

## **Committee: Healthier Communities & Older People Overview and Scrutiny Panels**

10 January 2022

## **Children and Young People Overview and Scrutiny Panels**

12 January 2022

## **Sustainable Communities Overview and Scrutiny Panel**

18 January 2022

## **Overview and Scrutiny Commission**

19 January 2022

**Wards:** ALL

**Subject:** Business Plan Update 2022-2026 (Members are requested to bring the Member's Information Pack with them to these meetings)

**Lead officer:** Caroline Holland

**Lead member:** Councillor Tobin Byers

**Contact officer:** Roger Kershaw

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### **Recommendations:**

1. That the Panels consider the proposed amendments to savings previously agreed set out in the Member's Information Pack;
  2. That the Overview and Scrutiny Commission also consider the Draft Business Plan 2022-26 report received by Cabinet at its meeting on 17 January 2022;
  3. That the Panels consider the draft capital programme 2022-26 set out in Appendix 3 of the attached report on the Business Plan;
  4. That the Panels consider the draft savings/income proposals and associated draft equalities analyses set out in the Member's Information Pack;
  5. That the Panels consider the draft service plans set out in the Member's Information Pack;
  6. That the Panels consider the contents of the Member's Information Pack circulated;
  7. That the Overview and Scrutiny Commission considers the comments of the Panels on the Business Plan 2022-2026 and details provided in the information pack and provides a response to Cabinet when it meets on the 7 February 2022.
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## **1. Purpose of report and executive summary**

- 1.1 This report requests Scrutiny Panels to consider the latest information in respect of the Business Plan and Budget 2022/23, including new savings proposals, amendment to savings previously agreed by Council, the draft capital programme 2022-26, and the draft service plans, and feedback comments to the Overview and Scrutiny Commission.
- 1.2 The Overview and Scrutiny Commission will consider the comments of the Panels and provide a response on the Business Plan 2022-26 to Cabinet when it meets on the 7 February 2022.

## **2. Details - Revenue**

- 2.1 The Cabinet of 6 December 2021 received a report on the business plan for 2021-26.
- 2.2 At the meeting Cabinet

### **RESOLVED:**

1. That Cabinet considers and agrees the draft unachievable savings/income proposals (Appendix 4) put forward by officers and refers them to the Overview and Scrutiny panels and Commission in January 2022 for consideration and comment.
2. That Cabinet considers and agrees the new savings proposals for 2022/23 to 2025/26 (Appendix 3) and refers them to the Overview and Scrutiny panels and Commission in January 2022 for consideration and comment.
3. That Cabinet considers and agrees the draft Capital Programme 2022-2026 (Appendix 5) and refers it to the Overview and Scrutiny panels and Commission in January 2022 for consideration and comment.
4. That Cabinet agrees the proposed Council Tax Base for 2022/23 set out in paragraph 2.7 and Appendix 1.
5. That Cabinet note the opportunity set out in the Spending Review 2021 to enable social service authorities to apply an Adult Social Care Precept in 2022/23 and, subject to confirmation of this when the Referendum Principles are announced in the Local Government Finance Settlement 2022/23, agrees to incorporate this into the MTFs for 2022-26.
6. That Cabinet note that Equalities Impact Assessments for each saving, where applicable, will be included in the Member's Information Pack for consideration in future meetings

## **3. Alternative Options**

- 3.1 It is a requirement that the Council sets a balanced budget. The Cabinet report on 6 December 2021 sets out the progress made towards setting a balanced budget and options on how the budget gap could be closed. This identified the

current budget position that needs to be addressed between now and the report to the Cabinet meeting on 7 February 2022, prior to Council on 2 March 2022, agreeing the Budget and Council Tax for 2022/23 and the Business Plan 2022-26, including the MTFs and Capital Programme 2022-26.

#### **4. Capital Programme 2022-26**

- 4.1 Details of the draft Capital Programme 2022-26 were agreed by Cabinet on 6 December 2021 in the attached report (Appendix 3) for consideration by Overview and Scrutiny panels and Commission.

#### **5. Consultation undertaken or proposed**

- 5.1 Further work will be undertaken as the process develops.
- 5.2 There will be a meeting on 15 February 2022 with businesses as part of the statutory consultation with NNDR ratepayers. Any feedback from this meeting will be reported verbally to Cabinet on 7 February 2022.
- 5.3 As previously indicated, an information pack was distributed to all councillors at the end of December with a request that it be brought to all Scrutiny and Cabinet meetings from 10 January 2022 onwards and to Budget Council. This should maintain the improvement for both councillors and officers which makes the Business Planning process more manageable for councillors and ensures that only one version of those documents is available so referring to page numbers at meetings is easier. It also considerably reduces printing costs and reduces the amount of printing that needs to take place immediately prior to Budget Council.
- 5.4 The information pack includes:
- New Savings proposals 2022-26
  - Amendments to existing savings
  - A draft Equality impact assessment for each saving proposal.
  - Service plans

#### **6. Timetable**

- 6.1 The timetable for the Business Plan 2022-26 including the revenue budget 2022/23, the MTFs 2022-26 and the Capital Programme for 2022-26 was agreed by Cabinet on 11 October 2021. The agreed key dates are included in the body of this report.

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

- 7.1 These are set out in the Cabinet reports for 11 October 2021 (Appendix 1), 8 November 2021 (Appendix 2) and 6 December 2021 (Appendix 3) and the Information Pack.

#### **8. Legal and statutory implications**

- 8.1 All relevant implications have been addressed in the Cabinet reports. Further

work will be carried out as the budget and business planning process proceeds and will be included in the budget report to Cabinet on the 7 February 2022.

8.2 Detailed legal advice will be provided throughout the budget setting process further to any proposals identified and prior to any final decisions.

## 9. **Human Rights, Equalities and Community Cohesion Implications**

9.1 All relevant implications will be addressed in Cabinet reports on the business planning process.

9.2 A draft equalities assessment has been carried out with respect to the proposed budget savings where applicable and is included in the Savings Information Pack circulated to all Members.

## 10. **Crime and Disorder implications**

10.1 All relevant implications will be addressed in Cabinet reports on the business planning process.

## 11. **Risk Management and Health and Safety Implications**

11.1 All relevant implications will be addressed in Cabinet reports on the business planning process.

### **Appendices – the following documents are to be published with this report and form part of the report**

**Appendix 1** - Cabinet report 11 October 2021: Draft Business Plan 2022-26

**Appendix 2** - Cabinet report 8 November 2021: Draft Business Plan 2022-26

**Appendix 3** - Cabinet report 6 December 2021: Draft Business Plan 2022-26

(NB: These exclude Savings, Service Plans and Equalities Assessments which are included in the Member's Information Pack)

### **BACKGROUND PAPERS**

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

Budget files held in the Corporate Services department.

2021/22 Budgetary Control and 2020/21 Final Accounts Working Papers in the Corporate Services Department.

Budget Monitoring working papers

MTFS working papers

## 13. **REPORT AUTHOR**

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## Cabinet

**Date: 11 October 2021**

**Subject: Draft Business Plan 2022-26**

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

**Lead member:** Councillor Tobin Byers - Cabinet Member for Finance

**Contact Officer:** Roger Kershaw

### **Urgent report:**

Reason for urgency: The chairman has approved the submission of this report as a matter of urgency as it provides the latest available information on the Business Plan and Budget 2022/23 and requires consideration of issues relating to the Budget process and Medium Term Financial Strategy 2022-2026. It is important that this consideration is not delayed in order that the Council can work towards a balanced budget at its meeting on 2 March 2022 and set a Council Tax as appropriate for 2022/23.

### **Recommendations:**

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1. That Cabinet notes the approach to rolling forward the MTFS for 2022-26.
  - 2 That Cabinet confirm the latest position with regards to savings already in the MTFS
  - 3 That Cabinet agrees the approach to setting a balanced budget using the unmet balance of last year's savings targets as the basis for the setting of targets for 2022-26.
  - 4 That Cabinet agrees the proposed savings targets.
  - 5 That Cabinet agrees the timetable for the Business Plan 2022-26 including the revenue budget 2022/23, the MTFS 2022-26 and the Capital Programme for 2022-26.
  - 6 That Cabinet note the process for the Service Plan 2022-26 and the progress made so far.
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### **1. Purpose of report and executive summary**

- 1.1 This report presents an initial review of the Medium Term Financial Strategy and updates it for development as part of the business planning process for 2022/23.
- 1.2 The report sets out the approach towards setting a balanced budget for 2022-2026 and a draft timetable for the business planning process for 2022/23. It also proposes initial targets to be met from savings and income over the four year period of the MTFS.

- 1.3 There is an update on the current information relating to the timetable for the Government's Spending Review 2021, and the Government's proposed changes to Business Rates and the Fair Funding Review which have been deferred from previous years.
- 1.4 Given the current high level of uncertainty over a range of factors that have the potential to impact significantly on the MTFS there is a sensitivity analysis of a number of issues including the potential impact across the MTFS period of factors affected by the coronavirus pandemic, and the increasing level of DSG deficit .
- 1.5 Finally, there is an assessment of the potential impact in 2022/23 and possibly beyond, of the coronavirus pandemic which first impacted at the end of the 2019/20 financial year and is still impacting throughout the current financial year.

## Details

## 2. Medium Term Financial Strategy 2022-26

### 2.1 Background

Council on 3 March 2021 agreed the Budget 2021/22 and MTFS 2021-25. Whilst a balanced budget was set for 2021/22 there was a gap remaining in future years which needs to be addressed, as shown in the following table:-

	<b>2022/23</b> <b>£m</b>	<b>2023/24</b> <b>£m</b>	<b>2024/25</b> <b>£m</b>	<b>2025/26</b> <b>£m</b>
MTFS gap (cumulative)	3,892	11,476	14,344	17,664

- 2.2 The initial phase of the business planning process is to re-price the MTFS and roll it forward for an additional year. Development of the MTFS in recent budget processes allowed for various scenarios on a range of key variables to be modelled and it is intended to do the same this year and where feasible, to improve the approach to modelling.

Given the scale of the COVID-19 effect, the potential knock-on impact over the MTFS period 2022-26 has been modelled and is included in this analysis.

### 2.3 Review of Assumptions

The pay and price calculations have been reviewed using the approved budget for 2021/22 as the starting point.

#### 2.3.1 Pay

For 2021/22 the final pay award has not been agreed but provision of 1.5% was included in the MTFS in light of the Chancellor of the Exchequer's announcement in the Spending Review 2020 that as part of the response to the economic impacts of the COVID-19 pandemic, public sector pay will be

“paused” for 2021/22. For the remaining years of the MTFS (2022/23 onwards), pay provision of 1.5% was also included.

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. Unions formally rejected the 1.5% offer and requested urgent talks with the employer’s negotiators.

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”.

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).

The impact of a 1.75% pay award in 2021/22 on the MTFS 2022-26 (assuming pay awards of 2% p.a.) are estimated to be:-

<b>(Cumulative)</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
<b>Pay inflation (£000)</b>	<b>230</b>	<b>234</b>	<b>239</b>	<b>244</b>

Pending final agreement of the final pay award for 2021/22, the estimated inflation provision has been revised using the 2021/22 employees budgets. The provision for the pay award is held corporately until the award is finalised and allocations to service departments will then be made. Given the pay pause for 2021/22 and increasing level of inflation it may be difficult to sustain pay inflation of only 1.5% in 2022/23 and 2% may be more realistic albeit still challenging

**Provision for Pay Inflation:**

<b>(Cumulative £000)</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
<b>Pay inflation (%)</b>	<b>1.5%</b>	<b>1.5%</b>	<b>1.5%</b>	<b>1.5%</b>
MTFS 2021-25 (Council 3/3/21)	1,360	2,720	4,080	5,440
<b>Pay inflation (%)</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>
MTFS 2022-26 (Latest)	1,920	3,840	5,760	7,680
<b>Change (cumulative £000)</b>	<b>560</b>	<b>1,120</b>	<b>1,680</b>	<b>2,240</b>

Further details on any progress towards agreeing a pay award for 2021/22, and the impact on the MTFS, will be reported during the Business Planning process as more information becomes available.

