Cabinet

Date: 08 February 2021

Subject: Financial Report 2020/21 – Period 9 December 2020

Lead officer: Roger Kershaw

Lead member: Councillor Tobin Byers

Recommendations:

~~A.~~ That Cabinet note the financial reporting data for month 9, December 2020, relating to revenue budgetary control, showing a forecast net adverse variance at year-end of £4.3m.

B. 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	Budget 2023-24	Narrative
		£	£		£	
Corporate Services						
Housing Company*	(2)	(6,716,750)	(10,557,690)	(6,000,000)		Removal of Budget
Financial System	(1)			(700,000)	700,000	Re-profiled in line with projected spend
Community and Housing						
Disabled Facilities Grant	(1)	(75,000)			75,000	Re-profiled in line with projected spend
Learning Disability Affordable Housing	(1)	(75,000)	75,000			Re-profiled in line with projected spend
Children, Schools and Families						
Abbotsbury - Capital Maintenance	(1)	28,000				Virement from unallocated budget
Cricket Green - Capital Maintenance	(1)	25,000				Virement from unallocated budget
Melbury SMART Centre - Capital Maintenance	(1)	32,000				Virement from unallocated budget
Malmesbury - Capital Maintenance	(1)	16,000	33,000			Virement from unallocated budget
Unallocated Capital Maintenance	(1)	(101,000)	(33,000)			Virement to new schemes
Environment and Regeneration	-	-	-	-	-	-
ANPR Cameras Supporting Enforcement of School Streets	(1)	(486,000)	486,000			Re-profiled in line with projected spend
Active Travel Fund	(1)	240,000	150,000			New TfL Funding
Mitcham Area Regeneration - Canons Parks for the People	(1)	(697,120)	697,120			Re-profiled in line with projected spend
Parks - Canons Parks for the People	(1)	(311,350)	311,350			Re-profiled in line with projected spend
Resurface Tennis Courts Wimbledon Park	(1)	(75,440)	75,440			Re-profiled in line with projected spend
Total		**(8,196,660)**	**(8,762,780)**	**(6,700,000)**	**775,000**	

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 This is the period 9 monitoring report for 2020/21 presented in line with the financial reporting timetable.
This financial monitoring report provides -

- The income and expenditure at period 9 and a full year forecast projection.
- An update on the 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 is being monitored closely as the situation evolves with restrictions imposed by the third lockdown and the financial impact on the Council.

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 could use some of the general fund reserve.

3. 2020/21 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

Executive summary – At period 9 to 30th December 2020, the year-end forecast is a net adverse variance of £4.3m when all incremental Covid costs are included, after applying the government emergency Covid-19 grant and the funding confirmed from the income compensation scheme. If the Covid pressures hadn't arisen, the numbers suggest that we would be reporting a favourable variance of almost £5m, 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 December 2020

	Current Budget 2020/21 £000s	Forecast Variance at year end (Dec) £000s	Forecast Variance at year end (Nov) £000s	Covid-19 Forecast £000s	Outturn variance 2019/20 £000s
Department					
Corporate Services	10,932	4,314	4,274	3,320	(490)
Children, Schools and Families	62,734	(1,562)	(1,371)	923	(241)
Community and Housing	68,942	-90	69	2,889	(319)
Public Health	-157	0	0	0	0
Environment & Regeneration	16,303	11,327	9,375	11,366	783
Overheads	0	0	0	0	120
NET SERVICE EXPENDITURE	**158,755**	**13,990**	**12,347**	**18,498**	**(147)**
Corporate Items					
Impact of Capital on revenue budget	11,190	(19)	(19)	0	(161)
Other Central budgets	(12,388)	(437)	(400)	0	(1,405)
Levies	962	0	0	0	(1)
TOTAL CORPORATE PROVISIONS	**(237)**	**(456)**	**(419)**	**0**	**(1,567)**
Covid-19		8,401	8,322	**8,401**	**176**
TOTAL GENERAL FUND	**158,518**	**21,934**	**20,249**	**26,899**	**(1,714)**
FUNDING					
Revenue Support Grant	(5,159)	0	0	0	0
Business Rates*	(35,586)	1,543	1,685	1,543	(50)
Other Grants*	(18,245)	0	0	0	0
Council Tax and Collection Fund*	(97,713)	2,240	2,283	2,240	50
COVID-19 emergency funding**	0	(14,467)	(14,467)	(14,467)	0
Income compensation for SFC		(6,957)	(6,957)	(6,957)	
FUNDING	**(156,703)**	**(17,641)**	**(17,456)**	**(17,641)**	**0**
NET	**1,815**	**4,293**	**2,793**	**9,258**	**(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 two rounds claim covering the income loss of £6.97m is included in the period 9 forecast table. Further amounts expected from the income compensation scheme will be included in the forecast as and when they are confirmed, subject to clarification as to whether any excess grant may need to be repaid.

The ongoing fast moving situation with high levels of uncertainty and change in restrictions from the tier system to the recent third lockdown makes forecasting very difficult.

Merton will receive funding from the Contain Outbreak Management Fund(COMF) based on the population.

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 at the financial year end pending application of the grants in 2021/22 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 on lost income 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	**December 2020/21 £000s**	**November 2020/21 £000s**
Department		
Corporate Services	- 3,320	- 3,337

Children, Schools and Families	923	923
Community and Housing	2,889	2,766
Environment & Regeneration	11,366	9,597
TOTAL INCOME LOSS & SAVINGS UNACHIEVED	**18,498**	**16,623**
Corporate Items - Covid costs	-	-
Corporate Services	800	800
Children, Schools and Families	400	400
Community and Housing	5,417	5,417
Environment & Regeneration	1,784	1,705
ADDITIONAL COVID EXPENDITURE	**8,401**	**8,322**
FUNDING	-	-
Business Rates	1,543	1,685
Council Tax	2,240	2,283
TOTAL FUNDING LOSS	**3,783**	**3,968**
GROSS COST OF COVID-19	**30,682**	**28,913**
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	**-6,957**	**-6,957**
NET COST OF COVID-19	**9,258**	**7,489**

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.

The Secretary of State for Local Government has introduced legislation which allows for the phasing of the deficit over three years. Officers are working on the Collection Fund account and this will be reported to the 22nd February Cabinet.

As at 31st December 2020, Merton's share of estimated Council Tax and Business Rates deficits 2020/21, which will feed into the overall Collection Fund position, are:-

Council Tax	£2,240k
Business Rates	£1,543k

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, but remains a concern over the longer term in the context of the DSG deficit. 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 (Dec) £000	2020/21 Full Year Forecast Variance (Dec) £000	2020/21 Full Year Forecast Variance (Nov) £000	2020/21 Covid-19 Forecast Impact (Dec) £000	2019/20 Outturn Variance £000
Customers, Policy & Improvement	4,017	4,943	926	920	368	(169)
Infrastructure & Technology	12,233	12,443	210	307	305	(678)
Corporate Governance	2,206	2,108	(98)	(42)	61	(180)
Resources	5,733	7,936	2,203	2,085	2,001	95
Human Resources	2,133	2,290	157	153	0	187
Corporate Other	172	1,088	916	851	585	255
Total (Controllable)	**26,494**	**30,808**	**4,314**	**4,274**	**3,320**	**(490)**

Overview

At the end of period 9 (December) the Corporate Services (CS) department is forecasting an adverse variance of £4.314m at year end, of which £3.32m is due to the external impact of covid-19. The adverse forecast within CS has increased by £40k compared with period 8.

Customers, Policy and Improvement - £926k adverse variance

The adverse variance in the division is mainly due to spend on the Customer Contact budget which is forecasting a £919k 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 £111k adverse variance and currently anticipating a 37% reduction in income compared to 2019/20. This reflects a significant impact on income due to the various restrictions which have been in place so far this financial year and includes only a limited income forecast for the remainder of the year given the current lockdown and uncertainty around when it may be relaxed. Other adverse variances within the division due to covid-19 include the Translations service (£69k) due to a reduced number of interpretations being fulfilled following a fall in demand. The Press and PR budget is also forecasting an adverse variance (£199k) mainly due to the use of agency staff covering the Head of Communications post pending the completion of a restructure within the division. Cover for sick leave is also resulting in an adverse £24k variance forecast in the Policy and Strategy team. There is a further adverse variance of £7k 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 £125k in the AD budget and £58k in Continuous Improvement due to vacancies expected for part of the year, £23k on Voluntary Sector Co-ordination and £10k in Community Engagement due to uncovered maternity leave. Other forecast variances from less than budgeted running costs are in Merton Link (£31k favourable), Cash Collections (£84k favourable) and Marketing and Communications (£58k favourable).

The forecast adverse variance overall for the division has increased by £6k compared to period 8. The main changes since period 8 are due to a revision of the Merton Link agency staff forecast and an updated view of the income achievable in year on the Registrars Service.

Infrastructure & Technology - £210k 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 £184k on the Corporate Print Strategy, £52k on the Print and Post room and £144k 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 £164k adverse variance due to the lack of commissions being confirmed since the pandemic began. There is a variance on Corporate Contracts (£27k adverse) due to savings for reducing cleaning in corporate buildings being unachievable within the current circumstances.

