

Cabinet

Date: 12 July 2021

Subject: Financial Report 2021/22 – Period 2 May 2021

Lead officer: Roger Kershaw

Lead member: Councillor Tobin Byers

Recommendations:

- A. That Cabinet note the financial reporting data for month 2, May 2021, relating to revenue budgetary control, showing a forecast net adverse variance at yearend on net service expenditure of £3.39m, reducing to £1.1m when corporate and funding items are included.
- B. That Cabinet approve a virement to transfer £46,820 budget from Corporate Services to C&H to reflect a change in structure for one post previously within the Client Financial Affairs team That Cabinet note the contents of Section 5 of the report and approve the adjustments to the Capital Programme in the Table below:

	Budget 2021-22	Budget 2022-23	Budget 2023-24	Budget 2024-25	Narrative
	£	£		£	
Corporate Services					
Customer Contact	(150,000)	150,000	0	0	Reprofiled in line with projected spend
Payroll System	153,200				Drawdown from a Corporate Reserve
Acquisitions Budget	200,000	0	0	(200,000)	Property Purchase
Community and Housing					
West Barnes Library Re-Fit	(200,000)			200,000	Re-profiled Budget
Children, Schools and Families					
Harris Morden - Morden Multi Sport Community Pitch	135,000				Virement to fund revised scheme
Environment and Regeneration					
Morden Rec Hockey Pitch	(135,000)				Virement to fund revised scheme
Pay and Display Machines- Emissions Based Charging	333,000				Virement to fund Emission Based Charging Scheme
Car Park Upgrades	(333,000)				Virement to fund Emission Based Charging Scheme
Morden Park Cycle Path	227,220				Additional TfL Funding
Accessability Programme	51,520				Additional TfL Funding
Traffic Schemes	3,000				Additional TfL Funding
Cycle Improve Residential Stre	(9,210)				S106 £20,550
Unallocated TFL	(272,530)				Virement from Unallocated TfL Budget
Total	3,200	150,000	0	0	

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 This is the period 2 monitoring report for 2021/22 presented in line with the financial reporting timetable.

This financial monitoring report provides -

- A full year forecast projection as at period 2.
- 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 2021/22;
- Progress on the delivery of the 2021/22 revenue savings,

2. THE FINANCIAL REPORTING PROCESS

- 2.1 The budget monitoring process for 2021/22 continues to focus on the ongoing 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 for some time. The detrimental impact of Covid-19 is being monitored closely as the situation evolves with lifting of restrictions.
- 2.2 There are also significant pressures on the Dedicated Schools Grant (DSG) which are being monitored. The cumulative deficit at the end of 2020/21 was £24.981m and the deficit is forecast to continue to increase in 2021/22, the cumulative deficit is now estimated to be £38.432m by the end of this financial year.
- 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.

3. 2021/22 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

Executive summary – At period 2 to 31st May 2021, the yearend forecast is a net adverse variance of £0.657m when all incremental Covid costs are included, after applying known government grant funding.

	Current Budget 2021/22 £000s	Forecast Variance at year end (May) £000s	Covid-19 Forecast £000s	Outturn variance 2020/21 £000s
Department				
Corporate Services	11,865	1,378	1,147	3,746
Children, Schools and Families	63,126	(1,393)	714	(2,971)
Community and Housing	69,403	(844)	517	(2,264)
Public Health	(0)	0	0	(18)
Environment & Regeneration	14,356	4,245	4,768	10,689
Overheads	0	0	0	0
NET SERVICE EXPENDITURE	158,749	3,386	7,146	9,182
Corporate Items				
Impact of Capital on revenue budget	11,157	0	0	(27)
Other Central budgets	(6,503)	(43)	0	10,791
Levies	959	0	0	0
TOTAL CORPORATE PROVISIONS	5,614	(43)	0	10,764
Covid-19	0	760	760	176
TOTAL GENERAL FUND	164,362	4,103	7,906	19,946
FUNDING				
Revenue Support Grant	(5,187)	0	0	0
Business Rates*	(34,339)	1,596	1,596	0

Other Grants*	(16,949)	0	0	(382)
Council Tax and Collection Fund	(98,434)	458	458	4
COVID-19 emergency funding	(6,811)	(5,056)	(5,056)	0
Income compensation for SFC	(2,643)	0	0	
FUNDING	(164,363)	(3,002)	(3,002)	(378)
NET	(0)	1,101	4,904	19,568

The current level of GF balances is £14.0m and the minimum level reported to Council for this is £14.0m.

Covid-19 Financial Impact

The government announced a scheme to reimburse Councils for lost income from sales, fees and charges. This involves a 5% deductible rate, whereby the Council absorbs up to 5% and the government compensation covers 75p in every pound of relevant loss thereafter. The scheme has been extended for the first quarter of 2021/22 but it's not yet confirmed if any further extension will be made. Amounts expected from the income compensation scheme will be included in the forecast tables as and when they are confirmed, subject to clarification as to whether any excess may need to be repaid upon completion of the scheme. At the time of writing, the estimated claim for April to June 2021 under the scheme is £2.2m.

The ongoing situation with high levels of uncertainty and change around the timing for restrictions being lifted continues to make forecasting difficult for the year ahead.

Covid Expenditure

Covid expenditure which is incremental is reported centrally on Corporate items – Covid costs. These are the incremental costs not covered by specific covid grants, such as additional cleaning costs and the community hub.

Income shortfall

Income budgets are included within departments so the impact of Covid-19 on lost income is reflected in departmental forecasts.

Savings unachieved

Departmental budgets are adjusted for the agreed savings targets for 2021/22 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 departments. This is inclusive of 2020/21 savings which remain under pressure.

COVID-19 COST SUMMARY	May 2021/22 £000s
<u>Department</u>	-
Corporate Services	1147
Children, Schools and Families	714
Community and Housing	517
Environment & Regeneration	4,768
TOTAL INCOME LOSS & SAVINGS UNACHIEVED	7,146
<u>Corporate Items - Covid costs</u>	-
Corporate Services	145
Children, Schools and Families	150
Community and Housing	169
Environment & Regeneration	296

ADDITIONAL COVID EXPENDITURE	760
FUNDING	-
Business Rates	1,596
Council Tax	458
TOTAL FUNDING LOSS	2,054
GROSS COST OF COVID-19	9,960
Covid general funding	(5,056)
Income compensation for sales, fees & charges	TBC
NET COST OF COVID-19	4,904

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 2021/22 when the budget was approved by Council in March 2021. 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 2021/22.

Cashflow

The Covid-19 outbreak created pressure on the council's cash flow but the position is starting to settle down in 2021-22. 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 (MMFs).

In light of Government relief announcements made last year, the Council continues to see a reduction in income. 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/MMFs to maintain liquidity. This approach helped the council meet its cash flow needs and avoided any short term unplanned borrowing. The Council has now increased its MMFs investment limits and the number of MMFs to maintain a healthy liquid position. However, as we can now see the signs of the UK economy returning to some sense of normality and the confidence provided by the vaccine we expect the Council's cash flow to stabilise going forward. This will help us to place any excess cash in suitable short term fixed term deposits and earn improved returns.

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 there remains a concern over the longer term in the context of the DSG deficit. However, if a cash shortfall 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	Current Budget £000	Full year Forecast (May) £000	Full Year Forecast Variance (May) £000	Covid-19 Forecast Impact (May) £000	Outturn Variance £000
Customers, Policy & Improvement	5,497	5,357	(140)	45	915
Infrastructure & Technology	12,523	12,786	264	161	(51)
Corporate Governance	2,009	2,102	93	0	(88)
Resources	5,695	6,312	617	821	1,811
Human Resources	1,903	2,109	206	120	102
Corporate Other	710	1,048	338	0	1,057
Total (Controllable)	28,337	29,715	1,378	1,147	3,746

Overview

At the end of period 2 (May) the Corporate Services (CS) department is forecasting an adverse variance of £1.378m at year end, of which £1,147m is due to the external impact of covid-19.

Customers, Policy and Improvement - £140k favourable variance

The favourable variance in the division is mainly due to various vacancies expected to be held for part of the year, such as in the AD and Programme Office budgets. Additional favourable variances include £44k due to an over-achievement of income forecast against the cash collection saving, £36k within Merton Link on various staffing and running costs and £45k against the Voluntary Sector Coordination budget. The Registrars services is also forecasting a favourable variance of £35k due to the strong recovery of income levels following the easing of covid restrictions earlier this year. The forecast income in this service is cautious at this stage but will be kept under review as uncertainty remains around how long the surge in demand might last and the timing of restrictions being fully lifted.

Partly offsetting the above is the Press and PR budget which is forecasting a £94k adverse variance owing to the use of agency staff to cover the Head of Communications post pending the completion of a restructure. There is also a £45k adverse variance in the Translations services due to under-achievement against the income budget as external demand remains low.

Infrastructure & Technology - £264k 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 £214k on the Corporate Print Strategy and £126k on the PDC (Chaucer Centre). These will be reviewed throughout the year and may improve depending on the level of staff returning to the office. 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 £65k adverse variance due to the lack of commissions since the pandemic began, though the forecast is significantly improved on the outturn position for 2020/21. There is a variance on Corporate Contracts (£33k adverse) due to 2020/21 savings for reducing cleaning in corporate buildings remaining unachievable within the current circumstances.

There are also multiple favourable variances within the division, such as on the Microsoft EA (Enterprise Agreement) which is forecast less than budgeted and £75k in Safety Services due to recruitment lag being forecast as well as contingency not expected to be required in year. Business Systems are also forecasting a £36k favourable variance due to vacancies.

Corporate Governance – £93k adverse variance

The variance within Corporate Governance is mainly as a result of prior year unachieved savings totalling £115k within the Legal service. This will continue to be reviewed and reported as part of the progress on savings for Corporate Services, provided within the appendices of this report.

There are various smaller favourable variances within the division for various running costs reducing the overall adverse variance. At the end of May the South London Legal Partnership (SLLp) is currently forecasting a £15k surplus, with £3k to be retained by LBM.

Resources - £617k adverse variance

Within Resources there are multiple budgets forecasting adverse variances due to covid-19. The Chief Executive's budget has a £118k adverse variance mainly due to the use of an interim Head of Recovery as a result of the pandemic. Also due to covid is an adverse variance in the Bailiffs service forecast of £531k (inclusive of the shared service element) as a result of unachieved income which will be monitored as the circumstances around the pandemic improve and the service is able to operate more fully. Covid's impact on income also extends to the Local Taxation Service which has a £45k adverse forecast largely due to under achievement against court costs, though this is in part offset by additional funding from the GLA and new burdens income from DWP.

The Corporate Accountancy service is forecasting a £109k adverse variance which includes an increase in fee proposed by the Council's external auditors, EY, though confirmation of the fee increase is still outstanding. A further adverse variance of £68k is forecast on insurance premiums though an updates projection is expected for period 3's monitoring as the impact of six schools leaving the insurance SLA arrangement is worked through.

Favourable variances within Resources include £16k and £17k on Director of Corporate Services and AD budgets respectively due to consultants and subscription budgets not required in year. The Capital and Strategy team and the Support team within Revenues and Benefits have a £30k and £25k favourable variance respectively, mainly against staffing costs. Within the Benefits Administration service a £156k favourable variance is largely due to receipts from DWP

Human Resources – £206k adverse variance

The adverse variance in HR is made up from the AD budget (£57k variance) and Learning and Development budget (£50k variance) as a result of the use of agency staff. Additionally, there is an adverse variance of £127k relating to the HR Transactions budget for the shared payroll system and

iTrent client team charges from Kingston. This is reflective of a saving not expected to be achieved in year as new contract negotiations were delayed as a result of covid during 2020/21.

