CABINET

Date: 7 December 2020

Subject: Financial Report 2020/21 – Period 7, October 2020

Lead officer: Roger Kershaw

Lead member: Councillor Tobin Byers

Recommendations:

~~A.~~ That Cabinet note the financial reporting data for month 7, October 2020, relating to revenue budgetary control, showing a forecast net adverse variance at year-end of £8.2m.

B. That Cabinet note the contents of section 4 of the report and approve the adjustments to the Capital Programme in Appendix 5b

That Cabinet note the contents of Section 4 and Appendix 5b of the report and approve the amendments to the Programme contained in the Table below:

	Budget 2020-21	Budget 2021-22	Budget 2022-23	Narrative
Corporate Services	**£**	**£**	**£**	
Customer Contact	(217,800)	217,800		Reprofiled in line with projected spend
Planning and Public Protection	(340,710)	340,710		Reprofiled in line with projected spend
Invest to Save General	(198,140)	198,140		Reprofiled in line with projected spend
Housing Company	(6,000,000)		6,000,000	Reprofiled in line with projected spend
Children, Schools and Families				
Links Capital Maintenance	(137,000)	137,000		Reprofiled in line with projected spend
Unallocated Capital Maintenance	(694,250)	605,360		Three virements and Reprofiled in line with projected spend
Perseid Capital Maintenance	(106,840)	106,840		Reprofiled in line with projected spend
Melrose SEMH	77,440	997,560		Primary/Secondary SEMH Merged and reprofiled on this Scheme
Melrose Primary SEMH (Merging Schemes)	(200,000)	(875,000)		Primary/Secondary SEMH Merged with Scheme above
Environment and Regeneration				
Haydons Road Shop Front Improvements	(481,580)	481,580		Reprofiled in line with projected spend
Wimbledon Park Lake Safety	(150,000)	150,000		Reprofiled in line with projected spend
Leisure Centres Plant and Machinery	(240,000)	160,000		Reprofiled in line with projected spend & £80k Relinquished
Total	**(8,688,880)**	**2,519,990**	**6,000,000**	

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

D. That Cabinet approves £129,000 from the Outstanding Council Programme Board (OCPB) Reserve as part of the Recovery and Modernisation Programme - for an interim CSF Change Programme Manager (£79,000) and MVSC transformational resource (£50,000). This is in addition to £40,000 already drawn down from the same reserve to fund an external IT review.

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 This is the period 7 monitoring report for 2020/21 presented in line with the financial reporting timetable.
This financial monitoring report provides -

- The income and expenditure at period 7 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 focuses on the financial impact of Covid-19. The Council's services remain 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, the cumulative deficit is now estimated to be £27.6m.

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 some of the general fund reserve.

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

Executive summary – At period 7 to 31st October 2020, the year-end forecast is a net adverse variance of £8.2m 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 favourable variance, 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 31st October 2020

	Current Budget 2020/21 £000s	Forecast Variance at year end (Oct) £000s	Forecast Variance at year end (Sept) £000s	Covid-19 Forecast £000s	Outturn variance 2019/20 £000s
Department					
Corporate Services	10,795	4,153	4,495	3,229	(490)
Children, Schools and Families	62,912	(1,264)	(1,229)	923	(241)
Community and Housing	68,967	185	(144)	2,733	(319)
Public Health	-157	0	0	0	0
Environment & Regeneration	16,482	9,272	7,719	9,259	783
Overheads	0	0	0	0	120
NET SERVICE EXPENDITURE	**159,000**	**12,347**	**10,841**	**16,144**	**(147)**
Corporate Items					
Impact of Capital on revenue budget	11,190	(19)	(19)	0	(161)
Other Central budgets	(12,279)	(400)	604	0	(1,405)
Levies	962	0	0	0	(1)
TOTAL CORPORATE PROVISIONS	**(128)**	**(419)**	**585**	**0**	**(1,567)**
Covid-19		10,151	9,497	**10,151**	**176**
TOTAL GENERAL FUND	**158,872**	**22,078**	**20,924**	**26,295**	**(1,714)**
FUNDING					
Revenue Support Grant	(5,159)	0	0	0	0
Business Rates*	(35,586)	1,792	2,077	1,792	(50)
Other Grants*	(18,245)	0	0	0	0
Council Tax and Collection Fund*	(97,713)	2,404	2,194	2,404	50
COVID-19 emergency funding**	0	(14,467)	(14,467)	(14,467)	0
Income compensation for SFC – 1st Tranche		(3,605)		(3,605)	
FUNDING	**(156,703)**	**(13,876)**	**(10,196)**	**(13,876)**	**0**
NET	**2,169**	**8,202**	**10,728**	**12,419**	**(1,714)**

*** The deficits on the Collection Fund relating to Business rates and Council Tax arising as a result of Covid-19 can be carried forward to the collection fund for accounting purposes over the next three year**

**** Total emergency funding received in four tranches of £14,643k. £176k utilised in 2019/20**

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. The Government announced emergency grant funding of £4.7 billion nationally to fund costs associated with the response to the COVID-19 pandemic. The Council's allocation is £14.6m in four tranches.

The government announced a 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 first round has been submitted and we received confirmation that the claim for £3.6m which covers the first quarter will be paid at the end of November. This is included in the period 7 forecast in the table above.
Merton, together with all London boroughs, moved from Tier 1 to Tier 2 (Covid high alert) on 17th October 2020 as infection rates continued to rise and then to the second national lockdown in England on 5th November 2020. The high level of uncertainty makes forecasting difficult but additional costs and loss of income from Tier 2 restrictions, the second national lockdown and second wave are included where known or best estimate provided. It is too early to forecast the full impact and the financial position will continue to be monitored closely and reported monthly.

Merton will be eligible for funding from the Contain Outbreak Management Fund(COMF) based on the population. Both the funding of approx. £1.6m and associated total expenditure are not included in this forecast.

Some of the government grant funding received in the current year will cover more than one year. This will result in a temporary increase in the level of reserves pending application of the grants to fund the expenditure for which they are intended.

At this time, the full financial impact of COVID-19 therefore continues to be uncertain, as does the extent to which the Government will mitigate the cost pressures on local government in this and many other areas. The effects will continue to be closely monitored and reported.

Covid Expenditure
Covid expenditure which is incremental is reported centrally on Corporate items – Covid costs. 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.

Savings unachieved
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.

COVID-19 COST SUMMARY	October 2020/21	September 2020/21

	£000s	£000s
Department	-	-
Corporate Services	3,229	3,332
Children, Schools and Families	923	734
Community and Housing	2,733	2,632
Environment & Regeneration	9,259	8,267
TOTAL INCOME LOSS & SAVINGS UNACHIEVED	**16,144**	**14,965**
Corporate Items - Covid costs	-	
Corporate Services	753	705
Children, Schools and Families	1,136	1,086
Community and Housing	6,575	6,050
Environment & Regeneration	1,687	1,656
ADDITIONAL COVID EXPENDITURE	**10,151**	**9,497**
FUNDING	-	-
Business Rates***	1792	2,077
Council Tax ***	2404	2,194
TOTAL FUNDING LOSS	**4,196**	**4,271**
GROSS COST OF COVID-19	**30,491**	**28,733**
Covid-19 Emergency funding received	**-10,383**	**-10,383**
Covid-19 Emergency funding - July 2020	**-1,590**	**-1,590**
Covid-19 Emergency funding - October2020	**-2,494**	**-2,494**
Income compensation for sales, fees & charges	**-3,605**	
NET COST OF COVID-19	**12,419**	**14,266**

*** Covid-19 impact on the Collection Fund

Due to COVID-19 the amount of Council Tax and Business Rates collected will be less than budgeted for 2020/21 when the budget was approved by Council in March 2020. There is usually a small surplus or deficit which arises because the amount collected during the year will vary for different reasons such as new properties coming on stream during the year, or people and businesses arriving and leaving during the year.

Due to Covid-19 the level of collection is less than expected and will result in deficits in both Council Tax and Business Rates for the financial year 2020/21. However, as required by legislation any surplus/deficit on the Collection Fund would normally be funded in the following year of account so the expected deficit for 2020/21 would form part of the budget for 2021/22.

On 2 July 2020, the Secretary of State for Local Government announced a funding package for councils to help address the range of COVID-19 pressures they face. This package included changes so that local authorities can spread their tax deficits over three years rather than the usual one. In guidance supplied with the announcement it stated: -

- The Government's intention is for the deficit phasing to apply to all authorities, set at a fixed period of three years
- The phased amount will be the entire collection fund deficit for 2020-21 as estimated on the 15 January 2021 for council tax and in the 2021-22 NNDR1 for business rates
- The scheme will be prescribed in secondary legislation. Subject to parliamentary time, MHCLG would expect the necessary regulations to be laid in the early autumn.
- MHCLG is minded to put in place a scheme where the deficit will be phased across the financial years 2021-22, 2022-23 and 2023-24.
- MHCLG will continue to work with CIPFA and local government on the detailed operation of the scheme – including the accounting, audit and reporting implications – with a view to providing guidance to councils later in the year. We are still waiting for the legislation to be laid in the

House of Commons.
- On 22 October 2020, the Government published two documents in relation to the support it has provided to local authorities. Those documents set out the allocations of the funding to meet spending pressures; a technical note with more details about the income scheme, collection fund deficit phasing and a further technical note on the distribution of the funding announced in October.

As at 31st October 2020, Merton's share of estimated Council Tax and Business Rates deficits 2020/21 are:-

Council Tax	£2,404k
Business Rates	£1,792k

The estimated deficit will be incorporated into the MTFS in 2021/22 to 2023/24.

Cashflow

The Covid-19 outbreak 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 in balances 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 bulk of the Council's available funds in cash/MMF's to maintain liquidly. This meant that as fixed short and medium term deposits matured they were placed in MMF's which is immediately callable. The Council has now increased its MMFs investment limits and the number of MMFs. This enable us to earn maximum interest income possible while maintaining liquidity.
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 (Oct) £000	2020/21 Full Year Forecast Variance (Oct) £000	2020/21 Full Year Forecast Variance (Sept) £000	2020/21 Covid-19 Forecast Impact (Oct) £000	2019/20 Outturn Variance £000
Customers, Policy & Improvement	3,881	4,815	934	957	372	(169)
Infrastructure & Technology	12,233	12,512	279	317	265	(678)
Corporate Governance	2,206	2,131	(75)	(52)	86	(180)
Resources	5,731	7,720	1,989	2,191	1,916	95

Human Resources	2,133	2,289	156	167	0	187
Corporate Other	173	1,043	870	915	590	255
Total (Controllable)	**26,357**	**30,510**	**4,153**	**4,495**	**3,229**	**(490)**

Overview

At the end of period 7 (October) the Corporate Services (CS) department is forecasting an adverse variance of £4.153m at year end, of which £3.229m is due to the external impact of covid-19. The adverse forecast within CS has reduced by £342k compared with period 6.