A £44k favourable variance is forecast in the Business Systems Team mainly due to vacancies held in the team and the capitalisation of staffing costs related to work on capital projects which more than offsets the budget pressure on IT licenses, support and maintenance. Other favourable variances within the division include £36k in Client Financial Affairs and £85k in Safety Services both from less than budgeted staffing costs, £15k on the Civic Centre from rental income over-achievement and £66k on Garth Road also from rental income. IT Service delivery also has a favourable variance of £24k mainly from IT licences, whilst the Transactional Services team have a £64k 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 £45k favourable variance on the Microsoft EA licences following a review by the supplier.

The forecast adverse variance in Infrastructure and Technology has reduced by £97k compared to period 8. This is mainly due to a reduced staffing forecast within the Business Systems Team to reflect current vacancies and reallocating of some staff costs to various projects.

Corporate Governance – £98k 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 £84k favourable variance across both services.

The Corporate Governance AD budget is forecasting a £5k favourable variance due to various running costs whilst the Information Governance team also have a favourable £12k variance due to various vacant hours held during the year.

The South London Legal Partnership (SLLp) is currently forecasting a £445k surplus, with £93k to be retained by LBM. The surplus relates mainly to additional chargeable hours being fulfilled. The overall LBM position is a £5k adverse variance forecast for the shared legal service after factoring in the additional recharges to departments.

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

The Corporate Governance favourable forecast has increased by £56k since period 8. This is mainly due to the removal of canvassing staff costs which are not expected to be required this financial year and an increase in property related legal income during December 2020.

Resources - £2,203k adverse variance

Within Resources there are multiple budgets forecasting adverse variances due to covid-19. The Chief

Executive's budget has a £129k 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 £1,024k (including the shared service element). The Local Taxation Service is also showing an adverse variance of £820k mainly as a result of covid-19's impact on court cost income, with the first hearing date of the financial year having taken place in December 2020 and no news regarding a further one.

Other adverse variances within the division that are not covid-19 related include £98k 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 (£62k) as a result of the use of agency staff covering vacancies in the team due to difficulties in recruiting. Corporate Accountancy are forecasting a £198k adverse variance due to proposed increases in audit fees and the use of agency staff.

Favourable variances in the department include £46k and £16k 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 £135k and £25k respectively due to various running costs, vacancies and DWP receipts for additional works.

The forecast adverse variance in the division has increased by £118k compared to period 8. This is largely due to an adjustment to the audit fee forecast reflecting the full 2019/20 fee increase proposed by the external auditors, though this is pending review by PSAA (Public Sector Audit Appointments). The proposed fee increase relating to 2020/21 was already included in the forecast.

Human Resources – £157k adverse variance

The adverse variance in HR is mainly from the AD budget (£114k variance) as a result of the use of agency staff. Additionally, there is an adverse variance of £27k 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 (£15k) mainly as a result of sickness cover required in the team.

The adverse forecast variance in HR has increased by £4k since period 8.

Corporate Items - £916k adverse variance

The Housing Benefit Rent Allowances budget is forecasting a net adverse variance of £1,035k. 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. This saving will be removed from 2021/22 budgets and deferred to 2022/23 per the December 2020 Cabinet report.

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 £85k 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 £41k, 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 £182k due to budget not expected to be required in year and £75k on the added years pension budget.

Compared to period 8, the Corporate Items adverse variance has increased by £65k. This is mainly due to lower subsidy being forecast on housing benefit eligible overpayments which is offset in part by a reduced forecast on legal charges for the department.

Environment & Regeneration

Environment & Regeneration	2020/21 Current Budget £000	Full year Forecast (Dec) £000	Forecast Variance at year end (Dec) £000	Forecast Variance at year end (Nov) £000	2020/21 Covid-19 Forecast Impact (Dec) £000	2019/20 Outturn Variance £000
Public Protection	(15,326)	(6,128)	9,198	7,320	8,990	1,286
Public Space	15,422	17,294	1,874	1,736	1,608	(364)
Senior Management	1,037	939	(98)	(100)	0	81
Sustainable Communities	7,956	8,308	352	418	768	(220)
Total (Controllable)	**9,089**	**20,415**	**11,326**	**9,374**	**11,366**	**783**

Description	2020/21 Current Budget £000	Forecast Variance at year end (Dec) £000	Forecast Variance at year end (Nov) £000	2019/20 Variance at year end £000
Regulatory Services	655	302	302	87
Parking Services	(17,017)	8,886	7,008	1,171
Safer Merton & CCTV	1,036	10	10	28
Total for Public Protection	**(15,326)**	**9,198**	**7,320**	**1,286**
Waste Services	14,214	582	551	72
Leisure & Culture	479	871	684	(334)
Greenspaces	1,433	540	626	(111)
Transport Services	(704)	(119)	(125)	9
Total for Public Space	**15,422**	**1,874**	**1,736**	**(364)**
Senior Management & Support	1,037	(98)	(100)	81
Total for Senior Management	**1,037**	**(98)**	**(100)**	**81**
Property Management	(2,981)	(80)	(24)	(251)
Building & Development Control	87	172	177	34
Future Merton	10,850	260	265	(3)
Total for Sustainable Communities	**7,956**	**352**	**418**	**(220)**
Total Excluding Overheads	**9,089**	**11,326**	**9,374**	**783**

<u>Overview</u>
The department is currently forecasting an adverse variance of £11,326k at year end. The main areas of variance are Regulatory Services, Parking Services, Waste Services, Leisure & Culture, Greenspaces, and Future Merton.

<u>Public Protection</u>

Regulatory Services adverse variance of £302k
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 and a substantial reduction in temporary event notice income due to business restrictions within Tier 4 and the subsequent lockdowns. Current forecasts estimate the financial impact to be in the region of £115k, leading to an adverse variance against budget of £100k.

Parking Services adverse variance of £8,886k
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 £4,222k, £2,992k, and £1,499k respectively. These figures have been adversely affected by the lockdowns introduced during November 2020 and January 2021, which will be included within the third Income Compensation Claim form submission to Central Government.

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, and is subject to final sign off from the Secretary of State prior to implementation.

Covid-19 has also had an impact of other areas of income, namely skip licences, contributing to an adverse variance of £196k.

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 (£213k), mainly in relation to the planned placement of statutory notices around the borough on emissions based charging, and repairs and maintenance costs associated with P&D machines and ANPR cameras.

The adverse variance is being partially offset by favourable variances on employees (£203k) and RingGo convenience fees (£87k).

Public Space

Waste Services adverse variance of £582k
The section is forecasting an adverse variance on disposal costs of £193k. 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 £44k.

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. There are currently no planed service changes and we note that any significant change to the provision of this service will first be presented to Cabinet for consideration.

An adverse variance of £191k is being forecast in relation to its waste collection and street cleansing contract, as a result of agreed and necessary services being undertaken on our behalf 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 £52k is partially mitigating the adverse variance.

Leisure & Culture adverse variance of £871k
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 £830k for the current financial year.

The impact of these lockdowns and the trading position on re-opening may 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. The section has also recently submitted an application to Sport England as part of the National Leisure Recovery Fund (NLRF) initiative, and are awaiting the outcome.

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 £216k is being forecast, mainly as a result of reduced income.

Greenspaces adverse variance of £540k
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 £357k.

In addition, an adverse variance of £105k is being forecasted in relation to the maintenance of the Authority's trees located on highways and in parks. This is due to the high number of trees requiring pollarding and maintenance and compliance with our management of public liability risk. We are now much clearer about the detailed maintenance regime and the costs.

Further adverse variances are being forecast in relation to rental income (£40k), 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 £31k 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. In addition to the original issues and the position now 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.

<u>Sustainable Communities</u>

Future Merton adverse variance of £260k

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 £228k. 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 £152k 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 as agreed capital investment was reduced by £300k for 2020/21) and, together, this 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.

The section also has an income expectation of £60k from 2019/20 (sundry debtor) relating to services provided to a developer in relation to a Planning Performance Agreement. However, the developer has paused planning activity pending a review of their business plan, but still plan to proceed with the associated work, with discussions still in progress at a senior level. Therefore, this income may still be received but, for the time being, is not being forecast.

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 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 in lockdown 1 (2020) and is now closed again for lockdown 3 (Jan 2021) resulting in a forecast adverse variance of £204k in relation to room lettings and hall hiring's, and a total variance against budget of £142k. Once the current lockdown restrictions are lifted, 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 this financial year. 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, and 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 s106 monitoring fee and allowable CIL income to cover the administration and overhead costs associated with managing the levy (£110k), temporary traffic orders income (£100k), street work & permits activity (£115k), and costs associated with CPZ consultation and implementation (£202k).