**2.3.2 Prices**

The current assumptions regarding price inflation incorporated into the MTFS are

- 1.5% in each year of the MTFS

The MTFS agreed by Council on 3 March 2021 includes the following provision for price inflation

**Provision for Prices Inflation:**

	2022/23	2023/24	2024/25	2025/26
Price inflation in MTFS (%)	1.5%	1.5%	1.5%	1.5%
Original MTFS 2021-25 (cumulative £000)	2,109	4,217	6,326	8,434

This has been reviewed using the approved budget for 2021/22 and the latest estimate based on 1.5% price inflation is:-

(Cumulative)	2022/23	2023/24	2024/25	2025/26
Price inflation (%)	1.5%	1.5%	1.5%	1.5%
Revised Estimate (cumulative £000)	2,139	4,278	6,417	8,556

**Net change in Pay and Price inflation provision:**

The overall change in inflation provision since Council in March 2021 is

(Cumulative) (£000)	2022/23	2023/24	2024/25	2025/26
Latest Inflation estimate	4,259	8,352	12,416	16,480
Original MTFS 2021-25 (Council March 2021)	3,469	6,937	10,406	13,874
Change	790	1,415	2,010	2,606



Current inflation

The Consumer Prices Index (CPI) rose by 3.2% in the 12 months to August 2021, up from 2.0% in July: the increase of 1.2 percentage points is the largest ever recorded increase in the CPI National Statistic 12-month inflation rate series, which began in January 1997; this is likely to be a temporary change. On a monthly basis, CPI increased 0.7% in August 2021, compared with a fall of 0.4% in August 2020.

The largest upward contribution to change is a base effect, because, in part, of discounted restaurant and café prices in August 2020 resulting from the government's Eat Out to Help Out scheme and, to a lesser extent, reductions in Value Added Tax (VAT) across the same sector

The largest upward contribution to the August 2021 CPIH 12-month inflation rate came from transport with further large upward contributions from restaurants and hotels, housing and household services, and recreation and culture. Restaurants and hotels, recreation and culture, and food and non-alcoholic beverages made the largest upward contributions to the change in the CPIH 12-month inflation rate between July and August 2021.

The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 3.0% in the 12 months to August 2021, up from 2.1% in the 12 months to July. The RPI rate for August 2021 was 4.8%, which is up from 3.8% in July 2021.

Inflation has been increasing in recent months and is expected to rise to around 4% in the near term, although the Bank of England expect this to drop back to the Government's 2% target after that. It is not proposed to change the provision of 1.5% in the MTFs for price inflation but this will be kept under review going forward during the Business Planning process.

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 (September 2021)			
	Lowest %	Highest %	Average %
2021 (Quarter 4)			
CPI	2.1	4.3	3.2
RPI	3.0	5.9	4.6
LFS Unemployment Rate	4.5	5.8	5.3
2022 (Quarter 4)	Lowest %	Highest %	Average %
CPI	1.3	5.1	2.2
RPI	1.8	6.0	3.2
LFS Unemployment Rate	4.2	6.0	4.8

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

### 2.3.3 Provision for Excess Inflation:

There is also a corporate provision of £0.250m per year which is held to assist services that may experience price increases greatly in excess of the 1.5% inflation allowance provided when setting the budget. This will only be released for specific demonstrable demand.

#### Utilities – Extreme volatility in supply and price

The future supply of gas and electricity with consequential significant increase in wholesale prices is a major concern due to our current contract end dates and it is considered that the provision should be increased by £0.250m to reduce pressure over the MTFS period. This will increase provision in the MTFS to the following:-

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Budget in MTFS 2021-25	500	500	500	500

The cash limiting strategy is not without risks but if the Government's 2% target levels of inflation were applied un-damped across the period then the budget gap would increase by c. £2.8m by 2025/26.

## 2.4 Income

2.4.1 The MTFS does not include any specific provision for inflation on income from fees and charges, as these have now been subsumed into the overall gap and therefore approach to targets. However, in the business planning process for recent years, service departments have been able to identify increased income as part of their savings proposals and increased income currently makes up c.25% of future savings.

2.4.2 It is also the case that the Council's income streams were decimated by COVID-19 in 2020/21 and there is uncertainty about how long it will take to return to pre-COVID19 budgeted levels.

## 2.5 Forecast of Resources and Local Government Finance Settlement

### 2.5.1 Background

The ongoing COVID19 pandemic has had a major impact on the Government's financial planning processes and inevitably this will also have implications for local authorities. The main elements of financial planning that impact on local government are summarised as follows:-

#### a) Spending Review 2021

Due to the pandemic, the Spending Review 2020 was for one year only. This lack of certainty over medium to long term funding makes it extremely difficult to plan going forward and the medium term financial strategy is limited by this constraint.

The Government has announced that it will present an Autumn 2021 budget alongside a Spending Review on 27 October 2021. The Spending Review will set departmental Resource and Capital Departmental Expenditure Limits for 2022/23 to 2024/25, and will reveal much about the future of public services after Covid and how resources will be allocated. It is expected that major decisions will be required that need to address the resilience of public services and how they respond to unforeseen problems such as pandemics, as well as reflecting the government's approach to implementing its policy priorities including the levelling-up agenda, post Brexit impacts on the economy, and funding social care reform.

Details from the Spending Review will form the basis of allocations to local authorities for 2022-25 and beyond as announced in the Local Government Finance Settlement 2022-23. Each year in December, the Ministry of Housing, Communities and Local Government (MHCLG) notifies local authorities of their Provisional Local Government Finance Settlement. The final Settlement figures are published the following January/February but are generally unchanged or very similar to the provisional figures. The total amount of funding available for local authorities is essentially determined by the amount of resources that Central Government has allocated as part of its annual Departmental Expenditure Limit.

#### Fair Funding Review

Central government funding for local authorities is based on an assessment of its relative needs and resources. The overarching methodology that determines how much funding each authority receives each year was introduced over ten years ago and has not been updated since funding baselines were set at the start of the 50 per cent business rates retention scheme in 2013/14. As advised previously, the government is therefore undertaking the Fair Funding Review to update the needs formula and set new funding baselines for the start of the new 75 per cent business rates retention scheme. This was delayed from 2019 to 2020 due to Brexit and delayed until 2022 due to Covid-19.

The MTFS included an adjustment of £3m from 2022/23 on the prudent assumption that the Fair Funding Review and potential Brexit effect including the implementation of the levelling up agenda, would result in a net loss of funding.

There is still a great deal of uncertainty surrounding the timing of several key revisions which impact on local government funding:-

- Fair Funding Review
- 75% Business Rates Retention
- Business Rates Revaluation – currently planned for 2023.

Progress will be reported as part of the Business Planning process. At this stage it is not anticipated that there will be news on funding until the Autumn with no specific funding allocations announced until the Provisional Local Government Settlement 2022/23, probably around mid December 2021 at the earliest.

2.6.2 The current level of resources included in the draft MTFS 2022-26 as agreed by Council in March 2021 is as follows:-

<b>DRAFT MTFS 2022-26:</b>				
	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Revenue Support Grant	0	0	0	0
*Business Rates (inc. Section 31 grant)	*(39,573)	*(40,424)	*(41,292)	*(42,178)
Adult Social Care Grants inc. BCF	(4,862)	(4,862)	(4,862)	(4,862)
Social Care Grant	(3,160)	(3,550)	(3,550)	(3,550)
PFI Grant	(4,797)	(4,797)	(4,797)	(4,797)
New Homes Bonus	(500)	(500)	(500)	(500)
<b>Corporate Funding in the MTFS</b>	<b>(52,892)</b>	<b>(54,133)</b>	<b>(55,001)</b>	<b>(55,887)</b>

\* Net of £3m adjustment for Fair Funding Review and Spending Review 2021 potential effect.

These figures currently assume the London Business Rates pool is not reintroduced in 2022/23 as this has now been agreed by London leaders and that Merton's funding is at the "No Worse Off " safety net level. It assumes that there is an annual 2% uplift for CPI inflation to the Business Rate multiplier. Funding levels have been netted down by £3m p.a. from 2022/23 to reflect the potential loss of funding (government grant and business rates) arising from the potential ongoing economic impact of COVID-19 and Brexit, and the potential redistribution of resources away from London which could result from the Government's Fair Funding Review and Spending Review 2021 and the levelling up agenda.

The Government's latest proposal is to allow local authorities to retain 75% of their Business Rates income but this has been deferred until 2022/23 and it is uncertain whether implementation of this proposal will be further deferred, particularly as there is uncertainty as to whether business rates should be a source of funding going forward.

Updates will be provided in future reports as part of the Business Planning process.

#### 2.6.4 Social Care Funding

##### a) Children's Social Care

The CSF department received £3.847m growth for 2020/21. £1.756m was allocated across Children's Social Care and £2.091m across Education. Despite an increasing population and the pressures that Covid-19 has presented to many parts of the Children's Social Care system, Merton has managed to hold steady the number of children in care. The impact of the lockdown on children and families is emerging in increased safeguarding referrals and hold ups in the family courts meaning that some children's plans cannot be progressed. This has significantly increased the number of children with child protection plans open to the service, which is putting pressure on social worker's caseloads. Additional agency social workers have been brought in to assist with this pressure.

There was a favourable variance of £0.908m in Child Social Care and Youth Inclusion in 2020/21

	Budget 2020/21 £000	Outturn 2020/21 £000	Variance 2020/21 £000
Child social Care and Youth Inclusion	21,658	20,750	-908
<u>Main reasons for Variance</u>			
Asylum Seeker Costs (ART)			-738
Children Central Social Work Service			-296
Mash and Child Protection Service			144

In the current year, Child social Care and Youth Inclusion is forecasting an unfavourable variance of £0.373m (including Covid-19 impact of £0.440m) in 2021/22 as at August 2021.

#### SEN Transport

In 2020/21 the SEN & Disability Integrated Service had a favourable variance of £1.306m. The principle reason for the favourable variance in this area relates to SEN transport and is a direct consequence of schools and colleges being closed or partially closed due to Covid during the year meaning that children and young people did not need to be transported during these periods.

#### b) Adult Social Care

There was a favourable variance of £2.947m in Adult Social Care and Youth Inclusion in 2020/21

	2020/21 Current Budget £'000	2020/21 Outturn March 2021 £'000	2020/21 Outturn Variance March 2021 £'000
Adult Social Care	59,056	56,109	(2,947)

In the current year, Adult Social Care is forecasting a favourable variance of £1.533m (including Covid-19 impact of £0.899m) in 2021/22 as at August 2021.

On 7 September 2021, the Prime Minister announced plans to reform how people pay for adult social care in England, which will be funded through a new Health and Social Care Levy. The Levy is to be based on National Insurance contributions (NICs). From 2023 the Levy will be legislatively separate, and will also apply to individuals working above State Pension age, who are not liable to pay NICs on their earnings at present. The Government

also plans to increase the rates of income tax that apply to income from dividends, to help to fund these plans. The funds from the levy will be ringfenced to fund investment in health and social care set out in the policy paper, “Build Back Better: Our plan for health and social care”.

The proposed reforms will be supported by an investment of £5.4 billion over the next three years.

#### The proposed reforms

From October 2023, the Government plans to introduce a new £86,000 cap on the amount anyone in England will have to spend on their personal care over their lifetime. The cap will apply irrespective of a person’s age or income. It is expected that the cap will be based on the framework provided for by the Care Act 2014. Under this framework, only money spent on meeting a person’s personal care needs count towards the cap. Spending on daily living costs (or what are commonly referred to as “hotel costs” in a care home) do not count towards the cap. In addition, from October 2023, the Government proposes to make the means test for accessing local authority funding support more generous. This includes increasing the upper capital limit (the threshold above which somebody is not eligible for local authority support towards their social care costs) from £23,250 to £100,000. The policy paper also sets out a number of other proposed changes to how people pay for social care, and says that that the Government will publish a white paper on adult social care later in 2021, focusing on wider system reform. The Government will also invest at least £500 million in measures over three years to provide support in professionalising and developing the social care workforce; fund mental health wellbeing resources; and improve recruitment and support.

The 2021/22 Local Government Finance Settlement was for one year only. However, based on indications from the Government that sufficient funding for social care would be provided in future years, the following social care funding was included in the MTFs:-

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Adult Social Care Grants inc. BCF	(4,862)	(4,862)	(4,862)	(4,862)
Social Care Grant	(3,160)	(3,550)	(3,550)	(3,550)
<u>Adult Social Care Council Tax Flexibility:</u>				
3% in 2017/18	(2,454)	(2,454)	(2,454)	(2,454)
1% in 2018/19	(842)	(842)	(842)	(842)
2% in 2019/20	(1,739)	(1,739)	(1,739)	(1,739)
2% in 2020/21	(1,823)	(1,823)	(1,823)	(1,823)
3% in 2021/22	(2,843)	(2,843)	(2,843)	(2,843)
<b>TOTAL</b>	<b>(17,723)</b>	<b>(18,113)</b>	<b>(18,113)</b>	<b>(18,113)</b>



Following the Government's recent announcements on health and social care, and the impending Autumn budget 2021 and Spending Review 2022-25 due on 27 October 2021, the implications for local government funding will be presented in future Business Plan reports as and when more details are available.

