

Cabinet

Date: 8 November

Subject: Financial Report 2021/22 – Period 6 September 2021

Lead officer: Roger Kershaw

Lead member: Councillor Tobin Byers

Recommendations:

- A. That Cabinet note the financial reporting data for month 6, September 2021, relating to revenue budgetary control, showing a forecast net adverse variance at year end on net service expenditure of £6.197m, increasing to £7.687m when corporate and funding items are included.
- B. That Cabinet approve a draw down of £250k from the Your Merton reserve to E&R revenue budgets to fund a series of street and parks improvement projects within the department.
- C. That Cabinet note the contents of Section 5 and Appendix 5b 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					
Invest to Save - General	(473,690)	273,690			Re-profiled in line with projected spend
Invest to Save - Photovoltaics	(50,000)	50,000			Re-profiled in line with projected spend
Community and Housing					
Disabled Facilities Grant	262,410		220,000	440,410	Grant for 2021-22 Applied to Prog.
Children, Schools and Families					
West Wimbledon Capital Maintenance Budget	75,000				Virements - projected spend capital maintenance
Hatfield Capital Maintenance Budget	60,000				Virements - projected spend capital maintenance
Hillcross Capital Maintenance Budget	105,000				Virements - projected spend capital maintenance
Joseph Hood Capital Maintenance Budget	37,000				Virements - projected spend capital maintenance
Dundonald Capital Maintenance Budget	(1,990)				Virements - projected spend capital maintenance
Merton Park Capital Maintenance Budget	50,000				Virements - projected spend capital maintenance
Pelham Capital Maintenance Budget	35,000				Virements - projected spend capital maintenance
Wimbledon Chase Capital Maintenance Budget	40,000				Virements - projected spend capital maintenance
Abbotsbury Capital Maintenance Budget	18,000				Virements - projected spend capital maintenance
Malmesbury Capital Maintenance Budget	13,000				Virements - projected spend capital maintenance
Bond Capital Maintenance Budget	35,000				Virements - projected spend capital maintenance
Cranmer Capital Maintenance Budget	50,000				Virements - projected spend capital maintenance
Haslemere Capital Maintenance Budget	90,000				Virements - projected spend capital maintenance
St Mark's Capital Maintenance Budget	65,000				Virements - projected spend capital maintenance
Lonesome Capital Maintenance Budget	35,000				Virements - projected spend capital maintenance
Sherwood Capital Maintenance Budget	30,000				Virements - projected spend capital maintenance
Unallocated Capital Maintenance Budget	(786,010)				£xk virement to specific schemes
Perseid Capital Maintenance Budget	50,000				Virements - projected spend capital maintenance
Unlocated SEN - Medical PRU Expansion	(300,000)	300,000			Re-profiled in accordance with projected Spend

	Budget 2021-22	Budget 2022-23	Budget 2023-24	Budget 2024-25	Narrative	Budget 2021-22
	£	£		£		£
Environment and Regeneration						
SLWP - General	(8,080)	8,080			Re-profiled in accordance with projected Spend	
SLWP - Waste Bins	(13,350)	13,350			Re-profiled in accordance with projected Spend	
Mitcham Area Regen - Pollards Hill Bus Shelter		150,000			NCIL Capital Bidding 2021-22	
Highways & Footways - S Wimb Bus Area Wayfinding		135,630			NCIL Capital Bidding 2021-22	
Highways & Footways - Street Lighting Wimb	(261,680)	261,680			Re-profiled in accordance with projected Spend	
Cycle Route Imps - Cycle Lane Plough Lane	(120,000)	120,000			Re-profiled in accordance with projected Spend	
Wimb Area Regen - Wimb Public Realm Implement	(401,190)	401,190			Re-profiled in accordance with projected Spend	
Wimb Area Regen - Haydons Rd Public Realm Imps	(300,000)	300,000			Re-profiled in accordance with projected Spend	
Total	(1,665,580)	2,013,620	220,000	440,410		

D. Approve the Revenue NCIL Bids below as contained in Appendix 5d – these are summarised below:

<u>Revenue Schemes</u>	Budget 2021-22 £	Budget 2022-23 £
The Small Quarter: Community growing and culture space		38,914
The Mitcham Colour Way		3,500
Attic's Creative Community Engagement Programme		42,549
Sherwood Park Cafe and Mini Golf		60,000
Uptown Youth Services		30,000
Martin Way - Greener, Brighter & Revitalised		27,335
Merton Garden Streets 2022		31,288
Museum of Wimbledon Refurbishment Project (Grant)		50,000
Energy Matters: Building the next generation of energy champions		88,823
There's More to Morden		35,000
20mph banners		35,000
Community Champions 2022: Building social capital in Merton's journey towards net zero	57,600	6,400
The Wheel - A Circular Economy for Merton		75,000
Parade Programme Management top-up		27,500
Total Revenue Schemes	57,600	551,309

E. That Cabinet approve the use of £802,000 of the Climate Change reserve for carbon reduction and the delivery of Merton's Climate Action Plan across 2021/22 (£20k) and 2022/23 (£782k). Further allocations for future years will be required and will be built in to the business plan.

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 This is the period 6 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 6.
- 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.
- 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 £37.607m by the end of this financial year.
- 2.3 Chief Officers, together with budget managers with support from 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 6 to 30 September 2021, the year end forecast is a net adverse variance of £7.687m when all incremental Covid costs are included, after applying known government grant funding.

**Summary Position as at 30th
September 2021**

	Current Budget 2021/22	Forecast Variance at year end (September)	Forecast Variance at year end (August)	Covid-19 Forecast Variance	Outturn variance 2020/21
	£000s	£000s	£000s	£000s	£000s
Department					
Corporate Services	11,833	1,691	1,408	980	3,746
Children, Schools and Families	62,944	802	320	714	(2,971)
Community and Housing	69,470	(1,334)	(1,083)	703	(2,264)
Public Health	(0)	0	1	0	(18)
Environment & Regeneration	15,329	5,038	4,179	5,931	10,689
Overheads	0	0	0	0	0
NET SERVICE EXPENDITURE	159,575	6,197	4,825	8,328	9,182
Corporate Items					
Impact of Capital on revenue budget	11,157	(145)	(145)	0	(27)
Other Central budgets	(7,327)	803	843	0	2,151
Levies	959	0	0	0	0
TOTAL CORPORATE PROVISIONS	4,789	658	698	0	2,124
Covid-19	0	833	938	833	176
TOTAL GENERAL FUND	164,364	7,687	6,461	9,161	11,306
FUNDING					
Revenue Support Grant	(5,187)	0	0	0	0
Business Rates	(34,339)	0	0	0	0
Other Grants	(16,949)	0	0	0	(382)
Council Tax and Collection Fund	(98,434)	0	0	0	4
COVID-19 emergency funding	(6,811)	0	0	0	0
Income compensation for SFC	(2,643)	TBC	TBC	TBC	
FUNDING	(164,363)	0	0	0	(378)
NET	1	7,687	6,461	9,161	10,928

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. 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 c.£1.5m. This would be a shortfall against a budgeted £2.643m as the circumstances around the pandemic and

impact on income has greatly improved since the budget was set, particularly around parking income.

The ongoing situation with high levels of uncertainty continues to make forecasting difficult for the year ahead as it's unclear if or when some service areas will see activity return to pre-covid levels now restrictions have been lifted.

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.

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 Summary

COVID-19 COST SUMMARY	Forecast as at September 2021	Forecast as at August 2021
	2021/22 £000s	2021/22 £000s
<u>Department</u>	-	-
Corporate Services	980	1017
Children, Schools and Families	714	714
Community and Housing	703	1070
Environment & Regeneration	5,931	5,495
TOTAL INCOME LOSS & SAVINGS UNACHIEVED	8,328	8,296
<u>Corporate Items - Covid costs</u>	-	-
Corporate Services	115	220
Children, Schools and Families	180	180
Community and Housing	242	242
Environment & Regeneration	296	296
ADDITIONAL COVID EXPENDITURE	833	938
<u>FUNDING</u>	-	-
Business Rates	5,835	5,835
Council Tax	0	0
TOTAL FUNDING LOSS	5,835	5,835
GROSS COST OF COVID-19	14,996	15,069
Covid general funding	-6,811	-6,811
Income compensation for sales, fees & charges	TBC	TBC
NET COST OF COVID-19	8,185	8,258

Covid-19 impact on the Collection Fund

Due to COVID-19 the amount of 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 businesses arriving and leaving during the year.

Due to Covid-19 the level of collection is less than expected and will result in a deficit in Business Rates for the financial year 2021/22. This deficit is currently estimated at £5.835m as shown in the covid table above to demonstrate the full impact of covid, however, due to the way Business Rates are accounted for in local authorities, any shortfall will not be reflected in the 2021/22 financial year but will be managed via the Collection Fund and accounted for in future years. The Council will build estimates for Business Rates including any deficit/surplus from previous accounting years into the MTFs and budgets for 2022/23 onwards. The estimated deficit is therefore not reflected in the main summary position table for 2021/22 as it will not impact the general fund outturn. This is a change in presentation compared to previous monthly financial monitoring reports, aimed at clarifying the forecast position.

In 2020/21 Merton collected 90.04% of its Business Rates income. As at the end of September, 2021/22 business rates collected is 3.32% less than the equivalent for last year.

On 3 March 2021 the government confirmed that the Expanded Retail Discount would continue to apply in 2021/22 at 100% for three months, from 1 April 2021 to 30 June 2021, and at 66% for the remaining period, from 1 July 2021 to 31 March 2022. The government confirmed that there would be no cash cap on the relief received for the period from 1 April 2021 to 30 June 2021. From 1 July 2021, relief will be capped at £105,000 per business, or £2 million per business where the business is in occupation of a property that was required, or would have been required, to close, based on the law and guidance applicable on 5 January 2021.

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	Full year Forecast (September)	Full Year Forecast Variance (September)	Full Year Forecast Variance (August)	Covid-19 Forecast Impact (September)	Outturn Variance 2020/21
	£000	£000	£000	£000	£000	£000
Customers, Policy & Improvement	5,755	5,651	(104)	(93)	45	915
Infrastructure & Technology	12,488	12,664	176	199	176	(51)
Corporate Governance	1,750	1,820	70	10	27	(88)
Resources	5,698	6,278	580	650	611	1,811
Human Resources	1,903	2,162	259	211	120	102
Corporate Other	710	1,419	710	431	0	1,057
Total (Controllable)	28,305	29,996	1,691	1,408	980	3,746

Overview

At the end of period 6 (September) the Corporate Services (CS) department is forecasting an adverse variance of £1.691m at year end, of which £980k is due to the external impact of covid-19. The adverse variance has increased since period 5 (August) by £283k.

Customers, Policy and Improvement - £104k 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 £46k due to an over-achievement of income forecast against the cash collection saving and £45k against the Voluntary Sector Coordination budget. The Registrars services is also forecasting a favourable variance of £51k due to the strong recovery of income levels following the cessation 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 the level of demand for services this financial year following the lifting of covid restrictions.

Partly offsetting the above is the Press and PR budget which is forecasting a £168k 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 net adverse variance of £68k in the Translations services due to under-achievement against the income budget as external demand remains low and a £27k adverse variance in the Policy and Strategy team partly due to the use of agency.

Infrastructure & Technology - £176k 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 £215k on the Corporate Print Strategy and £104k 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 £89k 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 (£32k adverse) due to 2020/21 savings for reducing cleaning in corporate buildings remaining unachievable within the current circumstances. A further £39k adverse variance is within the Client Financial Affairs team, mainly relating to the unachieved saving (reference 2019-20 CS23) relating to the introduction of a charging scheme.

There are also multiple favourable variances within the division, such as on the Microsoft EA (Enterprise Agreement) which is forecast less than budgeted and £76k in Safety Services due to recruitment lag as well as contingency not expected to be required in year. The Business Systems Team is also forecasting a £20k favourable variance due to vacancies in the team and there is a favourable £46k variance forecast for Garth Road from rental income.

Corporate Governance – £70k adverse variance

The adverse variance within Corporate Governance has increased by £60k since period 6. This is primarily due to the Information Governance restructure resulting in a cost code closing and the associated favourable variance now being reflected within the complaints team budget under CPI. Adverse variances within the Legal service include £115k resulting from prior year unachieved savings. This will continue to be reviewed and reported as part of the progress on savings for Corporate Services.

Various favourable variances within the division are offsetting the majority of the unachieved savings, including £27k within Democracy Services from IT costs and Mayor's allowances spend being less than budgeted, £22k across Electoral Services largely from less than budgeted canvass pay and £26k within the South London Legal Partnership (SLLp). SLLp is currently forecasting a £128k surplus overall, £26k is forecast to be LBM's share. The variance in SLLp is largely due to reduced running costs as staff largely continue to work remotely and less than budgeted staffing costs.