Customers, Policy and Improvement - £934k adverse variance

The adverse variance in the division is mainly due to spend on the Customer Contact budget which is forecasting a £920k 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 £129k adverse variance and currently anticipating a 37% reduction in income compared to 2019/20, though this could be impacted further should the period of increased restrictions relating to covid-19 be extended beyond the beginning of December 2020. This reflects a significant impact on income for the first quarter of 2020/21, followed by a strong recovery with monthly income on a par with 2019/20 for quarter 2. Other adverse variances within the division due to covid-19 include the Translations service (£42k) due to a reduced number of face to face interpretations being fulfilled. The Press and PR budget is also forecasting an adverse variance (£193k) mainly due to the use of agency staff covering the Head of Communications post pending the completion of a restructure within the division. There is a further adverse variance of £13k on Blue Badges, mainly as the saving (2019-20 CS02) of £15k to introduce charging has not yet been implemented.

Partly offsetting the above are various favourable variances including £92k in the AD budget and £49k in Continuous Improvement due to vacancies expected for part of the year and £11k in Community Engagement due to uncovered maternity leave. Other forecast variances from less than budgeted running costs are in Merton Link (£50k favourable), Cash Collections (£84k favourable) and Marketing and Communications (£60k favourable).

The forecast adverse variance overall for the division has reduced by £23k compared to period 6. This is due to various relatively small revisions to forecasts across multiple teams in the division, predominately around staffing to reflect planned recruitment and maternity leave.

Infrastructure & Technology - £379k 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 £191k on the Corporate Print Strategy, £69k on the Print and Post room and £137k on the PDC (Chaucer Centre). 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 £136k adverse variance due to the lack of commissions being confirmed since lock-down began in March. There is a variance on Corporate Contracts (£23k adverse) due to savings for reducing cleaning in corporate buildings being unachievable within the current circumstances. £21k 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.

Favourable variances within the division include £35k in Client Financial Affairs and £56k in Safety Services both from less than budgeted staffing costs, £22k on the Civic Centre from rental income over-achievement and £67k on Garth Road also from rental income. IT Service delivery also has a favourable variance of £29k mainly from IT licences, whilst the Transactional Services team have a £61k favourable variance from vacancies forecast for part of the year as well as the recovery of overpayments to suppliers in prior years. There is a further £44k favourable variance on the Microsoft EA licences following a review by the supplier.

The forecast adverse variance in Infrastructure and Technology has reduced by £38k compared to period 6. This is mainly due to the recovery of overpayments in prior years by the Transactional Services team and increased rental income forecast for Garth Road. These are partly offset by a reduced forecast of internal recharges to departments for use of the PDC building (Chaucer Centre).

Corporate Governance – £75k favourable variance

A £32k shortfall on the saving to merge Democracy and Electoral Services is expected due to the restructuring coming in to 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 £93k favourable variance across both services.

The Corporate Governance AD budget is forecasting a £9k favourable variance due to various running costs whilst the Information Governance team also have a favourable £7k variance due to various vacant hours held during the year.

The South London Legal Partnership (SLLp) is currently forecasting a £419k surplus, with £88k to be retained by LBM. The surplus relates mainly to additional chargeable hours being fulfilled. LBM position is a £25k adverse variance forecast for the shared legal service.

Outside of SLLp, there is £115k of legal savings not forecast to be achieved in year.

The Corporate Governance favourable forecast has increased by £23k since period 6. This is mainly due to an increased surplus forecast in SLLp and no longer planning to recruit to a vacancy in Electoral Services by the end of the financial year.

Resources - £1,989k adverse variance

Within Resources there are multiple budgets forecasting adverse variances due to covid-19. The Chief Executive's budget has a £127k adverse variance mainly due to an interim Head of Recovery being appointed as a result of the pandemic. The Bailiff Service ceased operations for the first 6 months of the year and is forecasting an adverse variance of £968k (including the shared service element). The Local Taxation Service is also showing an adverse variance of £787k mainly as a result of covid-19's impact on court cost income, with the first hearing date of the financial year now set for December 2020.

Other adverse variances within the division that are not covid-19 related include £127k in the Financial Information Systems (FIS) team due to salary budget pressure as well as system consultancy and support costs for the year. A £91k 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 (£67k) as a result of the use of agency staff covering vacancies in the team due to difficulties in recruiting. Corporate Accountancy are forecasting a £45k adverse variance due to proposed increases in audit fees and the use of agency staff.

Favourable variances in the department include £47k and £14k on the Director of Corporate Services and AD budgets respectively due to consultants and subscription budgets not forecast to be required in year. Within Revenues and Benefits the Benefits Administration and Support Teams are forecasting favourable variances of £134k and £34k respectively due to various running costs, vacancies and DWP receipts for additional works.

The forecast adverse variance in the division has reduced by £202k compared to period 6. This is largely due to an improved position for the Bailiff Service as the forecast now includes a contribution from Sutton for the loss expected on the service.

Human Resources – £156k adverse variance

The adverse variance in HR is mainly from the AD budget (£111k variance) as a result of the use of agency staff. Additionally, there is an adverse variance of £26k relating to the HR Transactions budget for the shared payroll system and iTrent client team charges from Kingston. HR Business Partnerships are also forecasting an adverse variance (£20k) mainly as a result of sickness cover required in the team.

The adverse forecast variance in HR has decreased by £11k since period 6 due to various small adjustments across the HR teams.

Corporate Items - £870k adverse variance

The Housing Benefit Rent Allowances budget is forecasting a net adverse variance of £935k. 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 £90k adverse variance and shortfall on the saving as recovery has been significantly impacted by covid-19. On the Coroner’s Court budget there is an adverse variance of £43k, of which £25k relates to an adjustment for 2019/20 quarter 4 costs.

Partly offsetting the above are favourable variances on the corporately funded items budget of £136k due to budget not expected to be required in year and £72k on the added years pension budget.

Compared to period 6, the Corporate Items adverse variance has reduced by £45k. This is mainly due to an increased forecast for subsidy on HB overpayments and reduced spend forecast on corporate funded items.

Environment & Regeneration

Environment & Regeneration	2020/21 Current Budget	Full year Forecast (Oct)	Forecast Variance at year end (Oct)	Forecast Variance at year end (Sept)	2020/21 Covid-19 Forecast Impact (Oct)	2019/20 Outturn Variance

	£000	£000	£000	£000	£000	£000
Public Protection	(15,322)	(8,123)	7,199	5,731	7,105	1,286
Public Space	15,586	17,258	1,672	1,661	1,368	(364)
Senior Management	1,037	930	(107)	(109)	0	81
Sustainable Communities	7,966	8,473	507	436	786	(220)
Total (Controllable)	**9,267**	**18,538**	**9,271**	**7,719**	**9,259**	**783**

Description	2020/21 Current Budget £000	Forecast Variance at year end (Oct) £000	Forecast Variance at year end (Sept) £000	2019/20 Variance at year end £000
Regulatory Services	655	295	288	87
Parking Services	(17,013)	6,894	5,435	1,171
Safer Merton & CCTV	1,036	10	8	28
Total for Public Protection	**(15,322)**	**7,199**	**5,731**	**1,286**
Waste Services	14,321	405	340	72
Leisure & Culture	479	684	783	(334)
Greenspaces	1,453	712	689	(111)
Transport Services	(667)	(129)	(151)	9
Total for Public Space	**15,586**	**1,672**	**1,661**	**(364)**
Senior Management & Support	1,037	(107)	(109)	81
Total for Senior Management	**1,037**	**(107)**	**(109)**	**81**
Property Management	(2,981)	(35)	(154)	(251)
Building & Development Control	87	202	226	34
Future Merton	10,860	340	364	(3)
Total for Sustainable Communities	**7,966**	**507**	**436**	**(220)**
Total Excluding Overheads	**9,267**	**9,271**	**7,719**	**783**

Overview

The department is currently forecasting an adverse variance of £9,271k 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 £295k

The section has implemented agreed income savings of £210k 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. The IT transition Project is scheduled for completion by the end of the financial year at which point 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 £118k, leading to an adverse variance against budget of £103k.

Parking Services adverse variance of £6,894k
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 £3,591k, £2,139k, and £997k 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 at the earliest.

Covid-19 has also had an impact of other areas of income, namely skip licences and parking bay suspensions, contributing to adverse variances of £190k and £115k 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 continues to try and better understand this.

The section is also forecasting an adverse variance on Supplies & Services (£179k), mainly in relation to the planned placement of statutory notices around the borough on emissions based charging.

The adverse variance is being partially offset by favourable variances on employees (£193k) and RingGo convenience fees (£159k).

<u>Public Space</u>

Waste Services adverse variance of £340k
The section is forecasting an adverse variance on disposal costs of £98k. 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.

Covid-19 has had a significant impact on the Council's Environmental Enforcement services in respect of enforcing and issuing Fix Penalty Notices for littering which was temporarily suspended and the resource redeployed to support engagement and education in our Parks and Green spaces advising residents and visitors on Government guidelines on social distancing, resulting in a net adverse variance against budget of £87k.

An adverse variance of £155k is also being forecast in relation to the Household, Reuse, Recycling Centre (HRRC), mainly as a result of extending the current contract, via a contract variation, in order to both minimise future costs and to align the contract period with the other SLWP boroughs. 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 consideration.

An adverse variance of £146k 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 service continues to work with Veolia in finalising the annual review process and the additional impact of the unresolved commercial waste claim. As yet no agreement has been reached in regards to the commercial waste portfolio and impact this may have on the level of guaranteed income.

A favourable variance on employee related spend of £72k is partially mitigating the adverse variance.

Leisure & Culture adverse variance of £684k
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 working to return their previous customer base to being fully paid members and bringing in new members to the Merton leisure centres.

However, it is clear from the continuous dialogue between the two parties that GLL needs further financial support from the council if they are going to survive. This is consistent with the picture across London. Following conversations with the industry, it is estimated that leisure centres might not be able to return to normal working practices until, at the earliest, Spring 2021. The contract requires that we forego the income under a 'Relief Event' clause. This equates to about £622k from the start of the year to the end of December 2020.

The centres have now been closed again due to the 2nd lockdown and this is expected to set their recovery back once they are allowed to re-open. The impact of this lockdown and the trading position on re-opening will have a further impact on their need for increased financial support and relief from paying the management fee for a longer period. (This may change again depending on how the centres perform, when they are able to open, what leisure offer is allowed and the ability for them to remain open and/or operational without further lockdowns). Discussions are ongoing and any financial requests for further relief and financial support and the impacts will be brought forward as soon as possible.

During closure of the leisure centres, the Authority incurs lower utility costs at these premises, leading to a forecast favourable variance of £122k.

Covid-19 also led to the temporary closure of the Wimbledon Sailing base from 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 a net adverse variance of £229k is being forecast, mainly as a result of reduced income.

Greenspaces adverse variance of £712k
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 £366k.

In addition, an adverse variance of £183k 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, which should also help with our insurance claims going forward.

Further adverse variances are being forecast in relation to rental income (£48k), 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, which assumes an expected contractual cemetery revenue share for 2018/19 and 2019/20 of £157k will be received. However, in tandem with the Phase C Waste Services (lot1) Annual Review process, a similar process is ongoing regarding the Grounds Maintenance contract (lot 2), which requires further discussion as the proposed solution was predicated on assumptions with the revenue income, barring Merton & Sutton Joint Cemetery activity. With the position so radically changed due to Covid-19, further discussions with our service provider will need to commence again to determine the final outcome. To note, there has been no requirement or indication by the service provider for any relief event under the PPN provision.