The Payroll services is anticipating a £23k favourable variance across various staffing and running costs as well as overachievement of income.

Corporate Items - £338k adverse variance

The Housing Benefit Rent Allowances budget is forecasting a net adverse variance of £585k. This is due to a shortfall on the subsidy attracted by overpayments compared to the budgeted amount for 2021/22 and is inclusive of £100k allowance for topping up the bad debt provision at year end in line with the level of top-up required in 2019/20 and 2020/21.

The latest update received from Westminster Council also suggests an adverse variance on the Coroners Court Service of £19k.

Partly offsetting the above are favourable variances on the corporately funded items budget of £184k due to budget not expected to be required in year, £49k on the added years pension budget and £45k net income forecast for the recovery of old Housing Benefits debts previously written off.

Environment & Regeneration

Environment & Regeneration	2021/22 Current Budget	Full year Forecast (May)	Forecast Variance at year end (May)	2021/22 Covid-19 Forecast Impact (May)	2020/21 Outturn Variance
	£000	£000	£000	£000	£000
Public Protection	(16,773)	(13,451)	3,322	3,326	8,973
Public Space	16,256	17,049	793	866	2,003
Senior Management	1,043	853	(190)	0	(134)
Sustainable Communities	8,048	8,368	320	576	(153)
Total (Controllable)	8,574	12,819	4,245	4,768	10,689

Description	2021/22 Current Budget	Forecast Variance at year end (May)	2020/21 Variance at year end
	£000	£000	£000
Regulatory Services	625	289	194
Parking Services	(18,414)	3,038	8,804
Safer Merton & CCTV	1,016	(5)	(25)
Total for Public Protection	(16,773)	3,322	8,973
Waste Services	14,602	498	875
Leisure & Culture	549	366	764
Greenspaces	1,834	0	525
Transport Services	(729)	(71)	(161)
Total for Public Space	16,256	793	2,003
Senior Management & Support	1,043	(190)	(134)
Total for Senior Management	1,043	(190)	(134)
Property Management	(2,634)	(112)	(381)
Building & Development Control	(15)	75	281
Future Merton	10,697	357	(53)
Total for Sustainable Communities	8,048	320	(152)
Total Excluding Overheads	8,574	4,245	10,689

Overview

The department is currently forecasting an adverse variance of £4,245k at year end. The main areas of variance are Regulatory Services, Parking Services, Waste Services, Leisure & Culture, and Future Merton.

Public Protection

Regulatory Services adverse variance of £289k

The section has implemented agreed income savings of £210k over recent years relating to potential commercial opportunities. However, the focus for the financial year 2020/21 needed to refocus from income generation to service improvement including a major IT project. The IT transition Project is scheduled for completion by the end of the calendar year however the section will look to focus efforts on generating additional income, for example, through the provision of business advice and identification of unlicensed businesses prior to the completion of this project.

Covid-19 continues to impact licensing income due to continually changing business restrictions resulting in a reduction of temporary event notices (TENS) and income from hair & beauty premises which remained closed during the early part of the financial year. As step 3 of the government roadmap continues some hospitality premises have reopened with limited capacities which has marginally improved income. The shift to Step 4 from the 19th July may improve income further through an increase in TENS income, but this will not resolve the loss of income for the first four months of the financial year. Current forecasts estimate an adverse variance against budget of £76k.

Parking Services adverse variance of £3,038k

Covid-19 continues to affect parking revenue across the board including ANPR, PCNs as well as on and off street charges income. Analysis to better understand the short and longer term impact of this is ongoing, but current forecasts show the adverse variance on PCN, P&D, and permit income of £458k, £1,320k, and £1,253k respectively.

Contributing to the PCN adverse variance is a 2020/21 and 2021/22 saving (ENV1920-01) of £680k 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 October 2021. This results in an estimated shortfall against saving of £340k at this stage.

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 adverse variance is being partially offset by an employee related favourable variance of £136k.

Public Space

Waste Services adverse variance of £498k

The section is forecasting an adverse variance on disposal costs of £191k. 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. In order to mitigate this cost, the service is currently supporting SLWP in the planning of the re-procurement of both Food and Garden waste processing services which currently expire in 2022.

Covid-19 also continues to impact on the Council's Environmental Enforcement services in respect of enforcing and issuing Fix Penalty Notices for littering, resulting in a net adverse variance against budget of £151k. The service is confident that once restrictions are fully lifted and the town centres re-open, the level of direct engagement and issuing of FPNS will return to pre Covid-19 levels.

An adverse variance of £164k 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 planned service changes and we note that any significant change to the provision of this service will first be presented to Cabinet for consideration.

A favourable variance on employee related spend of £78k is partially mitigating these adverse variances.

Leisure & Culture adverse variance of £366k

Due to the ongoing impact of Covid-19 the Authority continues to support our service provider, GLL, and forego the guaranteed income due. Recovery forecasts estimate income returning in October 2021, which equates to an income shortfall of about £396k.

The continuation of Covid-19 related restrictions at the Wimbledon Sailing Base has also led to programmes with less attendees being available, resulting in a net adverse variance of £45k being forecast.

A favourable variance on employee related spend of £104k is partially mitigating these adverse variances.

Sustainable Communities

Property Management favourable variance of £112k

The principal reasons for the favourable variance relates to exceeding the commercial rental income expectations by £234k, and employee related spend of £77k.

This is being partially offset by an overspend of £131k on premises related expenditure, for example, costs incurred on the repairs & maintenance of the property portfolio.

Future Merton adverse variance of £357k

The section continues to incur staff and legal costs in relation to Bishopsford Bridge, for which there is no budget, leading to a forecast adverse variance of £148k.

The section is also forecasting a net adverse variance of £141k 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 c£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 onwards) and, together, this has resulted in an increase in reactive repairs since 2019/20. In short, TfL's withdrawal of funding for their network, coupled with a planned reduction in capital (planned maintenance) is leading to a faster deterioration of the network, requiring more (revenue) reactive repairs.

Covid-19 has also significantly affected the section's ability to generate income. Firstly, an adverse variance of £215k 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, due to delays in the installation of digital advertising panels following covid related delays in gaining planning consent, and the rejection of approximately one-third of proposed locations.

Secondly, due to covid-19 related restrictions an adverse variance of £120k is being forecast in

relation to room lettings and hall hiring's at Vestry Hall, and a total variance against budget of £91k.

The section also implemented a £100k saving during 2019/20 in relation to providing services to Merantun Development Limited (MDL). However, this saving can no longer be achieved due to MDL's closure, so an alternative saving will need to be presented to Cabinet in due course.

These adverse variances are being partially mitigated by favourable variances on street work & permits activity (£118k), costs associated with CPZ consultation and implementation (£64k), s106 monitoring fee and allowable CIL income to cover the administration and overhead costs associated with managing the levy (£69k), and temporary traffic orders income (£50k).

Children Schools and Families

Children, Schools and Families (£000's)	2021/22 Current Budget	Full Year Forecast	Forecast Variance May	2021/22 Covid Forecast Impact	2020-21 Year Variance
Education					
Education Budgets	17,035	16,347	(688)	274	(1,719)
Depreciation	9,801	9,801	0	0	0
Other Education Budgets	127	127	0	0	(84)
Education Services Grant	(1,062)	(1,062)	0	0	0
Education Sub-total	25,901	25,213	(688)	274	(1,803)
Other CSF					
Child Social Care & Youth Inclusion	21,012	20,259	(753)	440	(908)
Cross Department	908	956	48	0	48
PFI Unitary Costs	8,471	8,471	0	0	280
Pension and Redundancy Costs	1,592	1,592	0	0	(589)
Other CSF Sub-total	31,983	31,278	(705)	440	(1,169)
Grand Total	57,884	56,491	(1,393)	714	(2,972)

Overview

At the end of May 2021, the Children Schools and Families directorate is forecasting a favourable £1.393m variance on local authority funded services.

£714k Covid-19 cost pressure has been identified relating to savings shortfalls from the last financial year. 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 covid19 related costs and will be reflected within the corporate covid19 cost centre. An additional £100k covid19 related loss of income have also been forecast for this year although

significant uncertainty currently surrounds this estimate.

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 but it is likely that the current forecast underspend will decrease as the situation becomes clearer and caution is advised at this stage with the forward projection.

Local Authority Funded Services

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

Children, Schools and Families (£000's)	2021/22 Current Budget	Forecast Variance May	2020-21 Outturn Variance
Child Social Care & Youth Inclusion			
Adolescent & Family Services	2,113	28	28
Asylum Seeker Costs (14+)	137	19	19
Asylum Seeker Costs (ART)	306	(738)	(738)
Children Cntrl Social Wrk Serv	4,285	(171)	(296)
Head of ChildSocIcare & YthIncl	213	14	(16)
Mash & Child Protection Serv	2,643	144	144
Safeguarding, Standards & Train	1,322	(56)	(56)
Senior Management	274	(58)	(58)
Children in Care and Resources	9,719	65	65
CSC & Youth Incl Total	21,012	(753)	(908)
Education			
Contracts, Proc & School Org	872	(146)	(159)
Early Years & Children Centres	4,232	(223)	(207)
Education - School Improvement	3	25	(36)
Education Inclusion	1,684	(276)	(279)
Schools Delegated Budget	0	0	0
SEN & Disability Integrat Serv	8,647	(336)	(1,306)
Senior Management	864	209	209
Policy, Planning & Performance	523	113	113
Departmental Business Support	211	(54)	(54)
Education Total	17,036	(688)	(1,719)
Grand Total	38,048	(1,441)	(2,627)

Children's Social Care and Youth Inclusion Division

The forecast for CSC is based on the Outturn of 2020/21 with the exception of a £30k pressure in CSC relating to known agency pressures for the Interim Assistant Director and £125k for an additional short term managed team to add capacity in the First Response service.

Education Division

The Education forecast is primarily based on the 2020/21 outturn with a small number of known variances including:

- School Improvement – pressure of £61k relating to an increase in agency costs relating to home school inspectors following an increase during the pandemic;
- SENDIS - £850k increase against outturn on SEN taxi costs arising from an expected increase during the year as restrictions release.
- Additional procurement and commissioning capacity of £120k for 6 months to assist with our DSG Recovery plan

Schools PFI

The Schools PFI forecast has been set to budget at present whilst further modelling is undertaken. This will be reviewed later in the financial year.

Dedicated Schools Grant (DSG)

Dedicated Schools Budget (£000's)	Budget	May Variance	April Variance	2020/21 Outturn Variance
<u>Education</u>				
Contracts, Proc & School Org	£ 286	-£ (33)		-£ (33)
Early Years & Children Centres	£ 16,335	-£ (8)		-£ (1,286)
Education - School Improvement	£ 1,107	-£ (49)		-£ (49)
Education Inclusion	£ 1,468	-£ (31)		£ 153
SEN & Disability Integrat Serv	£ 17,468	£ 13,318		£ 12,592
Sub-total	£ 36,664	£ 13,197	£ -	£ 11,377
<u>CSC & Youth Inclusion</u>				
Adolescent & Family Services	£ 43	-£ (3)		-£ (4)
Sub-total	£ 43	-£ (3)	£ -	-£ (4)
<u>Schools Delegated Budget</u>				
DSG Reserve	£ -	£ -		-£ (12,233)
Retained Schools Budgets	£ 2,841	-£ (2,764)		-£ (699)
Schools Delegated Budget	-£ (39,784)	£ 3,022		£ 1,559
Sub-total	-£ (36,943)	£ 258	£ -	-£ (11,373)
DSG Total	-£ (236)	£ 13,452	£ -	£ -

The forecast for DSG is based upon the 2020/21 outturn position with an added pressure of £0.5m to reflect the expected continued pressure on EHCPs, totally £13.452m. This is in addition to the cumulative deficit of c.£24m.