Children Schools and Families

Children, Schools and Families (£000's)	2020/21 Current Budget	Full Year Forecast	Forecast Variance December	Forecast Variance November	2020/21 Covid Forecast Impact	2019-20 Year Variance
Education						
Education Budgets	£ 16,746	£ 15,910	-£ (836)	-£ (675)	-£ (363)	£ 63
Depreciation	£ 9,163	£ 9,163	£ -	£ -		£ -
Other Education Budgets	£ 84	£ 84	£ -	-£ (84)		£ -
Education Services Grant	-£ (1,062)	-£ (1,062)	£ -	£ -		£ -
Education Sub-total	**£ 24,931**	**£ 24,095**	**-£ (836)**	**-£ (759)**	**-£ (363)**	**£ 63**
Other CSF						
Child Social Care & Youth Inclusion	£ 21,615	£ 21,514	-£ (101)	£ 41	-£ (560)	£ 416
Cross Department	£ 894	£ 825	-£ (69)	-£ (53)		-£ (47)
PFI Unitary Costs	£ 8,730	£ 8,174	-£ (556)	-£ (552)		-£ (251)
Pension and Redundancy Costs	£ 1,572	£ 1,572	£ -	-£ (49)		-£ (422)
Other CSF Sub-total	**£ 32,811**	**£ 32,085**	**-£ (726)**	**-£ (613)**	**-£ (560)**	**-£ (304)**
Grand Total	**£ 57,742**	**£ 56,180**	**-£ (1,562)**	**-£ (1,372)**	**-£ (923)**	**-£ (241)**

Overview

At the end of November 2020, the Children Schools and Families directorate is forecasting a favourable £1.562m variance on local authority funded services, a favourable movement of £190k from last month.

£734k 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 emerging in increased safeguarding referrals and hold ups in the family courts mean that some children's plans cannot be progressed. This has significantly increased the number of children with child protection plans open to the service, which is putting pressure on social worker's caseloads. Additional agency social workers are now being sought to assist with this pressure which are incremental covid related costs and will be reflected within the corporate covid cost centre. 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 9 forecast favourable position is attributable to a number of factors including:

- the Schools PFI forecast of £556k favourable variance. This is caused by an overachievement of Schools Contribution Income, due to higher pupil numbers than budgeted for;
- a review of all CSF budgets is underway to identify the impact of growth and covid19 on expenditure. This will inform budget allocations to cost centres across CSF for 2021/22 to ensure most efficient use of resources.
- underspend on the SEN transport budget of £318k arising from lower than expected costs when schools were closed;
- Children in Care (£109k) decrease in the over spend;
- Other Education underspends across a number of areas including £59k in Departmental Business Support, £248k in Education Inclusion and £104k in Procurement and School Organisation.

Despite an increasing population and the pressures that covid has presented to many parts of the Children's Social Care system, 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 2,262 by December, an increase of 251 finalised EHCPs as at the end of December 2020 The financial impact of this increase is already covered within the presented DSG forecast.

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 (£000's)	Budget		December Variance		November Variance		2019/20 Outturn Variance	
Child Social Care and Youth Inclusion								
Adolescent & Family Services	£	1,702	-£	(84)	-£	(84)	£	235
Asylum Seeker Costs (14+)	£	275	-£	(26)	-£	(26)	-£	(3)
Asylum Seeker Costs (ART)	£	981	-£	(717)	-£	(674)	-£	(80)
Children Cntrl Social Wrk Serv	£	4,510	-£	(437)	-£	(437)	£	538
Head of ChildSoclCare& YthIncl	£	152	-£	(39)	-£	(39)	£	202
Mash & Child Protection Serv	£	2,355	£	656	£	645	-£	(241)
Safeguarding, Stndrds & Train	£	1,268	-£	(40)	-£	(40)	-£	(98)
Senior Management	£	288	-£	(74)	-£	(74)	-£	(24)
Children In Care and Resources	£	10,085	£	661	£	770	£	34
CSC & Youth Incl Total		***21,615***		***-101***		***41***		***563***
Education								
Contracts, Proc & School Org	£	901	-£	(104)	-£	(84)	-£	(376)
Early Years & Children Centres	£	4,229	-£	(60)	-£	(25)	-£	(35)
Education - School Improvement	£	52	-£	(12)	£	2	-£	(314)
Education Inclusion	£	1,737	-£	(248)	-£	(205)	-£	(84)
Schools Delegated Budget	£	-	£	-	£	-	-£	(350)
SEN & Disability Integrat Serv	£	8,241	-£	(318)	-£	(343)	-£	(113)
Senior Management	£	856	-£	(11)	£	24	£	-
Policy, Planning & Performance	£	522	-£	(23)	£	22	£	1,441
Departmental Business Support	£	209	-£	(60)	-£	(67)	-£	(105)
Education Total	**£**	**16,746**	**-£**	**(836)**	**-£**	**(675)**	**£**	**64**

Children's Social Care and Youth Inclusion Division

Adolescent and Family Services

Forecast remains unchanged since period 8 at an under spend of (£84k). This followed the need to make provision for an interim Specialist Youth Offending Manager following the loss of the established Head of Service. This interim Manager will be with the team till the end of the financial year to support a forthcoming inspection and to upskill existing staff.

Asylum Seekers ART

Increased underspend in period 9 of £43k to (£717k) which relates to an increased cost for 18 year old (£52k) young people which is offset by a greater under spend relating to under 18 year olds (£94k).

Mash and Child Protection Service

This area continues to show a significant over spend against budget which is primarily due to the temporary relocation of a social work team into the service (pending a CSC reorganisation) and the need to engage agency social work staff which are more expensive than permanent staff. It remains challenging to recruit permanent social workers into this service and this is consistent with many other London Boroughs. It remains a medium-long term issue. In period 9 the forecast has a further adverse movement to £656k from £645k, which relates to the appointment of an agency assistant team leader to cover a permanent vacancy in the MASH. The Directorate is currently considering temporarily transferring some of the growth currently located in Children in Care to offset this pressure.

Central Social Work Services

The forecast for this area remains as period 8 with a forecast under spend of (£437k).

Safeguarding, Standards and Training

Period 9 as 8, which includes the incremental cost of an interim head of service to cover the loss of a permanent head of service.

Children in Care and Resources

Improvement in the over spend of £109k to an over spend of £660k, this is made up of a number of elements including:

- increased cost of in-house fostering (£48k) and supported housing (£52k);
- decreased costs of Agency fostering (£32k), Mother and Baby unit (£68k), housing benefit (£50k) and secure accommodation (£54k).

The increased in-house fostering costs and decreased agency fostering and mother and baby costs demonstrate a positive use of more cost effective in-house resources.

Education Division

Contracts, Procurement and School Organisation

Increase in the period 9 under spend to £104k from £83k following an increase in the estimated premises and contract salary costs. Efforts are currently underway to recruit to a position in this area.

Early Years and Children's Centres

The under spend here has increased by £35k in period 9 to (£60K). This is the result of a number of different movements, in summary this under spend can be linked to Covid19 where the general level of activity is lower than normal.

School Improvement

Small movement in period 9 to a £14k under spend forecast which is the result of improved forecasting.

Education Inclusion

Increase in the under spend of £43k to (£248k) in period 9 which is explained by a number of small variances including an increased Youth Service salary underspend of £25k.

SEN & Disability Integrated Service

The SEN transport budget is forecasting £318k underspend, this budget has become increasingly difficult to forecast given COVID-19 and the variability of schools' wider opening and the impact of social distancing requirements on transport commissioning. This is our current best estimate based on the information available at the end of December The current estimated cost includes COVID-19 relief for our existing suppliers and approx. 8-10% increase in our weekly cost based on pre-covid spend pattern. Buses are also still being used to transport young people, but this is a moving target with no real way of predicting what will happen since we don't know what will occur the remainder of the financial year.

Policy Planning and Performance

Movement in period 9 of £45k to an underspend position of (£23k). This is a combination of reduced salary/agency costs (£18k), IT support costs (£13k), reduced forecast of payments to social care establishments and a small number of other variances.

Senior Management

Reduced forecast in period 9 to reflect £31k saving relating to absence of a permanent Corporate Director from November 2020.

Schools PFI

Schools PFI is forecasting a £555k favourable variance, an increase of £4k in period 9. This is due to an overachievement of Schools Contribution Income compared with the sums budgeted for. This forecast is considered stable for the rest of the financial year.

Dedicated Schools Grant (DSG)

Dedicated Schools Budget (£000's)	Budget	December Variance	November Variance	2019/20 Outturn Variance
Education				
Contracts, Proc & School Org	£ 283	£ 11	£ 11	-£ (38)
Early Years & Children Centres	£ 16,274	£ 64	£ 73	-£ (602)
Education - School Improvement	£ 1,051	£ 10	-£ (12)	-£ (164)
Education Inclusion	£ 1,421	-£ (12)	-£ (1)	£ 206
SEN & Disability Integrat Serv	£ 16,370	£ 12,723	£ 13,201	£ 10,371
Sub-total	£ 35,400	£ 12,796	£ 13,271	£ 9,773
CSC & Youth Inclusion				
Adolescent & Family Services	£ 44	-£ (4)	£ -	-£ (33)
Sub-total	£ 44	-£ (4)	£ -	-£ (33)
Schools Delegated Budget				
DSG Reserve	£ -	£ -	£ -	-£ (9,822)
Retained Schools Budgets	£ 2,985	-£ (105)	£ 3	-£ (470)
Schools Delegated Budget	-£ (38,741)	£ 2,236	£ 2,144	£ 552
Sub-total	-£ (35,755)	£ 2,132	£ 2,147	-£ (9,740)
DSG Total	**-£ (311)**	**£ 14,924**	**£ 15,418**	**£ -**

DSG funded services are forecasting an adverse £14.924m 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 just over c£27m. 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 it was expected that they would return to assess our progress in November, but we are still waiting for the notification.