Resources - £580k adverse variance

The adverse variance has reduced by £70k since period 5. This is primarily due to the Budget Team reporting a balanced budget (£37k favourable movement since August following successful permanent recruitment exercises).

Within Resources there are multiple budgets forecasting adverse variances due to covid-19. The Chief Executive's budget has a £175k adverse variance mainly due to the use of an interim Head of Recovery as a result of the pandemic, as well as additional communications spend. Also due to covid

is an adverse variance forecast in the Bailiffs service of £415k (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 £62k favourable variance overall due to additional funding from the GLA and new burdens income from DWP, however this masks an expected shortfall of £80k against court costs income.

The Corporate Accountancy service is forecasting a £120k 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 £118k is forecast on insurance premiums though an updated projection is expected in the coming months when the impact on the cost of insurance premiums as a result of six schools leaving the insurance SLA arrangement is confirmed with our insurance provider. The Financial Systems Team is forecasting a £49k adverse variance owing to salary budget pressure as well as revenue costs for upgrading the financial system planned for later this year.

Favourable variances within Resources include £16k and £17k on the 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 £9k and £20k favourable variances respectively, mainly against staffing costs. Within the Benefits Administration service a £141k favourable variance is largely due to receipts from DWP.

Human Resources – £259k adverse variance

The adverse variance has increased by £48k since period 5. This is primarily due to extending the period that agency cover is expected to be in place against the AD budget (£102k variance) and Learning and Development budgets (£55k variance).

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

Corporate Items - £710k adverse variance

The Corporate Items budget has increased by £279k since period 5. This is primarily due to Housing Benefit Rent Allowances budget forecasting a net adverse variance of £898k. 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 each of the past two financial years.

Partly offsetting the above are favourable variances on the corporately funded items budget of £90k due to budget not expected to be required in year, £52k 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 (Sep)	Forecast Variance at year end (Sep)	Forecast Variance at year end (Aug)	2021/22 Covid-19 Forecast Impact (Sep)	2020/21 Outturn Variance
	£000	£000	£000	£000	£000	£000
Public Protection	(16,031)	(11,842)	4,189	3,559	4,720	8,973
Public Space	16,254	16,956	750	597	700	2,003
Senior Management	1,043	913	(130)	(186)	0	(134)
Sustainable Communities	8,330	8,559	230	209	511	(153)
Total (Controllable)	9,546	14,585	5,039	4,179	5,931	10,689

Description	2021/22 Current Budget	Forecast Variance at year end (Sep)	Forecast Variance at year end (Aug)	2020/21 Variance at year end
	£000	£000	£000	£000
Regulatory Services	625	252	225	194
Parking Services	(17,675)	3,915	3,312	8,804
Safer Merton & CCTV	1,019	22	22	(25)
Total for Public Protection	(16,031)	4,189	3,559	8,973
Waste Services	14,553	547	558	875
Leisure & Culture	549	210	214	764
Greenspaces	1,832	58	(111)	525
Transport Services	(729)	(65)	(64)	(161)
Total for Public Space	16,205	750	597	2,003
Senior Management & Support	1,043	(130)	(186)	(134)
Total for Senior Management	1,043	(130)	(186)	(134)
Property Management	(2,636)	(202)	(209)	(381)
Building & Development Control	(15)	293	282	281
Future Merton	10,981	139	136	(53)
Total for Sustainable Communities	8,330	230	209	(152)
Total Excluding Overheads	9,546	5,039	4,179	10,689

Overview

The department is currently forecasting an adverse variance of £5,039k at year end. The main areas

of variance are Regulatory Services, Parking Services, Waste Services, Leisure & Culture, Property Management, and Development & Building Control.

Public Protection

Regulatory Services adverse variance of £252k

The section has cumulative income savings of £210k relating to potential commercial opportunities. However, the focus for the financial year 2020/21 needed to be redirected from income generation to Covid-19 service delivery and service improvement including a major IT project. The IT transition Project is scheduled for completion by the end of the calendar year, but the section is currently focussing efforts on generating additional income through the identification of unlicensed businesses to help reduce the reductions in income caused by the pandemic.

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. Licensing income has improved through an increase in licence applications some resulting from the new Pavement Licencing Regime. Business recovery remains slow and license income remains below pre-pandemic levels. Subsequently the loss of income at the start of the financial year is unlikely to be recouped. Current forecasts estimate an adverse variance against budget of £30k.

Parking Services adverse variance of £3,915k

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 £1,865k, £1,319k, and £1,027k, respectively.

Contributing to the PCN adverse variance is a £546k decrease in anticipated income and 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 January 2022.

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.

These adverse variances are being partially offset by a favourable variance on employee spend of £270k.

It should also be noted that that £750k EBC savings target this year will now be met from the corporate contingency, for which a budget transfer has taken place following Cabinet approval in October 2021.

Public Space

Waste Services adverse variance of £548k

The section is forecasting an adverse variance on disposal costs of £368k. 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.

An adverse variance of £165k is being forecast in relation to its waste collection and street cleansing contract, as a result of agreed and necessary services being undertaken on our behalf by the service provider.

An adverse variance of £184k is also being forecast in relation to the Household, Reuse, Recycling Centre (HRRC), mainly as a result of extending the current contract during 2020/21, via a contract variation, in order to both minimise future costs and to align the contract period with the other SLWP boroughs. The service is currently exploring alternative access for residents to neighbouring sites along with implementing improvements to the current booking system which has contributed to the management of waste volumes. To date there are 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.

Favourable variances on the Council's Environmental Enforcement services in respect of enforcing and issuing Fix Penalty Notices for littering (£149k), and employee related spend (£114k) is partially mitigating these adverse variances.

Leisure & Culture adverse variance of £210k

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 £418k. However, during this time the Authority has been incurring lower utility costs at these premises, leading to a forecast favourable variance of £80k.

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 £44k being forecast.

Favourable variances on one-off reimbursement costs of £100k, and employee related spend of £94k is partially mitigating these adverse variances.

Greenspaces adverse variance of £58k

The adverse variance is primarily due to anticipated under-recovery of income from outdoor events entertainment (£181k) and Parking Charges (£50k) due to the Covid-19 restrictions at the start of the year.

The adverse variance has been partially offset by an increase in rental income from Wimbledon Tennis Fortnight (£131k and over recovery of Phase C income (£62k)

Sustainable Communities

Property Management favourable variance of £202k

The principal reason for the favourable variance relates to exceeding the commercial rental income expectations by £467k, which includes £167k of one-off income from conducting the backlog of rent

reviews in line with the tenancy agreements. There is also a favourable variance on employees of £124k due to an underspend being forecast on salaries against a budget of £312k.

This is being partially offset by an adverse variance of £229k on premises related expenditure, for example, building improvements, utilities, repairs & maintenance costs, and £152k on supplies & services related expenditure, for example, on employment of consultants to progress rent reviews due to lack of internal resource, and valuations to support asset valuations and potential disposals.

Building and Development Control adverse variance of £293k

Covid-19 has also had a significant impact reducing various types of building and development control applications being submitted, leading to the section forecasting an associated income shortfall against budget of £344k.

This adverse variance is being partially reduced by a favourable variance on supplies & services spend (£48k) and transport (£12k).

Children Schools and Families

Children, Schools and Families (£000's)	2021/22 Current Budget	Full Year Forecast	Forecast Variance September	Forecast Variance August	2021/22 Covid Forecast Impact
Education					
Education Budgets	£ 17,160	£ 17,581	£ 420	-£ (192)	£ 274
Depreciation	£ 9,801	£ 9,801	£ -	£ -	£ -
Other Education Budgets	£ 127	£ 127	£ -	£ -	£ -
Education Services Grant	-£ (1,062)	-£ (1,062)	£ -	£ -	£ -
Education Sub-total	£ 26,026	£ 26,447	£ 420	-£ (192)	£ 274
Other CSF					
Child Social Care & Youth Inclusion	£ 21,009	£ 21,307	£ 299	£ 373	£ 440
Cross Department	£ 908	£ 879	-£ (29)	£ 48	£ -
PFI Unitary Costs	£ 8,168	£ 8,280	£ 112	£ 107	£ -
Pension and Redundancy Costs	£ 1,592	£ 1,592	£ -	-£ (16)	£ -
Other CSF Sub-total	£ 31,677	£ 32,058	£ 382	£ 512	£ 440
Grand Total	£ 57,703	£ 58,505	£ 802	£ 320	£ 714

Overview

At the end of September 2021, the Children Schools and Families directorate is forecasting an adverse variance against budget of £0.802m on local authority funded services. This is an adverse movement since period 5 of £482k. Since period 3 have seen a return to more normal levels of activity, including a spike in high cost placements and this is reflected in the forecast. Alongside this, we have forecast a return to more normal levels of education activity including transport. There has been an increase in the number of pupils being educated at home but overall the number is still small as a proportion of overall pupils. The largest variance since period 5 is the inclusion of £300k costs relating to the DSG "Safety Valve" team, it is anticipated that this may be funded corporately as part of the ongoing DSG "Safety Valve" discussions.

£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 some uncertainty about the likely level of increased costs due to Covid-19. We are currently reviewing two of the larger savings

for this year as one is unachievable as it relates to a saving from Public Health commissioning that has not been achieved and one relating to the PFI that requires additional modelling by the service and finance jointly. The increased numbers of children needing CP plans last year has now begun to reduce to more expected levels and our looked after children numbers is stable. An additional temporary project team has been secured to help with the increased demand in our first response service which has helped to keep caseloads at acceptable levels. It is possible that some loss of income relating to covid19 will occur this year but it will not be possible to accurately forecast this until towards the end of the financial year.

It remains difficult to forecast the patterns of demand across all services as families, communities and services return to normal life. We continue to monitor the situation closely and respond in a timely way to changes.

Local Authority Funded Services

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

Local Authority Funded Services (£000's)	Budget	September Variance	August Variance
Child Social Care and Youth Inclusion			
Adolescent & Family Services	£ 2,113	-£ (359)	-£ (213)
Asylum Seeker Costs (14+)	£ 137	£ 126	£ 198
Asylum Seeker Costs (ART)	£ 306	£ 30	£ 53
Children Cntrl Social Wrk Serv	£ 4,285	-£ (88)	-£ (88)
Head of ChildSocIcare& YthIncl	£ 213	-£ (45)	-£ (45)
Mash & Child Protection Serv	£ 2,643	-£ (152)	-£ (152)
Safeguarding, Stndrds & Train	£ 1,210	-£ (159)	-£ (159)
Senior Management	£ 271	-£ (4)	-£ (4)
Children In Care and Resources	£ 9,831	£ 949	£ 783
CSC & Youth Incl Total	21,009	298	373
Education			
Contracts, Proc & School Org	£ 7,455	£ 59	-£ (46)
Early Years & Children Centres	£ 4,232	£ 168	£ 114
Education - School Improvement	£ 20	-£ (18)	£ 50
Education Inclusion	£ 1,780	-£ (43)	-£ (114)
Schools Delegated Budget	£ -	£ -	£ -
SEN & Disability Integrat Serv	£ 2,076	-£ (35)	-£ (116)
Senior Management	£ 864	£ 204	-£ (131)
Policy, Planning & Performance	£ 523	£ 96	£ 95
Departmental Business Support	£ 211	-£ (12)	-£ (43)
Education Total	£ 17,160	£ 419	-£ (191)

Children's Social Care and Youth Inclusion Division

The Children in Care service is recording an adverse forecast of £949k compared with budget. To note, the full £400k Public Health saving which was predicated on recommissioning integrated services, which has not taken place, (referred to in the overview section above) has all been put against this budget. This savings option is now no-longer achievable. Over the past year there has been an increase in placements of children with complex needs in high cost provision. Additionally, providers have increased the cost of caring for the most complex children.

Work is currently underway with this service to focus on a number of areas:

- ensure that Merton continues to develop the tri-partite process to share planning for vulnerable children.
- ensure that children's plans are reviewed regularly with senior managers offering support and challenge to explore alternative arrangements.
- improve commissioning and procurement activity to ensure best value is obtained through a more systemised purchasing approach;
- a move to more activity based forecasting across the division as a whole.

The impact of these actions will be reflected within future monitoring updates.

- The Division overall is forecasting a slightly improved adverse variance against budget of £298k at period 6.