The Authority had an initial meeting with the ESFA to discuss the data that is required for a revised deficit recovery plan which will need to be submitted in draft format by mid-July. Work is currently underway to populate the required return and will be subject to consultation with the Schools Forum.

The main reason for the overall adverse variance relates to c£10m adverse variance on Independent

Day School provision. The reason for this significant overspend is due to the legal duty to find suitable education provision and the shortage of maintained specialist provision.

As we outlined in our previous recovery plan we are progressing the increase in 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. However it will take time to bring these additional places on stream and 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.

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.

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 and we wait for the published outcome.

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.

Community and Housing

Overview

Community and Housing is currently forecasting a favourable variance of £844k as at May 2021. This is made up of forecasted favourable variances in Adult Social Care of £1.1m, and unfavourable variances in Housing of £184k, and Libraries of £107k. Public Health and Merton Adult Learning are forecasting a breakeven position.

The forecast reflects the uncertainty surrounding the impact of the pandemic on the departments' budgets and is best on the best information available.

Community and Housing Summary Position

Community and Housing	2021/22 Current Budget	2021/22 Full Year Forecast May'21	2021/22 Full Year Forecast Variance May'21	2021/22 Covid-19 Forecast May'21	2020/21 Outturn Variance
	£'000	£'000	£'000	£'000	£'000
Adult Social Care	58,515	57,380	(1,135)	500	(2,947)
Libraries and Heritage	2,475	2,582	107	15	195
Merton Adult Learning	0	0	0	0	0
Housing General Fund	3,575	3,759	184	2	489
Public Health	(163)	(163)	0	0	0
Total Favourable/Unfavourable	64,402	63,558	(844)	517	(2,263)

Adult Social Care

The current placement forecast is based on April's data for expenditure and income.

The variance from year end reflected the fact that the 2020/21 position included one-off impacts. The current year includes a net increase in care packages of 26 to date. This includes 14 customers who were in NHS funded care due to COVID but are now the responsibility of the Council post discharge.

The service expects to continue receive referrals of customers discharged from hospital and NHS funded discharge care during 2021/22 however the total cost of this potential pressure is uncertain at this stage. The forecast reflects the best understanding of the risk. It is expected that some

customers are expected to qualify for Continuing Health Care (CHC) or will be self-funders. The service will continue to monitor the data of likely discharges into social care.

The current favourable variance also includes vacant posts that are in the process of being recruited to so that we have the capacity for winter demands.

The service expects an influx of additional customers during 2021/22 with a variety of covid-19 related conditions which will place pressure on its budgets.

Adult Social Care Internal Provision – Unfavourable Variance - £112k

The situation has arisen for a number of reasons, the main one being a loss of income across the services. Mascot has lost individual customers and several housing associations have given notice on their contracts as they move to their own systems.

At present the service cannot take out of borough customers into day services so are predicting loss of income. The service is also losing income from leasing the buildings.

Salaries are over at Meadowsweet, due to staff absences.

Library & Heritage Service- Unfavourable Variance - £107k

This service as at the end of May is showing an unfavourable variance of £107k. The unfavourable position is due to loss of income from libraries £78k, and security costs of £28k due to the increase in the contract value due to the Living Wage and inflationary increase.

Adult Learning- Breakeven position

Adult Learning continues to forecasting a breakeven position.

Housing General Fund- Unfavourable variance - £184k

This service is currently forecasting an unfavourable variance of £184k. However the service expects that with the removal of the moratorium on evictions there is likely to see a surge of evictions from the private sector tenancies which will result in the increase in demand upon the temporary accommodation budget. At this time the service is unable to quantify this potential pressure.

The service continues with 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.

Analysis of Housing and Temporary Accommodation Expenditure to May 2021

Housing	Budget 2021-22	Forecast (May'21)	Forecast Variances (May'21)	Outturn Variances (March'21)
	£000	£'000	£'000	£000
Temporary Accommodation-Expenditure	2,439	3,704	1,264	1,286
Temporary Accommodation-Client Contribution	(140)	(400)	(260)	(253)
Temporary Accommodation-Housing Benefit Income	(2,087)	(3,094)	(1,007)	(931)
Temporary Accommodation-Subsidy Shortfall	322	1,383	1,061	1,029
Temporary Accommodation- Grant	0	(985)	(985)	(851)
Subtotal Temporary Accommodation	534	607	73	280
Housing Other Budgets	3,041	3,152	111	209
Total Controllable (Favourable)/Adverse Variance	3,575	3,759	184	489

Table below shows number of households in Temporary Accommodation to May 2021.

Temporary Accommodation	Numbers IN	Numbers OUT	Total for the Month	Previous Year
Mar'17	-	-	186	Position as at March for previous financial year ←
Mar'18	16	16	165	
Mar'19	15	11	174	
Mar'20	12	6	199	
Mar'21	11	7	197	
			2021/22	2020/21
Apr'21	12	10	199	196
May'21	16	17	198	204

Temporary accommodation numbers show a net increase on 1 household between March and May 2021.

Public Health –Favourable Variable

The service is currently forecasting a breakeven position as at May 2021.

Potential Cost pressures: -

The service continues to seek a resolution with NHS provider CLCH for both the children’s contract (health visitors and school nurses) and for sexual health. The provider is currently involved in an open-book exercise.

The team, together with public protection, is leading on outbreak management and Covid-19 resilience, implementing the refreshed Local Outbreak Management Plan (LOMP) which includes provision of local contact tracing, support for community testing with Lateral Flow Tests (LFTS) and surge testing in cases of outbreaks and variants of concern to this effect they have completed testing relating to the Delta Mitcham and New Malden. Grant funding of £3.6m was carried forward from 2020/21 to cover this cost.

4 Corporate Items

The details comparing actual expenditure up to 31 May 2021 against budget are contained in Appendix 2. COVID-19 corporate expenditure is again shown on a separate line:-

Corporate Items	Current Budget 2021/22 £000s	Full Year Forecast May) £000s	Forecast Variance at year end (May) £000s	Forecast Variance at year end (Apr) £000s	Outturn Variance 2020/21 £000s
Impact of Capital on revenue budget	11,157	11,157	0	0	(27)
Investment Income	(387)	(430)	(43)	0	(141)
Pension Fund	86	86	0	0	2,646
Pay and Price Inflation	3,338	3,338	0	0	(250)
Contingencies and provisions	25,955	25,955	0	0	331
Income Items	(2,223)	(2,223)	0	0	7,413
Appropriations/Transfers	(7,678)	(7,678)	0	0	792
Central Items	19,091	19,048	(43)	0	10,791
Levies	959	959	0	0	0
Depreciation and Impairment	(25,593)	(25,593)	0	0	0
TOTAL CORPORATE PROVISIONS	5,614	5,571	(43)	0	10,764
COVID-19 Emergency expenditure	0	760	760	0	0
TOTAL CORPORATE EXPENDITURE inc. COVID-19	5,614	6,331	717	0	10,764

Based on expenditure to 31 May 2021, a favourable variance of £43,000 is forecast for corporate items. This is due to a small favourable variance in forecast investment income due to an increase in the balance under investment and marginally improved investment rates than assumed in the original estimate.

5 Capital Programme 2021-25

5.1 The Table below shows the movement in the 2021/25 corporate capital programme since the last monitoring report:

Depts	Current Budget 21/22	Variance	Revised Budget 21/22	Current Budget 22/23	Variance	Revised Budget 22/23	Original Budget 2023-24	Variance	Revised Budget 23/24	Original Budget 2024-25	Variance	Revised Budget 24/25
Corporate Services	10,452	203	10,655	6,818	150	6,968	5,245		5,245	13,734	(200)	13,534
Community & Housing	1,268	(200)	1,068	2,450		2,450	752		752	280	200	480
Children Schools & Families	8,114	135	8,249	4,240		4,240	1,900		1,900	1,900		1,900
Environment and Regeneration	20,101	(114)	19,987	8,819		8,819	7,364		7,364	7,324		7,324
Total	39,934	24	39,958	22,327	150	22,477	15,261	0	15,261	23,238	0	23,238

5.2 The table below summarises the position in respect of the 2021/22 Capital Programme as at May 2021. The detail is shown in Appendix 5.

Capital Budget Monitoring - May 2021

Department	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2020/21	Full Year Variance
Corporate Services	(4,139)	165,750	(169,889)	10,655,040	10,455,040	(200,000)
Community and Housing	82,353	0	82,353	1,067,820	1,067,820	(0)
Children Schools & Families	404,016	54,000	350,016	8,248,690	8,248,691	1
Environment and Regeneration	815,312	1,393,000	(577,688)	19,986,540	19,760,540	(226,000)
Total	1,297,542	1,612,750	(315,208)	39,958,090	39,532,091	(425,999)

a) Corporate Services – After the adjustments in the table detailed below budget managers are currently forecasting one underspend on Customer Contact £200k.

	Budget 2021-22	Budget 2022-23	Narrative	
	£	£		
<u>Corporate Services</u>				
Customer Contact	(1)	(150,000)	150,000	Reprofiled in line with projected spend
Payroll System	(1)	153,200		Drawdown from a Corporate Reserve
Acquisitions Budget	(1)	200,000	0	Property Purchase
Total		203,200	150,000	

(1) Requires Cabinet approval

b) Community and Housing – After the re-profiling of £200k for the West Barnes Library Re-Fit to 2024/25, Budget Managers are projecting full spend against 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 2021-22	Narrative
	£	
Liberty - Capital Maintenance	(33,640)	Virements - projected spend capital maintenance
Hatfield - Capital Maintenance	20,000	Virements - projected spend capital maintenance
William Morris - Capital Maintenance	(20,000)	Virements - projected spend capital maintenance
Unallocated Capital Maintenance	(530)	Virements - projected spend capital maintenance
Harris Academy Merton - Capital Maintenance	34,170	Virements - projected spend capital maintenance
Harris Morden - Morden Multi Sport Community Pitch	(1)	Virement to fund revised scheme
Total	135,000	

(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 showing and underspend on one of the Paddling Pool options, as both options are currently contained in the programme – the current forecast assumes the SCIL funded scheme is unspent as this has the least impact on funding. The outcome of any consultation in relation to paddling pools is not yet known:

	Budget 2021-22	Budget 2022-23	Budget 2023-24	Budget 2024-25	Narrative
	£	£		£	
Environment and Regeneration					
Morden Leisure Centre	10,770				To fund final payment on Morden Leisure Centre
Leisure Centre Plant & Machine	(10,770)				To fund final payment on Morden Leisure Centre
Morden Rec Hockey Pitch	(1)	(135,000)			Virement to fund revised scheme
Pay and Display Machines- Emissions Based Charging	(1)	333,000			Virement to fund Emission Based Charging Scheme
Car Park Upgrades	(1)	(333,000)			Virement to fund Emission Based Charging Scheme
Morden Park Cycle Path	(1)	227,220			Additional TfL Funding
Accessibility Programme	(1)	51,520			Additional TfL Funding
Traffic Schemes	(1)	3,000			Add TfL £3,000 & S106 £20,550
Surface Water Drainage		20,550			S106m£20,550
Cycle Improve Residential Stre	(1)	(9,210)			Adjustment to TfL Funding
Unallocated TFL	(1)	(272,530)			Virement from Unallocated TFL Budget
Total		(129,450)	150,000	0	0

(1) Requires Cabinet approval

TfL have asked authorities to bid for LIP monies this financial year in two tranches, bids for both tranches are required by 25/6/21. Officers are currently confirming whether deadlines relate to delivery or delivery and spend, tranche 1 deadline is 31/12/21 and tranche 2 deadline is 31/3/22.