The main reason for the variance relates to a £10.1m adverse variance on Independent Day School provision. The reason for the significant overspend is due to the high number of placements and our legal duty to find suitable education provision.

The DSG deficit recovery actions have now been incorporated into the wider CSF/Merton Transformation Programme. This will provide additional governance and scrutiny to the activity as it moves forward. A detailed review of all available data is currently underway and a revised position was submitted to Cabinet in January. The most effective cost reduction measures are currently being reviewed and will be incorporated into an updated recovery plan which will identify the most effective measures to control and stabilise the deficit.

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 the end of year cumulative deficit to be c. £27m.

Other adverse variances include SEN statements/EHCPs £2.381m to Merton primary, secondary and academy schools, £0.575k on post16 provision, other local authority pupils £2.057m.

Since period 1 we have seen an increase from 2032 finalised EHCPs to 2262 EHCPs in period 9 which is an increase this financial year of 230 finalised EHCPs. As at December we currently have 167 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.

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. Latest guidance from the DfE on the Central Services School Block (CSSB) is a 20% reduction each year on funding against historical budgets to the LA for the non-historic budgets.

The Early Years block of the DSG is normally adjusted in the July following the end of the financial year as it is based on January census information. For 2019/20 this additional grant was £260k. It is anticipated for 2020/21 circa £200k-£400k however, due to Covid-19, this is currently being reviewed by the DfE with census collections and we wait for the published outcome. London local authorities are sharing business intelligence on early year’s census and data collection due to COVID and impact upon local authorities.

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. .

Some schools continue to have difficulty 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. Despite the increasing financial pressure, the number of schools setting deficit budgets has reduced from 13 in 2019/20 to 10 in 2020/2, this is primarily due to a focus in schools the reduce expenditure. Total school balances, including capital balances, 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 have reviewed 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 and a proposed reorganisation is being finalised in readiness for a staff consultation.

Significant caseload pressures with CSC&YI have developed as a result of the covid19 pandemic. An additional team of agency social workers and management posts are being recruited to for a fixed term period to directly address this pressure. These are being charged to the Corporate Covid cost centre. An update of progress in this area will be provided in period 10.

CSC&YI are also making effective use of the grant-funded resource available through the Social Workers in Schools pilot in supporting the increased number of children within the system and reducing social worker's caseloads to safe and manageable levels.

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 care. In addition, we are implementing actions to retain our experienced existing foster carers such as increasing the offer to them through the trauma based training and support to enable them to care for children with more challenging behaviours by implementing the Mockingbird Model. We continue to target our recruitment to increase our number of in-house parent and child foster placements.

Children with additional needs

Work was progressing to identify the contribution that is health related and which should be supported by funding from CCGs and a plan was being produced which would set out the quantum of funding and the steps that will be taken to secure this funding until the recent suspension of CHC assessment by the NHS.

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 have significantly increased the cases dealt with by the Education Welfare Service
- 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.
- Provision of support and school places for children and families placed by the Home Office in temporary hotel accommodation in Merton
- Reception into care and age assessment of young people placed by the Home Office in temporary hotel accommodation in Merton

Community and Housing

Overview

Community and Housing is forecasting a favourable variance of £90k as at December 2020. This is made up of forecasted favourable variances in Adult Social Care of £943k, and unfavourable variances in Housing of £623k, and Libraries of £230k. Public Health and Merton Adult Learning continue to forecast a breakeven position.

The overall position has improved due to net favourable movement in placements overall of £63k, taxi card refund of £85k, and as expected due to covid-19 the reduction in forecasted income from Libraries of £16k and a combination of other favourable variance of £26k.

As we are now in the second wave, Community and Housing is working with partners to implement the winter plan, which includes the expected surges in both COVID and non-COVID demand Our mental health partners (South West London & St George's) are reporting a surge in referrals and an increased level of acuity. The pressure on temporary accommodation costs remains and is likely to worsen over the winter months.

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 Dec'20 £'000	2020/21 Full Year Forecast Variance Dec'20 £'000	2020/21 Full Year Variance Nov'20 £'000	2020/21 Covid-19 Forecast Dec'20 £'000	2019/20 Outturn Variance £'000
Adult Social Care	**59,919**	**58,975**	**(943)**	**(838)**	**2,633**	**(717)**
Libraries and Heritage	**2,396**	**2,626**	**230**	**216**	**181**	**70**
Merton Adult Learning	**(1)**	**(1)**	**0**	**0**	**0**	**0**
Housing General Fund	**2,142**	**2,765**	**623**	**691**	**75**	**328**
Public Health	**(157)**	**(157)**	**0**	**0**	**0**	**0**
Total Favourable/Unfavourable	**64,299**	**64,209**	**(90)**	**69**	**2,889**	**319**

The forecast above is prepared on the basis of our current understanding of data on income and placement as at December 2020. The covid-19 impact is in the second column from the left in the above table.

There is currently across department collaboration to undertake the Lateral Flow Testing programme in the borough as required by the Department of Health and Social Care (DHSC). A site was secured, equipment procured and testing begin on the 4th of January. Testing kits will be provided by the DHSC free of charge but the borough will need to fund incidentals and PPE which could be reclaimed once costs are submitted.

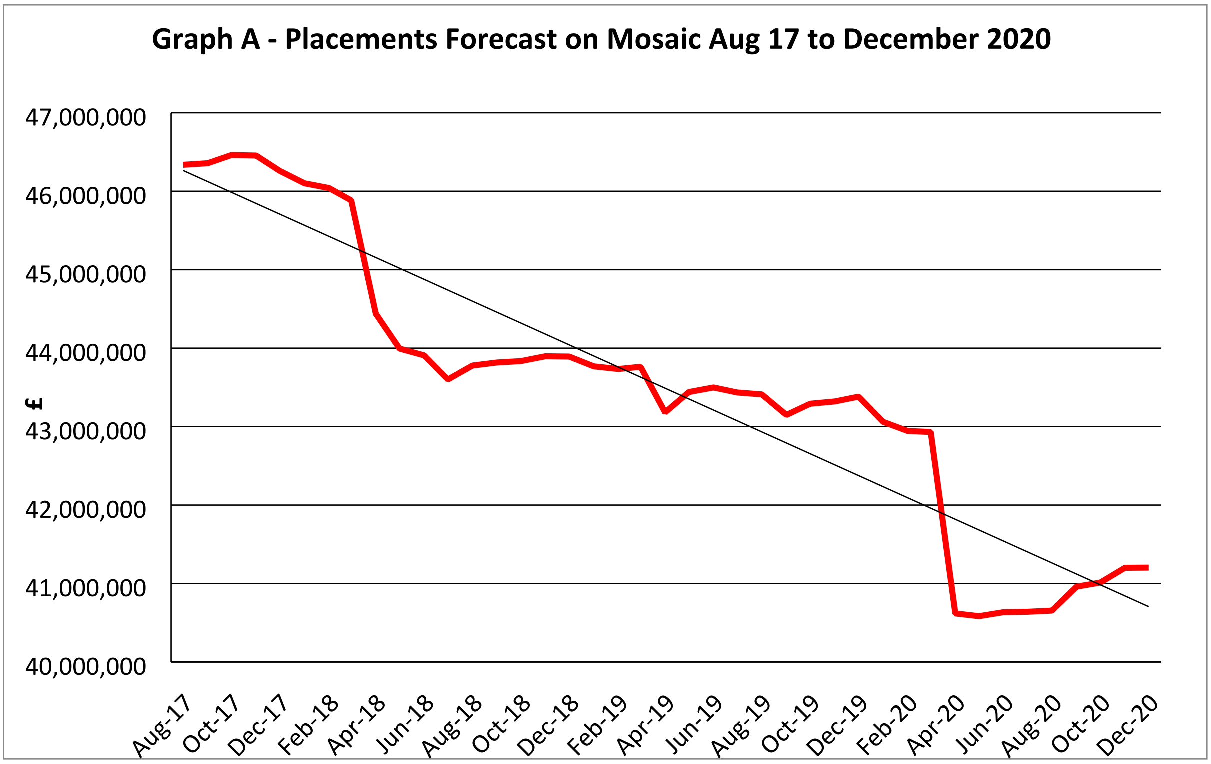
The department's savings forecast as at December 2020 has improved slightly and is now showing total amount achieved of £1.568m of the £2.46m savings target for 2020/21. The Department continues to work towards achieving the outstanding savings and to maintain a balanced budget in the current financial 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 placements budget remains relatively stable, with reductions in income offset by reduced estimates of spend. Primarily this is due to fewer weeks left in the year to forecast for any new placements. In particular, there has been a reduced estimate of the cost of support for those whose placement is temporarily funded by health.