Education Division

The Education forecast for Senior Management includes actual costs to date of £72k on agency staff which are part of the DSG Safety Valve team, this will cost c. £150k full year cost. If the team is expanded later in the financial year this will increase to c. £300k for the full year. For period 6 these costs have been included within the forecast but it is anticipated that this may be funded corporately as part of the ongoing DSG "Safety Valve" discussions. The expansion of the team will also be dependent on the outcome of discussions with the DfE and whether they will be providing any funding.

The Education Division forecast is based on a spend situation returning to more normal levels. The period 6 budget shows an adverse movement from period 5 relating to decreased buy back and increase food costs in relation to schools meals, higher than anticipated revenue costs linked to capital projects and various other increases in forecast expenditure.

The Division overall is forecasting an adverse variance against budget of £420k

Schools PFI

Initial work in this area is forecasting an adverse position of £107k to budget. Further work re-modelling this area will be undertaken in the coming months.

Dedicated Schools Grant (DSG)

Dedicated Schools Budget (£000's)	Budget	September Variance	August Variance
<u>Education</u>			
Contracts, Proc & School Org	£ 286	-£ (10)	£ 3
Early Years & Children Centres	£ 16,335	£ -	-£ (156)
Education - School Improvement	£ 1,107	-£ (38)	-£ (86)
Education Inclusion	£ 1,468	£ 37	£ 42
SEN & Disability Integrat Serv	£ 17,468	£ 11,215	£ 11,046
Sub-total	£ 36,664	£ 11,204	£ 10,849
<u>CSC & Youth Inclusion</u>			
Adolescent & Family Services	£ 43	-£ (25)	-£ (2)
Sub-total	£ 43	-£ (25)	-£ (2)
<u>Schools Delegated Budget</u>			
DSG Reserve	£ -	£ -	£ -
Retained Schools Budgets	£ 2,841	-£ (1,955)	-£ (1,806)
Schools Delegated Budget	-£ (39,784)	£ 3,402	£ 3,316
Sub-total	-£ (36,943)	£ 1,447	£ 1,510
DSG Total	-£ (236)	£ 12,626	£ 12,357

DSG funded services are forecasting an adverse movement of (£236k) of £12.626m, up from £12.357m last month. This is related to expected clawback in Early Years and EHCP pressure.

The DSG had a cumulative overspend of £24.981m at the end of 2020/21.

Merton has been selected as one of the LAs to take part in the 'safety valve' intervention programme with the DfE as it has one of the highest percentage deficits in the country as at the end of 2020/21. The programme aims to agree a package of reform to our high needs system that will bring the DSG deficit under control. We have confirmed participation in this programme and provided a draft updated plan to the DfE.

The main reason for the adverse forecast variance from budget relates to a £6.534m adverse variance on Independent Day School provision. The reason for the significant overspend is due to the high number of placements. The forecast this month has increased by 17 pupils. This variance has decreased from period 5 as the forecast now correctly represents actual DSG received.

Based on past years' experience, we are expecting the number of placements within Independent day school provision to increase in the year. At this stage it is difficult to predict how many EHCPs' will be issued, or the type of education provision they will require. Requests for EHCPs go through assessment and a decision about issuing a plan and the type of provision is made once all the professional advice is received and reviewed by the SEND Panel.

We are seeking to increase the number of local maintained special school places in the borough, which have been built into the future forecasts on the deficit, in order to reduce these costs, but it will take time to bring these additional places on stream. At present the annual increase in the number of EHCPs significantly exceeds the number of additional special school places we are able to create in the borough. Based on the number of new EHCPs still being awarded following assessment, we would expect this cost to still increase towards year-end and the £24.981m cumulative deficit to increase further. The current additional pressure of the DSG is forecast to be £12.626m for 2021/22, with an

overall estimated deficit of £37.607m.

Other adverse variances include £2.721m on EHCP allocations to Merton primary and secondary schools, £2.332m on out of borough maintained primary, secondary and special school payments, post 16 provision is forecasting a pressure of £744k.

We continue to keep abreast of proposed changes to the National Funding Formula, especially in relation to risks associated with services currently funded by de-delegated elements of the DSG. We are also working with other authorities on the DSG deficit issue.

In addition to the pressures on the high needs block, which are clear from the budget monitoring figures highlighted above and which continue into 2021/22 and beyond, some schools are also having trouble in setting balanced budgets with the funding provided to them through the funding formula.

The Finance Service monitors this closely, and before any deficit budget is agreed, work is undertaken with the school to ensure they are maximising every opportunity to reduce costs and spend wisely. There are various reasons for schools requiring to set deficit budgets, increased costs relating to children that require additional support but do not meet statutory thresholds for additional funding, reduction in pupil numbers, reduced levels of reserves that schools would previously have used to balance their budgets and loss of income due to Covid-19. Total school balances, including capital balances, did slightly increase last year.

Merton has been working in conjunction with Association of Directors for Children's Services (ADCS), Society for London Treasurers (SLT), London Councils and the Children's Commissioner to lobby Central Government for additional funding. All commissioned analysis shows that the funding shortfall is a national issue that requires additional grant funding.

Community and Housing

Overview

Community and Housing is currently forecasting a favourable variance of £1.3m as at September 2021. This is made up of forecasted favourable variances in Adult Social Care of £1.76m, and unfavourable variances in Housing of £380k, and Libraries of £47k. Public Health and Merton Adult Learning are forecasting a breakeven position.

Community and Housing Summary Position

The forecast reflects the uncertainty surrounding the impact of the pandemic on the departments' budgets.

Community & Housing	2021/22 Current Budget £	2021/22 Full Year Forecast £ (Sept)	2021/22 Full Year Variance £ (Sept)	2021/22 Full Year Variance £ (Aug)	2021/22 Covid-19 Forecast £ (Sept)	2021/22 Outturn Variance £ (Mar'21)

Adult Social Care	58,822	57,060	(1,762)	(1,533)	583	(2,947)
Libraries and Heritage	2,475	2,522	47	102	120	195
Merton Adult Learning	0	0	0	0	0	0
Housing General Fund	3,333	3,713	380	347	0	489
Public Health	(163)	(163)	0	0	0	0
Total Favourable/ Unfavourable	64,467	63,132	(1,335)	(1,084)	703	(2,263)

Adult Social Care

Adult Social Care is forecasting a favourable variance of £1.76m as at September 2021, compared to £2.9m at year end 2020/21 demonstrates that the one off covid-19 impacts are dissipating. The current position reflects an increase of £165k in placements between August to September, delays in planned recruitment and the transfer of covid-19 related expenditure to the Outbreak Control Management Fund.

Monthly Movement in Packages of Care

Month	New Customers	Deceased Customers	Customers No Longer Receiving a Service	Net Movement
April'21	48	-9	-13	26
May'21	31	-16	-18	-3
June'21	32	-17	-22	-7
July'21	45	-13	-13	19

Aug'21	43	-14	-25	4
Sept'21	53	-22	-25	6
Total to Date	252	-91	-116	45
Average to Date	42	-15	-19	8
Average 2020/21	37	-27	-17	-7
Average 2019/21	34	-24	-24	-14
Average 2018/19	36	-23	-25	-11

The hospital discharge models that have been operated through-out the pandemic (Discharge to Assess) is expected to continue into next year. National funding has been agreed for the period from October 2021 to March 2022 and Southwest London ICS (Integrated Care System) has an allocation, but the allocation to borough level has not yet been agreed. We expect it to at least match current levels for Merton and may give scope for further expansion of the reablement services. However, from April 2022 it is likely that systems will be expected to continue the model from within local resources. Planning for winter therefore is being done with continuity of service and resourcing in mind.

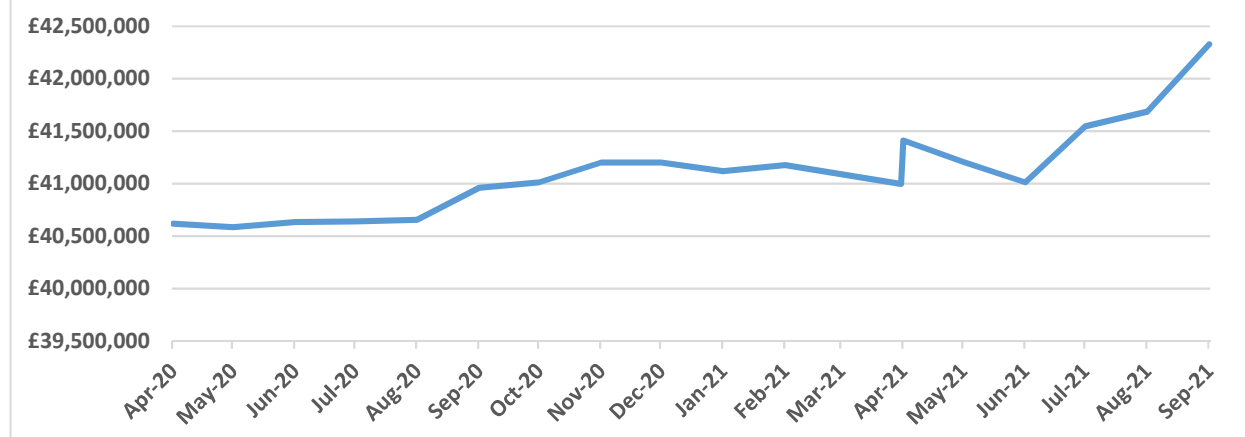
The deadline for care home vaccination is on the 11th of November 2021 and based on current levels of unvaccinated within the current market the service does not expect this to affect provider's ability to operate. However this situation is being continually reviewed.

Winter planning is in progress and the service is awaiting the outcome of a bid for NHS interim funding. The focus on the plan and bid continues to be on getting people home safely with appropriate support.

Hospital discharges by pathway has increased by 35% for 2021/22 and already averaging 44 discharges a week compared with 28 throughout 2020/21. Significantly there is a >50% increase seen in discharge pathway 1 referrals, of which the majority will come to the local authority via reablement. Pathway 2 & 3 figures also show increases, and we can anticipate some of those costs coming to us for placements, in a 'worst case scenario' those costs could be significant.

The line graph below demonstrates an expected increase in placements this is due to not only an aging population, impact of the covid-19 pandemic and increase in customers with complex needs.

Forecasted Placement Expenditure from April 2020 to September 2021



Adult Social Care Internal Provision – Unfavourable Variance - £2k

This service unfavourable variance of £2k has improved since August. This is due to some additional income, as well as holding some vacant posts in day services, but affected by some movement in transport costs.

Overall however the service is missing income in two main areas; in Mascot Telecare the number of individual customers has reduced, and a number of Housing Associations have changed their contract arrangements (including Clarion which has served notice). We are working on a plan to rebuild customer numbers and further develop the service.

The second area is in day services, which were forced to operate on a much reduced capacity throughout the pandemic. We are incrementally increasing the daily numbers but cannot fully return to pre-pandemic levels as we continue to implement infection control measures. Out of borough customers will not be able to attend until further notice. The service is also losing income from not being able to let day centres to as many community groups. We are holding some staff vacancies in Day Services to mitigate this.

Library & Heritage Service- Unfavourable Variance - £47k

This service at the end of August was showing an unfavourable variance of £102k, however this has improved considerably by £55k due to additional income.

Demand for services has started to gradually recover and usage of libraries has recovered to 70% of pre-pandemic usage in September and is expected to continue to increase. Online services and new services like Connecting Merton, the services IT equipment loaning and training project, are in particularly high demand.

Adult Learning- Breakeven position

Adult Learning continues to forecast a breakeven position. Merton Adult Learning is fully funded by external grants from the GLA (Greater London Authority) and ESFA (Education and Skills Funding Agency).

During the summer term the service has continued to increase physical courses alongside pre-existing online courses and new curriculum provision is planned and is now in place. New curriculum areas focus on developing resident skills for the job market and digital skills.

Adult Learning budgets operate to an academic year and the new grant allocations from the GLA and ESFA started in August and current enrolment numbers are very promising.

Housing General Fund- Unfavourable variance - £380k

This service is currently forecasting an unfavourable variance of £380k as at September which is an increase of £33k since August.

This service is a demand and statutory led service and expects to see the impact of the removal of the moratorium on evictions and the enactment of the Domestic Abuse Act. However, it is difficult to predict at this stage the potential financial impact to the service but based on previous experience of national changes or directive takes time to have an impact on the local budget.

The re-settlement of Afghan families by the Home Office has led to some families presenting at local authorities as homeless even though the Home Office and Ministry for Communities & Local Government have accepted responsibility for meeting immediate and temporary housing needs. We are awaiting guidance on responsibility and funding arrangements for temporary accommodation for this cohort, but it may be a cost to be borne by the Council.

The demand for accommodation continues to exceed supply which creates difficulties in the re-housing of households with acute housing need including those living in expensive temporary accommodation.