5.3 The table below summarises the movement in the Capital Programme for 2020/21 since its approval in March 2020 (£000s):

Depts.	Original Budget 21/22	Net Slippage 2021/22	Adjustments	New External Funding	New Internal Funding	Re-profiling	Revised Budget 21/22
Corporate Services	11,205	1,123			153	(1,826)	10,655
Community & Housing	1,132	135				(200)	1,068
Children Schools & Families	9,050	432	135	972		(2,340)	8,249
Environment and Regeneration	19,408	3,141	(343)		21	(2,240)	19,987
Total	40,795	4,831	(208)	972	174	(6,606)	39,958

5. DELIVERY OF SAVINGS FOR 2021/22

APPENDIX 6

Department	Target Savings 2021/22	Projected Savings 2021/22	Period 2 Forecast Shortfall	Period Forecast Shortfall (P2)	2022/23 Expected Shortfall
	£000	£000	£000	%	£000
Corporate Services	1,322	1,090	232	17.5%	95
Children Schools and Families	1,460	1,060	400	27.4%	400
Community and Housing	2,541	1,557	984	38.7%	860
Environment and Regeneration	1,580	1,018	562	35.6%	0
Total	6,903	4,725	2,178	31.6%	1,355

Appendix 6 details the progress on unachieved savings from 2021/22 by department and the impact on the current year and next year.

Progress on savings 2020/21

APPENDIX 7

Department	Target Savings 2020/21	Shortfall 2020/21	Projected Shortfall 2021/22 (May)	Projected Shortfall 2022/23 (May)
	£000	£000	£000	£000
Corporate Services	2,718	883	213	658
Children Schools and Families	2,969	614	400	300
Community and Housing	2,460	28	128	128
Environment and Regeneration	3,927	3,373	2,067	0
Total	12,074	4,898	2,808	1,086

Appendix 7 details the progress on unachieved savings from 2020/21 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 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 2021/22
Appendix 7 –	Progress on savings 2020/21

14. BACKGROUND PAPERS

14.1 Budgetary Control files held in the Corporate Services department.

15. REPORT AUTHOR

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APPENDIX 1

3E. Corporate Items	Council 2021/22 £000s	Current Budget 2021/22 £000s	Year to Date Budget May) £000s	Year to Date Actual (May) £000s	Full Year Forecast (May) £000s	Forecast Variance at year end (May) £000s	Forecast Variance at year end (Apr) £000s	Outturn Variance 2020/21 £000s
Cost of Borrowing	11,157	11,157	11,157	(302)	11,157	0	0	(27)
Impact of Capital on revenue budget	11,157	11,157	11,157	(302)	11,157	0	0	(27)
Investment Income	(387)	(387)	(387)	13	(430)	(43)	0	(141)
Pension Fund	86	86	86	0	86	0	0	2,646
Pay and Price Inflation	3,338	3,338	3,338	0	3,338	0	0	(250)
Contingency	1,500	1,500	1,500	0	1,500	0	0	(365)
Single Status/Equal Pay	0	0	0	0	0	0	0	(100)
Bad Debt Provision	1,500	1,500	1,500	0	1,500	0	0	388
Loss of income arising from P3/P4	400	400	400	0	400	0	0	0
Loss of HB Admin grant	23	23	23	0	23	0	0	(23)
Apprenticeship Levy	450	450	450	(35)	450	0	0	(80)
Revenuisation and miscellaneous	8,005	8,005	1,334	0	8,005	0	0	511
Growth - Provision against DSG	14,078	14,078	14,078	0	14,078	0	0	0
Contingencies and provisions	25,955	25,955	19,285	(35)	25,955	0	0	331
Other income	0	0	0	(7)	0	0	0	7,413
CHAS IP/Dividend	(2,223)	(2,223)	(2,223)	0	(2,223)	0	0	0
Income items	(2,223)	(2,223)	(2,223)	(7)	(2,223)	0	0	7,413
Appropriations: CS Reserves	(1,656)	(1,656)	(1,656)	0	(1,656)	0	0	0
Appropriations: E&R Reserves	(50)	(50)	(50)	0	(50)	0	0	0
Appropriations: CSF Reserves	(303)	(303)	(303)	0	(303)	0	0	0
Appropriations: C&H Reserves	(104)	(104)	(104)	0	(104)	0	0	0
Appropriations: Public Health Reserves	(93)	(93)	(93)	0	(93)	0	0	0
Appropriations: Corporate Reserves	(5,472)	(5,472)	(5,472)	0	(5,472)	0	0	792
Appropriations/Transfers	(7,678)	(7,678)	(7,678)	0	(7,678)	0	0	792
Depreciation and Impairment	(25,593)	(25,593)	(25,593)	0	(25,593)	0	0	0
Central Items	4,654	4,654	(2,016)	(331)	4,611	(43)	0	10,764
Levies	959	959	959	959	959	0	0	0
TOTAL CORPORATE PROVISIONS	5,614	5,614	(1,057)	628	5,571	(43)	0	10,764
COVID-19 Emergency expenditure								
Sub-total: COVID-19 Expenditure	0	0	0	502	760	760	0	5,356
TOTAL CORPORATE EXPENDITURE inc. COVID-19	5,614	5,614	(1,057)	1,130	6,331	717	0	16,120

Pay and Price Inflation as at May 2021

In 2021/22, the budget includes 1.5% for increases in pay and 1.5% for increases in general prices, with an additional amount 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 2.1% and RPI at 3.3% and the Council's overall revenue budget under extreme pressure, this budget will be retained as cover and only released in exceptional circumstances.

Pay:

When the Government published Spending Review 2020 on 25 November 2020, the Chancellor of the Exchequer announced that, as part of the response to the economic impacts of the COVID-19 pandemic, public sector pay will be "paused" for 2021/22. There will be an exemption for NHS staff. In addition, workers earning below £24,000 will receive a pay rise of at least £250 (although for some this could still represent a pay cut in real terms). This policy is only directly binding on the Civil Service and parts of the public sector that are covered by the Pay Review Bodies. Public sector pay policy is reflected in the remits that are issued to the Pay Review Bodies and Government departments. Pay awards for local government workers are agreed in negotiations between employers and trade unions through the National Joint Council for Local Government Services. The Local Government Association, which represents the employer side in the National Joint Council, has said that it is not bound by this pay policy but that pay awards will depend on the funding that local government receives through the financial settlement.

With 1.5% provided for a pay award in 2021/22, any increase of 1% on this would add c.£0.9m to costs.

In February 2021, unions submitted a pay claim of 10% plus other requirements but on 14 May 2021 the National Employers made a pay offer of 1.5% to the NJC unions. (A summary of the unions claim and the employer's offer is provided at annex 1).

Prices:

The latest statistics have been affected by COVID-19. As a result of the easing of coronavirus (COVID-19) restrictions, the number of CPIH items identified as unavailable in May 2021 fell to 27, accounting for 3.1% of the basket by weight; the ONS collected a weighted total of 77.7% of the comparable coverage collected before the first lockdown (excluding unavailable items).

The Consumer Prices Index (CPI) rose by 2.1% in the 12 months to May 2021, up from 1.5% to April; on a monthly basis, CPI rose by 0.6% in May 2021, compared with little change in May 2020.

Rising prices for clothing, motor fuel, recreational goods (particularly games and recording media), and meals and drinks consumed out resulted in the largest upward contributions to the change in the CPIH 12-month inflation rate between April and May 2021. These were partially offset by a large downward contribution from food and non-alcoholic beverages, where prices fell this year but rose a year ago, particularly for bread and cereals.

The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 2.1% in the 12 months to May 2021, up from 1.6% to April.

The RPI rate for May 2021 was 3.3%, which is up from 2.9% in April 2021.

Outlook for inflation:

The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target and in a way that helps to sustain growth and employment. Previously at a special meeting on 19 March 2020, the Monetary Policy Committee (MPC) unanimously voted to cut interest rates from 0.25% to 0.1% and to increase holdings of UK government and corporate bonds by £200bn in response to the COVID-19 crisis.

At its meeting ending on 5 May 2021, the Committee judged that the existing stance of monetary policy remained 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 by a majority of 8-1 for the Bank of England to continue with its existing programme 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 24 June 2021.

In addition to the minutes the MPC also published the May Monetary Policy Report which sets out updated projections for the UK's economic activity and inflation

As would be expected the pandemic continues to weigh heavily. The MPC state that "Covid-19 (Covid) and the actions taken to contain it have continued to have a dramatic and rapidly changing impact on the United Kingdom and countries around the world.

The outlook for the economy, and particularly the relative movement in demand and supply, remains uncertain. It continues to depend on the evolution of the pandemic, measures taken to protect public health, and how households, businesses and financial markets respond to these developments.

In the central projections of the MPC's May Report, the economy experiences a temporary period of strong GDP growth and a temporary period of modestly above-target CPI inflation, after which growth and inflation fall back, with inflation around the target two and three years ahead. In judging the appropriate stance of monetary policy, the Committee will, consistent with its policy guidance and as always, focus on the medium-term prospects for inflation, including the balance between demand and supply, rather than factors that are likely to be transient."

In terms of the outlook for inflation the MPC believe that "the weakness of recent CPI outturns has largely reflected the direct and indirect effects of Covid on the economy. As has been the case in recent MPC forecasts, inflation is projected to rise to close to the target in the near term as some of those effects fade. In the central projection, CPI inflation rises temporarily above the 2% target towards the end of 2021, owing mainly to developments in energy prices. These transitory developments should have few direct implications for inflation over the medium term, however. In the central projection, conditioned on the market path for interest rates, inflation returns to around 2% in the medium term. The outlook for the economy, and particularly the relative movement in demand and supply, remains uncertain. It continues to depend on the evolution of the pandemic, measures taken to protect public health, and how households, businesses and financial markets respond to these developments."

Clearly, the inflation rate has exceeded the government's 2% target in June which is ahead of the MPC's expectations. Many experts including the MPC expect this trend to be temporary and for it to fall back to 2% over the medium term. If this turns out to be wrong the MPC will review the approach.

In this regard the MPC notes that “the outlook for the economy remains unusually uncertain. It depends on the evolution of the pandemic, measures taken to protect public health, and how households, businesses and financial markets respond 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 (May 2021)			
	Lowest %	Highest %	Average %
2021 (Quarter 4)			
CPI	1.5	3.7	2.2
RPI	2.0	4.2	3.2
LFS Unemployment Rate	5.2	6.5	5.9
2022 (Quarter 4)			
CPI	1.1	5.2	2.2
RPI	2.0	5.3	2.9
LFS Unemployment Rate	4.3	7.0	5.2

Note the wide range between highest and lowest forecasts which reflects the volatility and uncertainty arising from COVID-19 and the difficulty of forecasting how the situation will evolve. Clearly where the level of inflation during the year exceeds the amount provided for in the budget, this will put pressure on services to stay within budget and will require effective monitoring and control.