In addition to the funding set out in the table above, there is also an Adult Social Care Grants Reserve which has been formed to enable the service to plan more strategically over the longer term. As at 31 March 2021 the balance on the reserve was £3.825m.

#### 2.6.5 Business Rates - Update

As previously reported, due to uncertainty arising from COVID-19, the London Business Rates pool was discontinued for 2021/22 and now agreed for 2022/23. There is still lack of clarification about whether there will be changes to Business Rates and the revaluation has been delayed until 2023.

Clearly, business rates have been severely impacted by COVID-19 and there is uncertainty about how long it will take business rates as a source of local government finance to return to pre-COVID levels. Updates will be provided as the Business Plan process develops.

## 2.7 Council Tax and Collection Fund

### 2.7.1 Council Tax

The Council Tax income forecast in the current MTFS agreed by Council in March 2020 assumes that the Council Tax Base will increase by 0.5% per year with a collection rate 98.0% in 2022/23 and 98.75% thereafter. It also assumes the following changes in Council Tax over the MTFS period:-

	2022/23 %	2023/24 %	2024/25 %	2025/26 %
Council Tax increase - General	2.0%	2.0%	2.0%	2.0%
Council Tax increase – ASC*	0%	0%	0%	0%

\* Currently no provision to be able to levy an ASC charge but if allowed has no impact on the MTFS gap

On the basis of these assumptions the Council Tax income included over the period of the MTFS is:-

(Cumulative figures exc. WPCC)	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Council Tax - No change in rate	100,942	102,131	102,553	102,980
Council Tax – General (2%)	2,019	4,085	6,153	8,238
Council Tax income	102,961	106,216	108,706	111,218

The Council Tax Referendum Principles for 2022/23 will not be known until the Provisional Local Government Finance Settlement for 2022/23 is

announced, usually around mid-December although the Spending Review 2021 in the Autumn may signpost the Government's intentions.

Clearly, COVID-19 has had a major impact on council tax collection rates in 2020/21 and some impact has continued into 2021/22. There are several main issues that need to be considered when formulating a council tax strategy for the MTFS period 2022-26:-

- i) To what extent will COVID-19 continue to have an impact on collection rates?
- ii) Will the Government revise the referendum principles to enable Councils to set higher council tax levels as part as a move towards balancing budgets from local taxation?
- iii) What impact has COVID-19 had on the level on collection rates in 2021/22 and therefore what level of budget deficit relating to council tax will it be necessary to fund in 2022/23 ? (This will be reflected in a Collection Fund deficit as at 31 March 2022)

The Council Tax Base will be updated later in the year following the return of the Government's CTB statistical return, usually in October, which is based on properties on the valuation list in September. The collection rate will impact on the council tax base.

#### 2.7.2 Collection Fund

In the MTFS approved by Council on 3 March 2021, the shares to preceptors of the collection surplus/deficit for Council Tax and NNDR based on the estimated Collection Fund balance at 31 March 2021 are summarised in the following table:-

	Estimated surplus/ (deficit) as at 31/03/21	Estimated surplus/ (deficit) as at 31/03/21	Total surplus/ (deficit) as at 31/03/21
	Council Tax	NNDR	
	£000	£000	£000
Central Government	N/A	(14,791)	(14,791)
GLA	(711)	(16,587)	(17,298)
Merton	(2,743)	(13,389)	(16,132)
Total	(3,454)	(44,767)	(48,221)

2.7.3 Merton's share of the surplus for council tax and NNDR were built into the MTFS agreed by Council in March 2020.

2.7.4 Since then, the Council has produced its draft 2020/21 accounts as at 31 March 2021 which are currently being audited. The draft accounts for 2020/21 include the following surplus/deficit for Council Tax and NNDR as at 31 March 2021

	Surplus/ (deficit) as at 31/03/21 Outturn	Surplus/ (deficit) as at 31/03/21 Outturn	Total surplus/ (deficit) as at 31/03/21
	Council Tax £000	NNDR £000	£000
Central Government	N/A	(16,385)	(16,385)
GLA	(380)	(18,376)	(18,756)
Merton	(1,595)	(14,842)	(16,437)
Total	(1,975)	(49,603)	(51,578)

2.7.5 The overall change in shares of surpluses/deficits is:-

	Surplus/ (deficit) as at 31/03/21	Surplus/ (deficit) as at 31/03/21	Total surplus/ (deficit) as at 31/03/21
	Council Tax £000	NNDR £000	£000
Central Government	N/A	(1,594)	(1,594)
GLA	331	(1,789)	(1,458)
Merton	1,148	(1,453)	(305)
Total	1,479	(4,836)	(3,357)

2.7.6 The net change in Merton's share of the surplus/deficit is therefore:-

	Estimated Surplus/ (deficit) as at 31/03/21	Outturn Surplus/ (deficit) as at 31/03/21	Surplus/ (deficit) as at 31/03/21 Change
	£000	£000	£000
Council Tax	(2,743)	(1,595)	1,148
NNDR	(13,389)	(14,842)	(1,453)
Total	(16,132)	(16,437)	(305)

2.7.7 There is no change to the surplus/deficit figures agreed for 2021/22 as all variations are managed via the Collection Fund. However, the net deficit of £0.305m will need to be taken into account when calculating the Merton General Fund's share of any surplus/deficit due to/from the Collection Fund in 2022/23.

2.7.8 The calculation of the estimated surplus/deficit on the Collection Fund as at 31 March 2022 will be made later in the budget process when key variables are firmed up and council tax base and NNDR returns have been completed. Until this time, the increase in the net surplus carried forward from 2020/21 of £0.305m will be included in the draft MTFS for 2022/23.

## 2.7.9 COVID-19: Implications for the Collection Fund

On 2 July 2020 the Minister for Regional Growth and Local Government wrote to Councils setting out a range of further proposals to support local authorities. This included phased repayment of Collection Fund deficits over the next 3 years. The net impact on the MTFs is estimated to be as follows:-

Change in Collection Fund (Deficit)/Surplus	2022/23 Estimate £'000	2023/24 Estimate £'000	2024/25 Estimate £'000	2025/26 Estimate £'000	Total £'000
Council Tax Surplus	574	574	0	0	1,148
NNDR (Deficit)	(727)	(726)	0	0	(1,453)
Change	(153)	(152)	0	0	(305)

## 2.8 Capital Programme 2022-26 and implications for Treasury Management: Capital Financing Costs and Investment income

2.8.1 Council in March 2021 approved the following Capital Programme for 2020-25:-

Capital Expenditure	2020/21	2021/22	2022/23	2023/24	2024/25
	Estimate	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
Capital Expenditure	21,346	40,795	17,719	15,413	21,238
Slippage and Underspends	(4,229)	(4,215)	1,450	(475)	602
Total Capital Expenditure *	17,117	36,580	19,169	14,938	21,840
<b>Financed by:</b>					
Capital Receipts	3,623	900	900	900	900
Capital Grants & Contributions	12,600	21,887	10,489	4,565	3,624
Revenue Provisions	894	3,729	37	57	55
<b>Net financing need for the year</b>	<b>0</b>	<b>10,064</b>	<b>7,743</b>	<b>9,416</b>	<b>17,261</b>

\*Includes Multi-Function Devices finance lease.

2.8.2 Since the capital programme was approved by Council in March 2021 and the revenue implications built into the MTFs, there have been a number of amendments arising from outturn 2020/21, monthly monitoring and a review by project managers. There has been a great deal of effort made to ensure that the capital programme set is realistic, affordable and achievable within the capacity available. This has been accompanied by improved financial monitoring and modelling of the programme's costs over the period of the MTFs which has enabled the budgets for capital financing costs to be reduced and therefore scarce resources to be utilised more effectively.

2.8.3 It is important to ensure that the revenue and capital budgets are integrated and not considered in isolation. The revenue implications of capital expenditure can quickly grow if the capital programme is not contained within

the Council's capacity to fund it over the longer term. For example, assuming external borrowing, the capital financing costs of funding £1m (on longer-life assets and short-life assets financed in 2021/22) for the next four years of the MTFS would be approximately:-

Capital financing costs of £1m over the MTFS period	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Longer life Assets	10	60	60	60
Short-life assets	10	220	220	220

2.8.4 Following the closing and preparation of final accounts for 2020/21, the level of slippage required from 2020/21 and the re-profiling of schemes over the programming period has been undertaken to ensure that the level of capital budget is aligned with the Council's capacity to deliver it. The Table below shows estimated outturn position as at August 2021:

Capital Programme based on outturn 2020/21, August monitoring and No Bids

Capital Expenditure	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000's	2024/25 Estimate £000's	2025/26 Estimate £000's
Capital Expenditure	37,576	23,864	15,815	22,905	15,978
Slippage and Underspends	(11,294)	2,353	1,598	(1,893)	1,801
Total Capital Expenditure *	26,282	26,218	17,413	21,012	17,779
<b>Financed by:</b>					
Capital Receipts *	1,351	900	900	900	0
Capital Grants & Contributions	18,155	15,324	6,417	3,454	3,439
Revenue Provisions	3,615	141	60	55	30
<b>Net financing need for the year</b>	<b>3,161</b>	<b>9,853</b>	<b>10,036</b>	<b>16,603</b>	<b>14,310</b>

\*Includes Multi-Function Devices finance lease.

2.8.5 During the Summer/early Autumn 2021 key capital schemes were identified and progressed as part of the annual bidding process in the Business Planning Process. The draft overall summary of the capital programme including all draft new bids is set out in the following table:-

## Capital Programme based on outturn 2020/21, August monitoring and All Bids

Capital Expenditure	2021/22 Estimate £000	2022/23 Estimate £000	2023/24 Estimate £000's	2024/25 Estimate £000's	2025/26 Estimate £000's
Capital Expenditure	38,614	28,870	19,640	26,765	29,138
Slippage and Underspends	(11,605)	1,466	1,608	(2,115)	1,554
Total Capital Expenditure *	27,009	30,336	21,248	24,650	30,692
<b>Financed by:</b>					
Capital Receipts *	1,351	900	900	900	0
Capital Grants & Contributions	18,571	19,437	9,460	5,701	4,212
Revenue Provisions	3,615	141	60	55	30
<b>Net financing need for the year</b>	<b>3,472</b>	<b>9,858</b>	<b>13,828</b>	<b>17,994</b>	<b>26,450</b>

\*Includes Multi-Function Devices finance lease.

2.8.6 The capital financing costs of the Capital Programme 2022-26 excluding new bids and including new bids compared to the current provision included in the MTFS is summarised in the table below:-

CAPITAL FINANCING COSTS: KEY OUTPUTS	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s
MTFS Approved by Council in March 2021	11,946	12,358	13,382	14,333
Revised Programme including slippage excluding new bids	11,228	12,115	13,118	13,770
Change in capital financing costs due to outturn & slippage	(718)	(243)	(264)	(563)

CAPITAL FINANCING COSTS: KEY OUTPUTS	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s
Revised Programme including slippage excluding new bids	11,228	12,115	13,118	13,770
Revised Programme including slippage including new bids	11,245	12,101	13,215	14,140
Change in capital financing costs due to new bids	17	(14)	97	370

CAPITAL FINANCING COSTS: KEY OUTPUTS	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s
Change in capital financing costs due to outturn & slippage	(718)	(243)	(264)	(563)
Change in capital financing costs due to new bids	17	(14)	97	370
<b>Total Change due to outturn, slippage &amp; new bids</b>	<b>(701)</b>	<b>(257)</b>	<b>(167)</b>	<b>(193)</b>

2.8.7 The capital programme will be continually reviewed throughout the financial year and further details including options around financing will be included in future reports as appropriate.

2.8.8 The level, profiling and funding strategy used for the capital programme will have a significant revenue impact that needs to be incorporated into the MTFS.