However, notwithstanding the challenges of predicting demand upon the TA (Temporary Accommodation) budget there is also the need to be mindful of the effects to TA subsidy, HB (Housing Benefit) contributions and client contributions which are all factors which shape the service's predictions.

The ban on eviction was lifted recently and currently there has not been a significant increase in cases presented as a consequence. The service continues to monitor these developments carefully.

Analysis of Housing and Temporary Accommodation Expenditure to September 2021

Housing	Total Budget 2021/22	Forecast (Sept'21)	Forecast Variances (Sept'21)	Forecast Variances (Aug'21)	Outturn Variances (March'21)
	£000	£'000	£'000	£'000	£000
Temporary Accommodation-Expenditure	2,439	3,353	914	914	1,286

Temporary Accommodation-Client Contribution	(140)	(325)	(185)	(220)	(253)
Temporary Accommodation-Housing Benefit Income	(2,087)	(2,469)	(382)	(364)	(931)
Temporary Accommodation-Subsidy Shortfall	322	1,134	812	798	1,029
Temporary Accommodation-Grant	0	(945)	(945)	(935)	(851)
Subtotal Temporary Accommodation	534	748	214	193	280
Housing Other Budgets	2,799	2,966	167	154	209
Total Controllable (Favourable)/Adverse Variance	3,333	3,713	380	347	489

Number of households in Temporary Accommodation as at September 2021.

Temporary Accommodation	Numbers In	Numbers Out	Net Movement	Previous Year
Mar'17	-	-	186	Position as at March for previous financial years ←
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

June'21	9	16	191	213
July'21	24	8	207	212
Aug'21	12	12	207	210
Sept'21	19	9	217	211

Numbers in temporary accommodation (TA) increased in September and this is due to a combination of factors such as bailiff warrants, domestic violence cases which has a priority under the Domestic Abuse Act and the usual TA traffic. The service plan to shortly offer a number of void properties to homeless households.

Public Health –Breakeven positions

The service is forecasting a breakeven position as at September 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 government has announced a 3% pay increase for NHS staff on Agenda for Change effective from April this year. This applies to 2 PH staff and those on our CLCH contracts.

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.

LOMP implementation costs will be covered by Outbreak Control Management Fund (COMF), or directly charged to DHSC (Department of Health & Social Care) where there is a variant of concern.

Corporate Items

The details comparing actual expenditure up to 30 September 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 (Sep.) £000s	Forecast Variance at year end (Sep.) £000s	Forecast Variance at year end (Aug) £000s	Outturn Variance 2020/21 £000s
Impact of Capital on revenue budget	11,157	11,012	(145)	(145)	(27)
Investment Income	(387)	(470)	(83)	(43)	(141)
Pension Fund	86	86	0	0	2,646
Pay and Price Inflation	3,338	3,063	(275)	(275)	(250)
Contingencies and provisions	24,851	20,540	(4,311)	(4,311)	331
Income Items	(2,223)	(2,223)	0	0	7,413
Appropriations/Transfers	(7,398)	(1,926)	5,472	5,472	(7,848)

Central Items	18,266	19,069	803	843	2,151
Levies	959	959	0	0	0
Depreciation and Impairment	(25,593)	(25,593)	0	0	0
TOTAL CORPORATE PROVISIONS	4,789	5,447	658	698	2,124
COVID-19 Emergency expenditure	0	833	833	938	5,356
TOTAL CORPORATE EXPENDITURE inc. COVID-19	4,789	6,280	1,491	1,636	7,480

Based on expenditure to 30 September 2021, an adverse variance of £658,000 is forecast for corporate expenditure items. There has been a net favourable variance of £40,000 since the August 2021 forecast:-

- Based on a half yearly review of investment income it is expected that investment income will be c. £0.470m which is a net improvement of £40,000 since the previous forecast and £83,000 more than the original estimate. This is due a slight improvement on the interest rates earned and amounts invested.

In addition to the net favourable variance of £40,000 since August a transfer of £0.750m from the corporate contingency budget to the Environment and Regeneration department's budget has taken place to cover for the non-achievement of saving Env2021-04 which relates to EBC.

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	10,209	(524)	9,686	7,747	324	8,070	5,245		5,245	13,071		13,071
Community & Housing	1,018	262	1,280	2,500	0	2,500	752	220	972	480	440	920
Children Schools & Families	8,546	(300)	8,246	4,240	380	4,620	1,900		1,900	1,900		1,900
Environment and Regeneration	18,581	(1,014)	17,567	9,378	1,600	10,978	7,918		7,918	7,324		7,324
Total	38,354	(1,575)	36,778	23,864	2,304	26,168	15,815	220	16,035	22,775	440	23,216

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

Capital Budget Monitoring - September 2021

Department	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Forecast 2020/21	Full Year Variance
Corporate Services	626,626	1,541,068	(914,442)	9,685,630	9,685,630	0
Community and Housing	612,125	374,968	237,157	1,280,230	1,280,230	(0)
Children Schools & Families	3,424,098	172,816	3,251,282	8,245,690	8,245,690	0
Environment and Regeneration	5,053,320	8,260,642	(3,207,322)	17,566,840	17,634,317	67,477
Total	9,716,169	10,349,494	(633,325)	36,778,390	36,845,867	67,477

a) Corporate Services – After the adjustments to the budgets below budget managers are forecasting a full spend on all their budgets:

	Budget 2021-22	Budget 2022-23	Narrative
	£	£	
Invest to Save - General	(1)	(473,690)	273,690 Re-profiled in line with projected spend
Invest to Save - Photovoltaics	(1)	(50,000)	50,000 Re-profiled in line with projected spend

(1) Requires Cabinet approval

b) Community and Housing – Budget managers are projecting full spend against budgets.

	Budget 2021-22	Budget 2022-23	Budget 2023-24	Budget 2024-25	Narrative
	£	£		£	
Disabled Facilities Grant	(1)	262,410	220,000	440,410	Grant for 2021-22 Applied to Prog.

(1) Requires Cabinet approval

- c) Children, Schools and Families – After the virements in the table below there currently some projected variances within the primary sector these balance to zero. The primary variances reflect the anticipated outcome of the tendering processes undertaken over the spring these budgets are not being adjusted yet to allow for any cost variances during delivery.

		Budget 2021-22	Budget 2022-23	Narrative
		£	£	
West Wimbledon Capital Maintenance Budget	(1)	75,000		Virements - projected spend capital maintenance
Hatfeild Capital Maintenance Budget	(1)	60,000		Virements - projected spend capital maintenance
Hillcross Capital Maintenance Budget	(1)	105,000		Virements - projected spend capital maintenance
Joseph Hood Capital Maintenance Budget	(1)	37,000		Virements - projected spend capital maintenance
Dundonald Capital Maintenance Budget	(1)	(1,990)		Virements - projected spend capital maintenance
Merton Park Capital Maintenance Budget	(1)	50,000		Virements - projected spend capital maintenance
Pelham Capital Maintenance Budget	(1)	35,000		Virements - projected spend capital maintenance
Wimbledon Chase Capital Maintenance Budget	(1)	40,000		Virements - projected spend capital maintenance
Abbotsbury Capital Maintenance Budget	(1)	18,000		Virements - projected spend capital maintenance
Malmesbury Capital Maintenance Budget	(1)	13,000		Virements - projected spend capital maintenance
Bond Capital Maintenance Budget	(1)	35,000		Virements - projected spend capital maintenance
Cranmer Capital Maintenance Budget	(1)	50,000		Virements - projected spend capital maintenance
Haslemere Capital Maintenance Budget	(1)	90,000		Virements - projected spend capital maintenance
St Mark's - Immersive Learning Centre	(1)		80,490	NCIL Capital Bidding 2021-22
St Mark's Capital Maintenance Budget	(1)	65,000		Virements - projected spend capital maintenance
Lonesome Capital Maintenance Budget	(1)	35,000		Virements - projected spend capital maintenance
Sherwood Capital Maintenance Budget	(1)	30,000		Virements - projected spend capital maintenance
Unallocated Capital Maintenance Budget	(1)	(786,010)		£xk virement to specific schemes
Perseid Capital Maintenance Budget	(1)	50,000		Virements - projected spend capital maintenance
Unlocated SEN - Medical PRU Expansion	(1)	(300,000)	300,000	Re-profiled in accordance with projected Spend

(1) Requires Cabinet approval

- d) Environment and Regeneration – After the adjustments to the programme in the table below budget managers are forecasting the following year end variances:

		Budget 2021-22	Budget 2022-23	Narrative
		£	£	
SLWP - General	(1)	(8,080)	8,080	Re-profiled in accordance with projected Spend
SLWP - Waste Bins	(1)	(13,350)	13,350	Re-profiled in accordance with projected Spend
Mitcham Area Regen - Pollards Hill Bus Shelter	(1)		150,000	NCIL Capital Bidding 2021-22
Wimb Area Regen - Polka Green Retrofit		20,180		NCIL Capital Bidding 2021-22
Borough Regen - Wandle Project		50,000		NCIL Capital Bidding 2021-22
Mitcham Area Regen - New Horizon Centre			68,500	NCIL Capital Bidding 2021-22
Parks Investment - Colliers Wood Rec			67,000	NCIL Capital Bidding 2021-22
Property Management - Community Centre Engy Svng Lighting			35,000	NCIL Capital Bidding 2021-22
Highways & Footways - S Wimb Bus Area Wayfinding			135,630	NCIL Capital Bidding 2021-22
Parks Investment - Abbey Rec			40,000	NCIL Capital Bidding 2021-22
Borough Regen - Bramcote Parade		20,000		NCIL Capital Bidding 2021-22
Highways & Footways - Street Lighting Wimb	(1)	(261,680)	261,680	Re-profiled in accordance with projected Spend
Cycle Route Imps - Cycle Lane Plough Lane	(1)	(120,000)	120,000	Re-profiled in accordance with projected Spend
Wimb Area Regen - Wimb Public Realm Implement	(1)	(401,190)	401,190	Re-profiled in accordance with projected Spend
Wimb Area Regen - Haydons Rd Public Realm Imps	(1)	(300,000)	300,000	Re-profiled in accordance with projected Spend

(1) Requires Cabinet approval

- Officers are projecting a £25k favourable variance on Public Protection and Development.
- Officers are projecting a £6k favourable variance on Alley Gating
- Officers are projecting a £495k favourable variance on the TfL Unallocated Budget
- Officers are projecting a £594k adverse variance on the Canons Parks for the People Scheme (split £444k within Mitcham Area Regeneration and £150k within Parks Investment). Officers have submitted a bid for Strategic CIL to fund this projected shortfall. Additional information will be provided on this variance within the next monitoring report

5.4 Appendix 5d summarises the proposed Neighbourhood CIL allocations from this year's bidding process. Bids have been split between revenue and capital allocations and anticipated financial years. Capital allocations have been added to the programme as part of this monitoring. Cabinet is being requested to approve revenue bids they will be added to budgets appropriately.

5.3 The table below summarises the movement in the Capital Programme for 2021/22 since its approval in March 2021 (£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	(200)		153	(2,595)	9,686
Community & Housing	1,132	135		262		(250)	1,280
Children Schools & Families	9,050	432	135	1,139		(2,510)	8,246
Environment and Regeneration	19,408	3,141	(711)	30	156	(4,457)	17,567
Total	40,795	4,831	(776)	1,431	309	(9,813)	36,778

5.4 The table below compares capital expenditure (£000s) to September 2021 to that in previous years':

Depts.	Spend To September 2018	Spend To September 2019	Spend to September 2020	Spend to September 2021	Variance 2018 to 2021	Variance 2019 to 2021	Variance 2020 to 2021
CS	2,401	1,131	769	627	(1,775)	(504)	(142)
C&H	411	414	171	612	201	198	441
CSF	2,850	4,752	868	3,424	574	(1,328)	2,556
E&R	6,380	2,851	2,787	5,053	(1,327)	2,202	2,266
Total Capital	12,043	9,148	4,595	9,716	(2,327)	568	5,121

Outturn £000s	31,424	26,960	15,123	
Budget £000s				36,778
Projected Spend September 2021 £000s				36,846
Percentage Spend to Budget				26.42%
% Spend to Outturn Projection	38.32%	33.93%	30.39%	26.37%
Monthly Spend to Achieve Projected Outturn £000s				4,188

- 5.5 September is half way through the financial year and departments have spent just over 26.4% of the budget. Spend to date is higher than two of the last three previous financial years

Department	Spend To August 2021 £000s	Spend To September 2021 £000s	Increase £000s
CS	542	627	85
C&H	439	612	173
CSF	1,865	3,424	1,559
E&R	4,346	5,053	707
Total Capital	7,192	9,716	2,524

- 5.6 During September 2021 officers spent just over £2.5 million, to achieve year end spend officer would need to spend approximately £4.1 million each month to year end. Finance officers will continue to review in detail the projected outturn with budget managers.