Independent medium-term projections for the calendar years 2020 to 2024 are summarised in the following table:-

Source: HM Treasury - Forecasts for the UK Economy (May 2021)					
	2021	2022	2023	2024	2025
	%	%	%	%	%
CPI	1.6	2.3	2.1	2.1	2.0
RPI	2.5	3.1	3.0	3.0	2.9
LFS Unemployment Rate	5.4	5.4	4.7	4.4	4.3

**To: Chief Executives in England, Wales and N Ireland
(additional copies for HR Director and Finance Director)
Members of the National Employers' Side
Regional Directors¹⁴**

14 May 2021

Dear Chief Executive,

I am writing to update you on the work we have been doing on your behalf on the local government national pay negotiations for 2021.

You will recall that in February the unions lodged their pay claim for:

- A substantial increase with a minimum of 10% on all spinal column points
- Introduction of a homeworking allowance for all staff who are working from home
- A national minimum agreement on homeworking policies for all councils
- A reduction of the working week to 35 hours with no loss of pay, and a reduction to 34 hours a week in London. Part-time staff to be given a choice of a pro rata reduction, or retaining the same hours and being paid a higher percentage of FTE
- A minimum of 25 days annual leave, plus public holidays and statutory days, for all starting employees, plus an extra day holiday on all other holiday rates that depend on service
- An agreement on a best practice national programme of mental health support for all local authorities and school staff
- A joint review of job descriptions, routes for career developments and pay banding for school support staff, and completion of the outstanding work of the joint term-time only review group
- A joint review of the provisions in the Green Book for maternity / paternity / shared parental / adoption leave.

During March, councils in each of the nine English regions, plus Wales and Northern Ireland, were consulted at virtual regional pay briefings. Feedback from those events was relayed to the National Employers, who met on 31 March and have spent the intervening weeks having the necessary discussions with their colleagues, and elsewhere, before meeting again today.

The National Employers have today made the following one-year offer to the unions representing the main local government NJC workforce:

- With effect from 1 April 2021, an increase of 1.50 per cent on all NJC pay points 1 and above
- Completion of the outstanding work of the joint Term-Time Only review group

The employers have also proposed that the NJC begins immediate exploratory discussions on three other elements of the claim, as follows:

- A national minimum agreement on homeworking policies for all councils
- An agreement on a best practice national programme of mental health support for all local authorities and school staff
- A joint review of the provisions in the Green Book for maternity / paternity / shared parental / adoption leave

However, there was no support from councils for the offer to include three other elements of the unions' claim, therefore the employers have rejected the following:

- Introduction of a homeworking allowance for all staff who are working from home
- A reduction of the working week to 35 hours with no loss of pay, and a reduction to 34 hours a week in London. Part-time staff to be given a choice of a pro rata reduction, or retaining the same hours and being paid a higher percentage of FTE
- A minimum of 25 days annual leave, plus public holidays and statutory days, for all starting employees, plus an extra day holiday on all other holiday rates that depend on service

The employers also rejected the element of the claim that seeks, "*...a joint review of job descriptions, routes for career developments and pay banding for school support staff*" as these are matters entirely for local determination rather than by the NJC.

A copy of the letter sent to the NJC trade unions, along with a copy of the employers' media statement, are set out below. I shall continue to keep you informed of developments.

Yours sincerely,

Naomi Cooke
Employers' Secretary

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 5 May 2021, 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 by a majority of 8–1 for the Bank of England to continue with its existing programme 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.

In the Monetary Policy Committee's (MPC's) central forecasts they note that "global GDP recovers in the near term as vaccination programmes lead to the easing of Covid-related restrictions on activity, although the outlook varies across regions. UK GDP recovers strongly over 2021 to pre-Covid levels as restrictions are loosened. Demand growth is boosted by a decline in health risks and a fall in uncertainty, as well as announced fiscal and monetary stimulus. Further out, the pace of GDP growth slows as the boost from these factors wanes. The fall in activity over the past year has reflected a decline in both demand and supply. Spare capacity in the economy at present is eliminated as activity picks up during 2021, and there is a temporary period of excess demand, before demand and supply return broadly to balance. The MPC in terms of the May 2021 interest rate decision noted that "CPI inflation is currently below the MPC's 2% target, largely reflecting the direct and indirect effects of the pandemic, but is projected to rise in the near term as some of those effects fade. CPI inflation rises temporarily above the target towards the end of 2021, owing mainly to developments in energy prices. Conditioned on the market path for interest rates, inflation is projected to return to around 2% in the medium term."

The speed at which inflation has exceeded the 2% target has clearly been quicker than the MPC expected. In the May 2021 Monetary Policy report the MPC state that "the MPC's projections are conditioned on the market path for interest rates. This is close to zero over the first half of the forecast period, and then increases to around 0.6% by the end. The market path is around $\frac{1}{4}$ percentage points higher than in February on average, and around $\frac{1}{2}$ percentage points higher at the end of the forecast period. The higher path for interest rates, combined with the $2\frac{3}{4}\%$ appreciation of sterling since the time of the last Report, means that monetary conditions provide somewhat less support to GDP relative to the February projection."

In the May 2021 Monetary Policy report the MPC has used the following projections implied by current data trends:-

	Projections (May 2021)			
	2021 Q.2	2022 Q.2	2023 Q.2	2024 Q.2
GDP	21.5	7.1	1.4	1.1
CPI Inflation	1.7	2.3	2.0	1.9
LFS Unemployment Rate	5.2	4.7	4.3	4.3
Excess Supply/Excess Demand	-1.25	0.5	0	0
Bank Rate	0.1	-0.1	-0.3	0.6

The conclusions that the MPC reach in the May 2021 Monetary Policy Report are supported by the following Key Judgements:--

Key judgement 1: activity recovers to pre-Covid levels in late 2021 as the vaccination programme results in the easing of restrictions and fading uncertainty.

Key judgement 2: in the medium term, the pace of the expansion in UK GDP slows, as supply growth returns to subdued longer-term trends and the effects of some factors boosting demand growth wane.

Key judgement 3: inflation rises in the near term and temporarily rises above 2% in late 2021 reflecting the impact of energy prices; in the medium term, supply and demand are broadly in balance and inflation is around the target.

Capital Budget Monitoring- May 2021

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2021/22	Full Year Variance
Capital	1,297,542	1,612,750	(315,208)	39,958,090	39,532,091	(425,999)
Corporate Services	(4,139)	165,750	(169,889)	10,655,040	10,455,040	(200,000)
Customer, Policy and Improvmen	0	0	0	350,000	150,000	(200,000)
Customer Contact Programme	0	0	0	350,000	150,000	(200,000)
Facilities Management Total	(36,975)	165,750	(202,725)	2,272,500	2,272,500	0
Works to other buildings	(43,079)	0	(43,079)	1,118,680	1,118,380	(300)
Civic Centre	0	0	0	60,000	60,300	300
Invest to Save schemes	6,104	165,750	(159,646)	1,093,820	1,093,820	0
Infrastructure & Transactions	32,836	0	32,836	2,571,350	2,571,350	0
Business Systems	39,497	0	39,497	1,268,020	1,268,020	0
Social Care IT System	0	0	0	157,180	157,180	0
Planned Replacement Programme	(6,661)	0	(6,661)	1,146,150	1,146,150	0
Corporate Items	0	0	0	5,461,190	5,461,190	0
Acquisitions Budget	0	0	0	200,000	200,000	0
Westminster Ccl Coroners Court	0	0	0	460,000	460,000	0
Compulsory Purchase Orders	0	0	0	4,801,190	4,801,190	0
Community and Housing	82,353	0	82,353	1,067,820	1,067,820	(0)
Adult Social Care	0	0	0	30,400	30,400	(0)
Telehealth	0	0	0	30,400	30,400	(0)
Housing	72,139	0	72,139	837,590	837,590	0
Disabled Facilities Grant	72,139	0	72,139	737,590	737,590	0
Major Projects - Social Care H	0	0	0	100,000	100,000	0
Libraries	10,215	0	10,215	199,830	199,830	0
Major Library Projects	10,215	0	10,215	175,830	175,830	0
Libraries IT	0	0	0	24,000	24,000	0

Capital Budget Monitoring- May 2021

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Children Schools & Families	404,016	54,000	350,016	8,113,690	8,113,691	1
Primary Schools	57,905	54,000	3,905	3,394,300	3,394,300	0
Hollymount	0	0	0	60,000	60,000	0
West Wimbledon	0	0	0	300,000	300,000	0
Hatfeild	(2,389)	0	(2,389)	75,000	75,000	0
Hillcross	(2,257)	0	(2,257)	98,000	98,000	0
Joseph Hood	0	0	0	73,000	73,000	0
Dundonald	5,288	0	5,288	181,000	181,000	0
Merton Abbey	(530)	0	(530)	60,000	60,000	0
Pelham	0	0	0	50,000	50,000	0
Wimbledon Chase	0	0	0	176,000	176,000	0
Wimbledon Park	0	0	0	450,000	450,000	0
Abbotsbury	17,629	0	17,629	28,000	28,000	0
Malmesbury	0	0	0	90,000	90,000	0
Morden	(2,219)	0	(2,219)	0	0	0
Bond	0	0	0	33,000	33,000	0
Cranmer	20,986	24,000	(3,014)	59,000	59,000	0
Haslemere	0	0	0	150,000	150,000	0
Liberty	(487)	0	(487)	0	0	0
Links	0	0	0	180,000	180,000	0
St Marks	0	0	0	115,900	115,900	0
Lonesome	(1,875)	0	(1,875)	0	0	0
Sherwood	19,189	30,000	(10,811)	166,000	166,000	0
William Morris	4,570	0	4,570	240,000	240,000	0
Unlocated Primary School Proj	0	0	0	809,400	809,400	0

Capital Budget Monitoring- May 2021

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Secondary School	(46,764)	0	(46,764)	438,650	438,650	0
Harris Academy Merton	0	0	0	34,170	34,170	0
Raynes Park	0	0	0	5,610	5,610	0
Ricards Lodge	0	0	0	5,610	5,610	0
Rutlish	0	0	0	71,000	71,000	0
Harris Academy Wimbledon	(46,764)	0	(46,764)	187,260	187,260	0
SEN	333,461	0	333,461	3,824,290	3,824,291	1
Perseid	(10,437)	0	(10,437)	409,130	409,130	0
Cricket Green	6,866	0	6,866	195,480	195,481	1
Melrose	338,889	0	338,889	2,337,980	2,337,980	0
Secondary School Autism Unit	0	0	0	50,000	50,000	0
Unlocated SEN	0	0	0	824,200	824,200	0
Melbury College - Smart Centre	(1,857)	0	(1,857)	7,500	7,500	0
CSF Schemes	59,414	0	59,414	591,450	591,450	0
Devolved Formula Capital	59,414	0	59,414	356,450	356,450	0
Children's Centres	0	0	0	55,000	55,000	0
Youth Provision	0	0	0	180,000	180,000	0