#### 2.8.9 Investment Income

There are two key factors that impact on the level of investment income that the Council can generate:-

- The amount invested
- The interest rate that is achieved

COVID-19 has inevitably impacted on both of these factors. The level of resources available for investment may diminish more quickly as the need to draw on reserves to meet financial pressures created by the pandemic increases. At the same time, although interest rates are at historic low levels as the Bank of England alongside international banking institutions have cut interest base rates as part of their economic measures to protect their economies indications are that inflationary pressures may lead to an increase in rates later in this financial year and next.

Based on latest information, the projected levels of investment income, have been revised. The following table show the latest projections compared with the amounts included in the MTFS approved by Council in March 2021:-

<b>Investment Income</b>	<b>2022/23 Estimate £'000</b>	<b>2023/24 Estimate £'000</b>	<b>2024/25 Estimate £'000</b>	<b>2025/26 Estimate £'000</b>
MTFS (Council March 2021)	(347)	(327)	(323)	(323)
Latest projections	(385)	(343)	(323)	(323)
Change	(38)	(17)	0	0

Currently in the monthly monitoring report for August 2021 it is forecast that investment income will be £0.430m which is a favourable variance of £0.043m against the budgeted level of £0.387m.

## 2.9 Reserves – Review of Earmarked Reserves

### 2.9.1 Reserve for Use in Future Year's Budgets

The Business Plan and MTFS for 2021-25 approved by Council on 3 March 2021 forecast that a contribution of £5.472m would be required in 2021/22 with the balance of £7.255m applied in 2022/23.

Following the final accounts process for 2020/21 (subject to audit), it was possible to increase the Reserve for use in Future Year's Budgets, mainly because of the underspend in 2020/21, and as a result the balance (subject to audit) on the Reserve as at 31 March 2021, excluding the contribution set

aside for 2021/22 of £5.472m is £8.378m. This means that there is c. £1.1m more available to balance the budget over the MTFS period.

The reserve will be applied over the period of the MTFS to reduce the budget gap and enable longer term, strategic management of the budget.

It should be recognised that the use of reserves is a one-off form of funding and alternative ongoing savings would need to be identified to address the budget gap over the long-term.

### 2.9.2 Review of Earmarked Reserves

The use and availability of Reserves is monitored throughout the year as part of the monthly monitoring process. This will receive even greater attention over 2021/22 as the implications of COVID-19 are unwound.

It should be recognised that reserves are a one-off source of funding and should not be used to fund ongoing expenditure commitments.

## 2.10 **Review of Outturn 2020/21 and Current Budget and Spending 2021/22**

2.10.1 There may be issues identified during the final accounts process and from monthly monitoring, elsewhere on this agenda, that have on-going financial implications which need to be addressed in setting the budget for 2022-26.

### 2.10.2 Monitoring 2021/22

At period 5 to 31 August 2021 the year end forecast is a net £6.461m unfavourable variance compared to the current budget. This consists of a net favourable variance of £2.773m excluding COVID-19 and unfavourable variance of £9.234m from COVID-19:-

	Non COVID-19 £000	COVID-19 £000	Total £000
CS	391	1,017	1,408
CSF	(394)	714	320
E&R	(1,316)	5,495	4,179
C&H	(2,152)	1,070	(1,082)
<b>Sub-total</b>	<b>(3,471)</b>	<b>8,296</b>	<b>4,825</b>
Corporate	698	938	1,636
<b>Total</b>	<b>(2,773)</b>	<b>9,234</b>	<b>6,461</b>

The main reasons for the non-Covid variance based on August 2021 monitoring are:-

- a) Corporate Services: Infrastructure and Technology, Human Resources, Resources, Other Corporate budgets (Housing Benefits Rent Allowances)



- b) Children's, Schools and Families: Child Social Care and Youth /inclusion, cross department and PFI Unitary Costs. Although a DSG deficit has to be charged to the Schools balance reflecting that a cumulative overspend has been borrowed against future year school allocations, based on August 2021 monitoring, DSG funded services are forecasting an overspend of £12.357m. The DSG Adjustment Account (an unusable reserve) had a cumulative overspend of £24.981m at the end of 2020/21 and this will increase it to c.£37.3m.
- c) Environment and Regeneration: Public Protection (Regularity Services, Parking), Public Space (Waste, Leisure and Culture), Sustainable Communities (Building and development Control, Future Merton)
- d) Community and Housing: Adult Social Care, Library and Heritage, housing General Fund

### 2.10.3 COVID-19

Hopefully the pandemic is being overcome as the level of vaccinations is increasing and the costs and impact on society in general and council services in particular will be largely reaching a conclusion in 2021/22. However, this is not certain at the present time and there will be some impact carried over to the MTFS 2022-26 period. At the same time there will inevitably need to be some changes to how the Council delivers some services and some of the most affected services, particularly those to vulnerable groups will need to be reviewed.

### 2.10.4 Savings not achieved

As shown in the following tables, the budget monitoring report for July indicates that some savings assumed in the MTFS will not be achieved in 2021/22 and there is an ongoing shortfall in 2022/23.

Department	Target Savings 2021/22	Projected Savings 2021/22	Period 5 Forecast Shortfall	Period Forecast Shortfall (P5)	2022/23 Expected Shortfall
	£000	£000	£000	%	£000
Corporate Services	1,322	1,090	232	17.5%	95
Children Schools and Families	1,460	410	1,050	71.9%	400
Community and Housing	2,541	1,557	984	38.7%	860
Environment and Regeneration	1,580	205	1,375	87.0%	750
<b>Total</b>	<b>6,903</b>	<b>3,262</b>	<b>3,641</b>	<b>52.7%</b>	<b>2,105</b>

Department	Target Savings 2020/21	Shortfall 2020/21	Projected Shortfall 2021/22 (July)	Projected Shortfall 2022/23 (July)
	£000	£000	£000	£000
Corporate Services	2,718	883	213	658
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
<b>Total</b>	<b>12,074</b>	<b>5,048</b>	<b>3,678</b>	<b>786</b>

Monitoring of the delivery of savings is important and it is essential to recognise as quickly as possible where circumstances change and savings previously agreed are either not achievable in full or in part or are delayed. If this is the case, departments will need to identify replacement savings from elsewhere within their overall budgets. If it is not possible to find replacements, if any of the savings included in the MTFs approved by Council in March 2021 are not achieved this will result in an increase in the budget gap and increase pressure on services. The projected shortfall in savings of c. £2.8m in 2022/23 will add to the budget gap and make it more difficult to achieve the balanced budget that is a statutory requirement.

#### 2.10.5 Growth

The MTFs included some growth for services and also as provision for the ongoing and growing DSG deficit.

##### General growth:

Cumulative growth MTFs (Council March 2021)	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Children's General Fund pressures	384	774	774	774
Replenish Reserves	1,478	1,478	1,478	1,478
System Support Costs (Office 365)	900	900	900	900
Internal Review	1,100	1,100	1,100	1,100
<b>Cumulative growth</b>	<b>3,862</b>	<b>4,252</b>	<b>4,252</b>	<b>4,252</b>

New General Growth

<b>Cumulative growth</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>
Pensions provision - Croydon	130	130	130	130
Disaster recovery	80	80	80	80
Pension Fund – Triennial Revaluation	0	TBA	TBA	TBA
Your Merton +	TBA	TBA	TBA	TBA
E&R Pressures	909	909	909	909
Climate Change (top-up of reserve)	0	0	450	0
Employer’s NI for Social Care *	988	1,008	1,028	1,049
<b>Total</b>	<b>2,107</b>	<b>2,127</b>	<b>2,597</b>	<b>2,168</b>

\* Pending clarification of how Merton would be reimbursed

+ will be presented to a future Cabinet meeting

Schools Funding - Dedicated School Grant

This is a national issue and one that it will be difficult for the Government to ignore. Further updates will be provided throughout the Business Planning process to ensure that if no additional funding is forthcoming from Government, then the impact of this important issue is properly reflected in the Medium Term Financial Strategy and budget setting process, with the resulting impact on General Fund services and Council Tax payers.

In 2020/21 DSG funded services overspent by £12.231m. This has been appropriated to the DSG Adjustment Account, which is an unusable reserve, subject to the statutory override, and, including the deficit brought forward from 2019/20 of £12.750m, the deficit on the reserve carried forward as at 31 March 2021 has increased to £24.981m. Whilst the DSG deficit has been treated in accordance with regulations there has been no clarity from Government as to how this will be funded in the longer term. The size of the deficit is increasing year on year and without further Government support will continue to grow. 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. Merton has confirmed participation in this programme and are providing a draft updated plan to the DfE.

In order to adopt a prudent approach to managing the deficit, provision has been Included within the MTFs 2021-25 on the assumption that the Council will provide for 100% of the deficit up to 2020/21 and 50% thereafter.

Cumulative growth MTFS (Council March 2021)	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Proposed Growth to contribute to DSG Deficit	10,543	11,628	12,714	13,799

### 3. Re-priced MTFS 2022-26

- 3.1 As indicated in the report, there have been a number of changes to information and data to factors which impact on the Council's MTFS and budget gap.
- 3.2 The net result of making these adjustments is to amend the forecast budget gap to the following:-

(cumulative)	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
<b>MTFS Gap (Council March 2021)</b>	3,892	11,476	14,344	17,664
- Inflation reprice - Pay	80	159	240	320
- Inflation reprice - Prices	30	62	91	122
- Increase pay provision 1.5% to 2.0%	480	960	1,440	1,920
- Pay award of 1.75% in 2021/22	230	234	239	244
- Capital financing charges August monitoring No Bids	(757)	(260)	(264)	(563)
- Capital financing charges August monitoring including Bids	18	(13)	97	370
- Collection fund deficit revised for 20/21 outturn	153	152	0	0
Adjustment to loss of income estimate	(995)	(470)	0	0
Savings not achieved	3,641	900	325	325
Employers NI for social Care (worst case scenario)	988	1,008	1,028	1,049
E&R pressures	909	909	909	909
Provision for Excess Inflation - Increase for utilities	250	250	250	250
Price inflation 2.5% in 2022/23, 1.5% thereafter	1,427	1,427	1,426	1,426
Croydon - Pensions addition	130	130	130	130
Disaster recovery	80	80	80	80
Pension Fund triennial Revaluation (due 2023/24)	0	TBA	TBA	TBA
Your Merton (to be advised to a later Cabinet)	TBA	TBA	TBA	TBA
Climate Change (Top-up of reserve)	0	0	450	0
Change in Balancing the Budget Reserve	(9,381)	0	0	0
<b>Revised MTFS Gap 2022-26</b>	<b>1,175</b>	<b>17,004</b>	<b>20,785</b>	<b>24,246</b>

- 3.3 There has been a substantial improvement in the council's strategic approach to business planning in recent years and it is important that this is maintained. Planning should be targeted towards the achievement of a balanced budget over the four year MTFS period.

- 3.4 Progress made in recent years in identifying savings over the whole period of the MTFS has reduced pressure on services to make short-term, non-strategic cuts. However, because of the COVID-19 pandemic and DSG Deficit issue there is still likely to be a sizeable gap over the four year period.
- 3.5 However, whilst recognising the great level of uncertainty about future costs and funding, it is still necessary to forward plan and set savings targets aimed at eliminating this gap on an ongoing basis.

#### 4. Approach to Setting a Balanced Budget

- 4.1 This is the initial report on the business planning process for 2022/23 and there is a great deal of work to be done.