- 5.7 Appendix 5C summarises the impact of the budgetary changes to the Capital Programme on funding.

6 DELIVERY OF SAVINGS FOR 2021/22

Progress on savings 2021/22

Department	Target Savings 2021/22	Projected Savings 2021/22	Period 6 Forecast Shortfall	Period Forecast Shortfall (P6)	2022/23 Expected Shortfall
	£000	£000	£000	%	£000
Corporate Services	1,322	1,090	232	17.5%	80
Children Schools and Families	1,460	410	1,050	71.9%	400
Community and Housing	2,541	1,517	1,024	40.3%	500
Environment and Regeneration	1,580	205	1,375	87.0%	750
Total	6,903	3,222	3,681	53.3%	1,730

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

Department	Target Savings 2020/21	Shortfall 2020/21	Projected Shortfall 2021/22 (September)	Projected Shortfall 2022/23 (September)
	£000	£000	£000	£000
Corporate Services	2,718	883	213	678
Children Schools and Families	2,969	664	500	0
Community and Housing	2,460	128	128	128
Environment and Regeneration	3,927	3,373	2,837	0
Total	12,074	5,048	3,678	806

Appendix 7 details the progress on unachieved savings from 2020/21 by department and the impact on the current year and next year.

7. CONSULTATION UNDERTAKEN OR PROPOSED

7.1 All relevant bodies have been consulted.

8. TIMETABLE

8.1 In accordance with current financial reporting timetables.

9. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

9.1 All relevant implications have been addressed in the report.

10. LEGAL AND STATUTORY IMPLICATIONS

10.1 All relevant implications have been addressed in the report.

11. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

11.1 Not applicable

12. CRIME AND DISORDER IMPLICATIONS

12.1 Not applicable

13. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

13.1 The risk of part non-delivery of savings is already contained on the key strategic risk register and will be kept under review.

14. 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 4 – Miscellaneous Debt Update September 2021
- Appendix 5A – Current Capital Programme
- Appendix 5B - Detail of Virements
- Appendix 5C - Summary of Capital Programme Funding
- Appendix 5D - Neighbourhood CIL Schemes 2021-22 Bidding
- Appendix 6 – Progress on savings 2021/22
- Appendix 7 – Progress on savings 2020/21

15. BACKGROUND PAPERS

15.1 Budgetary Control files held in the Corporate Services department.

16. REPORT AUTHOR

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

APPENDIX 1

3E. Corporate Items	Council 2021/22 £000s	Current Budget 2021/22 £000s	Year to Date Budget (Sep.) £000s	Year to Date Actual (Sep.) £000s	Full Year Forecast (Sep.) £000s	Forecast Variance at year end (Sep.) £000s	Forecast Variance at year end (Aug) £000s	Outturn Variance 2020/21 £000s
Cost of Borrowing	11,157	11,157	5,579	2,608	11,012	(145)	(145)	(27)
Impact of Capital on revenue budget	11,157	11,157	5,579	2,608	11,012	(145)	(145)	(27)
Investment Income	(387)	(387)	(194)	(240)	(470)	(83)	(43)	(141)
Pension Fund	86	86	43	2,900	86	0	0	2,646
Pay and Price Inflation	3,338	3,338	1,669	0	3,063	(275)	(275)	(250)
Contingency	1,500	500	250	12	500	0	0	(365)
Bad Debt Provision	1,500	1,500	750	0	1,500	0	0	388
Loss of income arising from P3/P4	400	200	100	0	200	0	0	0
Loss of HB Admin grant	23	23	11	0	23	0	0	(23)
Apprenticeship Levy	450	450	225	(177)	450	0	0	(80)
Revenuisation and miscellaneous	8,005	8,100	4,050	44	3,789	(4,311)	(4,311)	411
Growth - Provision against DSG	14,078	14,078	7,039	0	14,078	0	0	0
Contingencies and provisions	25,955	24,851	12,425	(121)	20,540	(4,311)	(4,311)	331
Other income	0	0	0	(5)	0	0	0	7,413
CHAS IP/Dividend	(2,223)	(2,223)	(1,112)	(120)	(2,223)	0	0	0
Income items	(2,223)	(2,223)	(1,112)	(125)	(2,223)	0	0	7,413
Appropriations: CS Reserves	(1,656)	(1,656)	(828)	0	(1,656)	0	0	0
Appropriations: E&R Reserves	(50)	(337)	(169)	0	(337)	0	0	0
Appropriations: CSF Reserves	(303)	(96)	(48)	(96)	(96)	0	0	0
Appropriations: C&H Reserves	(104)	(104)	(52)	0	(104)	0	0	0
Appropriations: Public Health Reserves	(93)	(93)	(47)	0	(93)	0	0	0
Appropriations: Corporate Reserves	(5,472)	(5,112)	(2,556)	360	360	5,472	5,472	(7,848)
Appropriations/Transfers	(7,678)	(7,398)	(3,699)	265	(1,926)	5,472	5,472	(7,848)
Depreciation and Impairment	(25,593)	(25,593)	0	0	(25,593)	0	0	0
Central Items	4,654	3,830	14,711	5,285	4,487	658	698	2,124
Levies	959	959	480	959	959	0	0	0
TOTAL CORPORATE PROVISIONS	5,614	4,789	15,191	6,245	5,447	658	698	2,124
COVID-19 Emergency expenditure	0	0	0	1,002	833	833	938	5,356
TOTAL CORPORATE EXPENDITURE inc. COVID-19	5,614	4,789	15,191	7,247	6,280	1,491	1,636	7,480

Pay and Price Inflation as at September 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 3.2% and RPI at 4.8% and the Council's overall revenue budget under extreme pressure, this budget will be retained as cover and only released in exceptional circumstances.

Pay:

As previously advised, 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.

On 27 July 2021, the National Employers made a "final offer" as follows:

- With effect from 1 April 2021, an increase of 2.75 per cent on NJC pay point 1
- With effect from 1 April 2021, an increase of 1.75 per cent on all NJC pay points 2 and above
- Completion of the outstanding work of the joint Term-Time Only review group

The employers also considered non-pay elements of union proposals and hope joint discussions can begin on the basis of the following:-

- A national minimum agreement on homeworking policies for all councils

In response the unions UNISON, GMB and Unite are urging local government employers to rethink their revised pay offer of a 1.75% pay rise (with 2.75% for those on the bottom pay point) for 2021/22 by "awarding an increase that will properly and fairly reward council and school support staff". Unite are to ballot its 70,000 members on whether they should take industrial action, including the option to strike. The ballot will run from 1 September 2021 to 4 October 2021. The GMB are also balloting its members and its joint Local Government and Schools Committee representatives have discussed the pay offer and are recommending to reject the offer. UNISON have launched a consultation to ask members to vote whether to accept or reject the final pay offer and strongly recommend that its members vote to reject the offer.

With 1.5% provided for a pay award in 2021/22, if unions accept the 1.75% offer it will require additional budget of c.£0.225m in 2021/22 and future years. (a 1% increase costs c.£0.9m per year).

Prices:

The previous statistics have been affected by COVID-19 but there are no more CPIH items identified as unavailable because of lockdown restrictions.

The Consumer Prices Index (CPI) rose by 3.1% in the 12 months to September 2021, down from 3.2% in August. On a monthly basis, CPI increased 0.3% in September 2021, compared with a rise of 0.4% in September 2020.

The largest upward contribution to the September 2021 12-month inflation rate came from transport (0.91 percentage points) with further large upward contributions from housing and household services (0.69 percentage points), restaurants and hotels (0.34 percentage points), and recreation and culture (0.31 percentage points).

Restaurants and hotels made the largest downward contribution to the change in the 12-month inflation rate between August and September 2021, with partially offsetting upward contributions from most other divisions, notably transport, furniture and household goods, food and non-alcoholic beverages, and housing and household services.

The large downward contribution from restaurants and hotels is a base effect, in part because of the recovery of restaurant and cafe prices in September 2020 following August's Eat Out to Help Out scheme.

The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 2.9% in the 12 months to September 2021, down from 3.0% in the 12 months to August.

The RPI rate for September 2021 was 4.9%, which is up from 4.8% in August 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 22 September 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 7-2 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 4 November 2021.

The MPC state that "since the August MPC meeting, the pace of recovery of global activity has showed signs of slowing. Against a backdrop of robust goods demand and continuing supply constraints, global inflationary pressures have remained strong and there are some signs that cost pressures may prove more persistent. Some financial market indicators of inflation expectations have risen somewhat, including in the United Kingdom...Uncertainty around the outlook for the labour market has therefore increased. Key questions include how the economy will adjust to the closure of the furlough scheme at the end of September; the extent, impact and duration of any change in unemployment; as well as the degree and persistence of any difficulties in matching available jobs with workers. The Committee will review these, along with other, developments as part of its forthcoming forecast round ahead of the November Monetary Policy Report, which will also include its periodic assessment of the supply side of the economy."

In terms of the outlook for inflation the MPC say that CPI inflation is expected to rise further temporarily, to slightly above 4% in 2021 Q4, slightly higher than the projection in the August Report. Around half of the near-term projected above-target inflation is expected to be accounted for by elevated energy price inflation. The projected contribution of energy prices from October 2021 reflects a base effect as well as Ofgem's most recent announced increases in the standard variable tariff caps on retail gas and electricity prices. Spot and forward wholesale gas prices have risen materially since the publication of the August Report, against a backdrop of strong demand

and some supply disruption. The MPC say that this “could represent a significant upside risk to the MPC’s inflation projection from April 2022, when Ofgem next updated its retail energy price caps based on the relevant forward contracts, and meant that CPI inflation would remain slightly above 4% into 2022 Q2, all else equal. Core goods inflation was expected to remain above pre-pandemic averages, accounting for most of the remainder of the projected above-target inflation. In contrast to much of the pandemic period, services inflation was expected to rise slightly, to rates close to pre-Covid averages, which in part reflected a continued recovery of activity in consumer-facing services, as well as the tapered rise in VAT on hospitality, holiday accommodation and attractions from October. Most indicators of cost pressures had remained elevated.”

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 (October 2021)			
2021 (Quarter 4)	Lowest %	Highest %	Average %
CPI	2.1	4.5	3.4
RPI	3.0	6.0	4.8
LFS Unemployment Rate	4.5	5.6	5.1
2022 (Quarter 4)	Lowest %	Highest %	Average %
CPI	1.3	5.4	2.6
RPI	1.8	7.2	3.6
LFS Unemployment Rate	3.8	6.0	4.7

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 2021 to 2025 are summarised in the following table:-

Source: HM Treasury - Forecasts for the UK Economy (August 2021)					
	2021	2022	2023	2024	2025
	%	%	%	%	%
CPI	2.2	2.8	2.2	2.1	2.0
RPI	3.2	4.1	3.5	3.2	3.0
LFS Unemployment Rate	5.0	5.0	4.5	4.3	4.2

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 22 September 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 7-2 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 Monetary Policy Committee's (MPC's) core approach is summarised in the minutes as they note that "The MPC's remit is clear that the inflation target applies at all times, reflecting the primacy of price stability in the UK monetary policy framework. The framework also recognises that there will be occasions when inflation will depart from the target as a result of shocks and disturbances. In the recent unprecedented circumstances, the economy has been subject to very large shocks. Given the lag between changes in monetary policy and their effects on inflation, the Committee, in judging the appropriate policy stance, will as always focus on the medium term prospects for inflation, rather than factors that are likely to be transient... should the economy evolve broadly in line with the central projections in the August Monetary Policy Report, some modest tightening of monetary policy over the forecast period was likely to be necessary to be consistent with meeting the inflation target sustainably in the medium term. Some developments during the intervening period appear to have strengthened that case, although considerable uncertainties remain. The Committee will be monitoring closely the incoming evidence regarding developments in the labour market, and particularly unemployment, wider measures of slack and underlying pay pressures; the extent to which businesses pass on wage and other cost increases, as well as medium-term inflation expectations."