Capital Budget Monitoring- May 2021

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Environment and Regeneration	815,312	1,393,000	(577,688)	19,986,540	19,760,540	(226,000)
Public Protection and Developm	78,712	0	78,712	2,331,740	2,331,740	0
On Street Parking - P&D	0	0	0	833,000	833,000	0
Off Street Parking - P&D	34,061	0	34,061	645,530	645,530	0
CCTV Investment	44,651	0	44,651	818,210	818,210	0
Public Protection and Developm	0	0	0	35,000	35,000	0
Street Scene & Waste	(119,173)	0	(119,173)	1,076,430	1,076,430	0
Fleet Vehicles	0	0	0	924,000	924,000	0
Alley Gating Scheme	0	0	0	24,000	24,000	0
Waste SLWP	(119,173)	0	(119,173)	128,430	128,430	0
Sustainable Communities	855,774	1,393,000	(537,226)	16,557,820	16,331,820	(226,000)
Street Trees	2,794	0	2,794	134,590	134,590	0
Raynes Park Area Roads	0	0	0	2,970	2,970	0
Highways & Footways	531,674	973,000	(441,326)	8,694,120	8,694,120	0
Cycle Route Improvements	(71,270)	0	(71,270)	534,870	534,870	0
Unallocated TfL	0	0	0	483,290	483,290	0
Mitcham Area Regeneration	223,205	300,000	(76,795)	1,315,230	1,315,230	0
Wimbledon Area Regeneration	20,000	20,000	0	1,234,320	1,234,320	0
Morden Area Regeneration	0	0	0	450,000	450,000	0
Borough Regeneration	(885)	0	(885)	746,020	746,020	0
Morden Leisure Centre	0	0	0	15,840	15,840	0
Wimbledon Park Lake and Waters	37,038	0	37,038	1,177,960	1,177,960	0
Sports Facilities	(1,935)	0	(1,935)	410,480	410,480	0
Parks	115,153	100,000	15,153	1,389,670	1,163,670	(226,000)

Virement, Re-profiling and New Funding - May 2021

Appendix 5B

		2021/22 Budget	Virements	Funding Adjustments	Reprofiling	Revised 2021/22 Budget	2022/23 Budget	Movement	Revised 2022/23 Budget	Narrative
		£	£		£	£	£		£	
Corporate Services										
Customer Contact	(1)	350,000			(150,000)	200,000	1,876,000	150,000	2,026,000	Reprofiled in line with projected spend
Payroll System	(1)	0		153,200		153,200				Drawdown from a Corporate Reserve
Acquisitions Budget	(1)	0			200,000	200,000			0	Property Purchase
Community and Housing										
West Barnes Library Re-Fit	(1)	200,000			(200,000)	0			0	Re-profiled to 2024-25
Children, Schools and Families										
Liberty - Capital Maintenance		33,640	(33,640)			0			0	Virements - projected spend capital maintenance
Hatfield - Capital Maintenance		55,000	20,000			75,000			0	Virements - projected spend capital maintenance
William Morris - Capital Maintenance		260,000	(20,000)			240,000			0	Virements - projected spend capital maintenance
Unallocated Capital Maintenance		809,930	(530)			809,400	1,900,000		1,900,000	Virements - projected spend capital maintenance
Harris Academy Merton - Capital Maintenance		0	34,170			34,170			0	Virements - projected spend capital maintenance
Harris Morden - Morden Multi Sport Community Pitch	(1)		135,000			135,000			0	Virement to fund revised scheme
Environment and Regeneration										
Morden Leisure Centre		5,070	10,770			15,840	0		0	To fund final payment on Morden Leisure Ctre
Leisure Centre Plant & Machine		421,250	(10,770)			410,480	250,000		250,000	To fund final payment on Morden Leisure Ctre
Morden Rec Hockey Pitch	(1)	135,000	(135,000)			0	0		0	Virement to fund revised scheme
Pay and Display Machines- Emissions Based Charging	(1)	500,000	333,000			833,000	0		0	Virement to Fund Emissions Based Charging
Car Park Upgrades	(1)	978,530	(333,000)			645,530	0		0	Virement to Fund Emissions Based Charging
Morden Park Cycle Path	(1)	0	227,220			227,220	0		0	Additional TfL Funding
Accessability Programme	(1)	50,240	51,520			101,760	0		0	Additional TfL Funding
Traffic Schemes	(1)	217,050	3,000			220,050	0		0	Additional TfL Funding
Surface Water Drainage		82,080		20,550		102,630	60,000		60,000	S106 £20,550
Cycle Improve Residential Stre	(1)	77,220	(9,210)			68,010	0		0	Adjustment to TfL Funding
Unallocated TFL	(1)	744,830	(272,530)			472,300	1,300,000		1,300,000	Virement from Unallocated TFL Budget
Total		4,919,840	0	173,750	(150,000)	4,943,590	5,386,000	150,000	5,536,000	

(1) Requires Cabinet approval

(2) Requires Council Approval

Virement, Re-profiling and New Funding - December 2020

Appendix 5B

	2023/24 Budget	Movement	Revised 2023/24 Budget	2024/25 Budget	Movement	Revised 2024/25 Budget	Narrative
	£	£	£	£		£	
Corporate Services							
Acquisitions Budget	0		0	6,985,180	(200,000)	6,785,180	Property Purchase
Community and Housing							
West Barnes Library Re-Fit	(1)		0	0	200,000	200,000	Re-profiled from 2021-22
Total	0	0	0	6,985,180	0	6,985,180	

(1) Requires Cabinet approval

(2) Requires Council Approval

Capital Programme Funding Summary 2021/22

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Programme 4-3-20	30,772	10,024	40,795
Outturn Adjustments	(6,264)	5,403	(861)
Current Approved Programme	24,508	15,426	39,934
<u>Corporate Services</u>			
Customer Contact	(150)	0	(150)
Payroll System	153	0	153
Acquisitions Budget	200	0	200
<u>Community and Housing</u>			
West Barnes Library Re-Fit	(200)	0	(200)
<u>Environment and Regeneration</u>			
Surface Water Drainage	21	0	21
Approved May Monitoring	24,532	15,426	39,958

Capital Programme Funding Summary 2022/23

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Programme 3-3-21	11,270	6,449	17,719
Outturn Adjustments	4,608	0	4,608
Approved Outturn	15,878	6,449	22,327
<u>Corporate Services</u>			
Customer Contact	150	0	150
May 21 Monitoring	16,028	6,449	22,477

Capital Programme Funding Summary 2024/25

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Capital Programme 4-3-20	19,534	3,200	22,734
Outturn Adjustments	2,000	0	2,000
Current Approved Budget	21,534	3,200	24,734
Corporate Services			
Acquisitions Budget	(200)	0	(200)
Community and Housing			
West Barnes Library Re-Fit	200	0	200
Proposed May 21 Monitoring	21,534	3,200	24,734

APPENDIX 6

Department	Target Savings 2021/22	Projected Savings 2021/22	Period 2 Forecast Shortfall	Period Forecast Shortfall (P2)	2022/23 Expected Shortfall
	£000	£000	£000	%	£000
Corporate Services	1,322	1,090	232	17.5%	95
Children Schools and Families	1,460	1,060	400	27.4%	400
Community and Housing	2,541	1,557	984	38.7%	860
Environment and Regeneration	1,580	1,018	562	35.6%	0
Total	6,903	4,725	2,178	31.6%	1,355

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2021-22

Ref	Description of Saving	2021/22 Savings Required £000	2021/22 Savings Achieved £000	Shortfall	RAG	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	2022/23 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Unders pend? Y/N
SUSTAINABLE COMMUNITIES											
ENV2021-01	Future Merton: Street works team income (increase in income)	100	100	0	G	100	0	G	James McGinlay		
ENV1920-06	Future Merton: Highways advertising income through re-procurement of the advertising contract for the public highway.	70	0	70	R	70	0	G	James McGinlay	Covid-19 estimated to impact on saving. Should be achieved from 2022/23.	Y
ENV2021-10	D&BC: Savings as a result of the 'Assure' M3 upgrade. Reduce BC/DC admin by 1 FTE	15	15	0	A	15	0	G	James McGinlay	Staff issue with the admin manager being off sick has delayed progress.	Y
ENV2021-02	D&BC: Increase PPA's income (increased income) through a dedicated Majors team	80	80	0	A	80	0	G	James McGinlay		Y
ENV2021-05	D&BC: Reduction in various minor budget spends	12	12	0	G	12	0	G	James McGinlay		
PUBLIC PROTECTION											
ENV1819 - 04	Parking: Reduction in the number of pay & display machines required.	26	26	0	G	26	0	G	Cathryn James		
ENV1920-01	<p>Parking: Application to change Merton's PCN charge band from band B to band A. To effect this a full business case will need to be presented to Full Council. Following this, an application will be made to the London Councils Transport, and Environment Committee. Depending on the outcome at the Committee, the Mayor will also be required to ratify the application and the Secretary of State has final sign off. This 'saving' reflects the impact on estimated revenue until motorist compliance takes full effect. The objective is to reduce non-compliance but if the band change is implemented it is likely that there will be a short term increase in revenue.</p> <p>The purpose of PCN parking charges is to dissuade motorists from breaking parking restrictions and charges must be proportionate. The income from charges must only be used in accordance with the Road Traffic Regulation Act 1984. These purposes are contained within the Council's traffic management and other policy objectives.</p>	340	0	340	R	340	0	G	Cathryn James	<p>Following the consultation process and approval by Merton, the proposal was put before London Council and, the process is now for GLA, Mayor for London and Secretary of State to approve.</p> <p>Process was delayed due to London Mayoral Election, officers working with GLA to progress the application. Earliest implementation will be in October 2021 pending approval in early quarter 2. The full saving will not be achieved in 2021/22</p>	Y
ENV2021-04	Parking: EBC - potentially commencing in 2nd half of 2021/22. Assumes a 10% reduction in 2023/24, and a further 10% in 2024/25.	750	750	0	A	750	0	A	Cathryn James	Project delivery planned for Q 2 & 3 2021/22 including introduction of new Permit Changes and upgrade to Parking infrastructure (Payment Terminal).	N
ENV2021-08	Parking: Activity to improve On Street parking compliance.	100	0	100	R	100	0	G	Cathryn James	Due to Covid and current on street activity this saving has not been met in Q1 2021.	Y
ENV2021-06	Service restructure across Safer Merton and CCTV	35	35	0	A	35	0	G	Cathryn James		Y
PUBLIC SPACE											
ENV2021-09	Zero tolerance approach to littering and environmental offences leading to increase in the intensification of patrols and subsequent fix penalty notices being issued.	52	0	52	R	52	0	G	John Bosley	Continues to be impacted by lockdown restrictions. With the reopen of our high street and the easing of lock down in July the service is confident that the level of FPNs issued will again be at pre COVID levels and supported by a sustainable payment rate of 70%.	Y
Total Environment and Regeneration Savings 2018/19		1,580	1,018	562		1,580	0				