#### 4.2 Savings Targets for 2022-26

- 4.2.1 In previous years the approach to setting savings targets for departments for the Business Planning process has been based on using controllable budgets and aimed to protect front-line services and services to the vulnerable in line with the 'July principles'. Weightings for each department; Corporate Services, Environment and Regeneration, Community and Housing, and Children, Schools and Families in the ratio (100%) : (100%) : (67%) : (50%), were applied to reduce the impact on Adult Social Care, Children's Social Care and vulnerable groups. The targets set also took into account the level to which departments had achieved savings against targets set for previous years. The balance of unachieved savings targets from last year's business planning process are summarised below:-

	Targets £'000	Proposals £'000	Balance £'000
Corporate Services	3,558	973	2,585
Children, Schools & Families	2,518	850	1,668
Environment & Regeneration	5,885	1,084	4,801
Community & Housing	7,707	1,530	6,177
Total	19,668	4,437	15,231

- 4.2.2 It is proposed that the savings targets for 2022-2025 are based entirely on each service department's controllable budgets for 2021/22 which are as follows:-

<b>DEPARTMENTAL SAVINGS TARGETS USING 2021/22 CONTROLLABLE BUDGETS</b>	<b>Controllable Expenditure 2021/22 £000</b>	<b>Weighting by dept. No.</b>	<b>Weighted Controllable £000</b>	<b>Weighted Controllable %</b>
<b>Corporate Services</b>	<b>25,612</b>	1.50	38,418	21.7%
<b>Children, Schools and Families</b>	<b>34,652</b>	0.75	25,989	14.7%
<b>Environment and Regeneration</b>	<b>35,591</b>	1.50	53,387	30.2%
<b>Community and Housing</b>	<b>59,098</b>	1.00	59,098	33.4%
<b>Total</b>	<b>154,953</b>		<b>176,891</b>	<b>100%</b>

4.2.3 Savings targets to address the revised gap on the MTFs are then calculated using the latest controllable budgets:-

<b>SAVINGS TARGETS BY DEPARTMENT</b>	<b>Allocation using controllable budgets £000</b>
Corporate Services	5,266
Children, Schools and Families	3,562
Environment and Regeneration	7,318
Community and Housing	8,100
<b>Total</b>	<b>24,246</b>

<b>SAVINGS TARGETS BY DEPARTMENT</b>	<b>2022/23 £000</b>	<b>2023/24 £000</b>	<b>2024/25 £000</b>	<b>2025/26 £000</b>	<b>Total £000</b>
Corporate Services	255	3,438	821	752	5,266
Children, Schools and Families	173	2,326	556	508	3,562
Environment and Regeneration	355	4,777	1,141	1,045	7,318
Community and Housing	393	5,288	1,263	1,156	8,100
<b>Total</b>	<b>1,175</b>	<b>15,829</b>	<b>3,781</b>	<b>3,461</b>	<b>24,246</b>
<b>Total (cumulative)</b>	<b>1,175</b>	<b>17,004</b>	<b>20,785</b>	<b>24,246</b>	

## 5. Service Planning for 2022-26

5.1 The pilot Service planning process for 2022-26 will be launched in August 2021. A plan has been created for each council service. These plans describe

what the service does, its plans for the future linked to the Modernising Merton Programme, its key performance indicators and how its plans will take place within the budget.

5.2 These will be reported to Cabinet and scrutiny.

## **6. Alternative Options**

6.1 The range of options available to the Council relating to the Business Plan 2022-26 and for setting a balanced revenue budget and fully financed capital programme will be presented in reports to Cabinet and Council in accordance with the agreed timetable which is set out in Appendix 1.

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

7.1 All relevant bodies have been consulted.

## **8. Timetable**

8.1 In accordance with current financial reporting timetables.

8.2 A chart setting out the proposed timetable for developing the business plan and service plans is provided as Appendix 1.

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

9.1 As contained in the body of the report.

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

10.1 As outlined in the report.

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

11.1 None for the purposes of this report, these will be dealt with as the budget is developed for 2022 – 2026.

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

12.1 Not applicable.

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

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

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

Appendix 1 – Business Plan and Service Planning Timetable 2022-26  
Appendix 2 – Revised MTFS Gap

**15. Background Papers**

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

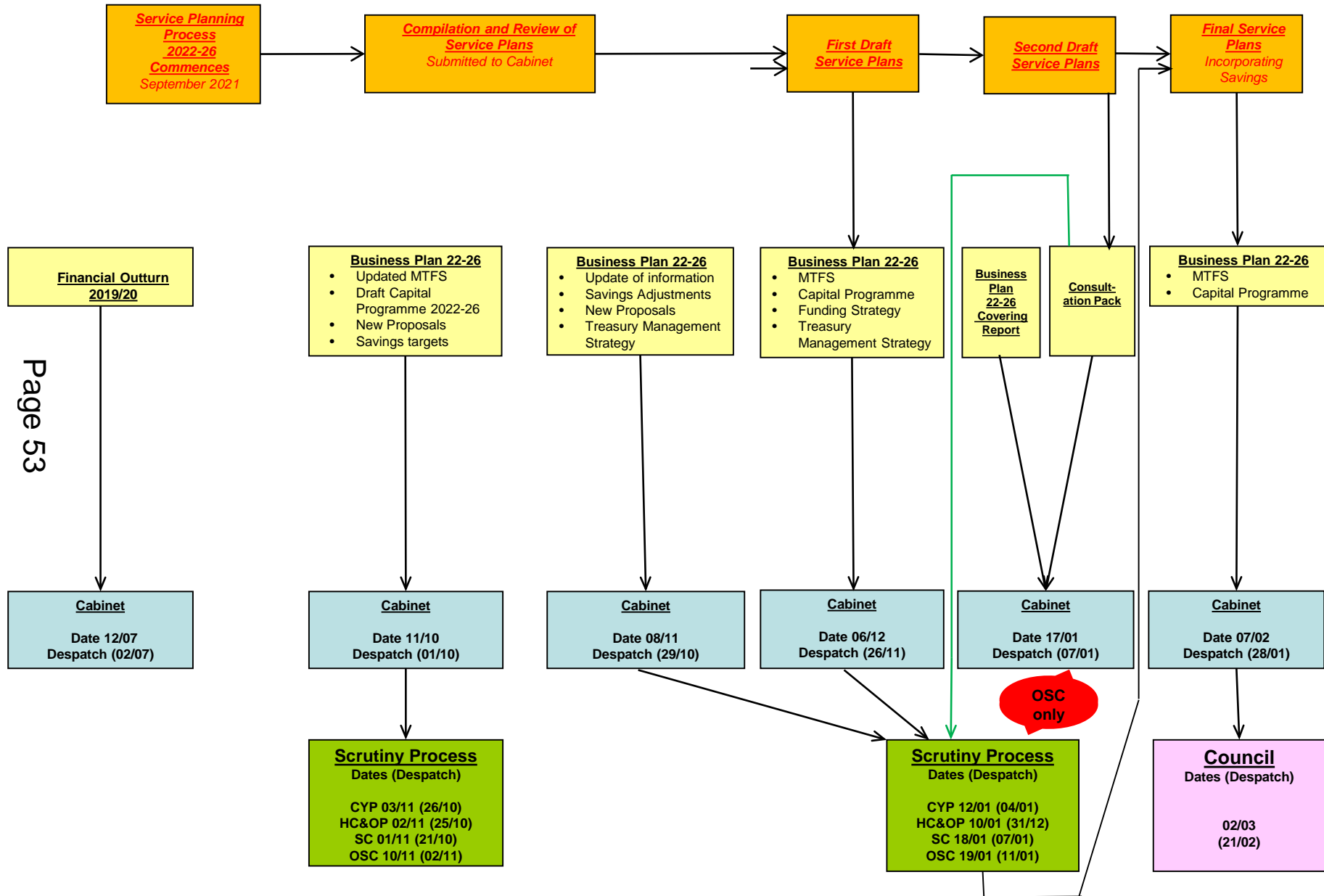
2020/21 Budgetary Control and Final Accounts Working Papers in the Corporate Services Department.  
2021/22 Budget Monitoring working papers  
MTFS working papers

**16. REPORT AUTHOR**

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# BUSINESS PLANNING TIMETABLE - BUSINESS PLAN 2022-26



<b>DRAFT MTFS 2022-26:</b>				
	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Departmental Base Budget 2021/22</b>	<b>161,837</b>	<b>161,837</b>	<b>161,837</b>	<b>161,837</b>
Inflation (Pay, Prices)	6,506	10,755	16,485	20,544
NI increase	989	1,008	1,029	1,049
Salary oncost increase (15.2% to 17.06%)	24	48	72	96
FYE – Previous Years Savings	(3,305)	(3,176)	(2,651)	(2,651)
FYE – Previous Years Growth	384	774	774	774
Amendments to previously agreed savings/growth	3,641	900	325	325
Change in Net Appropriations to/(from) Reserves	(452)	(1,483)	(1,482)	(1,482)
Taxi card/Concessionary Fares	(478)	704	1,707	2,709
Social Care - Additional Spend offset by grant/precept	40	76	91	106
Growth	909	909	1,359	909
Provision - DSG Deficit	10,543	11,628	12,714	13,799
Other	445	661	740	918
<b>Re-Priced Departmental Budget</b>	<b>181,082</b>	<b>184,641</b>	<b>192,999</b>	<b>198,933</b>
Treasury/Capital financing	10,869	11,776	12,910	13,835
Pensions	0	0	0	0
Other Corporate items	(19,548)	(20,716)	(20,946)	(20,946)
Levies	606	606	606	606
<b>Sub-total: Corporate provisions</b>	<b>(8,073)</b>	<b>(8,334)</b>	<b>(7,430)</b>	<b>(6,505)</b>
<b>Sub-total: Repriced Departmental Budget + Corporate Provisions</b>	<b>173,010</b>	<b>176,308</b>	<b>185,570</b>	<b>192,428</b>
Savings/Income Proposals 2022/23	0	0	0	0
<b>Sub-total</b>	<b>173,010</b>	<b>176,308</b>	<b>185,570</b>	<b>192,428</b>
Appropriation to/from departmental reserves	(1,754)	(723)	(724)	(724)
Appropriation to/from Balancing the Budget Reserve	(16,636)	0	0	0
ONGOING IMPACT OF COVID-19 (NET)	1,143	505	0	0
<b>BUDGET REQUIREMENT</b>	<b>155,763</b>	<b>176,090</b>	<b>184,846</b>	<b>191,704</b>
<b>Funded by:</b>				
Revenue Support Grant/Covid RNF & LCTS grant	0	0	0	0
Business Rates (inc. Section 31 grant)	(39,573)	(40,424)	(41,292)	(42,178)
Adult Social Care Grants inc. BCF	(4,862)	(4,862)	(4,862)	(4,862)
Social Care Grant	(3,160)	(3,550)	(3,550)	(3,550)
PFI Grant	(4,797)	(4,797)	(4,797)	(4,797)
New Homes Bonus	(500)	(500)	(500)	(500)
Council Tax inc. WPC	(103,314)	(106,569)	(109,059)	(111,571)
Collection Fund – (Surplus)/Deficit	1,617	1,616	0	0
COVID-19: SFC - Compensation Qtr. 1 2021/22	0	0	0	0
<b>TOTAL FUNDING</b>	<b>(154,589)</b>	<b>(159,086)</b>	<b>(164,060)</b>	<b>(167,458)</b>
<b>GAP including Use of Reserves (Cumulative)</b>	<b>1,175</b>	<b>17,004</b>	<b>20,785</b>	<b>24,246</b>

## Cabinet

**Date: 8 November 2021**

**Subject: Draft Business Plan 2022-26**

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

**Lead member:** Councillor Tobin Byers - Cabinet Member for Finance

**Contact Officer:** Roger Kershaw

### **Urgent report:**

Reason for urgency: The chairman has approved the submission of this report as a matter of urgency as it provides the latest available information on the Business Plan and Budget 2022/23 and requires consideration of issues relating to the Budget process and Medium Term Financial Strategy 2022-2026. It is important that this consideration is not delayed in order that the Council can work towards a balanced budget at its meeting on 2 March 2022 and set a Council Tax as appropriate for 2022/23.

### **Recommendations:**

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1. That Cabinet considers and agrees the draft Capital Programme 2022-2031 and refers it to the Overview and Scrutiny panels and Commission in January 2022 for consideration and comment.
  - 2 That the Cabinet notes the details set out in the Government's Autumn Budget 2021 and Spending Review 2021.
- 

### **1. Purpose of report and executive summary**

- 1.1 This report provides an update on the Council's progress towards developing a Business Plan for 2022-26. In particular, it sets out the latest financial information relating to the MTFS 2022-26 and its impact on the requirement to set a balanced budget and Council Tax for 2022/23.
- 1.2 There is an update on the current information available relating to local government finance and relevant financial and economic factors which will have an important bearing on the Council's approach to balancing the budget. This includes a summary of the relevant details announced in the Autumn Budget 2021 and Spending Review 2021.
- 1.4 There is an update on the potential impact in 2022/23 and possibly beyond, of the coronavirus pandemic which first impacted at the end of the 2019/20 financial year and is still impacting throughout the current financial year.

- 1.5 There is an update on the potential impact in 2022/23 and possibly beyond, of other factors such as inflation, that may affect Council services in the MTFS period.
- 1.6 Finally, there is an update on the Council's draft capital programme 2022-31 and the ongoing revenue impact of that programme.