Whilst the are some early encouraging signs in relation to the current wave of infections, the short term pressure of social care of hospital discharges has a 2-3 week lag and the longer implications for demand on social care are unknown.

The graph below shows placements forecasted expenditure over a number of years with a predicted increased in December 2020. It is expected that once this pandemic is over that the service will experience an increase in the number of customers seeking care and a few seeking support due to 'long Covid'



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 for 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. However, Continuing Healthcare Assessments are currently suspended as nursing staff are diverted more urgent care.

The department has reconvened its weekly 'Sit Rep' meetings to monitor activity, staff levels, provider markets, rough sleepers and PPE levels. Thus keeping abreast of current development and changes in local/national infection rates. There is also a weekly Covid-19 meeting at which the Assistant Director of Adult Social Care discusses issues regarding the community hub and shielding issues.

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 reinstated, and the department is currently working with the voluntary sector to support those who are shielding and who require 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 items. In the week to the 17th of January there were 167contacts to the hub, 9 emergency food parcels and 6 prescription requests.

Adult Social Care Internal Provision

Direct Provision remains in an overall favourable position with a projected underspend of £274k. There was a movement of £7k following a revision of salary cost, and grant income. Maternity leave and a long-term sickness case at Meadowsweet are being covered by Riverside staff. A number of day service staff have been temporarily redeployed to Supported Living and Glebelands to cover staffing need caused by sickness or self-isolation as a result of COVID testing

Library & Heritage Service

This service is currently forecasting an unfavourable variance of £230k which is an increase of £13.5k since November, which is as expected due to reduction in expected income as a result of the current lockdown. This is unlikely to recover this financial year and is likely to continue into the New Year.

Overall the current unfavourable forecast is due to a combination of issues relating to Covid-19 and the resulting lockdowns. The overspend also includes a one-off old business rates recharge of £66k and additional costs incurred on the current security contract (£30k), which is due to Living Wage.

Adult Learning

Adult Learning continues to forecasting a breakeven position. The service is fully funded externally by the GLA and ESFA. During the current lockdown all provision has either been moved online or is using distance learning methods to continue learning. A laptop loan scheme is also in place for those with limited or no ICT at home. The curriculum has been altered to reflect the changing skill needs of employers and residents.

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 £623k. A major part of this service's unfavourable variance is due to the shortfall in Housing Benefit subsidy and the uncertainty surrounding client contribution.

However during this period there has been some movement from temporary accommodation due to the availability of a limited number of Housing Association and private sector vacancies. Lastly evictions from temporary accommodation are not happening at the present time, except in the most exceptional of circumstances due to the Covid-19 restrictions.

The service continues its statutory duties to prevent homelessness wherever possible but where this is not achievable and if the household is considered to have a priority need for temporary accommodation then it must be provided until a suitable and sustainable housing solution can be achieved. The Corona virus Act 2020 has widened the definition of those who may be eligible for statutory support if homeless due to their vulnerabilities and this is reflected in the numbers of single person households seeking assistance under the current homelessness legislation. The main causes of homelessness episodes are currently family friend evictions and those who are either at risk of rough sleeping or are rough sleeping.

This contrasts significantly from the pre covid-19 when the biggest cause of homelessness in Merton was the ending of Assured Short hold tenancies by private Landlords. Such evictions are not occurring at the present time, only in the most exceptional of circumstances due to a ban which was recently extended to the end of March 2021. Whilst this is to be welcomed this will not be a long term policy objective of the courts and during 2021/22 we are likely to see a surge of evictions from private sector tenancies with a corresponding demand upon the temporary accommodation budget.

The numbers of households living in temporary accommodation remain the lowest in London. As at the end of December'20 there were 200 households accommodated under the homeless legislation. The numbers at present remain fairly static mainly due to the lack of sufficient housing association and private sector homes available for letting and the inability to discharge statutory housing duties.

The service continues to work towards eliminating the worst form of homelessness i.e. rough sleeping in partnership with the GLA and other statutory bodies including Adult Social Care and works closely with Faith Groups, and the private rented sector to find solutions.

During the winter months the service expects see an increased in the numbers of single person households being accommodated. The GLA announced the Severe Weather Emergency Protocol and the corresponding requirement to ensure that all individuals who remain rough sleeping or at risk of rough sleeping are accommodated. This requirement extends to those individuals' who have No recourse to Public Funds.

Analysis of Housing and Temporary Accommodation Expenditure

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

Housing	Budget 2020-21 £000	Forecast (Dec'20) £'000	Forecast Variances (Dec'20) £'000	Forecast Variances (Nov'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)	(384)	(244)	(257)	(321)
Temporary Accommodation- Housing Benefit Income	(2,005)	(2,922)	(917)	(889)	(535)
Temporary Accommodation- Subsidy Shortfall	322	1,388	1,066	1,032	793
Temporary Accommodation- Grant	0	(833)	(833)	(833)	(766)
Subtotal Temporary Accommodation	**580**	**1,078**	**498**	**480**	**173**
Housing Other Budgets	**1,562**	**1,687**	**125**	**211**	155
Total Controllable (Favourable)/Adverse Variance	**2,142**	**2,765**	**623**	**691**	**328**

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

Temporary Accommodation	Numbers IN	Numbers OUT	Total for the Month	Previous Year
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
Nov'20	10	16	208	178
Dec'20	11	19	200	183

The number of customers in temporary accommodation appears to be fluctuating.

Public Health

Public 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 that has been shared and is significant. Meetings are ongoing to; review the commissioned services, consider options and verify relevant finance data through an open book process ahead of the one year contract extension required. In this financial year the provider is also asking for £295k (7.85%) Agenda for Change uplift to cover cumulative inflation for 3 years 2028/19, 2019/20 & 2020/21.This is higher than the official allocation received from the government by £144k. A similar percentage uplift has been requested for the Sexual Health contract which is shared between Merton, Richmond and Wandsworth. Commissioners have met and agreed to only pay the 2.9% current year inflationary increase, discussions with CLCH are continuing.

The division is involved in a number of COVID – 19 government initiatives to contain the pandemic.

Additionally the team, together with public protection, is leading on LBM's outbreak control plan. A ring-fenced grant of £965k for Outbreak Control (test & trace). An additional Outbreak Contain of allocation (£1.6m), and a Community Testing grant to assist with the borough's testing programme.

Corporate Items

The details comparing actual expenditure up to 31 December 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 (Dec.) £000s	Forecast Variance at year end (Dec.) £000s	Forecast Variance at year end (Nov.) £000s	Outturn Variance 2019/20 £000s
Impact of Capital on revenue budget	**11,190**	**11,171**	**(19)**	**(19)**	**(161)**
Investment Income	(707)	(790)	(83)	(46)	(704)
Pension Fund	340	86	(254)	(254)	(104)
Pay and Price Inflation	250	50	(200)	(100)	(100)
Contingencies and provisions	18,695	18,795	100	0	(154)
Income Items	(1,963)	(1,963)	0	0	(343)
Appropriations/Transfers	(5,653)	(5,653)	0	0	0
Central Items	**10,963**	**10,525**	**(437)**	**(400)**	**(1,405)**
Levies	962	962	0	0	(1)
Depreciation and Impairment	(23,351)	(23,351)	0	0	0
TOTAL CORPORATE PROVISIONS	**(237)**	**(693)**	**(456)**	**(419)**	**(1,567)**
COVID-19 Emergency expenditure	0	8,401	8,401	10,151	176

Based on expenditure to 31 December 2020, a favourable variance of £0.456m is forecast for corporate items. This is an increased favourable variance of £0.037m since November which is entirely due to an increase of £37k in forecast investment income due to an increase in the balance under investment and marginally improved investment rates.

The figures in the table above have also been adjusted to reflect the appropriation of some budget to the Balancing the Budget Reserve.