DEPARTMENT: CORPORATE SERVICES SAVINGS PROGRESS 2021/22

Ref	Description of Saving	2021/22 Savings Required £000	2021/22 Savings Forecast £000	Shortfall	RAG	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	22/23 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Under spend? Y/N
Customers, Policy & Improvement											
2019-20 CS28	cash collection reduction	19	19	0	G	19	0	G	Sean Cunniffe		
2021-22 CS01	Cash collection contract	23	23	0	G	23	0	G	Sean Cunniffe		
2021-22 CS05	Contract savings and IT procurement	200	200	0	G	200	0	G	CPI AD		
2021-22 CS15	Delete a post from Customer Contact	32	32	0	G	32	0	G	Sean Cunniffe		
Resources											
2018-19 CS07	Retender of insurance contract	25	0	25	R	0	25	A	Nemashe Sivayogan	Expected saving to be reviewed following six schools leaving the insurance SLA, new contract has delivered cost savings but there is shortfall against the budgeted saving due to original pressures in the budget	Y
2018-19 CS08	Increase in income from Enforcement Service	15	0	15	R	15	0	A	David Keppler	Not achievable in year due to covid	Y
2021-22 CS11	Review of shared Bailiff service with Sutton	40	0	40	R	40	0	A	David Keppler	Not achievable in year due to covid	Y
2021-22 CS12	Miscellaneous savings within Resources (eg. Consultancy)	69	69	0	G	35	0	G	Resources Senior Management	Includes a one off saving of £34k, saving target reduces to £35k from 2022/23 onwards	
Corporate Governance											
2021-22 CS04	Establish income grant budget for transparency agenda	13	13	0	A	13	0	A	Karin Lane	Grant income expected but not yet confirmed by central govt.	N
2021-22 CS07	Remove previous inflation built in to reduce Overall Members' Allowances Budget	11	9	2	A	11	0	G	Andrew Robertson		Y
2021-22 CS08	reduced running costs due to canvass reform	10	10	0	G	10	0	G	Andrew Robertson		
2021-22 CS09	legal services - reduce affiliation, counsel and land registry fees	40	40	0	G	40	0	G	Paul Phelan		
2021-22 CS10	reduce AD budget running costs	6	6	0	G	6	0	G	Louise Round		

DEPARTMENT: CORPORATE SERVICES SAVINGS PROGRESS 2021/22

Ref	Description of Saving	2021/22 Savings Required £000	2021/22 Savings Forecast £000	Shortfall	RAG	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	22/23 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Under spend? Y/N
2021-22 CS14	Local Land Charges - amend income budget for service to reflect net cost recovery	90	90	0	G	90	0	G	Karin Lane		
	Human Resources										
2019-20 CS26	Review of contract arrangements	120	0	120	R	50	70	A	Liz Hammond	Delayed start of new contract arrangements due to covid. New contract arrangements to be agreed during this year in order for it to come into effect for 2022/23	Y
	Infrastructure & Technology										
2019-20 CS21	Implement phase 2 of the Flexible Working Programme to generate additional vacant floor space and generate income from commercial lease arrangements.	90	90	0	G	90	0	G	Edwin O'Donnell		
2019-20 CS23	Implement a means assessed charging scheme for appointeeships undertaken by the CFA team.	30	0	30	R	30	0	A	Tina Dullaway	Charging scheme yet to be agreed and implemented	Y
2021-22 CS06	Facilities Management - Reduction in various running costs.	75	75	0	G	75	0	G	Various I&T managers		
	Corporate										
2019-20 CS12	Increase in Empty Homes Premium for long term empty properties	16	16	0	G	16	0	G	David Keppler		
2021-22 CS02	Corporately funded items (eg. Supplies and services)	75	75	0	G	75	0	G	Senior Management		
2021-22 CS03	Realignment of Pension Added years budget	63	63	0	G	63	0	G	Senior Management		
2021-22 CS13	CHAS Dividend	260	260	0	G	260	0	G	Senior Management		
	Total CS Savings for 2020/21	1322	1090	232		1193	95	0			

Updated: May'21					Updated 21/06/21					APPENDIX 6	
DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2021/22											
Ref	Description of Saving	2021/22 Savings Required £000	2021/22 Savings Expected £000	Shortfall	RAG	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	22/23RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Unders pend? Y/N
Adult Social Care											
CH93	LD Offer- Proposal to review the LD offer to adults with learning disabilities	500	500	0	G	0	0	G	Gill Moore	The programme is underway	
CH94	Integration- Merton Health & Care Together Partnership Programme	500	40	460	R	0	460	G	Hannah Doody	Changes in the health landscape make savings through integrated working more difficult to deliver at this time	
CH95	Public Health	500	100	400	R	0	400	G	Dagmar Zeuner	Issues in negotiations with the main provider has created significant barriers to delivery this year	
CH96	Home care monitoring	110	110	0	G	0	0	G	Keith Burns		
CH98	Transport	200	200	0	A	0	0	G	John Morgan	The transport review has been delayed by COVID but this is offset in year by reduced concessionary	
CH99	Promoting Independence	500	500	0	G	0	0	G	John Morgan		
CH102	Dementia Hub Recommissioning	55	55	0	G	0	0	G	Richard Ellis	The savings has been delivered for 2021/22 by achievement of additional contribution from health	
CH103	HRS Decommissioning Floating Support	176	52	124	A	124	0	G	Steve Langley	The work is in progress but has been delayed by COVID work	
Subtotal Adult Social Care		2,541	1,557	984		0	124	860			
Total C & H Savings for 2021/22		2,541	1,557	984			124	860			

DEPARTMENT: CHILDREN, SCHOOLS AND FAMILIES - PROGRESS ON SAVINGS 21-22

Ref	Description of Saving	2021/22 Savings Required £000	2021/22 Savings Expected £000	Shortfall	21/22 RAG	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	22/23 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
CSF2019-12	Review of public health commissioned services	400	0	400		400	400		El Mayhew	Full review to be undertaken for Period 3	
CSF2019-16	National Minimum rate for Fostering/Guardianship/Adoption	20	20	0		20	0		El Mayhew	Full review to be undertaken for Period 3	
CSF2019-17	Increased use of in-house foster care	40	40	0		40	0		El Mayhew	Full review to be undertaken for Period 3	
CSF2019-18	Review and reshape shortbreaks provision	200	200	0		200	0		Jane McSherry	Full review to be undertaken for Period 3	
CSF2019-19	SEND travel assistance	150	150	0		150	0		Jane McSherry	Full review to be undertaken for Period 3	
2021-22 CSF01	Education & Early Help -Reduction made in provision for PFI Unitary Charges	450	450	0		450	0		Jane McSherry	Full review to be undertaken for Period 3	
2021-22 CSF02	Education & Early Help - Rationalisation of Children's Centres	0	0	0		200	0		Jane McSherry	Full review to be undertaken for Period 3	
2021-22 CSF03	CSF - Ongoing underspend	200	200	0		200	0		Jane McSherry / El Mayhew	Full review to be undertaken for Period 3	
	Total Children, Schools and Families Department Savings for 2021/22	1,460	1,060	400	0	0	1,660	400	0		

APPENDIX 7

Department	Target Savings 2020/21	Shortfall 2020/21	Projected Shortfall 2021/22 (May)	Projected Shortfall 2022/23 (May)
	£000	£000	£000	£000
Corporate Services	2,718	883	213	658
Children Schools and Families	2,969	614	400	300
Community and Housing	2,460	28	128	128
Environment and Regeneration	3,927	3,373	2,067	0
Total	12,074	4,898	2,808	1,086

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2020-21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Achieved £000	Shortfall	RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	2021/22 RAG	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	22/23 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Under spend? Y/N
ENV1920-06	Future Merton: Highways advertising income through re-procurement of the advertising contract for the public highway.	40	0	40	R	0	40	R	40	0	G	James McGinlay	Covid-19 estimated to impact on saving. Should be achieved from 2022/23.	Y
ENV1819-03	Parking: The objective of the proposal is to support the delivery of key strategic council priorities including public health, air quality and sustainable transportation, in addition to managing parking, kerbside demand and congestion. Whilst implementation of the proposals will have the incidental effect of generating additional revenue, it is difficult to assess the level of change in customer behaviour and any subsequent financial impact arising from the changes. This will be monitored after implementation and any resulting impacts will be considered during the future years' budget planning cycles. The above will be subject to the outcome of the consultation process in 2019.	1,900	0	1,900	R	0	1900	R	1900	0	A	Cathryn James	PARKING PERMITS: The new charges were implemented on 14th January 2020. Early analysis shows a reduction in sales of Permits, including scratch cards, and a greater number of 6 month permits being sold than 12 month permits against historic trends, which is even more evident in the case of diesel cars permits. Unfortunately Covid 19 began only approximately 2 months after the introduction of the new charges, resulting in a significant change in Permit sales, which has made projections very difficult. Permit sales in Sept and October 2020 are now on par with previous years and will continue to be monitored on a monthly basis particular in light of Lockdown 2 (Nov 2020). Lockdown 3 has been announced with further unknown consequences, however Lockdown 2 did not show a significant change in activity. 12 month equivalent Permit sales for the year are estimated to be down by approx. 10% overall for the calendar year 2020. Due to the reasons above this saving was not fully met in 2020/21. Lockdown continues in quarter 1 of 2021/22 and activity will continue to be monitored and reviewed. ON STREET PARKING CHARGES - PAY & DISPLAY. Following the introduction of On Street charges, data showed expected income was being achieved, but off street showed a slight under recovery on estimated. Unfortunately, Covid 19 began only approximately 2 months after the introduction of the new charges, resulting in a reduction in parking activity, which makes analysis against budget projection near on impossible. For the period June through to October data showed off street activity at 50% of pre covid and on street at 80%. Lockdown 2 (Nov 2020) resulted in a reduction in 'on and off street' parking activity on this will be closely monitored as Covid tiers are implemented and changed in future months. December and Christmas parking data shows less activity than in previous year and now Lockdown 3 (Jan) will continue to have a further significant detrimental effect in 'on and off street parking' activity. Covid / lockdown and associated change in social behaviour during the last quarter 2020/21 continued to have a direct effect on service activity and resulted in the saving not being met. This saving will continue to be reviewed and monitored on a monthly basis but lockdown during the first quarter in 2021/22 continues to effect.	Y
ENV1819 - 04	Parking: Reduction in the number of pay & display machines required.	13	0	13	R	13	0	G	13	0	G	Cathryn James	Expected to be achieved in 2021/22.	
ENV1920-01	Parking: Application to change Merton's PCN charge band from band B to band A. To effect this a full business case will need to be presented to Full Council. Following this, an application will be made to the London Councils Transport, and Environment Committee. Depending on the outcome at the Committee, the Mayor will also be required to ratify the application and the Secretary of State has final sign off. This 'saving' reflects the impact on estimated revenue until motorist compliance takes full effect. The objective is to reduce non-compliance but if the band change is implemented it is likely that there will be a short term increase in revenue. The purpose of PCN parking charges is to dissuade motorists from breaking parking restrictions and charges must be proportionate. The income from charges must only be used in accordance with the Road Traffic Regulation Act 1984. These purposes are contained within the Council's traffic management and other policy objectives.	340	0	340	R	340	0	A	340	0	G	Cathryn James	This saving will not be achieved in 2020/21. The consultation process had been extended to 28th June 2020 to allow further time for responses to be received due to the Covid 19 emergency. Following the consultation process and approval by Merton, the proposal was put before London Council in October 2020 and, the process is now for GLA, Mayor for London and Secretary of State to approve. It is estimated that if approval is granted the proposal could be implemented by April 2021	Y
ENV1920-02	Parking: Compliance rates for ANPR Moving Traffic Offences have not decreased significantly or as estimated since the implementation of the ANPR cameras and as a consequence the PCN revenue remains above original estimations. This 'saving' recognises revenue currently being received by the Council rather than any estimated increase. The purpose of PCN parking charges is to dissuade motorists from breaking parking restrictions and charges must be proportionate. The income from charges must only be used in accordance with the Road Traffic Regulation Act 1984. These purposes are contained within the Council's traffic management and other policy objectives.	300	0	300	R	300	0	A	300	0	A	Cathryn James	Since mid-March 2020 there has been an unprecedented reduction in traffic on our roads. This has resulted in the number of PCNs being issued by ANPR to drop to less than 10% of normal activity for April/May 2020. Although numbers started increasing through June to September, due to this change in activity as a result of Covid 19, this saving projection will not be met in 2020/21, and the longer term impact continues to be analysed. The November 2020 lockdown had limited effect on driver habits. It is however expected that this saving will not be met. Tier 4 and Lockdown 3 will result in less 'on street' activity. It is therefore estimated that there will be a greater shortfall in achieving this saving this year.	Y
ALT1920-02	Parking: The use of ANPR to enforce moving traffic contraventions has been operational since July 2016. The number of cameras has increased and the locations varied over this period and the number of PCNs remains above initial estimates.	337	0	337	R	319	18	R	337	0	A	Cathryn James	Since mid-March 2020 there has been an unprecedented reduction in traffic on our roads. This has resulted in the number of PCNs being issued by ANPR to drop to less than 10% of normal activity for April/May 2020. Although numbers started increasing through June to September, due to this change in activity as a result of Covid 19, this saving projection will not be met in 2020/21, and the longer term impact continues to be analysed. The November 2020 lockdown had limited effect on driver habits. It is however expected that this saving will not be met. Tier 4 and Lockdown 3 will result in less 'on street' activity. It is therefore estimated that there will be a greater shortfall in achieving this saving this year. Lockdown continues in Q1 2021/22 and on street activity remains lower than normal. Saving for 2020/21 is unlikely to be met on current trends.	Y