__Sustainable Communities__

Building and Development Control adverse variance of £226k

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 £294k.

This adverse variance is being partially reduced by a favourable variance on employee related spend (£127k).

Future Merton adverse variance of £340k

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 £259k. 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.

The section is also forecasting a net adverse variance of £177k in relation to the footways & highways reactive maintenance costs. Merton has a statutory duty to maintain its highway network in accordance with Section 41 of the Highways Act 1980. The safety inspections that are undertaken are designed to identify defects that meets the Council strict intervention criteria. Defects that require intervention legally need to be addressed.

Merton's policy (with regards to safety inspections) was updated in May 2019, to comply with the changes to the Well Managed Highway Infrastructure Code of Practice – Risk Based Approach, and Merton's intervention levels to repair are predominately the same throughout all London authorities. Unfortunately it is very difficult to forecast reactive spend on the highway network and this is due to nature of the street, the streets inspection regime, type of defect, and repair required.

A contributing factor for this adverse variance is the removal of investment/funding Merton has received via TfL on our Principal Road Network since 2018/19 where we would have received (£424k per annum), meaning we have had to use our own capital funding for resurfacing to repair 'A' roads (Principal Roads). The net impact is that Merton funding for non-principal road and unclassified roads have been stretched further (and unfortunately capital investment was reduced by £300k for 2020/21) and, together, this inevitably has resulted in an increase in reactive repairs over the past two financial years (2019/20 and 2020 to date). In short, TFL's withdrawal of funding for their network, coupled with a planned reduction in capital (planned maintenance) is leading to a faster deterioration of the network, requiring more (revenue) reactive repairs.

Covid-19 has also significantly affected the section's ability to generate income. Firstly, an adverse variance of £243k 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. In addition, it was previously hoped that increased guaranteed income from digital upgrades could be achieved towards the end of the financial year but, it is now clear, that these upgrades will not be installed until at least spring 2021, so this increase will not occur until next financial year.

Secondly, Vestry Hall was closed between 26th March 2020 and August resulting in a forecast adverse variance of £190k in relation to room lettings and hall hiring's, and a total variance against budget of £132k. Vestry Hall can only re-open to the wider users on agreement from both Facilities Management and Public Health that the wider users Risk Assessment is acceptable, and approval for this is unlikely to happen before mid-November. In addition, Vestry Hall will be required to constantly monitor the number of people in the building at any one time to maintain the recommended social distancing required. Pre-Covid there could be 200+ people in the building, many are vulnerable residents who may not appreciate their responsibility to maintain a safe distance or follow the Health & Safety requirements.

These adverse variances are being partially mitigated by favourable variances on temporary traffic orders income (£110k), street work & permits activity (£79k), 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 Oct £000	Forecast Variance at year end (Oct) £000	Forecast Variance at year end (Sept) £000	2020/21 Covid-19 Forecast Impact £'000	2019/20 Variance at year end £000
Education	24,802	24,161	(641)	(637)	363	63
Social Care and Youth Inclusion	21,564	21,515	(49)	(30)	560	416
Cross Department budgets	898	863	(35)	(24)		(47)
PFI	8,730	8,241	(489)	(489)		(251)
Redundancy costs	1,927	1,878	(49)	(49)		(422)
Total (controllable)	**57,921**	**56,658**	**(1264)**	**(1,229)**	**923**	**(241)**

Overview

At the end of October 2020, the Children Schools and Families directorate is forecasting a favourable £1.264m variance on local authority funded services, a favourable movement of £35k from last month.

£734k of the Covid-19 cost pressure has been identified relating to savings shortfalls. These have been included in the forecast position. There remains considerable uncertainty about the likely level of increased costs due to Covid-19. The impact of the lockdown on children and families is starting to emerge in increased safeguarding referrals and hold ups in the family courts mean that some casework cannot be progressed. This has significantly increased the number of child protection cases open to the service, which is now beginning to put pressure on caseloads. An additional £189k covid related loss of income have also been identified.

It remains difficult to forecast the overall 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 continue to monitor the situation closely.

The period 7 forecast favourable position is attributable to a number of factors including:

- the Schools PFI forecast of £489k favourable variance. This is caused by an overachievement of Schools Contribution Income, due to higher pupil numbers than budgeted for;
- an ongoing review of the Unaccompanied Asylum Seeker costs and other CSC budgets in the light of the growth funding received this year and impact of Covid on those cost centres;
- underspend on the SEN transport budget of £426k arising from lower than expected costs when schools were closed;
- Other Education underspends across a number of areas including £67k in Departmental Business Support, £205k in Education Inclusion and £84k in Procurement and School Organisation.

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 2,214 by October, an increase of 203 finalised EHCPs as at the end of October 2020. If this growth in EHCP numbers plays out in a similar way for the remaining months of the year, this will further increase the cost pressure in the High Needs Block of the DSG.

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

Local Authority Funded Services

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

Local Authority Funded Services

Description	Budget £000	Oct Var £000	Sept (restated) Var £000	Sept (as published) Var £000s	August Var £000	2019/20 £000
Procurement & School Organisation	902	(84)	(100)	(100)	(97)	(306)
SEN transport	6,198	(426)	(426)	(426)	(357)	1,289
Early Years services	4,229	(25)	(27)	(27)	(98)	(314)
Education Inclusion	1,736	(205)	(175)	(175)	(154)	(350)
Internal legal hard charge	493	0	0	0	0	(105)
LSCB	80	(35)	30	30	30	(65)
Other over and underspends	11,164	134	61	61	5	(86)
Subtotal Education	**24,802**	**(641)**	**(637)**	**(637)**	**(671)**	**63**

Fostering and residential placements (Access)	8,408	420	300*	(369)*	(290)*	(98)
Un-accompanied asylum seeking children (UASC)	275	(26)	(18)	(18)	(6)	33
No Recourse to Public Funds (NRPF)	172	(51)	(14)	(14)	(14)	132
MASH & First Response staffing	1,713	549	530	530	530	257
CWD team staffing	577	(23)	(12)	(12)	(16)	(67)
CWD Placements	634	106	125	125	99	(58)
Legal Counsel	129	(38)	129	129	129	72
Other over and underspends	9,656	(986)	(1070)*	(401)*	(407)	145
Subtotal Children's Social Care and Youth Inclusion	**21,564**	**(49)**	**(30)**	**(30)**	**25**	**416**

*The table above has been modified this month to reflect some adjustments within the "Fostering & Residential Placements" and "Other" columns for figures presented in September. In July, Fostering reported an under spend of £290k, this was carried over into August whilst a new forecasting method was reviewed. Previously, Fostering was forecast using last year's costs, this was modified to use current year data for forecast months. In August this produced a significant adverse swing which required further investigation, hence August was a repeat of July. Between July and August this methodology was reviewed and improved and used for September reporting. Unfortunately, costs were aligned to the wrong sub sections of the table and published incorrectly in September. The position in September was an over spend of £300k (as per restated column above). In October the adverse position has increased to an over spend of £420k. Overall the forecast was and is correct and robust but was assigned to the wrong lines. The above table now represents the accurate position.

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 £100k, £80k of which relates to lower revenue spend on capital projects. Capital programmes contain some expenditure which is not eligible for capitalisation 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 £426k underspend, this budget has become increasingly difficult to forecast given COVID-19, the variability of schools' wider opening (and pupil attendance), the impact of social distancing requirements on transport commissioning and delays in invoicing. This is our current best estimate based on the information available at the end of October.

The Early Years' service is reporting an under spend of £25k which is a small reduction from period 6 (£27k). This movement relates primarily to a decline in forecast income from Lavender Nursery.

Education Inclusion is reporting a £205k favourable variance primarily due to staffing underspends within the Youth Service, Education, Employment & Training and Children's Activities teams. This is a c. £40k increase in underspend on period 6 with a reduced number of expeditions under the Duke of Edinburgh scheme.

LSCP has reported a favourable variance of £35k due to a salary underspend. A restructure is now under way.

Children's Social Care and Youth Inclusion Division

Additional spending in this area is on activities such as fostering allowances and special guardianship orders which decrease the need for significantly more expensive care placements and also provide more stable futures for young people.

At the end of October, Merton had 157 looked after children and 190 care leavers. 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

£1.61m growth across Children's Social Care has been attributed to ART Placements (£604k), ART Supported Housing (£92k), Community Placement (£200k), and UASC placements and previous USAC that are now Care Leavers (£710k).

The table below provides an analysis of some key elements of this budget:

Service	Budget £000	Oct Forecast spend £000	Variance		Placements	
			Oct £000	Sept £000	Oct No	Sept No
Residential Placements	1,822	1129	(328)	(380)	5	3
Residential-SEN Placements	-	63	-	-	4	4
Residential-Respite Placements	-	302	-	-	3	3
Independent Agency Fostering-LAC	1,974	2121	147	118	42	41
Independent Agency Fostering-Care leavers	-			-	1	1
In-house Fostering-LAC	1,421	1707	286	264	61	63
In-house Fostering-Care leavers	-			-	8	9
Secure accommodation	245	315	70	104	1	2
Parent and Baby	105	528	423	276	8	6
Supported Housing/Lodging -LAC	1,850	1674	(176)	(84)	17	17

Supported Housing/Lodging –Care leavers	-			-	41	43
Total	**7,417**	**7839**	**422**	**298**	**191**	**192**

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.

Placement costs have been forecast based on known placements as well as an estimated cost (Average no of placements for 2019/20) 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.

- Residential placements reported a favourable variance of £328k at the end of October. This has been offset by pressures within agency and in-house fostering. We currently have 12 placements in total. 5 placements in Residential Homes, 3 in Respite and 4 placed by SEN in Residential Schools.
- Independent Agency Fostering reported an adverse variance of £147k. We currently have 43 placements.
- In-house Foster carer reported a £286k adverse variance. We currently have 69 placements. However, as our strategy is to have as many children as possible placed with in-house provision, rather than independent, the movement in the adverse variance should be seen as positive.
- Youth Justice secure accommodation expenditure reported to the budget. We currently have 1 placement.
- Parent and Baby Fostering placements reported a £528k adverse variance. We currently have 6 Fostering and 2 residential parent and baby placements.
- Semi-Independent expenditure reported a favourable variance of £176k. We currently have 58 placements in October. This is inclusive of 11 non term-time placements.
- At the end of October, UASC placements and previous UASC that are now Care Leavers have reported a favourable variance of £706k.

The table below provides an analysis of some key elements of the budget for this service:

Service	**Budget £000**	**Forecast-spend £000**	**Oct £000**	**Sept £000**	**Oct No**	**Sept No**
Independent Agency Fostering-LAC	383	327	(56)	(33)	7	7
Independent Agency Fostering-Care Leavers	710	61	(649)	(616)	1	3
In-house Fostering-LAC	208	379	171	191	14	14
In-house Fostering-Care leavers	169	310	141	196	15	15

Supported lodgings/housing –LAC	229	220	(9)	(76)	8	7
Supported lodgings/housing-Care leavers	464	634	170	145	31	30
UASC grant	(1,200)	(1674)	(474)	(474)		
Total	**963**	**257**	**(706)**	**(667)**	**76**	**76**

At the end of October, we have 76 USAC placements, 29 under 18 and 47 over 18. Of the 29 under 18 clients, 21 were placed in foster care and 8 in semi-independent accommodation. The administration's commitment (in line with other London Labour Councils) for Merton is to have the capacity to accommodate 38 unaccompanied asylum-seeking children (equivalent of 0.08% of the child population), this has been achieved, but we do not currently have this many UASC in our care. 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 47 young people aged 18+ who were formerly UASC in our care at the end of October, 16 in foster care, 31 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 favourable variance forecast of £706k will take place shortly to ensure the budgets are aligned correctly to reflect the true expenditure for Unaccompanied minors across the service, including the increased rates, rather than just the placements budgets.