The budgets appropriated are:-

	£000
Provision for pay awards	485
Provision for excess inflation	300
Apprenticeships	150
Total appropriated to Balancing the Budget Reserve	935

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	10,487	(6,777)	**3,711**	21,702	(10,498)	**11,205**	11,642	(6,700)	**4,942**	14,674	700	**15,374**
Community & Housing	1,049	(150)	**899**	1,057	75	**1,132**	2,450	0	**2,450**	677	75	**752**
Children Schools & Families	2,765	(15)	**2,750**	9,035	15	**9,050**	1,900	0	**1,900**	1,900	0	**1,900**
Environment and Regeneration	15,456	(1,455)	**14,001**	17,548	1,860	**19,408**	8,427	0	**8,427**	7,516	0	**7,516**
TOTAL	**29,757**	**(8,397)**	**21,361**	**49,343**	**(8,548)**	**40,795**	**24,419**	**(6,700)**	**17,719**	**24,767**	**775**	**25,542**

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

Capital Budget Monitoring - December 2020

Department	**Actuals**	**Budgeted Spend to Date**	**Variance to Date**	**Final Budget**	**Final Forecast 2020/21**	**Full Year Variance**
Corporate Services	1,288,894	2,136,535	(847,641)	3,710,650	3,710,650	0
Community and Housing	297,521	662,440	(364,919)	899,000	899,000	0
Children Schools & Families	1,257,210	1,065,830	191,380	2,750,230	2,750,230	0
Environment and Regeneration	6,614,164	7,346,208	(732,044)	14,000,770	13,987,349	(13,421)
Total	**9,457,790**	**11,211,013**	**(1,753,223)**	**21,360,650**	**21,347,229**	**(13,421)**

a) Corporate Services – After the removal of £6.717 million Housing Company Budget and the re-profiling of the Civic Centre Cycle Parking budget (£60k) all Budget Managers are projecting full spend against budget. The impact of the removal of the Housing Company has been included within the revised capital strategy and TM strategy, which will be going on to Council after Cabinet on the 22 February 2021.

b) Community and Housing – After the re-profiling of £75k for Disabled Facilities Grant to 2023/24 and £75k for Learning Disability Housing to 2021/22, budget managers are projecting full spend against their budgets.

c) Children, Schools and Families – After the adjustments to the programme detailed in the Table below budget managers are projecting full spend against budgets

		Budget 2020-21	Budget 2021-22	Budget 2022-23	Budget 2023-24	Narrative
		£	£		£	
Abbotsbury - Capital Maintenance	(1)	28,000				Virement from unallocated budget
Cricket Green - Capital Maintenance	(1)	25,000				Virement from unallocated budget
Melbury SMART Centre - Capital Maintenance	(1)	32,000				Virement from unallocated budget
Malmesbury - Capital Maintenance	(1)	16,000	33,000			Virement from unallocated budget
Unallocated Capital Maintenance	(1)	(101,000)	(33,000)			Virement to new schemes
Childrens Centres - Bond Road Family Centre		(5,000)	5,000			Re-profiled in line with projected spend
Youth Provision - Pollards Hill Digital Divide		(10,000)	10,000			Re-profiled in line with projected spend

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 one favourable variances on Alley Gating is currently showing a favourable variance of £14k

		Budget 2020-21	Budget 2021-22	Budget 2022-23	Budget 2023-24	Narrative
		£	£		£	
Residential Cycle Store		(30,000)	30,000			Re-profiled in line with projected spend
ANPR Cameras Supporting Enforcement of School Streets	(1)	(486,000)	486,000			Re-profiled in line with projected spend
Active Travel Fund	(1)	240,000	150,000			New TfL Funding
Highways and Footways - Surface Water Drainage		15,080				New S106 Funding
Fleet Vehicles - Mechanical Street Washer		(75,000)	75,000			Re-profiled in line with projected spend
Waste SLWP - Mencap Crew Cab PROW		(35,000)	35,000			Re-profiled in line with projected spend
Mitcham Area Regeneration - Canons Parks for the People	(1)	(697,120)	697,120			Re-profiled in line with projected spend
Parks - Canons Parks for the People	(1)	(311,350)	311,350			Re-profiled in line with projected spend
Resurface Tennis Courts Wimbledon Park	(1)	(75,440)	75,440			Re-profiled in line with projected spend

(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	(7,661)	4,079	130	(16,937)	**3,711**
Community & Housing	2,004	189				(1,294)	**899**
Children Schools & Families	4,566	480		1,034		(3,330)	**2,750**
Environment and Regeneration	18,530	1,061	(2,076)	4,640	47	(8,201)	**14,001**
Total	**47,199**	**3,730**	**(9,737)**	**9,754**	**177**	**(29,762)**	**21,361**

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

Depts.	Spend To December 2017	Spend To December 2018	Spend to December 2019	Spend to December 2020	Variance 2017 to 2020	Variance 2018 to 2020	Variance 2019 to 2020
CS	1,799	3,975	1,982	1,289	(510)	(2,686)	(693)
C&H	581	635	645	298	(284)	(337)	(348)
CSF	3,969	4,777	6,843	1,257	(2,711)	(3,520)	(5,586)
E&R	9,660	11,155	5,856	6,614	(3,046)	(4,541)	758
Total Capital	**16,009**	**20,542**	**15,327**	**9,458**	**(6,551)**	**(11,085)**	**(5,869)**

Outturn £000s	32,230	31,424	26,960	
Budget £000s				21,361
Projected Spend December 2020 £000s				21,347
Percentage Spend to Budget				44.28%
% Spend to Outturn/Projection	49.67%	65.37%	56.85%	44.30%
Monthly Spend to Achieve Projected Outturn £000s				3,296

4.5 December is three quarters through the financial year and departments have spent just under 44.3% of the budget. Spend to date lower than all three previous financial years shown and is in part due to the impact of Covid 19

Department	Spend To November 2020 £000s	Spend To December 2020 £000s	Increase £000s
CS	1,022	1,289	267
C&H	249	298	49
CSF	1,146	1,257	111
E&R	5,821	6,614	793
Total Capital	**8,238**	**9,458**	**1,220**

4.6 During December 2020 officers spent just over a £1.2 million, to achieve year end spend officer would need to spend approximately £3.3 million each month to year end. Finance officers will continue to review in detail the projected outturn with budget managers.

4.7 Appendix 5C summarises the impact of the changes to the Capital Programme on funding.

5. DELIVERY OF SAVINGS FOR 2020/21

Department	Target Savings 2020/21	Projected Savings 2020/21	Period 9 Forecast Shortfall	Period Forecast Shortfall (P8)	Period 8 Forecast Shortfall	2021/22 Expected Shortfall
	£000	**£000**	**£000**	**%**	**£000**	**£000**
Corporate Services	2,718	1,731	987	36.3%	987	133
Children Schools and Families	2,969	2,235	734	24.7%	734	400
Community and Housing	2,460	1,568	892	36.3%	900	500
Environment and Regeneration	3,927	887	3,040	77.4%	3,040	0
Total	**12,074**	**6,421**	**5,653**	46.8%	**5,661**	**1,033**

6. 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	50
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**	**50**

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.

15. REPORT AUTHOR

- Name: Roger Kershaw
- Tel: 020 8545 3458
- Email: roger.kershaw@merton.gov.uk

APPENDIX 1

3E.Corporate Items	Original Budget 2020/21 £000s	Current Budget 2020/21 £000s	Year to Date Budget (Dec.) £000s	Year to Date Actual (Dec.) £000s	Full Year Forecast (Dec.) £000s	Forecast Variance at year end (Dec.) £000s	Forecast Variance at year end (Nov.) £000s	Outturn Variance 2019/20 £000s
Cost of Borrowing	11,190	11,190	4,736	3,856	11,171	(19)	(19)	(161)
Impact of Capital on revenue	**11,190**	**11,190**	**4,736**	**3,856**	**11,171**	**(19)**	**(19)**	**(161)**
Investment Income	**(707)**	**(707)**	**(471)**	**(858)**	**(790)**	**(83)**	**(46)**	**(704)**
Pension Fund	**340**	**340**	**255**	**0**	**86**	**(254)**	**(254)**	**(104)**
Corporate Provision for Pay Award	2,231	100	75	0	0	(100)	(100)	0
Corporate Provision for National Minimum Wage	1,500	0	0	0	0	0	0	0
Provision for excess inflation	450	150	113	0	50	(100)	(100)	(100)
Pay and Price Inflation	**4,181**	**250**	**188**	**0**	**50**	**(200)**	**(200)**	**(100)**
Contingency	1,500	487	365	0	487	0	0	(500)
Single Status/Equal Pay	100	100	75	0	100	0	0	0
Bad Debt Provision	500	500	375	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	17	0	23	0	0	(34)
Apprenticeship Levy	450	300	225	40	300	0	0	(22)
Revenuisation and miscellaneous	3,384	1,276	957	165	1,276	0	0	(802)
Growth - Provision against DSG	16,009	16,009	12,007	0	16,009	0	0	0
Contingencies and provisions	**22,378**	**18,695**	**14,022**	**637**	**18,795**	**100**	**100**	**(154)**
Other income	0	0	0	18	0	0	0	(186)
CHAS IP/Dividend	(1,963)	(1,963)	(1,473)	(982)	(1,963)	0	0	(157)
Income items	**(1,963)**	**(1,963)**	**(1,473)**	**(964)**	**(1,963)**	**0**	**0**	**(343)**
Appropriations: CS Reserves	(908)	(972)	(729)	(175)	(972)	0	0	0
Appropriations: E&R Reserves	(317)	(513)	(385)	0	(513)	0	0	0
Appropriations: CSF Reserves	(360)	(499)	(374)	(140)	(499)	0	0	0
Appropriations: C&H Reserves	(104)	(104)	(78)	0	(104)	0	0	0
Appropriations:Public Health Reserves	(1,200)	(1,200)	(900)	0	(1,200)	0	0	0
Appropriations:Corporate Reserves	(8,386)	(2,365)	(1,774)	(2,365)	(2,365)	0	0	0
Appropriations/Transfers	**(11,275)**	**(5,653)**	**(4,240)**	**(2,680)**	**(5,653)**	**0**	**0**	**0**
Depreciation and Impairment	**(23,351)**	**(23,351)**	**0**	**0**	**(23,351)**	**0**	**0**	**0**
Central Items	**793**	**(1,198)**	**13,017**	**(9)**	**(1,655)**	**(456)**	**(419)**	**(1,566)**
Levies	**962**	**962**	**721**	**830**	**962**	**0**	**0**	**(1)**
TOTAL CORPORATE PROVISIONS	**1,754**	**(237)**	**13,739**	**822**	**(693)**	**(456)**	**(419)**	**(1,567)**
COVID-19 Emergency expenditure								**176**
Sub-total: COVID-19 Expenditure	0	0	0	5,334	8,401	**8,401**	10,151	**176**