ENV1920-04	Waste: The service change in October 2018 has had a significant impact on waste arising and recycling levels. Residual waste volume has reduced by c12% whilst recycling levels have increased from c34% to c45% . Whilst we have already built £250k into the MTFS we believe that this can be added to.	250	0	250	R	250	0	G	250	0	G	John Bosley	The service maintained a high recycling rate in 2019/20, recycled 42% of all domestic waste and delivered significant (above target) savings in the disposal cost. This budget is now under pressure due to the sudden growth in domestic waste following the National impact of COVID 19 and residents now self isolating and working from home. With the national increase in the level of recycling being generated, processing facilities are becoming stricter with regards to the quality of the material being accepted, resulting in areas of non compliance being rejected. The financial impact on this budget has been revised. This is being monitored closely and financial forecast will be amended accordingly if the current trend changes.	
ALT1920-03	Leisure: Increased income from Leisure Centres Management Contract	10	0	10	R	0	10	R	10	0	G	John Bosley	This amount is already included in the income target for this year and going forward, but with Covid 19 changing the uses of leisure centres this will not be achieved this year	Y
ALT1920-04	Waste Services: Increase level of Environmental Enforcement activities of both internal team & service provider - ensuring the operational service is cost neutral	150	31	119	R	51	99	R	150	0	G	John Bosley	The commissioning and procurement of a new enforcement contract along with the wider Public Space restructure is scheduled for late 20/21 and we hope to implement this in the new year subject to any continuity plans which may take precedent over these two work streams.	N
ALT1920-07	Greenspaces: Realign budgets to better reflect current levels of income from outdoor events.	64	0	64	R	64	0	G	64	0	G	John Bosley	Many events due for 2020/21 have been cancelled due to Covid-19.	
Total Environment and Regeneration Savings 2018/19		3,404	31	3,373		1,337	2,067		3,404	0				

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2020/21													APPENDIX 7	
Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Achieved £000	Shortfall	RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	21/22 RAG	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	22/23 RAG	Responsible Officer	Comments	R / A Included in Forecast Over/Unders pend? Y/N
	Adult Social Care													
CH76	OPMH Staffing	100	0	100	R	0	100	R	0	100		John Morgan	We need to review the demand for MH services with the trust due to C19. Further work is required to establish the necessary resourcing	
CH87	Mascot Income	100	72	28	R	72	28	R	0	28		Andy Ottaway-Searle	MASCOT income has fallen due to cancelled services	
	Subtotal Adult Social Care	200	72	128		0	128		0	128				
	Total C & H Savings for 2020/21	200	72	128		72	128		0	128				

DEPARTMENT: CORPORATE SERVICES SAVINGS PROGRESS 2020/21

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Achieved £000	Shortfall	RAG	2021/22 Savings Expected £000	2021/22 Expected Shortfall £000	21/22 RAG	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	22/23 RAG	Responsible Officer	Comments	R /A Included in Outturn Over/Under spend? Y/N
Customers, Policy & Improvement														
2019-20 CS02	Charge for Blue Badges	15	0	15	R	15	0	A	15	0	A	Sean Cunniffe	Charges not yet in place - to be reviewed.	Y
2018-19 CS07	Retender of insurance contract	50	0	50	R	7	43	A	7	43	A	Nemashe Sivayogan	Expected saving to be reviewed following six schools leaving the insurance SLA, new contract has delivered cost savings but there is shortfall against the budgeted saving due to original pressures in the budget	Y
2018-19 CS08	Increase in income from Enforcement Service	20	0	20	R			N/A	20	0	G	David Keppler	Not achievable in light of covid-19 circumstances. Saving removed from 2021/22 and deferred to 2022/23 per December 2020 Cabinet report	Y
Corporate Governance														
2018-19 CS12	SLLp - reduction in legal demand	50	0	50	R	0	50	A	0	50	A	Louise Round	Saving to be reviewed to determine level of achievability and if replacement may be required	Y
2019-20 CS14	impose criminal litigation cap at 20k	20	0	20	R	0	20	A	0	20	A	Louise Round	Saving to be reviewed to determine level of achievability and if replacement may be required	Y
2019-20 CS15	reduce civil litigation legal support by 50%	45	0	45	R	0	45	A	0	45	A	Louise Round	Saving to be reviewed to determine level of achievability and if replacement may be required	Y
Infrastructure & Technology														
2019-20 CS22	Reduction in the frequency of the cleaning within the corporate buildings	25	0	25	R	0	25	A	25	0	G	Edwin O'Donnell	Not achievable in light of covid-19 circumstances	Y
2020-21 CS9	Reduction in the frequency of the cleaning within the Councils corporate buildings.	30	0	30	R	0	30	A	30	0	G	Edwin O'Donnell	Not achievable in light of covid-19 circumstances	Y
Corporate														
2019-20 CS13	Improved collection of HB overpayments and reduce Bad Debt Provision	500	0	500	R			N/A	0	500	R	David Keppler	Saving removed from 2021/22 and deferred to 2022/23 per December 2020 Cabinet report	Y
Total CS Savings for 2020/21		755	0	755		22	213	0	97	658				

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

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Achieved £000	Shortfall	20/21 RAG	2021/22 Savings Required £000	2021/22 Expected Shortfall £000	20/21 RAG	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	22/23 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
CSF2019-10	Reduced contribution towards the MSCB	44	10	34		44	0					Jane McSherry	Won't be able to deliver more than approx £10k if reorganisation is undertaken in 3rd quarter.	
CSF2019-21	Review and reshaping of Short Break provision across CWD	200	60	140		200	0					Jane McSherry	This is progressing, but slowly (discussion with parent reps 20/5). Need to engage with parents and providers of short breaks. Hard to do during Covid. Won't secure full year effect. Currently paying for commissioned services not being delivered in line with government advice. There may, in due course, be additional expenses as a result. Increased provision for shielded children. Maximum of £60k deliverable, and only if it's possible to initiate the consultation in 3rd quarter. (May be able to secure some savings against this line by coding some additional activity against the Covid Budget).	
CSF2019-15	South London Family Drug and Alcohol Court commissioning	45	15	30		45	30					EI Mayhew	South London Family Drug and Alcohol Court contract has been decommissioned. Plan is to deliver savings from practice changes supported by the wider CSC & YI reorganisation. The reorganisation is delayed due to coronavirus alternative operating measures. Subject to approval process, reorganisation consultation planned to start in Q3 with mobilisation in Q4 2020/21. Will deliver no more than £15k if consultation can take place in 3rd quarter of financial year. Some mitigating activity through temporary recruitment to posts likely to be impacted in the reorganisation.	
CSF2019-02	Establish more cost effective Merton independent living provision	400	200	200		400	200					EI Mayhew	This savings work has been significantly impacted by Covid-19 and the need to re-direct aspects of the transformation resource (Graduate Management Trainee) to Ofsted preparation. The transformation resource leaves CSC & YI in September 2020. Unlikely to achieve savings in 2020/21. Proposed CSC reorganisation creates recourse for this savings work to be delivered in 2021/22.	

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

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Achieved £000	Shortfall	20/21 RAG	2021/22 Savings Required £000	2021/22 Expected Shortfall £000	20/21 RAG	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	22/23 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Undersp end? Y/N
CSF2019-04	Deliver the 14+ leaving care service through personal advisors rather than social workers	60	20	40		60	0					EI Mayhew	Part of wider CSC reorganisation which is delayed due to coronavirus alternative operating measures. Subject to approval process, reorganisation consultation planned to start in Q3 with mobilisation in Q4 2020/21 will deliver no more than £20k, if consultation can take place in 3rd quarter of financial year.	
CSF2019-13	Review of current Adolescent and Family service	100	30	70		100	70					EI Mayhew	Part of wider CSC reorganisation which is delayed due to coronavirus alternative operating measures. Subject to approval process, reorganisation consultation planned to start in Q3 with mobilisation in Q4 2020/21. Will deliver no more than £30k, if consultation can take place in 3rd quarter of financial year. Some mitigating activity - vacancies being held and only recruited to on a fixed term basis.	
CSF2019-15	Development of Family Network Co-Ordinators Service	45	15	30		45	0					EI Mayhew	DfE funding withdrawn. Part of wider CSC reorganisation which is delayed due to coronavirus alternative operating measures. Subject to approval process, reorganisation consultation planned to start in Q3 with mobilisation in Q4 2020/21. Unlikely to achieve savings in 2020/21	
CSF2019-17	Culture change and clarification of financial support entitlement for care leavers	50	0	50		50	0					EI Mayhew	Financial payments to care leavers have increased due to the impact of Covid-19 restrictions and requirement to match DWP Covid-19 increase in benefit rates - some of this will be set against the Covid-19 cost centre. Timing not appropriate to shift funding culture where continued Covid-19 situation impacts on external resources and progression of other agencies decision-making i.e. Home Office asylum decisions.	
CSF2019-18	Implementation of the DfE National Minimum rate	20	0	20		20	0					EI Mayhew	Covid-19 restrictions have impacted on foster carer recruitment and approval. Older age demographics of in-house carers increases risk of reduced capacity due to increased likelihood of Covid-19 health complications. This savings work would likely have resulted in short term impact on in-house fostering capacity - this risk is too high in current context. Plan to revisit this savings work when Covid-19 situation stabilises.	

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

Ref	Description of Saving	2020/21 Savings Required £000	2020/21 Savings Achieved £000	Shortfall	20/21 RAG	2021/22 Savings Required £000	2021/22 Expected Shortfall £000	20/21 RAG	2022/23 Savings Expected £000	2022/23 Expected Shortfall £000	22/23 RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	Total Children, Schools and Families Department Savings for 2020/21	964	350	614		964	300		0	0				

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