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 11 new carers (3 of these are connected persons & 7 are mainstream carers and 1 supported lodgings carers) this year so far. The target for this financial year is to recruit 20 new mainstream foster carers.

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 2017 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 £14.889m variance. The DSG had a cumulative overspend of £12.750m at the end of 2019/20. The over spend in the current financial year will be adding to this balance, currently estimated at £27.649m. 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 are expected to return for a further discussion, but a date has not yet been set.

The main reason for the variance relates to a £8.139m adverse variance on Independent Day School provision. The reason for the significant overspend is due to the high number of placements. The forecast this month has increased by £454k, £419k of which relates to additional placement funding for increased capacity at Merton schools. Over time this is expected to reduce the need for more expensive independent OOB placements.

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 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 £27.649m cumulative deficit to increase further.

Other adverse variances include £2.304m on EHCP allocations to Merton primary and secondary schools, £2.038m on EHCP allocations to out of borough maintained primary, secondary and special schools, and £0.976m on one-to-one support, OT/SLT and other therapies as well as alternative education.

Since period 1 we have seen an increase from 2032 finalised EHCPs to 2214 EHCPs in period 7 which is an increase this financial year of 182 finalised EHCPs. As at period 7 we have 197 EHC Needs assessments being undertaken at various weeks within the 20 week statutory timescale. It should be noted that since COVID we have seen a significant increase in referrals for an EHC Needs assessments.

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.

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.

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. A revised 5 year forecast is being prepared.

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 are living 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 specialist 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, which 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 ever since).
- SEND tribunals will cover all elements of children's care packages, not solely education.
- New requirement of social work visits to children in residential schools and other provision.

Community and Housing

Overview

Community and Housing is forecasting an unfavourable variance of £185k as at October 2020. This is a movement of £329k since September. This is made up of forecasted favourable variances in Adult Social Care of £718k, and unfavourable variances in Housing of £687k, and Libraries of £216k. Public Health and Merton Adult Learning continue to forecast a breakeven position.

The main movements in the month are increased spend on placements and a one-off write-back of client income in Adult Social Care. The department also achieved transport savings for the

Woodlands Day Centre.

As we are now in the second wave, Community and Housing is working with partners implement the winter plan, which includes expected surges in both COVID and non-COVID demand. Non-COVID demand is likely to include the impact of the backlog of healthcare, other winter outbreaks and the consequences of high rent arrears on demand for homelessness support.

During the first wave the service experienced a significant level of one-off costs which were largely met by the main COVID grant and NHS funding. The forecast includes additional spend for winter insofar as we are currently able to identify it. However, there is a high level of uncertainty about COVID and other winter outbreaks, their impact on our community and consequently the impact on the year end position. Therefore current forecast includes the best estimate based on current information available.

Community and Housing Summary Position

Community and Housing	2020/21 Current Budget £'000	2020/21 Full Year Forecast Oct'20 £'000	2020/21 Full Year Forecast Variance Oct'20 £'000	2020/21 Full Year Variance Sept'20 £'000	2020/21 Covid-19 Forecast Oct'20 £'000	2019/20 Outturn Variance £'000
Adult Social Care	**59,944**	**59,226**	**(718)**	**(1,046)**	**2,492**	**(717)**
Libraries and Heritage	**2,396**	**2,612**	**216**	**239**	**161**	**70**
Merton Adult Learning	**(1)**	**(1)**	**0**	**0**	**0**	**0**
Housing General Fund	**2,142**	**2,829**	**687**	**663**	**80**	**328**
Public Health	**(157)**	**(157)**	**0**	**0**	**0**	**0**
Total Favourable/Adverse	**64,324**	**64,509**	**185**	**(144)**	**2,733**	**319**

The forecast above is prepared on the basis of our current understanding of activity and income and placement data as at October 2020. The covid-19 impact is in the fifth column in the above table.

In addition, the department is estimating gross expenditure of £11.7m (this includes £3.2m grants received for infection control, test and track homelessness accommodation and additional cost due to the second wave).

The department's savings forecast as at October 2020 has improved and is now showing total amount achieved of £1.56m of the £2.46m savings target for 2020/21. The Department continues to work towards achieving the outstanding savings and to maintain a balanced budget in the current financial year. The service is reviewing outstanding savings against current activity levels to identify offsetting reductions in spend but this is proving difficult due to budget pressures as a result of Covid-19.

Adult Social Care

The cost of placements to October is showing an increase which is due to variation in packages of care and the write back of client contribution where they were previously assessed to pay 100% of care costs. There is also some uncertainty surrounding what the CCG will fund and for what length of time under the second wave plus the likelihood that customers will present with more complex needs which may require high packages of care which will result in future budget pressures.

The forecast allows for the likely transfer of costs of those currently paid for by health who will be eligible for social care funding. Work is ongoing to ensure that the packages of support are appropriate and good value.

From the 1st September, whilst health will continue to manage all COVID discharges, whether short or long term, they will only meet up to the first six weeks of care costs and will be at nil cost to the customer. Anyone placed in this way will need to be assessed for continuing healthcare, adult social care or identified as self-funders.

The department has reconvened its weekly ‘Sit Rep’ meetings to monitor activity, staff, provider markets and PPE levels.

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.

The national shielding programme has been suspended, but we continue to work with the voluntary sector to support those who had been shielding who need ongoing support. The Community Hub continues to operate to support people and we are working with those identified as Clinically Extremely Vulnerable to ensure that they can continue to access food and other essential services.

Direct Provision remains in a position of an overall favourable position. There was some movement in salaries which reflected two staff at Meadowsweet starting maternity leave and a spike in sickness in September/October particularly in Mascot which resulted in staff self - isolating and bank staff used to cover. Sickness levels have now reduced. Glebelands has also required more care hours due to a growing complexity of cases and some tenants self-isolating. Some savings were achieved with transport for All Saints and discussions are continuing with E&R to realise further savings in year.

Library & Heritage Service

This service is currently forecasting an unfavourable variance of £216k, which is a reduction of £23k since September and is a cumulative reduction of £37k since August.

The current years unfavourable forecast is mainly due to library closures during lockdown whilst switching to click and collect and the impact of Covid-19 on visitor numbers from April 2020 to date. The overspend also includes a one-off old business rates recharge of £66k and additional costs incurred on the current security contract which is inclusive of the Living Wage and inflation increases.

Adult Learning

Adult Learning is currently forecasting a breakeven position. During lockdown and over the summer providers worked hard to move their course content online and deliver things in new ways due to restrictions in place regarding physical courses. As of September all providers are providing some classroom based activities with a high proportion of online and blended learning provision also available. This position is largely unchanged in the second lockdown as adult learning provision falls under the wider government guidance on education provision.

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 2019/20 academic year and this has been paid proportionately across agreed spend levels to providers.

Adult Learning has successfully bid for £540k of additional funding over two years from the GLA to expand the skills offer and to respond to changes in the job market to assist with reskilling residents. Part of the funding is aimed at improving access to IT for those without it so that they can both benefit from online learning and improve their IT skills.

Housing General Fund

This service is currently forecasting an unfavourable variance of £687k which is an increase of £24k since September. This is due to an increase in forecasted agency cost, and an increase in subsidy shortfall.

During the pandemic the supply of housing association homes to which the council has nomination rights reduced dramatically, although nominations are slowly returning to pre covid-19 levels. However the lack of housing supply continues to prevent early re-housing from expensive temporary accommodation. There have been fewer moves out of temporary accommodation, including evictions from temporary accommodation for reasons such as rent arrears, anti-social behaviour and refusal of offers of accommodation, in accordance with guidance and instructions from MHCLG.

As a result, as at the end of October 2020 there were 214 households in temporary accommodation which represents an increase of 15 since March.

The moratorium on evictions was initially extended to the 30th September but it seems that a ban on evictions is likely to be in place until March 2021. This will create a rise in expenditure to support and to prevent homelessness in line with our duties under the Homelessness Reduction Act 2017. Due the delays in the courts, a rise in evictions is expected to take several months or years and therefore the increase in numbers in TA are likely to remain.

The service is working with former rough sleepers to move them on from temporary to move-on accommodation. This includes input from mental health and drug & alcohol services. The current status is as follows: -

- 19 placed in temporary accommodation 13 by the Greater London of Authority in temporary accommodation and 6 placed via the substance misuse and mental health services to meet support needs.
- 14 still sleeping rough of 5 was offered accommodation but turned it down.
- 4 were placed in temporary accommodation of which 2 abandoned and 2 were evicted.

The department's revenue bid £174k to MHCLG (Next Steps Programme was successful). The Capital bid was rejected. The revenue bid will be utilised to offset the costs of the move-on accommodation that exceeds existing grants and provides for further support with mental health and substance misuse issues, and to try to ensure that these former rough sleepers remain accommodated.

Analysis of Housing and Temporary Accommodation Expenditure

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

Housing	Budget 2020-21 £000	Forecast (Oct'20) £'000	Forecast Variances (Oct'20) £'000	Forecast Variances (Sept'20) £000	Outturn Variances (March'20) £000
Temporary Accommodation-Expenditure	2,403	3,829	1,426	1,427	1,002
Temporary Accommodation-Client Contribution	(140)	(379)	(239)	(219)	(321)
Temporary Accommodation-Housing Benefit Income	(2,005)	(2,846)	(841)	(813)	(535)
Temporary Accommodation-Subsidy Shortfall	322	1,324	1,002	988	793
Temporary Accommodation-Grant	0	(869)	(869)	(929)	(766)
Subtotal Temporary Accommodation	**580**	**1,059**	**479**	**454**	**173**
Housing Other Budgets	**1,562**	**1,770**	**208**	**209**	155
Total Controllable (Favourable)/Adverse Variance	**2,142**	**2,829**	**687**	**663**	**328**

Table below shows number of households in Temporary Accommodation to October 2020.

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**
June'20	**21**	**12**	**213**	**170**
July'20	**13**	**14**	**212**	**175**
Aug'20	**13**	**15**	**210**	**168**

Sept'20	**15**	**14**	**211**	**169**
Oct'20	**18**	**15**	**214**	**174**

The number of customers in temporary accommodation is increasing and anticipated that with the on-set of the second wave of the pandemic and winter that numbers will increase and Local Authorities will be instructed to house everyone. It also important to note that October 2019 there were 174 families in temporary accommodation and as at October 2020 there were 214 thus gained a net increase of 40 tenants.

Public Health

Public Health continues to report a breakeven position.