Appendix 2

Pay and Price Inflation as at December 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 0.3% and RPI at 0.9% 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. As a result of the increased restrictions caused by the coronavirus (COVID-19) pandemic, the number of items identified as unavailable was nine, accounting for 2.0% of the basket by weight; this number had decreased from 72 in November; for the December collection (which took place on or around 15 December 2020), the ONS collected a weighted total of 81.5% of comparable coverage collected before the first lockdown (excluding unavailable items).

The Consumer Prices Index (CPI) 12-month rate was 0.6% in December 2020, up from 0.3% in November; on a monthly basis, CPI grew by 0.3% in December 2020, following a 0.1% fall in November.

The largest contribution to the 12-month inflation rate in November 2020 came from recreation and culture (0.35 percentage points). Rising transport costs contributed 0.11 percentage points to the monthly change, while increasing prices for clothing, and recreation and culture items both contributed 0.10 percentage points to help increase inflation; these were partially offset by a downward contribution from falling food and non-alcoholic beverage prices.

The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 0.8% in December 2020, up from 0.6% in November.

The RPI rate for December 2020 was 1.2%, which is up from 0.9% in November 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 16 December 2020, the MPC judged that the existing stance of monetary policy remains appropriate. 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 programme of £100 billion of UK government bond purchases, financed by the issuance of central bank reserves, and also to commence the previously announced programme of £150 billion of UK government bond purchases, financed by the issuance of central bank reserves, maintaining the target for the stock of these government bond purchases at £875 billion and so the total target stock of asset purchases at £895 billion.

The next MPC decision on the Bank Base Rate will be published on 4 February 2021.

In the minutes to the MPC meeting ending on 16 December the MPC state that
"The main news since the November Report has been the successful trialling of some Covid vaccines and initial plans to roll them out widely over the first half of next year. This is likely to reduce the downside risks to the economic outlook from Covid previously identified by the Committee. Financial markets worldwide, and some surveys of businesses and consumers, have reacted positively to these developments which are likely to support future UK and global activity. Nevertheless, recent global activity has been affected by the increase in Covid cases and associated reimposition of restrictions. UK-weighted global GDP growth in 2020 Q4 is likely to be a little weaker than expected at the time of the November Report."

In terms of current inflation projections the MPC note that "Twelve-month CPI inflation fell to 0.3% in November, from 0.7% in October, triggering the exchange of open letters between the Governor and the Chancellor published alongside this monetary policy announcement. The weakness of recent outturns largely reflects the direct and indirect effects of Covid on the economy. CPI inflation is expected to rise quite sharply towards the target in the spring, as the VAT cut comes to an end and the large fall in energy prices earlier this year drops out of the annual comparison."

At this meeting the MPC concluded that "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 will also depend on the responses of households, businesses and financial markets to these developments. The MPC 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 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 (January 2021)			
2020 (Quarter 4)	Lowest %	Highest %	Average %

CPI	0.4	1.0	0.6
RPI	0.7	1,7	1.2
LFS Unemployment Rate	4.6	7.1	5.6
2021 (Quarter 4)	Lowest %	Highest %	Average %
CPI	1.0	3.7	1.9
RPI	1.4	3.8	2.7
LFS Unemployment Rate	4.6	8.0	6.6

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 16 December 2020,, the MPC voted unanimously to maintain Bank Rate at 0.1%. 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 programme of £100 billion of UK government bond purchases, financed by the issuance of central bank reserves, and also to commence the previously announced programme of £150 billion of UK government bond purchases, financed by the issuance of central bank reserves, maintaining the target for the stock of these government bond purchases at £875 billion and so the total target stock of asset purchases at £895 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 published on 4 February 2021.

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- December 2020

	Actuals	Budgeted Spend to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Capital	**9,457,790**	**11,211,013**	**21,360,650**	**21,347,229**	**(13,421)**
Corporate Services	**1,288,894**	**2,136,535**	**3,710,650**	**3,710,650**	**0**
Customer, Policy and Improvement	**8,482**	**0**	**124,000**	**124,000**	**0**
Customer Contact Programme	8,482	0	124,000	124,000	0
Facilities Management Total	**243,058**	**523,890**	**790,750**	**790,750**	**0**
Works to other buildings	223,313	506,690	701,690	701,399	(291)
Civic Centre	0	7,200	7,200	7,491	291
Invest to Save schemes	19,745	10,000	81,860	81,860	0
Infrastructure & Transactions	**1,037,354**	**1,512,645**	**2,295,900**	**2,295,900**	**0**
Business Systems	181,063	286,945	532,790	532,790	0
Social Care IT System	40,050	184,650	246,190	246,190	0
Planned Replacement Programme	816,242	1,041,050	1,516,920	1,516,920	0
Corporate Items	**0**	**100,000**	**500,000**	**500,000**	**0**
Multi Functioning Device (MFD)	0	0	400,000	400,000	0
Housing Company	0	100,000	100,000	100,000	0
Community and Housing	**297,521**	**662,440**	**899,000**	**899,000**	**0**
Housing	**298,372**	**400,440**	**525,000**	**525,000**	**0**
Disabled Facilities Grant	298,372	400,440	500,000	500,000	0
Major Projects - Social Care H	0	0	25,000	25,000	0
Libraries	**(851)**	**262,000**	**374,000**	**374,000**	**0**
Library Enhancement Works	(851)	0	0	0	0
Major Library Projects	0	250,000	350,000	350,000	0
Libraries IT	0	12,000	24,000	24,000	0

Appendix 5a

Capital Budget Monitoring- December 2020

	Actuals	Budgeted Spend to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Children Schools & Families	**1,257,210**	**1,065,830**	**2,750,230**	**2,750,230**	**0**
Primary Schools	**601,167**	**320,180**	**979,790**	**979,790**	**0**
West Wimbledon	0	39,350	40,000	40,000	0
Hatfeild	34,031	19,910	67,110	67,110	0
Hillcross	27,295	0	30,660	30,660	0
Dundonald	47,850	23,200	75,000	75,000	0
Garfield	36,597	37,000	37,000	37,000	0
Merton Abbey	(530)	0	0	0	0
Poplar	10,973	3,500	33,000	33,000	0
Wimbledon Chase	81,091	18,990	104,990	104,990	0
Wimbledon Park	425	0	0	0	0
Abbotsbury	88,071	70,000	158,000	158,000	0
Malmesbury	0	0	16,000	16,000	0
Morden	(2,219)	0	0	0	0
Bond	6,092	6,030	6,030	6,030	0
Cranmer	0	8,000	64,000	64,000	0
Gorringe Park	34,108	12,000	37,000	37,000	0
Haslemere	(68)	0	0	0	0
Liberty	(487)	0	0	0	0
Links	3,110	(3,000)	10,000	10,000	0
St Marks	35,066	10,000	45,000	45,000	0
Lonesome	33,680	30,000	40,000	40,000	0
Sherwood	167,849	42,000	191,000	191,000	0
Stanford	(1,768)	0	0	0	0
William Morris	0	3,200	25,000	25,000	0

	Actuals	Budgeted Spend to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Secondary School	**(35,214)**	**43,590**	**78,590**	**78,590**	**0**
Raynes Park	0	5,590	5,590	5,590	0
Ricards Lodge	0	5,580	5,580	5,580	0
Rutlish	3,910	7,420	7,420	7,420	0
Harris Academy Wimbledon	(39,124)	25,000	60,000	60,000	0
SEN	**430,441**	**469,010**	**1,342,280**	**1,342,280**	**0**
Perseid	39,192	31,230	99,110	99,110	0
Cricket Green	194,372	197,190	467,190	467,190	0
Melrose	185,815	220,590	683,980	683,980	0
Unallocated SEN	(8,937)	20,000	60,000	60,000	0
Melbury College - Smart Centre	20,000	0	32,000	32,000	0
CSF Schemes	**260,817**	**233,050**	**349,570**	**349,570**	**0**
CSF IT Schemes	(1,353)	0	0	0	0
Devolved Formula Capital	262,170	233,050	349,570	349,570	0