## Details

### 2. Background

- 2.1 The last report to Cabinet on 11 October 2021 set out the set out the approach towards setting a balanced budget for 2022-2026 and a draft timetable for the business planning process for 2022/23. It also proposed initial departmental targets to be met from savings and income over the four year period of the MTFS.
- 2.2. The report emphasised the high degree of economic and financial uncertainty which surrounds local government finance at the present time and presented an updated MTFS 2022-26 based on the latest information available.
- 2.3 The report to Cabinet in October presented an updated MTFS which rolled forward the previous year's by one year, re-priced for the latest inflation forecasts, and included some assumptions about potential expenditure pressures, capital financing costs arising from a draft capital programme including some new bids, and potential use of reserves.. On this basis the MTFS gap was as follows:-

	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
(Cumulative)	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
MTFS GAP	1,175	17,004	20,785	24,246

- 2.4 Based on this budget gap in the MTFS, some indicative savings targets were set out for each department.
- 2.5 Cabinet on 11 October 2021 resolved:-
1. That Cabinet notes the approach to rolling forward the MTFS for 2022-26.
  2. That Cabinet confirm the latest position with regards to savings already in the MTFS
  3. That Cabinet agrees the approach to setting a balanced budget using the unmet balance of last year's savings targets as the basis for the setting of targets for 2022-26.
  4. That Cabinet agrees the proposed savings targets.
  5. That Cabinet agrees the timetable for the Business Plan 2022-26 including the revenue budget 2022/23, the MTFS 2022-26 and the Capital Programme for 2022-26.
  6. That Cabinet note the process for the Service Plan 2022-26 and the progress made so far.

## 2.6 Forecast of Resources and Local Government Finance Settlement

- 2.6.1 As reported to Cabinet in October, on 7 September the Government announced that it would present an Autumn 2021 budget alongside a Spending Review on 27 October 2021. The Spending Review sets departmental Resource and Capital Departmental Expenditure Limits for 2022/23 to 2024/25, and looks at the future of public services after Covid and how resources will be allocated.

A summary of the key issues for local government and therefore Merton council is provided in Appendix 1.

In terms of council tax, the referendum threshold for increases in council tax is expected to remain at 2 per cent per year. In addition, local authorities with social care responsibilities are expected to be able to increase the adult social care precept by up to 1 per cent per year.

The Department for Levelling Up, Housing and Communities (DLUHC) will set out full details of the council tax referendum principles and proposed approach to allocating grant funding through the Local Government Finance Settlement.

Details from the Spending Review will form the basis of allocations to local authorities for 2022-25 and beyond as announced in the Local Government Finance Settlement 2022-23. Each year in December, the Ministry of Housing, Communities and Local Government (MHCLG) notifies local authorities of their Provisional Local Government Finance Settlement. The final Settlement figures are published the following January/February but are generally unchanged or very similar to the provisional figures. The total amount of funding available for local authorities is essentially determined by the amount of resources that Central Government has allocated as part of its annual Departmental Expenditure Limit.

Whilst the Spending Review 2021 is multi-year, it makes no mention of whether the Local Government finance Settlement expected in December 2021 will be a three-year Settlement or whether and when local government finance reforms such as the Fair Funding Review will be implemented. Confirmation of a three year Settlement would greatly assist the Council to forward plan.

The MTFs included an adjustment of £3m from 2022/23 on the prudent assumption that the Fair Funding Review and potential Brexit effect including the implementation of the levelling up agenda, would result in a net loss of funding.

In the report to Cabinet in October, it was confirmed that Leaders of London Councils had agreed not to participate in a London-wide Business Rate pool in 2022/23.

Whilst there are many figures in the Spending Review 2021 setting out nation allocations for a wide number of initiatives, it will not become clear what the allocations of those funding allocations to individual councils will be until the Provisional Local Government Finance Settlement 2022 in December 2021. Progress will be reported as part of the Business Planning process.

### 2.6.2 Inflation

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 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.

Although the inflation rate fell slightly in September, it is expected to rise in future months. The Institute for Fiscal Studies in an October 2021 report state that "inflation is set to increase sharply in the second half of 2021, with annual CPI forecast to peak at 4.6% in April 2022. For now, the drivers here seem transitory. Energy and base effects are likely to push up inflation, as are trade disruptions and imported inflation. These effects could prove sticky, but should ultimately dissipate. The larger risk remains a more persistent domestically driven price surge. For now, the risks here remain more contained. Accelerating inflation is currently being driven by just a handful of primarily imported goods, with services inflation, in particular, more subdued. We also do not expect the labour market to prove sufficiently tight in aggregate to drive up costs on a more persistent basis. Elevated unit labour costs instead seem more likely to drive job losses rather than wage pressures.

However, inflation expectations are more of a concern. If these begin to shift up, firms may be willing to accept higher wages and offer higher prices – creating the potential for a genuine wage price spiral. Going into the pandemic, inflation expectations were at rather than below target levels – in contrast with both the US and Eurozone. Upwards pressures across firms, households and financial markets are increasingly evident, and acute labour shortages might heighten the risks. However, as transitory inflation likely gives way to disinflation, upside risks in the coming months may also shift to the downside in the medium term. The latter could prove even more difficult to combat."

The MTFs reported to Cabinet in October 2021 includes the following assumptions relating to pay and price inflation:-

<b>(Cumulative £000)</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
<b>Pay inflation (%)</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>
<b>Price inflation (%)</b>	<b>2.5%</b>	<b>1.5%</b>	<b>1.5%</b>	<b>1.5%</b>

Provision for Excess Inflation:

There is also a corporate provision which is held to assist services that may experience price increases greatly in excess of the 1.5% inflation allowance provided when setting the budget. This will only be released for specific demonstrable demand. The amounts included in the MTFS are:-

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Budget in MTFS 2021-25	500	500	500	500

Given the volatility of the inflation forecasts, the provision in the MTFS will be kept under review but it is not intended to change the current provision at this stage.

### **3. Savings Targets 2022-26**

- 3.1 Cabinet in October agreed savings targets for each department. Proposals for savings will be reported to Cabinet in December 2021 and forwarded to Overview and Scrutiny Panels and the Commission for consideration in January 2021.

### **4. Capital Programme 2022-2031**

- 4.1 The report to Cabinet in October included some financial details of a draft Capital Programme 2022-31 including the implications of outturn 2020/21 slippage and some new bids .
- 4.2 Work has been continuing since then to review the current capital programme and present some new bids for capital investment.
- 4.3 Appendix 3 details the current capital programme 2022-31 based on September 2021 monitoring information.
- 4.4 Appendix 4 summarises the new bids it is proposed be added to the current programme.
- 4.5 The change in the capital programme and related capital financing costs since those reported to Cabinet in October 2021 are summarised in the following table:-

<b>Capital Expenditure</b>	<b>2022/23 Estimate £000</b>	<b>2023/24 Estimate £000's</b>	<b>2024/25 Estimate £000's</b>	<b>2025/26 Estimate £000's</b>
Capital Expenditure (Cabinet October 2021)	30,048	21,148	24,059	30,379
Capital Expenditure (Cabinet November 2021)	29,561	19,773	23,197	30,258
Change in Capital Forecast	(487)	(1,375)	(862)	(121)
Capital Financing Costs (Cabinet October 2021)	10,849	11,737	12,810	13,615
Capital Financing Costs (Cabinet November 2021)	10,833	11,733	12,787	13,577
Change in Capital financing Costs	(16)	(4)	(23)	(38)

## 5. Updated MTFS 2022-26

5.1 As indicated in the report, there have been a number of changes to information and data to factors which impact on the Council's MTFS and budget gap.

5.2 The net result of making these adjustments is to amend the forecast budget gap to the following:-

(cumulative)	<b>2022/23 £000</b>	<b>2023/24 £000</b>	<b>2024/25 £000</b>	<b>2025/26 £000</b>
<b>MTFS Gap (Cabinet 11 October 2021)</b>	<b>1,175</b>	<b>16,983</b>	<b>20,703</b>	<b>24,044</b>
Change in Capital Financing Costs	(16)	(4)	(23)	(38)
<b>Revised MTFS Gap 2022-26</b>	<b>1,159</b>	<b>16,979</b>	<b>20,680</b>	<b>24,006</b>

## 6. Service Planning for 2022-26

6.1 The pilot Service planning process for 2022-26 was launched in August 2021.

6.2 First draft Service Plans will be reported to Cabinet in December 2021 and scrutiny in January 2022.

## 6. Alternative Options

6.1 The range of options available to the Council relating to the Business Plan 2022-26 and for setting a balanced revenue budget and fully financed capital programme will be presented in reports to Cabinet and Council in accordance with the agreed timetable.



**7. Consultation Undertaken or Proposed**

7.1 All relevant bodies have been consulted.

**8. Timetable**

8.1 In accordance with current financial reporting timetables.

8.2 A chart setting out the proposed timetable for developing the business plan and service plans is provided as Appendix1.

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

9.1 As contained in the body of the report.

**10. Legal and statutory implications**

10.1 As outlined in the report.

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

11.1 None for the purposes of this report, these will be dealt with as the budget is developed for 2022 – 2026.

**12. Crime and Disorder Implications**

12.1 Not applicable.

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

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

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

Appendix 1 Summary of Autumn budget and Spending Review 2021

Appendix 2 MTFS Summary – Update November 2021 Cabinet

Appendix 3 Capital Programme 2022-23 – Current Programme Sept. 2021

Appendix 4 Capital Programme – New bids

**15. Background Papers**

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

2020/21 Budgetary Control and Final Accounts Working Papers in the Corporate Services Department.

2021/22 Budget Monitoring working papers

MTFS working papers

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## AUTUMN BUDGET AND SPENDING REVIEW 2021

The Chancellor of the Exchequer presented the Autumn budget and Spending Review 2021 on 27 October 2021, setting out the Government's plans for 2021-2025. The Spending Review 2021 (SR21) sets departmental budgets up to 2024-25.

Also on 27 October 2021, the Office for Budget Responsibility (OBR) published the Economic and fiscal outlook (EFO) – October 2021 setting out its central forecast to 2026-27 taking account of recent data and Government policies announced up to and including the October 2021 Budget and Spending Review.

### OBR Economic Outlook

	Actual 2020	Forecast 2021	Forecast 2022	Forecast 2023	Forecast 2024	Forecast 2025	Forecast 2026
GDP Growth	-9.8	6.5	6.0	2.1	1.3	1.6	1.7
CPI Inflation	0.9	2.3	4.0	2.6	2.1	2.0	2.0
Unemployment (% rate)	4.6	4.9	4.8	4.3	4.2	4.2	4.2

### SR21 – Headline public finance and general local government funding announcements

- Every department's overall spending will increase in real terms as a result of SR21, and over the period 2019-20 to 2024-25 allowing for the additional provision that the government has set aside to take Official Development Assistance (ODA) to 0.7% of Gross National Income (GNI) in 2024-25.
- Total departmental spending is set to grow in real terms at 3.8% a year on average over the period 2019-20 to 2024-25 – a cash increase of £150 billion a year by 2024-25 (£90 billion in real terms).
- The total Resource Departmental Expenditure Limit is set to grow in cash terms by over £100 billion a year over the period 2019-20 to 2024-25. This is equivalent to an average annual real increase of 3.3 per cent from 2021/22 to 2024/25.
- Core spending power for local authorities is estimated to increase by an average of 3 per cent in real-terms each year over the SR21 period. This is dependent on councils increasing council tax by 3% per year (including 1% ASC precept)
- The government is providing councils with £4.8 billion of new grant funding over the SR21 period for social care and other services. This includes the £200million commitment to increase Supporting Families funding, funding for cyber security and funding to improve local delivery and transparency.
- The Local Government Departmental Expenditure Limit (LG DEL) will rise by £3.6 billion by 2024/25, or an average annual real terms increase of 9.4 per cent from 2021/22 to 2024/25. This includes £2 billion in 2024/25 related to the income from the health and social care levy, intended to fund the reforms set out in the adult social care reform command paper.

### Council Tax

- The referendum threshold for increases in council tax is expected to remain at 2 per cent per year. In addition, local authorities with social care responsibilities

are expected to be able to increase the adult social care precept by up to 1 per cent per year.

- The Department for Levelling Up, Housing and Communities (DLUHC) will set out full details of the council tax referendum principles and proposed approach to allocating grant funding through the Local Government Finance Settlement.