Potential Cost pressures :-

- CLCH has indicated the children's contract is underfunded by c £800k – that is a risk. Community and Housing departmental managers recently held a meeting with colleagues from NHS South West London CCG and it was decided that additional information is required before the open book exercise could proceed.
- CLCH is also requesting an inflationary increase to cover agenda for change uplifts (NHS pay) cumulative for 3 years from 2018/19 to 2020/21 which is £144k higher than the additional grant allocation received by the borough.
- An increase is also requested for the Sexual Health contract which is shared between Merton, Richmond and Wandsworth. Commissioners of the above mentioned boroughs met and agreed a way forward and a meeting with CLCH is pending.
- The division is involved in a number of covid-19 government initiatives to contain the pandemic.

The team, together with public protection, is leading on LBM's outbreak control plan. An additional £8 per head of population allocation has been announced with the onset of second national lock-down for further covid-19 outbreak control measures which is expected shortly.

<u>Corporate Items</u>

The details comparing actual expenditure up to 31 October 2020 against budget are contained in Appendix 2. COVID-19 corporate expenditure is again shown on a separate line:-

Corporate Items	Current Budget 2020/21 £000s	Full Year Forecast (Oct.) £000s	Forecast Variance at year end (Oct.) £000s	Forecast Variance at year end (Sep.) £000s	Outturn Variance 2019/20 £000s
Impact of Capital on revenue budget	11,190	11,171	(19)	(19)	(161)
Investment Income	(707)	(753)	(46)	(46)	(704)
Pension Fund	340	86	(254)	0	(104)
Pay and Price Inflation	2,535	2,335	(200)	550	(100)
Contingencies and provisions	18,768	18,868	100	100	(154)
Income Items	(1,963)	(1,963)	0	0	(343)
Appropriations/Transfers	(7,901)	(7,901)	0	0	0
Central Items	**11,072**	**10,672**	**(400)**	**604**	**(1,405)**

Levies	962	962	0	0	(1)
Depreciation and Impairment	(23,351)	(23,351)	0	0	0
TOTAL CORPORATE PROVISIONS	**(128)**	**(547)**	**(419)**	**585**	**(1,567)**
COVID-19 Emergency expenditure	0	10,151	10,151	9,036	176

Based on expenditure to 31 October 2020, a favourable variance of £0.419m is forecast for corporate items. This is an improved position of £0.839m since September. The improvement is due to :-

- The budget of £0.254m for pensions auto-enrolment costs will not be required as these costs have been absorbed within departmental employees budgets

- The provision for increased costs due to the National Living Wage will produce a favourable variance of £0.750m at year end

In addition to the change to the forecast favourable variance of £0.419m at year end, the figures in the table above have also been adjusted to reflect the transfer of £0.500m from the Contingencies and Provisions budget for redundancy/pensions strain to the Corporate Services Reserve. This will provide cover for potential corporate redundancy/pensions strain costs that are budgeted for within Corporate Services and may be delayed due to the complexities of the pay cap.

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:

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	22,068	(6,812)	**15,257**	18,413	812	**19,225**	3,220	6,000	**9,220**	14,674	0	**14,674**
Community & Housing	1,364	(40)	**1,324**	1,828		**1,828**	1,429	0	**1,429**	612	40	**652**
Children Schools & Families	4,950	(1,670)	**3,280**	6,850	1,670	**8,520**	1,900	0	**1,900**	1,900	0	**1,900**
Environment and Regeneration	17,266	(819)	**16,447**	14,997	792	**15,789**	8,382	0	**8,382**	7,516	0	**7,516**
TOTAL	**45,649**	**(9,340)**	**36,308**	**42,089**	**3,273**	**45,362**	**14,931**	**6,000**	**20,931**	**24,702**	**40**	**24,742**

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

Capital Budget Monitoring - October 2020

Department	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2020/21	Full Year Variance
Corporate Services	844,554	3,350,567	(2,506,013)	15,256,540	15,256,533	(7)
Community and Housing	213,056	507,080	(294,024)	1,324,000	1,324,000	0
Children Schools & Families	1,060,477	1,685,720	(625,243)	3,280,400	3,280,107	(293)
Environment and Regeneration	4,758,593	5,567,073	(808,479)	16,447,250	16,223,301	(223,949)
Total	**6,876,681**	**11,110,440**	**(4,233,759)**	**36,308,190**	**36,083,941**	**(224,249)**

a) Corporate Services – After the adjustments to the programme detailed in the Table below budget managers are projecting full spend against budget. The following adjustments to budgets have been made this month:

Corporate Services		Budget 2020-21	Budget 2021-22	Budget 2022-23	Narrative
-		£	£	£	
Customer Contact	(1)	(217,800)	217,800		Reprofiled in line with projected spend
Planning and Public Protection	(1)	(340,710)	340,710		Reprofiled in line with projected spend
Invest to Save General	(1)	(198,140)	198,140		Reprofiled in line with projected spend
Photovoltaics & Energy Conserv		(55,000)	55,000		Reprofiled in line with projected spend
Housing Company	(1)	(6,000,000)		6,000,000	Reprofiled in line with projected spend
Total		**(6,811,650)**	**811,650**	**6,000,000**	

(1) Requires Cabinet approval

b) Community and Housing – Budget managers are projecting a full year spend on all budgets after the re-profiling of £40k of the Disabled Facilities Grant Budget to 2023-24.

c) Children, Schools and Families – After the adjustments to the programme detailed in the Table below budget managers are projecting full spend against budget. Due to issues programming priority school condition projects, partly due to Covid-19 related factors, a significant sum is being re-profiled into 2021-22 so that work can be undertaken in the summer holidays 2021. The follow adjustments have therefore been made to the departmental budgets:

Children, Schools and Families		**Budget 2020-21**	**Budget 2021-22**	**Budget 2022-23**	**Budget 2023-24**	**Narrative**
-						
West Wimbledon Capital Maintenance		650				Virement from Capital Maintenance unallocated
Hatfeild Capital Maintenance		12,200				Virement from Capital Maintenance unallocated
Hillcross Capital Maintenance		(52,630)	52,630			Reprofiled in line with projected spend
Dundonald Capital Maintenance		(49,500)	49,500			Reprofiled in line with projected spend
Garfield Capital Maintenance		(5,620)	5,620			Reprofiled in line with projected spend
Poplar Capital Maintenance		(5,010)	5,010			Reprofiled in line with projected spend
Wimbledon Park Capital Maintenance		(40,000)	40,000			Reprofiled in line with projected spend
Abbotsbury Capital Maintenance		(7,200)	7,200			Reprofiled in line with projected spend
Malmesbury Capital Maintenance		(35,000)	35,000			Reprofiled in line with projected spend
Cranmer Capital Maintenance		30,000				Reprofiled in line with projected spend
Gorringe Park Capital Maintenance		(49,650)	49,650			Reprofiled in line with projected spend
Liberty Capital Maintenance		(33,640)	33,640			Reprofiled in line with projected spend
Links Capital Maintenance	(1)	(137,000)	137,000			Reprofiled in line with projected spend
St Marks Capital Maintenance		(85,000)	85,000			Reprofiled in line with projected spend
Lonesome Capital Maintenance		(6,740)	6,740			Reprofiled in line with projected spend
Sherwood Capital Maintenance		(24,200)	24,200			Reprofiled in line with projected spend
William Morris Capital Maintenance		(28,200)	28,200			Reprofiled in line with projected spend
Unallocated Capital Maintenance	(1)	(724,250)	605,360			Three virements and Reprofiled in line with projected spend
Rutlish Capital Maintenance		(11,580)	11,580			Reprofiled in line with projected spend
Harris Wimbledon Expansion		(70,670)	70,670			Reprofiled in line with projected spend
Perseid Capital Maintenance	(1)	(106,840)	106,840			Reprofiled in line with projected spend
Perseid Expansion		(22,020)	22,020			Reprofiled in line with projected spend
Cricket Green Expansion		76,040				Virement from Capital Maintenance unallocated
Melrose SEMH	(1)	77,440	997,560			Primary/Secondary SEMH Merged and reprofiled on this Scheme
Melrose Primary SEMH (Merging Schemes)	(1)	(200,000)	(875,000)			Primary/Secondary SEMH Merged with Scheme above
Harris Morden Autism Unit		(50,000)	50,000			Reprofiled in line with projected spend
Primary ASD base 1-20 places		(18,260)	18,260			Reprofiled in line with projected spend
Secondary SEMH/medical PRU		(40,000)	40,000			Reprofiled in line with projected spend
New ASD Provision		(50,000)	50,000			Reprofiled in line with projected spend
Melbury College Smart Ctre Capital Maintenance		(13,340)	13,340			Reprofiled in line with projected spend
Total		**(1,670,020)**	**1,670,020**	**0**	**0**	

(1) Requires Cabinet approval

d) Environment and Regeneration – After the adjustments to the programme detailed in the Table below Officers are projecting full spend on their budgets apart from favourable variances on three schemes:

- Car Park Upgrades are currently showing a favourable variance of £67k. This projection includes essential Fire Safety Works at St Georges Car Park, electric charging points and cycle storage/parking
- 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.
- SLWP Waste Bins is showing a favourable variance of £30k
- Alley Gating is currently showing a favourable variance of £14k

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

Environment and Regeneration		Budget 2020-21	Budget 2021-22	Narrative
Haydons Road Shop Front Improvements	(1)	(481,580)	481,580	Reprofiled in line with projected spend
Wimbledon Park Lake Safety	(1)	(150,000)	150,000	Reprofiled in line with projected spend
Leisure Centres Plant and Machinery	(1)	(240,000)	160,000	Reprofiled in line with projected spend & £80k Relinquished
Cycle Imps Residential Streets		12,380		S106 Scheme Havelock Road
Surface Water Drainage - Wimb Rain Gdn		7,000		S106 Scheme Wimb Water Garden
Metrobank Public Realm		33,420		New Section 106 Scheme
Total		**(818,780)**	**791,580**	

(1) Requires Cabinet approval

4.3 The table below summarises the movement in the Capital Programme for 2020/21 since its approval in March 2020 (£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	(1,044)	4,079		(11,878)	**15,257**
Community & Housing	2,004	189				(869)	**1,324**
Children Schools & Families	4,566	480		1,034		(2,800)	**3,280**
Environment and Regeneration	18,530	1,061	(2,076)	3,573	47	(4,687)	**16,448**
Total	**47,199**	**3,730**	**(3,121)**	**8,686**	**47**	**(20,234)**	**36,309**

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

Depts.	Spend To October 2017	Spend To October 2018	Spend to October 2019	Spend to October 2020	Variance 2017 to 2020	Variance 2018 to 2020	Variance 2019 to 2020
CS	1,386	2,991	1,659	845	(541)	(2,147)	(814)
C&H	392	492	502	213	(179)	(279)	(289)
CSF	2,746	3,565	5,583	1,060	(1,686)	(2,504)	(4,522)
E&R	6,332	6,581	3,242	4,759	(1,573)	(1,823)	1,516
Total Capital	**10,856**	**13,630**	**10,986**	**6,877**	**(3,980)**	**(6,753)**	**(4,109)**

Outturn £000s	32,230	31,424	26,960	
Budget £000s				36,308
Projected Spend October 2020 £000s				36,084
Percentage Spend to Budget				18.94%
% Spend to Outturn/Projection	33.68%	43.37%	40.75%	19.06%
Monthly Spend to Achieve Projected Outturn £000s				5,441

4.5 October is seven months into the financial year and departments have spent just under 16.2% 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 September 2020 £000s	Spend To October 2020 £000s	Increase £000s
CS	769	845	76
C&H	171	213	42
CSF	868	1,060	192
E&R	2,787	4,759	1,971
Total Capital	**4,595**	**6,877**	**2,281**

4.6 During October 2020 officers spent just under a £2.3 million, to achieve year end spend officer would need to spend approximately £5.4 million each month to year end. Finance officers will continue to review in detail the projected outturn with budget managers as part of November 2020 Monitoring.