Appendix 5a

Capital Budget Monitoring- December 2020

	Actuals	Budgeted Spend to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Environment and Regeneration	**6,614,164**	**7,346,208**	**14,000,770**	**13,987,349**	**(13,421)**
Public Protection and Development	**20,794**	**207,788**	**325,340**	**325,340**	**0**
On Street Parking - P&D	0	70,000	100,000	100,000	0
Off Street Parking - P&D	0	32,550	75,000	75,000	0
CCTV Investment	20,794	105,238	150,340	150,340	0
Street Scene & Waste	**(117,973)**	**248,500**	**361,220**	**347,220**	**(14,000)**
Fleet Vehicles	0	231,700	298,790	298,790	0
Alley Gating Scheme	1,200	16,800	24,000	10,000	(14,000)
Waste SLWP	(119,173)	0	38,430	38,430	0
Sustainable Communities	**6,711,343**	**6,889,920**	**13,314,210**	**13,314,789**	**579**
Street Trees	43,886	46,200	126,000	126,000	0
Raynes Park Area Roads	1,510	18,277	26,110	26,110	0
Highways & Footways	3,640,729	3,250,210	7,089,850	7,089,852	2
Cycle Route Improvements	244,008	92,673	464,710	464,710	0
Mitcham Transport Improvements	76,873	67,627	96,610	96,610	0
Colliers Wood Area Regeneration	6,838	10,500	15,000	15,000	0
Mitcham Area Regeneration	703,744	1,601,285	2,367,470	2,367,470	0
Wimbledon Area Regeneration	614,550	425,810	927,740	927,740	0
Morden Area Regeneration	0	0	50,000	50,000	0
Borough Regeneration	98,644	106,335	224,050	224,626	576
Morden Leisure Centre	11,866	55,000	55,000	55,000	0
Wimbledon Park Lake and Waters	70,474	7,500	179,500	179,500	0
Sports Facilities	206,418	53,840	218,840	218,840	0
Parks	991,804	1,154,663	1,473,330	1,473,330	0

Virement, Re-profiling and New Funding - December 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										
Housing Company	(2)	6,816,750			(6,716,750)	100,000	10,557,690	(10,557,690)	0	Removal of Budget
Civic Centre - Cycle Parking		60,000			(60,000)	0	0	60,000	60,000	
Community and Housing										
Disabled Facilities Grant	(1)	575,000			(75,000)	500,000	827,000		827,000	Re-profiled in line with projected spend
Learning Disability Affordable Housing	(1)	100,000			(75,000)	25,000	0	75,000	75,000	Re-profiled in line with projected spend
Children, Schools and Families										
Abbotsbury - Capital Maintenance	(1)	130,000	28,000			158,000	7,200		7,200	Virement from unallocated budget
Cricket Green - Capital Maintenance	(1)	282,190	25,000			307,190	164,840		164,840	Virement from unallocated budget
Melbury SMART Centre - Capital Maintenance	(1)	0	32,000			32,000	13,340		13,340	Virement from unallocated budget
Malmesbury - Capital Maintenance	(1)	0	16,000			16,000	35,000	33,000	68,000	Virement from unallocated budget
Unallocated Capital Maintenance	(1)	101,000	(101,000)			0	2,505,360	(33,000)	2,472,360	Virement to new schemes
Childrens Centres - Bond Road Family Centre		5,000			(5,000)	0	50,000	5,000	55,000	Re-profiled in line with projected spend
Youth Provision - Pollards Hill Digital Divide		10,000			(10,000)	0	170,000	10,000	180,000	Re-profiled in line with projected spend
Environment and Regeneration										
Highways and Footways - Residential Cycle Store		40,000			(30,000)	10,000	0	30,000	30,000	Re-profiled in line with projected spend
Highways and Footways - ANPR Cameras Supp	(1)	486,000			(486,000)	0	0	486,000	486,000	Re-profiled in line with projected spend
Highways and Footways - Active Travel Fund	(1)	90,480		240,000		330,480	0	150,000	150,000	New TfL Funding
Highways and Footways - Surface Water Drainage		67,000		15,080		82,080	60,000		60,000	New S106 Funding
Fleet Vehicles - Mechanical Street Washer		75,000			(75,000)	0	0	75,000	75,000	Re-profiled in line with projected spend
Waste SLWP - Mencap Crew Cab PROW		35,000			(35,000)	0	0	35,000	35,000	Re-profiled in line with projected spend
Mitcham Area Regeneration - Canons Parks for	(1)	2,811,250			(697,120)	2,114,130	0	697,120	697,120	Re-profiled in line with projected spend
Parks - Canons Parks for the People	(1)	1,378,450			(311,350)	1,067,100	0	311,350	311,350	Re-profiled in line with projected spend
Parks - Resurface Tennis Courts Wimbledon Pa	(1)	75,440			(75,440)	0	75,000	75,440	150,440	Re-profiled in line with projected spend
Total		13,138,560	0	255,080	(8,651,660)	4,741,980	14,465,430	(8,547,780)	5,917,650	

(1) Requires Cabinet approval (2) Requires Council Approval

Virement, Re-profiling and New Funding - December 2020

Appendix 5b

		2022/23 Budget	Movement	Revised 2022/23 Budget	2023/24 Budget	Movement	Revised 2023/24 Budget	Narrative
		£	£	£	£		£	
Corporate Services								
Housing Company	(1)	6,000,000	(6,000,000)	0			0	Removal o Budget
Financial System	(1)	700,000	(700,000)	0	0	700,000	700,000	Re-profiled in line with projected spend
Community and Housing								
Disabled Facilities Grants		827,000		827,000	532,000	75,000	607,000	Reprofiled in line with projected spend
Total		7,527,000	(6,700,000)	827,000	532,000	775,000	1,307,000	

(1) Requires Cabinet approval (2) Requires Council Approval

Capital Programme Funding Summary 2020/21

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Proposed November Monitoring	**20,005**	**9,752**	**29,757**
Corporate Services			
Housing Company	(6,717)	0	(6,717)
Civic Centre - Cycle Parking	(60)	0	(60)
Community and Housing			
Disabled Facilities Grant	0	(75)	(75)
Learning Disability Affordable Housing	(75)	0	(75)
Children, Schools and Families			
Childrens Centres - Bond Road Family Centre	(5)	0	(5)
Youth Provision - Pollards Hill Digital Divide	(10)	0	(10)
Environment and Regeneration			
Highways and Footways - Residential Cycle Store	(30)	0	(30)
Highways and Footways - ANPR Cameras Supporting Enforcement of School Streets	(486)	0	(486)
Highways and Footways - Active Travel Fund	0	240	240
Highways and Footways - Surface Water Drainage	15	0	15
Fleet Vehicles - Mechanical Street Washer	(75)	0	(75)
Waste SLWP - Mencap Crew Cab PROW	(35)	0	(35)
Mitcham Area Regeneration - Canons Parks for the People	0	(697)	(697)
Parks - Canons Parks for the People	0	(311)	(311)
Resurface Tennis Courts Wimbledon Park	(75)	0	(75)
Proposed December Monitoring	**12,452**	**8,908**	**21,361**

Appendix 5C

Capital Programme Funding Summary 2021/22

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Proposed November Monitoring	**40,478**	**8,865**	**49,343**
Corporate Services			
Housing Company	**(10,558)**	**0**	**(10,558)**
Civic Centre - Cycle Parking	**60**	**0**	**60**
Community and Housing			
Learning Disability Affordable Housing	**75**	**0**	**75**
Children, Schools and Families			
Childrens Centres - Bond Road Family Centre	**5**	**0**	**5**
Youth Provision - Pollards Hill Digital Divide	**10**	**0**	**10**
Environment and Regeneration			
Highways and Footways - Residential Cycle Store	**30**	**0**	**30**
Highways and Footways - ANPR Cameras Supporting Enforcement of School Streets	**486**	**0**	**486**
Highways and Footways - Active Travel Fund	**0**	**150**	**150**
Fleet Vehicles - Mechanical Street Washer	**75**	**0**	**75**
Waste SLWP - Mencap Crew Cab PROW	**35**	**0**	**35**
Mitcham Area Regeneration - Canons Parks for the People	**0**	**697**	**697**
Parks - Canons Parks for the People	**0**	**311**	**311**
Resurface Tennis Courts Wimbledon Park	**75**	**0**	**75**
Proposed December Monitoring	**30,772**	**10,024**	**40,795**

Appendix 5c

Capital Programme Funding Summary 2022/23

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Proposed November Monitoring	**18,239**	**6,179**	**24,419**
Corporate Services			
Housing Company	**(6,000)**	**0**	**(6,000)**
Financial System	**(700)**	**0**	**(700)**
Proposed December Monitoring	**11,539**	**6,179**	**17,719**

Capital Programme Funding Summary 2023/24

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Proposed November Monitoring	**21,567**	**3,200**	**24,767**
Corporate Services			
Financial System	**700**	**0**	**700**
Community and Housing			
Disabled Facilities Grant	**(35)**	**110**	**75**
Proposed December Monitoring	**22,232**	**3,310**	**25,542**