Looking at potential future increases in interest rates the MPC state that "Market implied measures of advanced-economy policy rates had increased slightly since the Committee's previous meeting. In the United Kingdom, increases in the level of Bank Rate to 25 basis points and 50 basis points were now expected in May 2022 and December 2022 respectively, compared to August 2022 and February 2024 at the time of the Committee's previous meeting. Market expectations of the first 25 basis point increase in the federal funds rate in the United States had been brought forward to February 2023 from June 2023. At its meeting on 9 September, the ECB Governing Council had decided to reduce moderately the pace of asset purchases under the Pandemic Emergency Purchase Programme. The Governing Council had left its key policy rates unchanged....The MPC had, since the second half of 2020, had policy guidance in place specifying that it did not intend to

tighten monetary policy at least until there was clear evidence that significant progress was being made in eliminating spare capacity and achieving the 2% inflation target sustainably. There remained a range of views on the Committee about whether the conditions of that guidance were met, but all members agreed that the previous formal guidance was no longer useful in the present situation. “

Some members of the MPC thought that any future initial tightening of monetary policy should be implemented by an increase in Bank Rate, even if that tightening became appropriate before the end of the existing UK government bond asset purchase programme.

The August 2021 Monetary Policy Report makes the following assumptions:-

- the impact of Covid on the economy continues to fade over time.
- Fiscal policy supports demand in the near term.
- The market path for interest rates is broadly similar to three months ago; the sterling exchange rate has appreciated a little further since the May Report.
- Risky asset prices are at a similar level to May, while household credit conditions have eased.
- Global GDP continues to rise in the near term as Covid vaccination programmes progress.
- Global inflationary pressures are forecast to remain strong in the near term, but are expected to be transitory and wane as supply and demand imbalances ease.
- UK GDP grows by 4% over the first year of the forecast, with the pace of expansion slowing over time.
- Supply growth is estimated to have been strong, but somewhat less rapid than demand growth, in part reflecting frictions in the labour market.

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

	Projections (August 2021)			
	2021 Q.3	2022 Q.3	2023 Q.3	2024 Q.3
GDP	7.7	4.0	1.3	1.3
CPI Inflation	2.7	3.3	2.1	1.9
LFS Unemployment Rate	4.7	4.4	4.2	4.2
Excess Supply/Excess Demand	0.0	0.5	0	-0.25
Bank Rate	0.1	0.2	0.4	0.5

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

Key judgement 1: global inflationary pressures are strong in the near term – reflecting the continued recovery in world demand, higher commodity prices, and temporary supply bottlenecks – and should subside thereafter.

Key judgement 2: UK activity continues to recover in the near term, as the impact of Covid continues to wane and policy stimulus supports demand, with the pace of expansion slowing as those effects dissipate

Key judgement 3: the economy's supply capacity continues to recover in the near term as the impact of Covid wanes; in the medium term, supply growth returns to around longer-term trend rates.

Key judgement 4: inflation rises further above the target in the near term, largely reflecting the impact of transitory factors; in the medium term, supply and demand are broadly in balance and inflation is around the target.

Subject: Miscellaneous Debt Update September 2021**1. LATEST ARREARS POSITION – MERTON'S AGED DEBTORS REPORT**

- 1.1 A breakdown of departmental net miscellaneous debt arrears, as at 30 September 2021, is shown in column F of the table below.
- 1.2 Please note that on the 6 February 2017 the new financial computer system E5 went live and this included the raising and collection of invoices and the debt recovery system.

Sundry Debtors aged balance – 30 September 2021 – not including debt that is less than 30 days old (Please note the new system reports debt up to 30 days whereas previously we reported up to 39 days)

Department a	30 days to 6 months b	6 months to 1 year c	1 to 2 years d	Over 2 years e	Sept 21 arrears f	June 21 arrears	Direction of travel
	£	£	£	£	£	£	
Env & Regeneration	£3,129,927	£565,411	£324,833	£715,859	£4,736,030	£6,377,425	↓
Corporate Services	£441,370	£256,052	£110,225	£134,594	£942,241	£1,152,270	↓
Housing Benefits	£228,659	£288,760	£767,513	£3,366,040	£4,650,972	£4,799,264	↓
Children, Schools & Families	£219,591	£227,214	£230,322	£504,961	£1,182,089	£1,154,670	↑
Community & Housing	£4,424,069	£920,690	£736,468	£1,910,478	£7,991,705	£4,692,035	↑
Chief Executive's					£0	£0	-
CHAS 2013	£89,797	£10,857	£0	£0	£100,654	£90,257	↑
Total	£8,533,412	£2,268,984	£2,169,361	£6,631,933	£19,603,690	£18,265,920	↑

- 1.3 Since the position was last reported on 30 June 2021, the net level of arrears, i.e. invoices over 30 days old, has increased by £1,337,770.
- 1.4 Since last reported at the end of June there has been a large increase in Community and Housing debt.
- 1.5 For more detail on the increases please see from 2.16 below.
- 1.6 The debt recovery team continue to proactively pursue all outstanding sundry debt, working with service departments to improve collection.

2 IMPACT OF COVID19

- 2.1 Towards the end of March 20, all recovery action for council tax, business rates, sundry debt, parking PCN's and enforcement work ceased.
- 2.2 Gradually over the next year recovery action was re-commenced for all debt types.
- 2.3 **Council Tax**
- 2.4 At the end of March 2021, the full year collection rate was 0.98% down from the previous year. The shortfall in council tax income for the year was £1.197 million, Merton's share of this shortfall would be £946,000.
- 2.5 The collection rate for 2021/22 as at the end of September was 56.66%, this is a slight reduction from 2020/21 when the collection rate was 56.8%. Just over £74.5 million in council tax has been collected.
- 2.6 Normal recovery action for non-payment of council tax has been undertaken with reminders, SMS and summonses being issued. Monthly remote Liability Order Hearings are taking place.
- 2.7 Debts are also regularly being referred to the enforcement team to pursue debts where the residents have failed to contact us or adhere to payment arrangements
- 2.8 At the end of March 21 the arrears figure for all previous years council tax debt was £10.927 million. As at the end of September 21 this has reduced to £8.579 million.
- 2.9 **Business Rates**
- 2.10 At the end of March 2021, the full year collection rate was 7.87% down from the previous year. The shortfall in business rates income for the year was £3.814 million, Merton's share of this shortfall would be £1.144 million.
- 2.11 The collection rate for 2021/22 as at the end of September was 44.61%, this is a reduction on the 2020/21 figure of 47.93%. Just over £34.5 million has been collected.
- 2.12 From the 1st April 2021 to 30 June 2021 100% retail and nursery relief had been granted to all qualifying businesses. From 1st July this relief reduced to 66%. This means that many retail, hospitality, leisure businesses, and nurseries received a rates bill for the first time in 15 months. So far we have seen a further reduction in collection and as detailed above the collection rate is a further 3.3% down on last year.
- 2.13 For the five years prior to the pandemic the yearly collection rate was between 97.7% and 98.8%. Last year the collection rate was 90.08%. Whilst there is still six months of the year remaining the collection rate for this year could be as low as 85%. This would result in a shortfall of over £7 million and Merton's share of this is 30%.
- 2.14 Recovery action has taken place although where businesses are contacting us for help we are continuing to defer their payments for both this year and last year.
- 2.15 Reminders and summonses have been issued and we have obtained Liability Orders for non-payment against some businesses. Selected cases have been passed to the enforcement team for collection.

2.16. **Sundry Debt**

- 2.17 As detailed in the table above in 1.2, debt older than 30 days for all departments has increased since June 21 by just over £1.3 million.
- 2.18 Normal recovery action continues to take place, with reminders and final notices being issued.
- 2.19 Staff are progressing selected cases to the in-house legal service for collection.
- 2.20 Since last reported in June 21 – the only department to have a significant increase is Community and Housing. The debt over 30 days had increased by almost £3.299 million. This was due to one outstanding invoice sent to the NHS South West London CCG which has since been paid in full.
- 2.21 Adult Social Care debt has reduced from £3.962 million at the end of June 21 to £3.876 million at the end of September 21. A reduction of £86,000.
- 2.22 The overall trend is that Adult Social Care debt has reduced over the past two years. In June 20 the debt was £4.648 million, so in the past 15 months there has been a reduction of £772,000. The improvements to working processes, targeted collection, increased legal action and ongoing monitoring has contributed to the improvement

2.23 **Housing Benefit Overpayments**

- 2.24 Invoices had continued to be issued for new debts but no other recovery action was recommenced.
- 2.25 Housing Benefit overpayment debt has reduced from £7.18 million in June 21 to £6.995 million at the end of September 21.
- 2.26 A large proportion of housing benefit debts not on payment arrangements is over two years old. An exercise has commenced to target these debts to establish where recovery is possible. It is likely that some will have to be written off as uncollectable.

2.27 **Parking Debts**

- 2.28 The number of PCN's issued has increased considerable between April and August compared to last year. Last year between 1 April 20 and 10 August 20 29,269 were issued and for this year 51,544.
- 2.29 Debt Registration is now up to date and cases being passed to the enforcement team where they remain unpaid on a regular basis.

2.30 **Enforcement service (bailiffs)**

- 2.31 Enforcement Agents ceased visits in March before the Government formally announced a stop to enforcement work.

- 2.32 Re-engagement letters were issued before the in-house team re-commenced enforcement visits. There has been a gradual return to debt collection from October 20 to April 21. Now the team is collecting all debts again.
- 2.33 Risk assessments, new working procedures, refresher training have all been completed. All enforcement agents have been provided with PPE and have been instructed on undertaking covid-19 assessments within their work.
- 2.34 The collection rates for debt and costs are lower than pre pandemic levels for both Merton and Sutton cases.

3. TOTAL DEBT DUE TO MERTON

The total amount due to Merton as at 30 September 21 is detailed in the table below.

Total debt outstanding as at 30 September 21 and compared with previous periods over the past 15 months

	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21
	£	£	£	£	£	£
Miscellaneous sundry debt Note 1	18,485,599	15,943,871	16,453,772	16,414,842	17,762,694	19,775,064
Housing Benefit debt	7,758,894	7,611,691	7,342,968	7,190,534	7,186,188	6,995,264
Parking Services	3,645,037	3,967,251	4,895,362	4,661,940	4,201,421	4,724,415
Council Tax Note 2	8,182,271	7,721,592	7,139,145	10,927,588	9,054,527	8,579,459
Business Rates Note 3	3,725,128	3,689,921	3,611,524	8,414,383	6,234,231	5,258,727
Total	41,796,929	38,934,326	39,442,771	47,609,287	44,439,061	45,332,929

Note 1 The amount shown against miscellaneous sundry debt above differs from the amount shown in table 1 as it shows all debt, including debt which is less than 30 days old and table 1 only includes debt over 30 days old and also includes housing benefit overpayments which is shown separate in the table above.

Note 2 Council tax debt now includes unpaid council tax for 2020/21 in March 21 figures hence the increase.

Note 3 Business rates debt now includes unpaid business rates for 2020/21 in March 21 figure hence the increase.

- 3.1 The overall debt outstanding has increased by £893,868 since last reported at the end of June 21.
- 3.2 A more relevant comparison is between September 20 and September 21. The changes in outstanding debt are as follows

Overall £6,398,603 increase

Sundry debt £3,831,193 increase
Housing Benefit £616,427 decrease
Council Tax £857,867 increase
Parking £757,164 increase
Business Rates £1,568,806 increase

3.3 The large increase in previous years debts for council tax and business rates is due to the lower collection rates due to the impact of the pandemic and the fact that we have not undertaken normal recovery action during the year.

3.4 The large increase in sundry debt is due to over £3 million increase in debt raised by the Service Accountancy team for recharges to NHS CCG.

