Plan implications</b> | The proposals may result in the closure of a building which need to be considered in terms of the corporate estate strategy. |                                    |  |                            |              |              |              |              |                              |                                   |                          |     |
|                                   |  | <b>Impact on other departments</b> | nil  |                            |              |              |              |              |                              |                                   |                          |     |
|                                   |  | <b>Equalities Implications</b>     | The residents of the services all have a disability and will need to be supported through the review and any resultant change in where they live.  |                            |              |              |              |              |                              |                                   |                          |     |

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DEPARTMENT: COMMUNITY & HOUSING SAVINGS - BUDGET PROCESS 2021/22

| Panel                                      | Ref   | Description of Saving                  |  | Baseline Budget 20/21 £000 | 2021/22 £000 | 2022/23 £000 | 2023/24 £000 | 2024/25 £000 | Risk Analysis Deliverability | Risk Analysis Reputational Impact | Type of Saving (see key) |
|--|-------|--|--|----------------------------|--------------|--------------|--------------|--------------|------------------------------|-----------------------------------|--------------------------|
| HC&OP                                      | CH102 | <b>Service/Section</b>                 | <b>Public Health</b>   | 277                        | 55           | 55           |              |              | M                            | M                                 | SP1                      |
|  |       | <b>Description Service Implication</b> | To re-commission the Dementia Hub services when the contract expires in September 2021. The aim is to move away from a physical hub to an outreach model better linked to other services. The contract for the Dementia Hub expires in September 2021 and the proposal is not to relet the contract but commission a new lower cost service. There is no statutory duty to provide a dedicated hub. The proposal will be subject to consultation. In the event that the review and consultation does not result in the target savings, alternative savings will need to be found from elsewhere and departmental reserves might be needed to be used to bridge any timing gap. |                            |              |              |              |              |                              |                                   |                          |
|  |       | <b>Staffing Implications</b>           | Nil  |                            |              |              |              |              |                              |                                   |                          |
|  |       | <b>Business Plan implications</b>      | nil  |                            |              |              |              |              |                              |                                   |                          |
|  |       | <b>Impact on other departments</b>     | nil  |                            |              |              |              |              |                              |                                   |                          |
|  |       | <b>Equalities Implications</b>         | The users of the service either have dementia or are carers or family of those with dementia. They would need to be supported through any change   |                            |              |              |              |              |                              |                                   |                          |
| <b>Total Community and Housing Savings</b> |       |  |  | <b>12,773</b>              | <b>55</b>    | <b>1,299</b> | <b>0</b>     | <b>0</b>     |                              |                                   |                          |