### Business rates

- The conclusions of the government's review of business rates were published alongside the Budget. To reduce the burden of business rates in England, support investment, and make the system more responsive, the government will:
  - freeze the business rates multiplier for a second year, from 1 April 2022 until 31 March 2023, keeping the multipliers at 49.9p and 51.2p
  - introduce a new temporary business rates relief for eligible retail, hospitality and leisure properties for 2022-23. Eligible properties will receive 50 per cent relief, up to a £110,000 per business cap
  - introduce a 100 per cent improvement relief for business rates. This will provide 12 months relief from higher bills for occupiers where eligible improvements to an existing property increase the rateable value. The government will consult on how best to implement this relief, which will take effect in 2023 and be reviewed in 2028
  - introduce from 1 April 2023 until 31 March 2035 targeted business rate exemptions for eligible plant and machinery used in onsite renewable energy generation and storage, and a 100 per cent relief for eligible heat networks, to support the decarbonisation of non-domestic buildings.
  - increase the frequency of business rates revaluations so that they take place every 3 years instead of every 5 years, starting in 2023, and take measures to support the accuracy of the list
  - provide additional funding to the Valuation Office Agency to support the delivery of the new revaluation cycle.
  - extend transitional relief for small and medium-sized businesses, and the supporting small business scheme, for 1 year. This will restrict bill increases to 15 per cent for small properties (up to a rateable value of £20,000 or £28,000 in Greater London) and 25 per cent for medium properties (up to a rateable value of £100,000), subject to subsidy control limits.
- English Local Authorities will be fully compensated for the loss of income as a result of these business rates measures and will receive new burdens funding for administrative and IT costs.
- The Government's analysis assumes that the business rates retention pilots that were introduced in 2017/18 will continue until 2024/25. Further detail on arrangements beyond the current year will be provided by DLUHC in due course.
- Responses to the Call for Evidence highlighted that avoidance and evasion are important concerns for local government stakeholders, with responses identifying particular concerns around misuse of Empty Property Relief (EPR). The government is undertaking further detailed work, and will consult on measures next year.

Adult social care

- At the Budget and SR21, the government confirmed its commitments to reform social care for the long term. The government has already announced £5.4 billion of additional funding to reform adult social care, to be funded by the new Health and Social Care Levy.
- In England this will end unpredictable costs for people across the country by introducing a cap of £86,000 for personal care costs and expanding the means tested support to people with less than £100,000 in relevant assets. At least £500 million from this package will fund investment in the skills, qualifications and wellbeing of the care workforce.
- SR21 will improve social care outcomes through an affordable, high-quality and sustainable adult social care system. SR21 confirms:
  - £3.6 billion will go directly to local government over the SR21 period to implement the cap on personal care costs and changes to the means test. This funding will also help local authorities better sustain their local care markets by moving towards a fairer cost of care
  - £1.7 billion over three years to improve the wider social care system, including the quality and integration of care. At least £500 million of this will be allocated to improve qualifications, skills and wellbeing across the adult social care workforce additional funding through the local government settlement to ensure all local authorities are able to meet core pressures in adult social care.
- The Government is providing councils with £4.8 billion of new grant funding over the SR21 period for social care and other services. This represents the largest annual increases in local government core funding in over a decade.
- To ensure that all local authorities have access to the resources they need to deliver core services such as children's social care, road maintenance and waste management, the referendum threshold for increases in council tax is expected to remain at 2 per cent per year. In addition, local authorities with social care responsibilities are expected to be able to increase the adult social care precept by up to 1 per cent per year.

Note: The LGA have highlighted that the Spending Review has not set out how much of the £5.4 billion will need to be used to pay for the other Government reform commitments, including: action to better support unpaid carers, investment in Disabled Facilities Grant, supported housing and other housing innovations, and improved information and advice. This information is needed urgently so councils have a more thorough understanding of the work that will be expected of them over the coming months.

Key COVID-19 Programmes and Related Health Spending

£9.6 billion over the SR21 period for key COVID-19 programmes and related health spending. This will allow for a continued COVID-19 vaccination programme, principally booster campaigns to help to maintain high levels of immunity, and a targeted testing operation including essential surveillance. The government will set out further detail about the approach during the SR21 period in due course.

### Public Health

- maintain the Public Health Grant in real terms over the SR21 period, enabling local authorities to invest in prevention and frontline services like child health visits
- continue the £100 million investment per year announced at SR20 to help people achieve and maintain a healthy weight
- invest in the Start for Life offer for families, reaching an additional £66 million in 2024-25, including breastfeeding advice and parent-infant mental health support.

### Levelling up

The Government will publish the Levelling Up White Paper by the end of the year, setting out in more detail the framework and next steps towards levelling up opportunities and boosting livelihoods across the country.

The first £1.7 billion of allocations through the Levelling Up Fund, including over £342 million for Scotland, Wales and Northern Ireland, which will fund over 100 projects to improve local infrastructure.

### UK Shared Prosperity Fund

SR21 included provision for a UK Shared Prosperity Fund (UKSPF) worth over £2.6 billion over the next three years. It is the successor to the EU Structural Fund programme and will better tailor funding to local needs across the UK. The UKSPF will rise to £1.5 billion a year by 2024-25.

Alongside investments in skills the UKSPF will support a range of skills and employment focused programmes, including, as a first priority, the £560 million UK-wide adult numeracy programme, “Multiply”, that will equip more adults with functional numeracy skills across the UK. In England, this will particularly benefit the North East, West Midlands and Yorkshire and the Humber, which currently have the highest rates of poor numeracy in England. Multiply will help individuals to further their career potential and improve access to better paying jobs.

### Digital connectivity

SR21 confirmed investment of £1.2 billion (from 2021-22 to 2024-25) of the £5 billion Project Gigabit commitment to level up all parts of the UK with a target of 85 per cent high-quality, gigabit capable broadband coverage by 2025. The government will provide £180 million over the next three years as part of the government’s £500 million investment for the Shared Rural Network, to deliver high-quality 4G mobile coverage to 95 per cent of the UK.

### Waste and recycling

SR21 includes funding of more than £300 million to implement free, separate food waste collections in every local authority in England from 2025.

Flooding

SR21 includes

- an additional £27 million to support flooding incident and emergency response activities and an additional £22 million each year for the maintenance of flood defences.
- the government will commission a new NIC (National Infrastructure Commission) study, to report by November 2022, on the effective management of surface water flooding in England.

Greener transport

SR21 announced that to support the uptake of electric vehicles, the Government will provide an additional £620 million for public charging in residential areas and targeted plug-in vehicle grants, building on the £1.9 billion committed at SR20.

SR21 provides over £3 billion over the Parliament, including a new commitment of £1.2 billion for bus transformation deals to deliver London-style services, fares and infrastructure improvements.

The Budget and SR21 also provides over £2 billion of investment in cycling and walking over the Parliament to build hundreds of miles of high-quality, segregated bike lanes and other facilities to improve cyclists' safety. This includes £710 million of new investment in active travel funding over the next three years, building on SR20 and funding for new schemes through city region settlements.

Potholes

SR21 includes £2.7 billion over the next 3 years for local roads maintenance in places not receiving City Region Settlements - to fill in potholes, repair bridges and resurface roads.

Children's social care

The Chancellor announced that the settlement will continue to support the most disadvantaged and vulnerable children and young people through high quality education and local services, so that no one is left behind.

SR21 includes:-

- over £200 million a year for the continuation of the holiday activities and food programme, providing enriching activities and healthy meals for disadvantaged children during school holidays
- a new funding package of £104 million by 2024-25 to take forwards reforms to unregulated provision in children's social care, improving safeguarding standards for some of our most vulnerable children and young people
- £7 million in 2024-25 to implement DfE's Adoption Strategy 'Achieving Excellence Everywhere', to improve access to services and support for adopted children and their families

- £259 million over the SR21 period to maintain capacity and expand provision in secure and open residential children's homes. This will provide high quality, safe homes for some of our most vulnerable children and young people.

To ensure swift access to justice, the government is investing over £1 billion over the SR period to increase capacity and efficiency across the court estate and recover from the impacts of COVID-19. This includes £324 million to increase capacity in the civil, family and tribunal jurisdictions to continue tackling backlogs and improve timeliness.

### Education, Childcare and Family Services

The settlement provides new funding of £208 million by 2024-25, including:-

- £170 million by 2024-25 to increase the hourly rate to be paid to early years providers, to deliver the government's free hours offers. This builds on the £44 million increase confirmed at SR20.
- £18 million in 2024-25 to create a network of family hubs to improve access to services for families, and £20 million in 2024-25 for parenting support
- reaffirms £150 million over the SR21 period for training of early years staff to support children's learning and development, as part of the £1.4 billion announced in June 2021 to help children catch up on lost learning.

### Special Educational Needs and Disability

SR21 announced that the settlement will continue to support the most disadvantaged and vulnerable children and young people through high quality education and local services, so that no one is left behind. It makes available £2.6 billion over the SR21 period for school places for children with special educational needs and disabilities.

### Youth services

SR21 announced that to reduce inequalities of participation in society and support the government's ambition to level up the country, the settlement invests in world-class sports and youth facilities, including, over the SR21 period, £560 million for youth services in England, including funding the government's commitment to a Youth Investment Fund which will deliver up to 300 youth facilities in areas most in need. This reconfirms the £500 million Youth Investment Fund first announced in September 2019, along with additional funding for the National Citizen Service.

### Education

A new package of £1.8 billion over the SR21 period that is directly targeting education recovery was announced. This includes a £1 billion Recovery Premium for the next two academic years for schools.

### Skills – Training and Apprenticeships

The Government is helping young people and adults to access the training they need to reach their full potential through:



- meeting the government's commitment to the National Skills Fund, by providing a 29 per cent real terms increase in adult skills funding from 2019-20 to 2024-25. This will expand the Lifetime Skills Guarantee so more adults in England can access funding for in-demand Level 3 courses and scale up Skills Bootcamps. Additionally, the Government is launching the innovative Multiply programme, providing opportunities for adults across the whole of the UK to develop their numeracy skills.
- an additional £1.6 billion by 2024-25 for 16-19 year-olds' education in England. This means colleges will be funded for the 110,000 extra students they will be teaching by 2024-25
- The Government is increasing apprenticeships funding to £2.7 billion by 2024-25 and delivering an apprenticeship system improvements for all employers. These include:-
  - an enhanced recruitment service by May 2022 for small and medium-sized enterprises (SMEs), helping them hire new apprentices
  - supporting flexible apprenticeship training models.
  - introducing a return-on-investment tool in October 2022 to ensure employers can see the benefits apprentices create in their business.
- To ensure businesses get the talent they need, SR21 confirms that the government is extending the £3,000 apprentice hiring incentive for employers until 31 January 2022 and investing approximately £10 million a year over the SR period in the Sector Based Work Academy Programme (SWAPs). SWAPs give unemployed people the opportunity to undertake work experience, learn new skills and retrain into high-demand sectors in their local area.
- Building on the Plan for Jobs and £3.6 billion of additional funding provided at SR20, the settlement provides more than £6 billion over the SR21 period to maximise employment across the country. This includes funding to extend the Kickstart scheme to March 2022, which has supported nearly 95,000 young people to date, and investing over £60 million over the next three years in the Youth Offer.
- As the UK builds back better from COVID-19, the government is focused on addressing the threat posed by climate change. The Net Zero Strategy (NZS) sets out the Government's plans to build back greener and realise the significant wider economic and social benefits of delivering the UK's 2050 net zero emissions target.

### Housing and planning

SR21 confirmed a settlement of nearly £24 billion for housing, up to 2025-26. It announced:-

- additional £1.8 billion for housing supply, to deliver £10 billion investment since the start of this Parliament and unlock over 1 million new homes over the SR21 period and beyond. This includes £300 million locally-led grant funding that will be distributed to Mayoral Combined Authorities and Local Authorities to unlock smaller brownfield sites for housing and improve communities in line with their priorities, and £1.5 billion to regenerate underused land and deliver transport links and community facilities, unlocking 160,000 homes in total.

- an additional £65 million investment to improve the planning regime, through a new digital system which will ensure more certainty and better outcomes for the environment, growth and quality of design.