3.5 Detailed breakdowns of the Council Car Parking figures as at 31 March 2021 are shown in the table below:

Age of Debt			
Age of Debt	Outstanding	Number of PCNs	Average Value
0-3 months	£		£
3-6 months	£1,345,404	13,607	£99
6-9 months	£908,384	5,930	£153
9-12 months	£273,685	1,593	£172
12-15 months	£423,608	2,422	£175
Older than 15 months	£455,492	2,519	£181
Total	£1,317,842	7,331	£180
	£4,724,415	33,402	£141
Total June 2021	£4,201,421	30,154	
Increase/-decrease	£522,944+	3,248+	

APPENDIX AUTHOR - David Keppler (020 8545 3727/david.keppler@merton.gov.uk)

Capital Budget Monitoring – September 2021

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2021/22	Full Year Variance
Capital	9,716,169	10,349,494	(633,325)	36,778,390	36,845,867	67,477
Corporate Services	626,626	1,541,068	(914,442)	9,685,630	9,685,630	0
Customer, Policy and Improvement	0	0	0	350,000	350,000	0
Customer Contact Programme	0	0	0	350,000	350,000	0
Facilities Management Total	143,453	1,165,968	(1,022,515)	1,370,130	1,370,130	0
Works to other buildings	118,038	447,472	(329,434)	740,000	739,700	(300)
Civic Centre	0	0	0	60,000	60,300	300
Invest to Save schemes	25,415	718,496	(693,081)	570,130	570,130	0
Infrastructure & Transactions	283,173	175,100	108,073	2,504,310	2,504,310	0
Business Systems	122,696	64,640	58,056	868,020	868,020	0
Social Care IT System	61,165	0	61,165	157,180	157,180	0
Disaster recovery site	0	0	0	332,960	332,960	0
Planned Replacement Programme	99,312	110,460	(11,148)	1,146,150	1,146,150	0
Resources	0	0	0	0	0	0
Financial System	0	0	0	0	0	0
Corporate Items	200,000	200,000	0	5,461,190	5,461,190	0
Acquisitions Budget	200,000	200,000	0	200,000	200,000	0
Capital Bidding Fund	0	0	0	0	0	0
Multi Functioning Device (MFD)	0	0	0	0	0	0
Westminster Ccl Coroners Court	0	0	0	460,000	460,000	0
Corporate Capital Contingency	0	0	0	0	0	0
Compulsory Purchase Orders	0	0	0	4,801,190	4,801,190	0
Community and Housing	612,125	374,968	237,157	1,280,230	1,280,230	(0)
Adult Social Care	0	0	0	30,400	30,400	(0)
Telehealth	0	0	0	30,400	30,400	(0)
Housing	501,348	295,036	206,312	1,050,000	1,050,000	0
Disabled Facilities Grant	501,348	295,036	206,312	1,000,000	1,000,000	0
Major Projects - Social Care H	0	0	0	50,000	50,000	0
Libraries	110,777	79,932	30,845	199,830	199,830	0
Library Enhancement Works	0	0	0	0	0	0
Major Library Projects	110,777	70,332	40,445	175,830	175,830	0
Libraries IT	0	9,600	(9,600)	24,000	24,000	0

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Children Schools & Families	3,424,098	172,816	3,251,282	8,245,690	8,245,690	0
Primary Schools	1,381,477	54,000	1,327,477	3,520,910	3,443,910	(77,000)
Hollymount	1,929	0	1,929	60,000	60,000	0
West Wimbledon	211,128	0	211,128	425,000	425,000	0
Hatfeild	20,497	0	20,497	135,000	135,000	0
Hillcross	145,669	0	145,669	258,000	258,000	0
Joseph Hood	20,646	0	20,646	110,000	110,000	0
Dundonald	124,002	0	124,002	179,010	158,010	(21,000)
Merton Abbey	21,087	0	21,087	65,000	65,000	0
Merton Park	0	0	0	50,000	50,000	0
Pelham	37,375	0	37,375	85,000	77,000	(8,000)
Wimbledon Chase	88,981	0	88,981	216,000	216,000	0
Wimbledon Park	45,077	0	45,077	450,000	450,000	0
Abbotsbury	20,980	0	20,980	79,000	79,000	0
Malmesbury	96,261	0	96,261	108,000	108,000	0
Morden	(2,219)	0	(2,219)	0	0	0
Bond	18,400	0	18,400	68,000	68,000	0
Cranmer	20,986	24,000	(3,014)	109,000	109,000	0
Haslemere	0	0	0	240,000	240,000	0
Liberty	(487)	0	(487)	0	0	0
Links	113,925	0	113,925	180,000	132,000	(48,000)
St Marks	75,221	0	75,221	180,900	180,900	0
Lonesome	(1,875)	0	(1,875)	35,000	35,000	0
Sherwood	228,953	30,000	198,953	330,000	330,000	0
William Morris	94,941	0	94,941	158,000	158,000	0
Unlocated Primary School Proj	0	0	0	0	0	0

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Secondary School	231,139	0	231,139	604,040	681,040	77,000
Harris Academy Morden	0	0	0	135,000	135,000	0
Harris Academy Merton	0	0	0	34,170	34,170	0
Raynes Park	0	0	0	21,000	21,000	0
Ricards Lodge	0	0	0	21,610	21,610	0
Rutlish	27,208	0	27,208	55,000	55,000	0
Harris Academy Wimbledon	203,931	0	203,931	337,260	414,260	77,000
SEN	1,633,241	0	1,633,241	3,529,290	3,529,290	0
Perseid	213,932	0	213,932	414,130	414,130	0
Cricket Green	118,251	0	118,251	195,480	195,480	0
Melrose	1,300,019	0	1,300,019	2,337,980	2,337,980	0
Secondary School Autism Unit	0	0	0	50,000	50,000	0
Unallocated SEN	2,896	0	2,896	524,200	524,200	0
Melbury College - Smart Centre	(1,857)	0	(1,857)	7,500	7,500	0
CSF Schemes	178,242	118,816	59,426	591,450	591,450	0
Devolved Formula Capital	178,242	118,816	59,426	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 – September 2021

	Actuals	Budgeted Spend to Date	Variance to Date	Final Budget	Final Year Forecast 2020/21	Full Year Variance
Environment and Regeneration	5,053,320	8,260,642	(3,207,322)	17,566,840	17,634,317	67,477
Public Protection and Development	120,267	604,722	(484,455)	1,669,640	1,644,640	(25,000)
On Street Parking - P&D	0	332,000	(332,000)	833,000	833,000	0
Off Street Parking - P&D	74,293	259,412	(185,119)	645,530	645,530	0
CCTV Investment	45,974	13,310	32,664	156,110	156,110	0
Public Protection and Development	0	0	0	35,000	10,000	(25,000)
Street Scene & Waste	180,008	308,390	(128,382)	804,000	798,000	(6,000)
Fleet Vehicles	298,792	298,790	2	673,000	673,000	0
Alley Gating Scheme	389	9,600	(9,212)	24,000	18,000	(6,000)
Waste SLWP	(119,173)	0	(119,173)	107,000	107,000	0
Sustainable Communities	4,753,045	7,347,530	(2,594,485)	15,093,200	15,191,677	98,477
Street Trees	20,328	0	20,328	134,590	134,590	0
Raynes Park Area Roads	1,965	0	1,965	2,970	2,970	0
Highways & Footways	2,869,730	4,358,920	(1,489,190)	8,368,320	8,368,317	(3)
Cycle Route Improvements	107,467	300,304	(192,837)	414,870	414,870	0
Unallocated TfI	0	0	0	495,250	0	(495,250)
Mitcham Area Regeneration	827,947	1,166,750	(338,803)	1,315,230	1,759,480	444,250
Wimbledon Area Regeneration	103,381	365,728	(262,347)	553,310	553,310	0
Morden Area Regeneration	0	60,000	(60,000)	150,000	150,000	0
Borough Regeneration	68,983	109,988	(41,005)	816,020	816,020	0
Property Management Enhancement	0	0	0	0	0	0
Morden Leisure Centre	15,846	0	15,846	15,850	15,850	0
Wimbledon Park Lake and Waters	157,063	471,184	(314,121)	1,177,960	1,177,960	0
Sports Facilities	100,993	157,720	(56,727)	410,470	410,470	0
Parks	479,342	356,936	122,406	1,238,360	1,387,840	149,480

Virement, Re-profiling and New Funding - September 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									
Invest to Save - General	(1) 523,690		(200,000)	(273,690)	50,000	300,000	273,690	573,690	Re-profiled in line with projected spend
Invest to Save - Photovoltaics	(1) 72,890			(50,000)	22,890	0	50,000	50,000	Re-profiled in line with projected spend
Community and Housing									
Disabled Facilities Grant	(1) 737,590		262,400		1,000,000	827,000		827,000	Grant for 2021-22. Applied to Prog.
Children, Schools and Families									
West Wimbledon Capital Maintenance Budget	(1) 350,000	75,000			425,000			0	Virements - projected spend capital maintenance
Hatfield Capital Maintenance Budget	(1) 75,000	60,000			135,000			0	Virements - projected spend capital maintenance
Hillcross Capital Maintenance Budget	(1) 153,000	105,000			258,000			0	Virements - projected spend capital maintenance
Joseph Hood Capital Maintenance Budget	(1) 73,000	37,000			110,000			0	Virements - projected spend capital maintenance
Dundonald Capital Maintenance Budget	(1) 181,000	(1,990)			179,010			0	Virements - projected spend capital maintenance
Merton Park Capital Maintenance Budget	(1) 0	50,000			50,000			0	Virements - projected spend capital maintenance
Pelham Capital Maintenance Budget	(1) 50,000	35,000			85,000			0	Virements - projected spend capital maintenance
Wimbledon Chase Capital Maintenance Budget	(1) 176,000	40,000			216,000			0	Virements - projected spend capital maintenance
Abbotsbury Capital Maintenance Budget	(1) 61,000	18,000			79,000			0	Virements - projected spend capital maintenance
Malmesbury Capital Maintenance Budget	(1) 95,000	13,000			108,000			0	Virements - projected spend capital maintenance
Bond Capital Maintenance Budget	(1) 33,000	35,000			68,000			0	Virements - projected spend capital maintenance
Crammer Capital Maintenance Budget	(1) 59,000	50,000			109,000			0	Virements - projected spend capital maintenance
Haslemere Capital Maintenance Budget	(1) 150,000	90,000			240,000			0	Virements - projected spend capital maintenance
St Mark's - Immersive Learning Centre							80,490	80,490	NCIL Capital Bidding 2021-22
St Mark's Capital Maintenance Budget	(1) 115,900	65,000			180,900			0	Virements - projected spend capital maintenance
Lonesome Capital Maintenance Budget	(1) 0	35,000			35,000			0	Virements - projected spend capital maintenance
Sherwood Capital Maintenance Budget	(1) 300,000	30,000			330,000			0	Virements - projected spend capital maintenance
Unallocated Capital Maintenance Budget	(1) 786,010	(786,000)			0	1,900,000		1,900,000	Exx virement to specific schemes
Persoid Capital Maintenance Budget	(1) 355,000	50,000			405,000			0	Virements - projected spend capital maintenance
Unlocated SEN - Medical PRU Expansion	(1) 500,000			(300,000)	200,000	100,000	300,000	400,000	Re-profiled in accordance with projected Spend
Environment and Regeneration									
SLWP - General	(1) 8,080			(8,080)	0	0	8,080	8,080	Re-profiled in accordance with projected Spend
SLWP - Waste Bins	(1) 30,350			(13,350)	17,000	0	13,350	13,350	Re-profiled in accordance with projected Spend
Mitcham Area Regen - Pollards Hill Bus Shelter	(1) 0				0	0	150,000	150,000	NCIL Capital Bidding 2021-22
Wimb Area Regen - Polka Green Retrofit			20,180		20,180	0		0	NCIL Capital Bidding 2021-22
Borough Regen - Wandle Project		7,020	50,000		57,020	0		0	NCIL Capital Bidding 2021-22
Mitcham Area Regen - New Horizon Centre		0			0	0	68,500	68,500	NCIL Capital Bidding 2021-22
Parks Investment - Colliers Wood Rec		0			0	0	67,000	67,000	NCIL Capital Bidding 2021-22
Property Management - Community Centre Engy Sving Lighting		0			0	0	35,000	35,000	NCIL Capital Bidding 2021-22
Highways & Footways - S Wimb Bus Area Wayfinding	(1) 0				0	0	135,360	135,360	NCIL Capital Bidding 2021-22
Parks Investment - Abbey Rec		0			0	0	40,000	40,000	NCIL Capital Bidding 2021-22
Borough Regen - Bramcote Parade		84,150	20,000		104,150	0		0	NCIL Capital Bidding 2021-22
Highways & Footways - Street Lighting Wimb	(1) 761,680			(261,680)	500,000	0	261,680	261,680	Re-profiled in accordance with projected Spend
Cycle Route Imps - Cycle Lane Plough Lane	(1) 220,000			(120,000)	100,000	0	120,000	120,000	Re-profiled in accordance with projected Spend
Wimb Area Regen - Wimb Public Realm Implement	(1) 601,190			(401,190)	200,000	500,000	401,190	901,190	Re-profiled in accordance with projected Spend
Wimb Area Regen - Haydens Rd Public Realm Imps	(1) 400,000			(300,000)	100,000	0	300,000	300,000	Re-profiled in accordance with projected Spend
Total	6,959,550	0	152,590	(1,727,990)	5,384,150	3,627,000	2,304,340	5,931,340	