4.7 Appendix 5C summarises the impact of the changes to the Capital Programme on funding. Appendix 5C for 2020-21 shows that although £1,270k of School Condition unconditional grant funded schemes have been re-profiled to 2021-22 the flexibility in grant conditions allow the funding to still be applied to 2020-21 and the internal borrowing required for un-funded schemes it offsets to be delayed by one financial year.

5. DELIVERY OF SAVINGS FOR 2020/21

Department	Target Savings 2020/21	Projected Savings 2020/21	Period 7 Forecast Shortfall	Period Forecast Shortfall (P7)	Period 6 Forecast Shortfall	2021/22 Expected Shortfall
	£000	£000	£000	%	£000	£000
Corporate Services	2,718	1,721	997	36.7%	972	595
Children Schools and Families	2,969	2,235	734	24.7%	734	400
Community and Housing	2,460	1,560	900	36.6%	1,000	500
Environment and Regeneration	3,927	887	3,040	77.4%	3,115	0
Total	**12,074**	**6,403**	**5,671**	47.0%	**5,821**	**1,495**

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

14. BACKGROUND PAPERS

14.1 Budgetary Control files held in the Corporate Services department.

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APPENDIX 1

3E.Corporate Items	Original Budget 2020/21 £000s	Current Budget 2020/21 £000s	Year to Date Budget (Oct.) £000s	Year to Date Actual (Oct.) £000s	Full Year Forecast (Oct.) £000s	Forecast Variance at year end (Oct.) £000s	Forecast Variance at year end (Sep.) £000s	Outturn Variance 2019/20 £000s
Cost of Borrowing	11,190	11,190	3,684	3,408	11,171	(19)	(19)	(161)
Capital impact on revenue budget	**11,190**	**11,190**	**3,684**	**3,408**	**11,171**	**(19)**	**(19)**	**(161)**
Investment Income	**(707)**	**(707)**	**(412)**	**(546)**	**(753)**	**(46)**	**(46)**	**(704)**
Pension Fund	**340**	**340**	**199**	**0**	**86**	**(254)**	**0**	**(104)**
Corporate Provision for Pay Award	2,231	585	341	0	485	(100)	650	0
Corporate Provision for National Minimum Wage	1,500	1,500	875	0	1,500	0	0	0
Provision for excess inflation	450	450	263	0	350	(100)	(100)	(100)
Pay and Price Inflation	**4,181**	**2,535**	**1,479**	**0**	**2,335**	**(200)**	**550**	**(100)**
Contingency	1,500	487	284	0	487	0	0	(500)
Single Status/Equal Pay	100	100	59	0	100	0	0	0
Bad Debt Provision	500	500	292	432	600	100	100	1,304
Loss of income arising from P3/P4	400	0	0	0	0	0	0	(100)
Loss of HB Admin grant	34	23	13	0	23	0	0	(34)
Apprenticeship Levy	450	450	263	4	450	0	0	(22)
Revenuisation and miscellaneous	3,384	1,198	991	158	1,198	0	0	(802)
Growth - Provision against DSG	16,009	16,009	9,339	0	16,009	0	0	0
Contingencies and provisions	**22,378**	**18,768**	**11,240**	**594**	**18,868**	**100**	**100**	**(154)**
Other income	0	0	0	18	0	0	0	(186)
CHAS IP/Dividend	(1,963)	(1,963)	(1,145)	(922)	(1,963)	0	0	(157)
Income items	**(1,963)**	**(1,963)**	**(1,145)**	**(904)**	**(1,963)**	**0**	**0**	**(343)**
Appropriations: CS Reserves	(908)	(836)	(488)	(40)	(836)	0	0	0
Appropriations: E&R Reserves	(317)	(513)	(299)	0	(513)	0	0	0
Appropriations: CSF Reserves	(360)	(448)	(261)	(88)	(448)	0	0	0
Appropriations: C&H Reserves	(104)	(104)	(61)	0	(104)	0	0	0
Appropriations:Public Health Reserves	(1,200)	(1,200)	(700)	0	(1,200)	0	0	0
Appropriations:Corporate Reserves	(8,386)	(4,800)	(3,092)	(5,300)	(4,800)	0	0	0
Appropriations/Transfers	**(11,275)**	**(7,901)**	**(4,901)**	**(5,428)**	**(7,901)**	**0**	**0**	**0**
Depreciation and Impairment	**(23,351)**	**(23,351)**	**0**	**0**	**(23,351)**	**0**	**0**	**0**
Sub-total: Central Items	**793**	**(1,089)**	**10,143**	**(2,876)**	**(1,509)**	**(419)**	**585**	**(1,566)**
Levies	**962**	**962**	**561**	**635**	**962**	**0**	**0**	**(1)**
TOTAL CORPORATE PROVISIONS	**1,754**	**(128)**	**10,703**	**(2,240)**	**(547)**	**(419)**	**585**	**(1,567)**
COVID-19 Emergency expenditure	0	0	0	4,975	10,151	**10,151**	**9,036**	**176**

Appendix 2

Pay and Price Inflation as at November 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 0.7% and RPI at 1.3% and the Council's overall revenue budget under extreme pressure, this budget will be retained as cover and only released in exceptional circumstances.

Pay:
As previously reported the final pay award has now been agreed at 2.75% but provision of 2% was included in the MTFS agreed in March.

The impact of a 2.75% pay increase on the Council's budget will increase employee costs in 2020/21 by c.£0.650m for and these will be ongoing and subject to increase for future pay awards.

Prices:
The latest statistics have been affected by COVID-19. Eight CPIH items were unavailable to UK consumers in October, unchanged from September and accounting for 1.1% of the CPIH basket by weight; for October, the ONS collected a weighted total of 90.0% of comparable coverage collected previously (excluding unavailable items).

The Consumer Prices Index (CPI) 12-month rate was 0.7% in October 2020, up from 0.5% in September.

The largest contribution to the 12-month inflation rate in October 2020 was from recreation and culture (0.26 percentage points). Clothing, food, furniture, furnishings and carpets made the largest upward contributions (with the contribution from these three groups totalling 0.16 percentage points) to the change in the 12-month inflation rate between September and October 2020. These were partially offset by downward contributions of 0.06 and 0.04 percentage points, respectively, from the recreation and culture, and transport groups.

The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 0.9% in October 2020, up from 0.7% in September 2020.

The RPI rate for October 2020 was 1.3%, which is up from 1.1% in September 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 20020, 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 4 November 2020, the MPC voted unanimously to maintain Bank Rate at 0.1%. The Committee voted unanimously for the Bank of England to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £20 billion. The Committee voted unanimously for the Bank of England to continue with the existing programme of £100 billion of UK government bond purchases, financed by the issuance of central bank reserves, and also for the Bank of England to increase the target stock of purchased UK government bonds by an additional £150 billion, financed by the issuance of central bank reserves, to take the total stock of government bond purchases to £875 billion.

In the minutes to the MPC meeting ending on 4 November the MPC state that

“Since the Committee’s previous meeting, there has been a rapid rise in rates of Covid infection. The UK Government and devolved administrations have responded by increasing the severity of Covid restrictions. All restrictions announced up to and including 31 October have been reflected in the Committee’s judgements. There are signs that consumer spending has softened across a range of high-frequency indicators, while investment intentions have remained weak.”

In terms of current inflation projections the MPC note that “twelve-month CPI inflation increased to 0.5% in September, but remained well below the MPC’s 2% target, largely reflecting the direct and indirect effects of Covid on the economy. These include the temporary impact of lower energy prices and the reduction in VAT, as well as some downward pressure from spare capacity. CPI inflation is expected to remain at, or just above, ½% during most of the winter, before rising quite sharply towards the target as the effects of lower energy prices and VAT dissipate. In the central projection, conditioned on prevailing asset prices, inflation is projected to be 2% in two years’ time.”

At this meeting the MPC decided that an easing of monetary policy was warranted and agreed to increase the target stock of purchased UK government bonds by an additional £150 billion in order to meet the inflation target in the medium term. In conclusion they stated that they “will continue to monitor the situation closely. If the outlook for inflation weakens, the Committee stands ready to take whatever additional action is necessary to achieve its remit. The Committee does not intend to tighten monetary policy at least until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% inflation target sustainably.”

The next MPC decision on the Bank Base Rate will be on 17 December 2020.

The Monetary Policy Report for November 2020 was published at the same time as the Bank Rate decision. It concluded that “Inflation has been below the MPC’s 2% target, reflecting the influence of temporary factors, as well as the impact of spare capacity. Spare capacity in the labour market has weighed on wage growth, with recent pay settlements weak. That is likely to have exerted some downward pressure on inflation. Inflation has also been materially affected by previous falls in energy prices and the impact of the Government’s cut to VAT for certain services.”

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: Forecasts for the UK Economy

Source: HM Treasury - Forecasts for the UK Economy (November2020)

2020 (Quarter 4)	Lowest %	Highest %	Average %
CPI	0.1	1.2	0.6
RPI	0.7	1,7	1.2
LFS Unemployment Rate	4.5	9.1	6.4
2021 (Quarter 4)	Lowest %	Highest %	Average %
CPI	0.4	3.9	1.9
RPI	0.9	5.2	2.6
LFS Unemployment Rate	5.0	9.6	7.2

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 (November 2020)					
	2020	2021	2022	2023	2024
	%	%	%	%	%
CPI	0.9	1.7	2.2	2.1	2.1
RPI	1.5	2.3	3.1	3.3	3.2
LFS Unemployment Rate	4.8	7.2	6.1	5.1	4.7

Appendix 3

Treasury Management: Outlook

The Bank's Monetary Policy Committee (MPC) sets monetary policy to keep inflation low and stable, which supports growth and jobs. Subject to maintaining price stability, the MPC is also required to support the Government's economic policy. The Government has set the MPC a target for the 12-month increase in the Consumer Prices Index of 2%.

The MPC currently uses two main monetary policy tools.

1. setting the interest rate that banks and building societies earn on deposits, or 'reserves', placed with the Bank of England — this is Bank Rate.
2. buying government and corporate bonds, financed by the issuance of central bank reserves — this is asset purchases or quantitative easing.

At its meeting ending on 4 November 2020, the MPC voted unanimously to maintain Bank Rate at 0.1%. The Committee voted unanimously for the Bank of England to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £20 billion. The Committee voted unanimously for the Bank of England to continue with the existing programme of £100 billion of UK government bond purchases, financed by the issuance of central bank reserves, and also for the Bank of England to increase the target stock of purchased UK government bonds by an additional £150 billion, financed by the issuance of central bank reserves, to take the total stock of government bond purchases to £875 billion.