(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
Proposed August Monitoring	21,333	17,021	38,354
<u>Corporate Services</u>			
Invest to Save - General	(474)	0	(474)
Invest to Save - Photovoltaics	(50)	0	(50)
<u>Community and Housing</u>			
Disabled Facilities Grant	0	262	262
<u>Children, Schools and Families</u>			
Unlocated SEN - Medical PRU Expansion	(300)	0	(300)
<u>Environment and Regeneration</u>			
SLWP - General	(8)	0	(8)
SLWP - Waste Bins	(13)	0	(13)
Wimb Area Regen - Polka Green Retrofit	20	0	20
Borough Regen - Wandle Project	50	0	50
Borough Regen - Bramcote Parade	20	0	20
Highways & Footways - Street Lighting Wimb	(262)	0	(262)
Cycle Route Imps - Cycle Lane Plough Lane	(120)	0	(120)
Wimb Area Regen - Wimb Public Realm Implement	(401)	0	(401)
Wimb Area Regen - Haydons Rd Public Realm Imps	(300)	0	(300)
Proposed September Monitoring	19,495	17,284	36,778

Capital Programme Funding Summary 2022/23

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Proposed August Monitoring	17,415	6,449	23,864
<u>Corporate Services</u>			
Invest to Save - General	274	0	274
Invest to Save - Photovoltaics	50	0	50
<u>Children, Schools and Families</u>			
St Mark's - Immersive Learning Centre	80	0	80
Unlocated SEN - Medical PRU Expansion	300	0	300
<u>Environment and Regeneration</u>			
SLWP - General	8	0	8
SLWP - Waste Bins	13	0	13
Mitcham Area Regen - Pollards Hill Bus Shelter	150	0	150
Mitcham Area Regen - New Horizon Centre	69	0	69
Parks Investment - Colliers Wood Rec	67	0	67
Property Management - Community Centre Engy Sving Lighting	35	0	35
Highways & Footways - S Wimb Bus Area Wayfinding	135	0	135
Parks Investment - Abbey Rec	40	0	40
Highways & Footways - Street Lighting Wimb	262	0	262
Cycle Route Imps - Cycle Lane Plough Lane	120	0	120
Wimb Area Regen - Wimb Public Realm Implement	401	0	401
Wimb Area Regen - Haydons Rd Public Realm Imps	300	0	300
Proposed September Monitoring	19,720	6,449	26,168

Capital Programme Funding Summary 2023/24

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
June 2021 Monitoring	12,366	3,450	15,815
Community and Housing			
Disabled Facilities Grant	(356)	577	221
Proposed September 2021 Monitoring	12,009	4,027	16,036

Capital Programme Funding Summary 2024/25

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Proposed May 21 Monitoring	19,575	3,200	22,775
Community and Housing			
Disabled Facilities Grant	(280)	720	440
Proposed September 2021 Monitoring	19,295	3,920	23,216

NCIL Schemes Bidding September 2021

Capital Schemes	Budget 2021-22 £	Budget 2022-23 £	Revenue Schemes	Budget 2021-22 £	Budget 2022-23 £
Pollards Hill Bus Shelter Refurbishment		150,000	The Small Quarter: Community growing and culture space		38,914
Polka Green Retrofit (Grant)	20,180		The Mitcham Colour Way		3,500
Merton Priory/Anima Una - Building a creative space for young people (Grant)	50,000		Attic's Creative Community Engagement Programme		42,549
The New Horizon's Centre - Better spaces - better place (Grant)		68,500	Sherwood Park Cafe and Mini Golf		60,000
Improving Colliers Wood Rec Playground		67,000	Uptown Youth Services		30,000
Community Centre Energy Saving Lighting		35,000	Martin Way - Greener, Brighter & Revitalised		27,335
Immersive Learning Centre		80,490	Merton Garden Streets 2022		31,288
Abbey Recreation Ground and Merton Park Green Walk Improvements		40,000	Museum of Wimbledon Refurbishment Project (Grant)		50,000
Bramcote Parade topup	20,000		Energy Matters: Building the next generation of energy champions		88,823
South Wimbledon Business Area Wayfinding		135,360	There's More to Morden		35,000
			20mph banners		35,000
			Community Champions 2022: Building social capital in Merton's journey towards net zero	57,600	6,400
			The Wheel - A Circular Economy for Merton		75,000
			Parade Programme Management top-up		27,500
Total Capital Schemes	90,180	576,350	Total Revenue Schemes	57,600	551,309

Total All Projects**1,275,439**

APPENDIX 6

Department	Target Savings 2021/22	Projected Savings 2021/22	Period 6 Forecast Shortfall	Period Forecast Shortfall (P6)	2022/23 Expected Shortfall
	£000	£000	£000	%	£000
Corporate Services	1,322	1,090	232	17.5%	80
Children Schools and Families	1,460	410	1,050	71.9%	400
Community and Housing	2,541	1,517	1,024	40.3%	500
Environment and Regeneration	1,580	205	1,375	87.0%	750
Total	6,903	3,222	3,681	53.3%	1,730

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	0	80	R	80	0	G	James McGinlay	Staff issue with the admin manager being off sick has delayed progress.	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	Please refer to Item ENV 2021-04 below where the modernisation project is due to be rolled out in October 2021 and will deliver the reduction targets.	
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	G	Cathryn James	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. 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. Additional questions raised by GLA have now been responded to and approved. Application now to be sent by GLA to Mayor for London.	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	0	750	R	0	750	R	Cathryn James	Decision taken not to implement EBC. The shortfall in year has been met from the corporate contingency budget and has been built into the MTFV savings requirement for future years	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. Operational consideration now being worked through for implementation in Q2/Q3.	Y
ENV2021-06	Service restructure across Safer Merton and CCTV	35	0	35	R	35	0	A	Cathryn James	Cost pressures within the CCTV budget present a challenge to meeting this savings target. The CCTV upgrade programme will reduce the CCTV revenue costs (e.g. the upgrades to the network will lower data transmission costs), therefore the delivery of these savings is contingent on the timely implantation of the upgrade programme.	Y
PUBLIC SPACE											

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
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	52	0	G	52	0	G	John Bosley		
Total Environment and Regeneration Savings 2021/22		1,580	205	1,375		830	750				

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	0	15	R	David Keppler	Not achievable in year due to covid	Y
2021-22 CS11	Review of shared Bailiff service with Sutton	40	0	40	R	0	40	R	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	Currently forecasting shortfall of 2K	Y
2021-22 CS08	reduced running costs due to canvass reform	10	10	0	G	10	0	G	Andrew Robertson	Currently on track unless decision is made to send Household Notification Letters to all properties ahead of local elections in May 2022.	
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		
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	120	0	G	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 2021/22		1322	1090	232		1208	80	0			

Updated Sept'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	500	0	G	Gill Moore	The programme is underway and additional resources are being put in place to ensure delivery	
CH94	Integration- Merton Health & Care Together Partnership Programme	500		500	R	500	0	G	Phil Howell	Changes in the health landscape make savings through integrated working more difficult to deliver at this time. This will be kept under review as the new ICS arrangements emerge	
CH95	Public Health	500	100	400	R	0	500	G	Dagmar Zeuner	the impact of COVID and provider issues make this undeliverable at this time.	
CH96	Home care monitoring	110	110	0	G	110	0	G	Keith Burns	Project to broaden number of providers using ECM solution is in progress.	
CH97	Transport	200	200	0	A	200	0	G	Phil Howell	The transport review has been delayed by COVID but this is offset in year by reduced concessionary fares costs (one off)	
CH98	Promoting Independence	500	500	0	G	500	0	G	Phil Howell		
CH102	Dementia Hub Recommissioning	55	55	0	G	55	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	176	0	G	Steve Langley	The work was delayed by COVID but is now on track to be delivered by end Dec 2021 with fye 2022/23	
Subtotal Adult Social Care		2,541	1,517	1,024		0	2,041	500			
Total C & H Savings for 2021/22		2,541	1,517	1,024			2,041	500			

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	Red	0	400	Red	Sue Myers	This saving is unachievable as it is related to a saving in Public Health related to recommissioning integrated service that didn't occur	
CSF2019-16	National Minimum rate for Fostering/Guardianship/Adoption	20	20	0	Green	20	0	Green	Sue Myers	Review in progress full update to be provided in Period 7	
CSF2019-17	Increased use of in-house foster care	40	40	0	Green	40	0	Green	Sue Myers	Review in progress full update to be provided in Period 7	
CSF2019-18	Review and reshape shortbreaks provision	200	0	200	Red	200	0	Green	Elizabeth Fitzpatrick	Shortbreaks review was delayed by Covid and the saving is therefore also delayed	
CSF2019-19	SEND travel assistance	150	150	0	Green	150	0	Green	Elizabeth Fitzpatrick	Review in progress full update to be provided in Period 7	
2021-22 CSF01	Education & Early Help -Reduction made in provision for PFI Unitary Charges	450	0	450	Red	450	0	Green	Elizabeth Fitzpatrick	Finance review of the PFI Unitary charge model needed	
2021-22 CSF03	CSF - Ongoing underspend	200	200	0	Yellow	200	0	Green	Sue Myers/Elizabeth Fitzpatrick	Currently CSF forecasting overspend so this saving is at risk to be reviewed in Period 7	
	Total Children, Schools and Families Department Savings for 2021/22	1,460	410	1,050	0	1,060	400	0			

APPENDIX 7

Department	Target Savings 2020/21	Shortfall 2020/21	Projected Shortfall 2021/22 (September)	Projected Shortfall 2022/23 (September)
	£000	£000	£000	£000
Corporate Services	2,718	883	213	678
Children Schools and Families	2,969	664	500	0
Community and Housing	2,460	128	128	128
Environment and Regeneration	3,927	3,373	2,837	0
Total	12,074	5,048	3,678	806

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/Unders pend? 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 for 20/21 were estimated to be down by approx. 10% overall for the calendar year 2020. Due to the reasons above this saving will not be fully met in 2020/21. Lockdown continued 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 very difficult. For the period June through to October 20/21 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. Lockdown 3 had 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 affect income levels. As at October 2021 savings continue to be monitored but lockdown continues to affect income levels.	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 of 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	Following the consultation process and approval by Merton, the proposal was put before London Council, GLA, Mayor for London and Secretary of State to approve. Process was delayed due to London Mayoral Election, officers are working with GLA to progress the application. GLA now approved application and Sec of State has 3 weeks to comment. Earliest implementation will be in January 2022.	N
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	0	300	R	300	0	A	Cathryn James	Since mid-March 2020 there has been an unprecedented reduction in traffic on our roads. This has resulted in the number of PCNs being issued by ANPR to drop to less than 10% of normal activity for April/May 2020. Although numbers 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. Current traffic movements remain affected with less ANPR activity. It is projected that this saving will not be met in 2021/22.	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	0	337	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. Current traffic movements remain affected with less ANPR activity. It is projected that this saving will not be met in 2021/22.	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 MTF5 we believe that this can be added to.	250	0	250	R	0	250	R	250	0	A	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. CONFIDENTIAL The current national shortage of drivers impacting the collection schedule, the service has been required to combine rounds and co collect waste streams. This is being monitored through our BCP and the financial impact amended through our budget forecasting.	Y

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	150	0	G	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 21/22 and we hope to implement this in the new year subject to any continuity plans which may take presedent over these two work streams.	
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		
Total Environment and Regeneration Savings 2020/21		3,404	31	3,373		567	2,837		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	72	28		Andy Ottaway-Searle	MASCOT income has fallen due to cancelled services	
	Subtotal Adult Social Care	200	72	128	0	72	128		72	128				
	Total C & H Savings for 2020/21	200	72	128		72	128		72	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
Resources														
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	0	20	R	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	R	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	R	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			0	755		22	213	0	77	678				

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 Expected £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					Elizabeth Fitzpatrick	Won't be able to deliver more than approx £10k if reorganisation is undertaken in 3rd quarter of 2021/22..	
CSF2019-21	Review and reshaping of Short Break provision across CWD	200	60	140		0	200					Elizabeth Fitzpatrick	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		15	30					Sue Myers	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 has been delayed due to coronavirus alternative operating measures. Will deliver no more than £15k. 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		200	200					Sue Myers	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. Proposed CSC reorganisation creates recourse for this savings work to be delivered in 2021/22.	
CSF2019-04	Deliver the 14+ leaving care service through personal advisors rather than social workers	60	20	40		60	0					Sue Myers	Part of wider CSC reorganisation which was delayed due to coronavirus alternative operating measures. Will deliver no more than £20k.	
CSF2019-13	Review of current Adolescent and Family service	100	30	70		30	70					Sue Myers	Part of wider CSC reorganisation which is delayed due to coronavirus alternative operating measures. Will deliver no more than £30k, 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					Sue Myers	DfE funding withdrawn. Part of wider CSC reorganisation which is delayed due to coronavirus alternative operating measures.	

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 Expected £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
CSF2019-17	Culture change and clarification of financial support entitlement for care leavers	50	0	50		50	0					Sue Myers	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 has been 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					Sue Myers	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.	
	Total Children, Schools and Families Department Savings for 2020/21	964	350	614		464	500		0	0	0			