The outlook for the economy remains unusually uncertain. It depends on the evolution of the pandemic and measures taken to protect public health, as well as the nature of, and transition to, the new trading arrangements between the European Union and the United Kingdom. It also depends on the responses of households, businesses and financial markets to these developments.

The next MPC decision on the Bank Base Rate will be on 17 December 2020.

In its November 2020 Monetary Policy report the MPC has used the following projections implied by current data trends:-

	Projections (November 2020)			
	2020 Q.4	2021 Q.3	2022 Q.3	2023 Q3.
GDP	-11	11	3.1	1.6
CPI Inflation	0.6	2.1	2.0	2.1
LFS Unemployment Rate	6.3	6.7	4.9	4.3
Excess Supply/Excess Demand	-2.25	-0.25	+0.25	+0.25
Bank Rate	0.1	-0.1	-0.1	0.0

In the MPC's projections conditioned on the alternative assumption of constant interest rates at 0.1%, activity is projected to be slightly weaker and CPI inflation is projected to be a little lower.

The conclusions that the MPC reach in the November Monetary Policy Report are supported by the following Key Judgements and Risks:--

Uncertainty around the MPC’s central projections is unusually high and the risks to activity are judged to be skewed to the downside

Key judgement 1: in the near term, activity is dampened by Covid developments and temporarily lower trade as businesses adjust to new arrangements with the EU.

Key judgement 2: over time, uncertainty dissipates gradually and spending recovers.

Key judgement 3: there is some long-lasting scarring of the economy’s supply capacity.

Key judgement 4: spare capacity in the economy is currently weighing on inflation, but it is eroded over time and inflation returns to the target.

The MPC also indicate that UK-specific factors, such as Brexit, have affected UK asset prices. The MPC state that “news reports about the terms on which the UK and EU will trade from 1 January 2021 has been an important factor driving moves in sterling since August. Sterling fell by 4% in early September, but it has subsequently recovered to a little above its level in the run-up to the August Report. Market pricing suggests that the outlook for sterling is uncertain: market-implied sterling volatilities have increased since August and risk reversals suggest that market participants place more weight on a large depreciation than a large appreciation.”

The possibility of negative interest rates also seems to persist. The MPC note that “ the market-implied path for Bank Rate has changed little since the August Report. The path moves below zero during 2021, as was the case in August. This suggests that market participants attach some weight to the possibility of a negative Bank Rate.”

Capital Budget Monitoring- October 2020

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Capital	**6,876,681**	**11,110,440**	**(4,233,759)**	**36,308,190**	**36,083,941**	**(224,249)**
Corporate Services	**844,554**	**3,350,567**	**(2,506,013)**	**21,256,540**	**21,256,533**	**(7)**
Customer, Policy and Improvement	**118,260**	**0**	**118,260**	**282,200**	**282,200**	**0**
Customer Contact Programme	118,260	0	118,260	282,200	282,200	0
Facilities Management Total	**128,436**	**568,890**	**(440,454)**	**1,052,230**	**1,052,223**	**(7)**
Works to other buildings	130,634	376,690	(246,056)	701,690	701,690	0
Civic Centre	0	87,200	(87,200)	268,680	268,680	0
Invest to Save schemes	(2,198)	105,000	(107,198)	81,860	81,853	(7)
Infrastructure & Transactions	**597,858**	**1,289,410**	**(691,552)**	**2,295,900**	**2,295,900**	**0**
Business Systems	127,536	328,470	(200,934)	532,790	532,790	0
Social Care IT System	40,050	123,100	(83,050)	246,190	246,190	0
Planned Replacement Programme	430,272	837,840	(407,568)	1,516,920	1,516,920	0
Corporate Items	**0**	**1,492,267**	**(1,492,267)**	**17,626,210**	**17,626,210**	**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	1,492,267	(1,492,267)	6,816,750	6,816,750	0
Compulsory Purchase Order	0	0	0	4,079,460	4,079,460	0
Community and Housing	**213,056**	**507,080**	**(294,024)**	**1,324,000**	**1,324,000**	**0**
Housing	**213,907**	**349,080**	**(135,173)**	**950,000**	**950,000**	**0**
Disabled Facilities Grant	213,907	349,080	(135,173)	600,000	600,000	0
Major Projects - Social Care H	0	0	0	350,000	350,000	0
Libraries	**(851)**	**158,000**	**(158,851)**	**374,000**	**374,000**	**0**
Library Enhancement Works	(851)	0	(851)	0	0	0
Major Library Projects	0	150,000	(150,000)	350,000	350,000	0
Libraries IT	0	8,000	(8,000)	24,000	24,000	0

Capital Budget monitoring- October 2020

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Children Schools & Families	**1,060,477**	**1,685,720**	**(625,243)**	**3,280,400**	**3,280,107**	**(293)**
Primary Schools	**580,659**	**565,030**	**15,629**	**1,094,790**	**1,094,785**	**(5)**
Hollymount	(356)	0	(356)	0	0	0
West Wimbledon	0	39,350	(39,350)	40,000	40,000	0
Hatfeild	34,031	8,910	25,121	67,110	67,109	(1)
Hillcross	27,295	24,790	2,505	30,660	30,656	(4)
Dundonald	45,900	23,200	22,700	75,000	75,000	0
Garfield	36,597	42,620	(6,023)	37,000	37,000	0
Merton Abbey	(530)	0	(530)	0	0	0
Poplar	10,973	8,510	2,463	19,000	19,000	0
Wimbledon Chase	77,501	18,990	58,511	99,990	99,990	0
Wimbledon Park	425	10,000	(9,575)	0	0	0
Abbotsbury	88,071	77,200	10,871	130,000	130,000	0
Malmesbury	0	10,000	(10,000)	0	0	0
Morden	(2,219)	0	(2,219)	0	0	0
Bond	6,092	6,030	62	6,030	6,030	0
Cranmer	0	8,000	(8,000)	64,000	64,000	0
Gorringe Park	24,700	32,650	(7,950)	37,000	37,000	0
Haslemere	(68)	0	(68)	0	0	0
Liberty	(487)	16,640	(17,127)	0	0	0
Links	3,110	77,000	(73,890)	33,000	33,000	0
St Marks	29,862	55,000	(25,138)	80,000	80,000	0
Lonesome	33,680	36,740	(3,060)	40,000	40,000	0
Sherwood	167,849	66,200	101,649	191,000	191,000	0
Stanford	(1,768)	0	(1,768)	0	0	0
William Morris	0	3,200	(3,200)	25,000	25,000	0
Unallocated Primary School Proj	0	0	0	120,000	120,000	0

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Secondary School	**(41,246)**	**160,010**	**(201,256)**	**177,760**	**177,478**	**(282)**
Harris Academy Merton	0	34,170	(34,170)	34,170	34,170	0
Raynes Park	0	5,590	(5,590)	5,590	5,605	15
Ricards Lodge	0	5,580	(5,580)	5,580	5,288	(292)
Rutlish	1,996	19,000	(17,004)	7,420	7,415	(5)
Harris Academy Wimbledon	(43,243)	95,670	(138,913)	125,000	125,000	0
SEN	**318,508**	**727,630**	**(409,122)**	**1,643,280**	**1,643,274**	**(6)**
Perseid	12,389	128,250	(115,861)	157,110	157,104	(6)
Cricket Green	141,949	197,190	(55,241)	442,190	442,190	0
Melrose	153,107	340,590	(187,483)	983,980	983,980	0
Unlocated SEN	(8,937)	48,260	(57,197)	60,000	60,000	0
Melbury College - Smart Centre	20,000	13,340	6,660	0	0	0
CSF Schemes	**202,557**	**233,050**	**(30,493)**	**364,570**	**364,570**	**0**
CSF IT Schemes	(1,353)	0	(1,353)	0	0	0
Devolved Formula Capital	203,910	233,050	(29,140)	349,570	349,570	0
Children's Centres	0	0	0	5,000	5,000	0
Youth Provision	0	0	0	10,000	10,000	0

Appendix 5a

Capital Budget monitoring- October 2020

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Environment and Regeneration	**4,758,593**	**5,567,073**	**(808,479)**	**16,447,250**	**16,223,301**	**(223,949)**
Public Protection and Development	**0**	**210,920**	**(210,920)**	**450,340**	**383,740**	**(66,600)**
On Street Parking - P&D	0	50,000	(50,000)	100,000	100,000	0
Off Street Parking - P&D	0	85,750	(85,750)	200,000	133,400	(66,600)
CCTV Investment	0	75,170	(75,170)	150,340	150,340	0
Public Protection and Development	0	0	0	0	0	0
Street Scene & Waste	**(117,973)**	**232,700**	**(350,673)**	**604,630**	**560,280**	**(44,350)**
Fleet Vehicles	0	220,700	(220,700)	542,200	542,200	0
Alley Gating Scheme	1,200	12,000	(10,800)	24,000	10,000	(14,000)
Waste SLWP	(119,173)	0	(119,173)	38,430	8,080	(30,350)
Sustainable Communities	**4,876,566**	**5,123,453**	**(246,886)**	**15,392,280**	**15,279,281**	**(112,999)**
Street Trees	20,756	33,000	(12,244)	126,000	126,000	0
Raynes Park Area Roads	1,510	13,055	(11,545)	26,110	26,110	0
Highways & Footways	2,870,178	2,185,730	684,448	7,210,570	7,210,571	1
Cycle Route Improvements	231,631	66,195	165,436	468,770	468,770	0
Mitcham Transport Improvements	53,349	48,305	5,044	96,610	96,610	0
Unallocated TfL	0	0	0	0	0	0
Colliers Wood Area Regeneration	6,838	7,500	(662)	15,000	15,000	0
Mitcham Area Regeneration	441,790	1,143,775	(701,985)	3,064,590	3,064,590	0
Wimbledon Area Regeneration	396,448	394,150	2,298	1,105,340	1,105,340	0
Morden Area Regeneration	0	0	0	300,000	300,000	0
Borough Regeneration	21,850	166,525	(144,675)	224,050	224,050	0
Morden Leisure Centre	11,293	38,550	(27,257)	55,000	55,000	0
Wimbledon Park Lake and Waters	43,647	108,500	(64,853)	179,500	179,500	0
Sports Facilities	184,671	103,840	80,831	218,840	218,840	0
Parks	592,607	814,328	(221,721)	2,301,900	2,188,900	(113,000)

Virement, Re-profiling and New Funding - October 2020

Appendix 5B

		2020/21 Budget	Virements	Funding Adjustments	Reprofiling	Revised 2020/21 Budget	2021/22 Budget	Movement	Revised 2021/22 Budget	Narrative
		£	£		£	£	£		£	
Corporate Services										
Customer Contact	(1)	500,000			(217,800)	282,200	2,000,000	217,800	2,217,800	Reprofiled in line with projected spend
Planning and Public Protection	(1)	340,710			(340,710)	0	0	340,710	340,710	Reprofiled in line with projected spend
Invest to Save General	(1)	260,000			(198,140)	61,860	300,000	198,140	498,140	Reprofiled in line with projected spend
Photovoltaics & Energy Conserv		75,000			(55,000)	20,000		55,000	55,000	Reprofiled in line with projected spend
Housing Company	(1)	12,816,750			(6,000,000)	6,816,750	10,557,690		10,557,690	Reprofiled in line with projected spend
Community and Housing										
Disabled Facilities Grant		640,000			(40,000)	600,000	827,000		827,000	Reprofiled in line with projected spend
Children, Schools and Families										
West Wimbledon Capital Maintenance		39,350	650			40,000	0		0	Virement from Capital Maintenance unallocated
Hatfeild Capital Maintenance		54,910	12,200			67,110	0		0	Virement from Capital Maintenance unallocated
Hillcross Capital Maintenance		83,290			(52,630)	30,660	0	52,630	52,630	Reprofiled in line with projected spend
Dundonald Capital Maintenance		124,500			(49,500)	75,000	0	49,500	49,500	Reprofiled in line with projected spend
Garfield Capital Maintenance		42,620			(5,620)	37,000	0	5,620	5,620	Reprofiled in line with projected spend
Poplar Capital Maintenance		24,010			(5,010)	19,000	0	5,010	5,010	Reprofiled in line with projected spend
Wimbledon Park Capital Maintenance		40,000			(40,000)	0	0	40,000	40,000	Reprofiled in line with projected spend
Abbotsbury Capital Maintenance		137,200			(7,200)	130,000	0	7,200	7,200	Reprofiled in line with projected spend
Malmesbury Capital Maintenance		35,000			(35,000)	0	0	35,000	35,000	Reprofiled in line with projected spend
Cranmer Capital Maintenance		34,000	30,000			64,000	0		0	Reprofiled in line with projected spend
Gorringe Park Capital Maintenance		86,650			(49,650)	37,000	0	49,650	49,650	Reprofiled in line with projected spend
Liberty Capital Maintenance		33,640			(33,640)	0	0	33,640	33,640	Reprofiled in line with projected spend
Links Capital Maintenance	(1)	170,000			(137,000)	33,000	0	137,000	137,000	Reprofiled in line with projected spend
St Marks Capital Maintenance		165,000			(85,000)	80,000	0	85,000	85,000	Reprofiled in line with projected spend
Lonesome Capital Maintenance		46,740			(6,740)	40,000	0	6,740	6,740	Reprofiled in line with projected spend
Sherwood Capital Maintenance		215,200			(24,200)	191,000	0	24,200	24,200	Reprofiled in line with projected spend
William Morris Capital Maintenance		53,200			(28,200)	25,000	0	28,200	28,200	Reprofiled in line with projected spend
Unallocated Capital Maintenance	(1)	844,250	(118,890)		(605,360)	120,000	1,900,000	605,360	2,505,360	Three virements and Reprofiled in line with projected spend
Rutlish Capital Maintenance		19,000			(11,580)	7,420	0	11,580	11,580	Reprofiled in line with projected spend
Harris Wimbledon Expansion		195,670			(70,670)	125,000	0	70,670	70,670	Reprofiled in line with projected spend
Perseid Capital Maintenance	(1)	256,840			(106,840)	150,000	0	106,840	106,840	Reprofiled in line with projected spend
Perseid Expansion		29,130			(22,020)	7,110	0	22,020	22,020	Reprofiled in line with projected spend
Cricket Green Expansion		83,960	76,040			160,000	0		0	Virement from Capital Maintenance unallocated
Melrose SEMH	(1)	872,560			77,440	950,000	839,050	997,560	1,836,610	Primary/Secondary SEMH Merged and reprofiled on this Scheme
Melrose Primary SEMH (Merging Schemes)	(1)	200,000			(200,000)	0	875,000	(875,000)	0	Primary/Secondary SEMH Merged with Scheme above
Harris Morden Autism Unit		50,000			(50,000)	0	1,310,000	50,000	1,360,000	Reprofiled in line with projected spend
Primary ASD base 1-20 places		68,260			(18,260)	50,000	0	18,260	0	Reprofiled in line with projected spend
Secondary SEMH/medical PRU		50,000			(40,000)	10,000	1,300,000	40,000	0	Reprofiled in line with projected spend
New ASD Provision		50,000			(50,000)	0	0	50,000	50,000	Reprofiled in line with projected spend
Melbury College Smart Ctre Capital Maintenance		13,340			(13,340)	0	0	13,340	13,340	Reprofiled in line with projected spend
Environment and Regeneration										
Haydons Road Shop Front Improvements	(1)	481,580			(481,580)	0	0	481,580	481,580	Reprofiled in line with projected spend
Wimbledon Park Lake Safety	(1)	329,500			(150,000)	179,500	1,007,450	150,000	1,157,450	Reprofiled in line with projected spend
Leisure Centres Plant and Machinery	(1)	308,840		(80,000)	(160,000)	68,840	250,000	160,000	410,000	Reprofiled in line with projected spend & £80k Relinquished
Cycle Imps Residential Streets		72,390		12,380		84,770	0		0	S106 Scheme Havelock Rd
Surface Water Drainage - Wimb Rain Gdn		60,000		7,000		67,000	0		0	S106 Scheme Wimb Water Garden
Metrobank Public Realm		0		33,420		33,420	0		0	New S106 Scheme
Total		**20,003,090**	**0**	**(27,200)**	**(9,313,250)**	**10,662,640**	**21,166,190**	**3,273,250**	**23,081,180**	
(1) Requires Cabinet approval										

Virement, Re-profiling and New Funding - October 2020

Appendix 5B

		2022/23 Budget	Movement	Revised 2022/23 Budget	2023/24 Budget	Movement	Revised 2023/24 Budget	Narrative
		£	£	£	£		£	
Corporate Services								
Housing Company		0	6,000,000	6,000,000			0	Reprofiled in line with projected spend
Community and Housing								
Disabled Facilities Grants		827,000		827,000	467,000	40,000	507,000	Reprofiled in line with projected spend
Total		**827,000**	**6,000,000**	**6,827,000**	**467,000**	**40,000**	**507,000**	
(1) Requires Cabinet approval								

Capital Programme Funding Summary 2020/21

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
September Monitoring	32,525	13,123	45,649
Corporate Services			
Customer Contact Programme	(218)	0	(218)
Planning and Public Protection	(341)	0	(341)
Invest to Save General	(198)	0	(198)
Photovoltanics	(55)	0	(55)
Housing Company	(6,000)	0	(6,000)
Community and Housing			
Disabled Facilities Grant	0	(40)	(40)
Children, Schools and Families			
Hillcross Capital Maintenance	0	(53)	(53)
Dundonald Capital Maintenance	0	(50)	(50)
Garfield Capital Maintenance	0	(6)	(6)
Poplar Capital Maintenance	0	(5)	(5)
Wimbledon Park Capital Maintenance	0	(40)	(40)
Abbotsbury Capital Maintenance	0	(7)	(7)
Malmesbury Capital Maintenance	0	(35)	(35)
Gorringe Park Capital Maintenance	0	(50)	(50)
Liberty Capital Maintenance	0	(34)	(34)
Links Capital Maintenance	0	(137)	(137)
St Marks Capital Maintenance	0	(85)	(85)
Lonesome Capital Maintenance	0	(7)	(7)
Sherwood Capital Maintenance	0	(24)	(24)
William Morris Capital Maintenance	0	(28)	(28)
Unallocated Capital Maintenance	0	(605)	(605)
Rutlish Capital Maintenance	0	(12)	(12)
Harris Wimbledon Expansion	(71)	0	(71)
Perseid Capital Maintenance	0	(107)	(107)
Perseid Expansion	(22)	0	(22)
Melrose SEMH	77	0	77
Melrose Primary SEMH (Merging Schemes)	(200)	0	(200)
Harris Morden Autism Unit	(50)	0	(50)
Primary ASD base 1-20 places	(18)	0	(18)
Secondary SEMH/medical PRU	(40)	0	(40)
New ASD Provision	(50)	0	(50)
Melbury College Smart Ctre Capital Maintenanc	0	(13)	(13)
School Condition Grant Applied	(1,270)	1,270	0
Environment and Regeneration			
Haydons Road Shop Front Improvements	(482)	0	(482)
Wimbledon Park Lake Safety	(150)	0	(150)
Leisure Centres Plant and Machinery	(240)	0	(240)
Cycle Imps Residential Streets	12	0	12
Surface Water Drainage - Wimb Rain Gdn	7	0	7
Metrobank Public Realm	33	0	33
Proposed October Monitoring	23,252	13,056	36,308

Appendix 5C

Capital Programme Funding Summary 2021/22

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Proposed September Monitoring	34,919	7,171	42,089
Corporate Services			
Customer Contact Programme	218	0	218
Planning and Public Protection	341	0	341
Invest to Save General	198	0	198
Photovoltanics	55	0	55
Children, Schools and Families			
Hillcross Capital Maintenance	53	0	53
Dundonald Capital Maintenance	50	0	50
Garfield Capital Maintenance	6	0	6
Poplar Capital Maintenance	5	0	5
Wimbledon Park Capital Maintenance	30	10	40
Abbotsbury Capital Maintenance	7	0	7
Malmesbury Capital Maintenance	25	10	35
Gorringe Park Capital Maintenance	50	0	50
Liberty Capital Maintenance	27	7	34
Links Capital Maintenance	137	0	137
St Marks Capital Maintenance	85	0	85
Lonesome Capital Maintenance	7	0	7
Sherwood Capital Maintenance	24	0	24
William Morris Capital Maintenance	28	0	28
Unallocated Capital Maintenance	605	0	605
Rutlish Capital Maintenance	12	0	12
Harris Wimbledon Expansion	71	0	71
Perseid Capital Maintenance	107	0	107
Perseid Expansion	22	0	22
Melrose SEMH	998	0	998
Melrose Primary SEMH (Merging Scheme	(875)	0	(875)
Harris Morden Autism Unit	50	0	50
Primary ASD base 1-20 places	18	0	18
Secondary SEMH/medical PRU	40	0	40
New ASD Provision	50	0	50
Melbury College Smart Ctre Capital Maint	13	0	13
Environment and Regeneration			
Haydons Road Shop Front Improvements	482	0	482
Wimbledon Park Lake Safety	150	0	150
Leisure Centres Plant and Machinery	160	0	160
Proposed October Monitoring	38,165	7,198	45,362

Appendix 5C

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**
Corporate Services			
Civic Centre Lighting Upgrade	**300**	**0**	**300**
School Admissions System	**125**	**0**	**125**
IT Equipment	**(100)**	**0**	**(100)**
Environment and Regeneration			
Alley Gating Scheme	**(6)**	**0**	**(6)**
Surface Water Drainage	**(9)**	**0**	**(9)**
Morden Town Centre Regeneration	**108**	**0**	**108**
Mortuary Provision	**(54)**	**0**	**(54)**
Approved Programme	**11,173**	**3,758**	**14,931**
Corporate Services			
Housing Company	**6,000**	**0**	**6,000**
Proposed October Monitoring	**17,173**	**3,758**	**20,931**

Capital Programme Funding Summary 2023/24

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Proramme	**21,502**	**3,200**	**24,702**
Community and Housing			
Disabled Facilities Grant	**40**	**0**	**40**
Proposed October Monitoring	**21,542**	**3,200**	**24,742**