### Homelessness and rough sleeping

Building on the reduction in rough sleeping numbers by over a third between 2019 and 2020, and as part of the government's commitment to end rough sleeping, SR21 provides £639 million resource funding by 2024-25, a cash increase of 85 per cent compared to 2019-20. This brings total funding to £1.9 billion resource and £109 million capital investment over SR21. This will:-

- build on the investment and progress made since 2017 – where the number of people sleeping rough on a single night has been brought down from 4,751 to 2,688 in 2020
- continue funding the Rough Sleeping Initiative, which invests in locally-led, tailored interventions to move rough sleepers into secure accommodation, where they can get the help they need to rebuild their lives; provide drug and alcohol treatment for people sleeping rough who need it; and support for those who are experiencing or at risk of homelessness through the Homelessness Prevention Grant
- complete delivery of 6,000 homes under the Rough Sleeping Accommodation Programme to create housing pathways to get people off the street into longer-term accommodation
- form part of a cross-government approach to address the drivers of rough sleeping, including funding for reoffending initiatives of £200 million a year by 2024-25 which includes delivery of transitional accommodation for prison leavers and treatment for substance misuse.

### Building safety

- As announced in February 2021, the Government will introduce a new tax from April 2022 on the profits that companies and corporate groups derive from UK residential property development, to ensure that the largest developers make a fair contribution to help pay for building safety remediation. The tax will be charged at 4 per cent on profits exceeding an annual allowance of £25 million.
- SR21 confirms £5 billion funding (£3 billion of which is over the SR period) for remediation of the highest risk buildings with unsafe cladding to ensure everyone can feel safe and secure in their home.

### Asylum and resettlement

- The Home Office settlement also provides additional funding to reduce illegal migration and deliver the Government's New Plan for Immigration. The settlement provides an additional £85 million resource funding by 2024-25, on top of the continuation of £110 million in 2021-22, bringing total investment to £195 million resource funding by 2024-25 and £50 million capital funding over the SR21 period for the New Plan for Immigration. This funding will strengthen

border security, improve our asylum caseworking system, and encourage more Local Authorities to participate in assisting asylum seekers

- The Home Office settlement demonstrates Global Britain in action, resettling 20,000 refugees from Afghanistan and supporting vulnerable people in our asylum system. This includes an additional £468 million by 2024-25 to protect vulnerable people by providing subsistence, accommodation and assistance to people seeking asylum in line with Home Office statutory duties.

### Household energy

To support tens of thousands of households in England on low incomes, make their homes more energy efficient and reduce their energy bills, the Budget and SR provides £950 million for the Home Upgrade Grant and £800 million for the Social Housing Decarbonisation Fund.

### Pensions tax relief administration

In 2025/26 the Government will introduce a system to make top-up payments in respect of contributions made in 2024/25 onwards directly to low-earning individuals saving in a pension scheme using a Net Pay Arrangement.

### Universal Credit

To help people progress in work, and allow working households on Universal Credit to keep more of what they earn, the Government will:

- reduce the taper rate that applies in Universal Credit from 63 per cent to 55 per cent by 1 December 2021 so working households will keep more of every pound they earn
- increase the amount that households with children or a household member with limited capability for work can earn before their Universal Credit award begins to be reduced – the Work Allowances – by £500 a year by 1 December 2021
- These changes will directly benefit 1.9 million working households.

### Criminal justice and preventing crime

- The Government will provide an extra £540 million by 2024/25 to recruit the final 8,000 police officers to meet the Government's commitment of 20,000 additional officers by 2023, continuing to support the police in fighting crime in England and Wales.
- The Government will provide £42 million for new programmes that reduce crime and drugs misuse, on top of £108 million to continue existing programmes. This brings total investment to £150 million a year to continue and expand programmes that prevent crime and keep our communities safe, including continuing the Safer Streets Fund and more enforcement to tackle drug misuse, including through the County Lines programme and Project ADDER
- Alongside introducing the Economic Crime (Anti-Money Laundering) Levy, the Government is delivering reforms in the Economic Crime Plan and on fraud by providing new investment of £18 million in 2022/23 and £12 million per year in 2023/24 and 2024/25.

- The Government will also support the criminal justice system in England and Wales by funding an additional £785 million in 2024/25 to manage the increased number of offenders being brought to justice and reduce waiting times in the criminal courts.
- In addition, SR21 provides a further £200 million a year by 2024/25 to improve prison leavers' access to accommodation, employment support and substance misuse treatment.
- The Government will bolster support for victims of crime by increasing annual funding for Ministry of Justice victim support services to over £185 million by 2024/25, an uplift of 85 per cent from 2019/20. This will increase the number of Independent Sexual and Domestic Violence Advisors to over 1,000 and fund other key services such as crisis helplines.
- The Government will provide an over £80 million cash increase in resource funding for the CPS by 2024/25. It ensures the Crown Prosecution Service (CPS) can continue to support the work of 20,000 additional police officers and go further to improve its response to rape and sexual assault cases in line with the ambitions set out in the government's end-to-end Rape Review. It also delivers increased CPS investment in digital innovation and delivers annual increases to core funding for the SFO to fight fraud, bribery, and corruption.

### Cyber security

SR21 also provides funding to strengthen local authority functions vital for the delivery of public services

- £37.8 million of additional funding over the SR21 period to tackle cyber security challenges facing councils and invest in local authority cyber resilience, protecting vital services and data. Together with maintaining the funding that was announced at SR20, this will bring the total funding for cyber to £85.8 million over the SR21 period.
- SR21 provides a £114 million increase in the National Cyber Security Programme across the period, enabling the UK to keep adapting, innovating and investing to maintain and extend its competitive edge as a responsible, democratic cyber power.
- In total the Government is investing £2.6 billion in cyber and legacy IT over the SR21 period, with a particular emphasis on improving the government's own cyber security. This is in addition to the funding agreed for the National Cyber Force. The government will shortly publish further details on the strategy for cyber.

### Culture, national events, and the creative industries

- The UK's cultural sectors will benefit from temporary rate uplifts to the Theatre, Orchestra and Museums & Galleries Exhibition tax reliefs. SR21 also provides £42 million to support the UK's world-leading creative industries, including supporting SMEs to scale up and providing bespoke support for the UK's independent film and video game industries.
- The Budget and SR maintains funding for the UK City of Culture programme, which honours the great cultural diversity of cities across the UK through culture-led regeneration.

- The settlement will grow the UK's world-leading culture and heritage sectors by:
  - investing over £850 million over the SR21 period for cultural and heritage infrastructure to safeguard national treasures and boost culture in local communities and on high streets
  - providing £52 million in new funding for museums and cultural and sporting bodies next year to support recovery from COVID-19 and an additional £49 million in 2024-25 to thrive thereafter
  - providing £14 million in each year of the SR21 to support our world-leading creative industries, including supporting SMEs to scale up and providing bespoke support for the UK's independent film and video game industries
  - funding the £800 million Live Events Reinsurance Scheme and an extension to the £500 million Film & TV Production Restart Scheme, to enable UK events and productions to thrive and plan with certainty
  - committing to work with relevant Arms' Length Bodies and their sponsoring departments to update and codify the operational and financial freedoms first introduced in 2013 for such organisations, to ensure that the freedoms are fit for purpose and that all stakeholders understand their scope going forward. (Pages 115-116, paragraph 4.79)

#### Parks, physical activity, and sporting events

- To ensure every region across the UK has access to the green spaces that are vital to people's physical and mental health, the Budget and SR21 announced the £9 million Levelling Up Parks Fund, funding over 100 new parks in 2022-23 to ensure equal access to parks in urban areas that are deprived of green space.
- The Government is supporting Olympians and Paralympians to prepare for a successful Paris 2024 Olympic and Paralympic Games and is committing funding for the UK and Ireland's bid to host the 2030 men's Football World Cup. To support the World Cup bid, the Budget and SR21 is investing £205 million across the SR period to build or improve up to 8,000 community multi-use sports and football pitches across the UK. The Government is also funding the UK's bids to host the 2025 women's Rugby World Cup and the 2026 Tour de France Grand Depart, aiming to bring more world class sporting events to the UK.
- To reduce inequalities of participation in society and support the Government's ambition to level up the country, the settlement invests in world-class sports and youth facilities, including, over the SR21 period: £205 million to transform grassroots football infrastructure and multi-use sports facilities by rolling out up to 8,000 state-of-the-art community pitches and £22 million to refurbish more than 4,500 public tennis courts.

#### Tourism and the visitor economy

Up to 400,000 retail, hospitality and leisure properties will be eligible for a new, temporary £1.7 billion of business rates relief next year. This will provide support until the next revaluation, helping the businesses that make UK high streets and town centres successful evolve and adapt to changing consumer demands. Apart from reliefs in response to COVID-19, this is the biggest single-year cut to business rates in 30 years.

### Procurement and commercial capacity

SR21 also provides £34.5 million of additional funding over the SR21 period to further strengthen local delivery and transparency. This funding will help strengthen the sector's procurement and commercial capacity, establish the Audit Reporting and Governance Authority as the new local audit systems leader, and help local councils meet new transparency requirements.

### Public Sector Pay

In SR21 the Government announced an end to the temporary pay pause set out in SR20. The government will be seeking recommendations from Pay Review Bodies where applicable.

From 1 April 2022 the National Living Wage will increase by 6.6% to £9.50 per hour.

The Government is also accepting the Low Pay Commission's recommendations on increases in National Minimum Wage rates from 1 April 2022 including:-

- increasing the rate for 21 to 22 year olds by 9.8% from £8.36 to £9.18 per hour
- increasing the rate for 18 to 20 year olds by 4.1% from £6.56 to £6.83 per hour
- increasing the rate for 16 to 17 year olds by 4.1% from £4.62 to £4.81 per hour
- increasing the rate for apprentices by 11.9% from £4.30 to £4.81 per hour
- increasing the accommodation offset rate by 4.1% from £8.36 to £8.70 per hour

<b>DRAFT MTFS 2022-26:</b>				
	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Departmental Base Budget 2021/22</b>	<b>161,837</b>	<b>161,837</b>	<b>161,837</b>	<b>161,837</b>
Inflation (Pay, Prices)	6,506	10,755	16,485	20,544
NI increase	989	1,008	1,029	1,049
Salary oncost increase (15.2% to 17.06%)	24	48	72	96
FYE – Previous Years Savings	(3,305)	(3,176)	(2,651)	(2,651)
FYE – Previous Years Growth	384	774	774	774
Amendments to previously agreed savings/growth	3,641	900	325	325
Change in Net Appropriations to/(from) Reserves	(452)	(1,483)	(1,482)	(1,482)
Taxi card/Concessionary Fares	(478)	704	1,707	2,709
Social Care - Additional Spend offset by grant/precept	40	76	91	106
Growth	909	909	1,359	909
Provision - DSG Deficit	10,543	11,628	12,714	13,799
Other	445	661	740	918
<b>Re-Priced Departmental Budget</b>	<b>181,082</b>	<b>184,641</b>	<b>192,999</b>	<b>198,933</b>
Treasury/Capital financing	10,842	11,751	12,805	13,595
Pensions	0	0	0	0
Other Corporate items	(19,548)	(20,716)	(20,946)	(20,946)
Levies	606	606	606	606
<b>Sub-total: Corporate provisions</b>	<b>(8,100)</b>	<b>(8,359)</b>	<b>(7,535)</b>	<b>(6,745)</b>
<b>Sub-total: Repriced Departmental Budget + Corporate Provisions</b>	<b>172,983</b>	<b>176,283</b>	<b>185,465</b>	<b>192,188</b>
Savings/Income Proposals 2022/23	0	0	0	0
<b>Sub-total</b>	<b>172,983</b>	<b>176,283</b>	<b>185,465</b>	<b>192,188</b>
Appropriation to/from departmental reserves	(1,754)	(723)	(724)	(724)
Appropriation to/from Balancing the Budget Reserve	(16,625)	0	0	0
ONGOING IMPACT OF COVID-19 (NET)	1,143	505	0	0
<b>BUDGET REQUIREMENT</b>	<b>155,747</b>	<b>176,065</b>	<b>184,741</b>	<b>191,464</b>
<b>Funded by:</b>				
Revenue Support Grant/Covid RNF & LCTS grant	0	0	0	0
Business Rates (inc. Section 31 grant)	(39,573)	(40,424)	(41,292)	(42,178)
Adult Social Care Grants inc. BCF	(4,862)	(4,862)	(4,862)	(4,862)
Social Care Grant	(3,160)	(3,550)	(3,550)	(3,550)
PFI Grant	(4,797)	(4,797)	(4,797)	(4,797)
New Homes Bonus	(500)	(500)	(500)	(500)
Council Tax inc. WPC	(103,314)	(106,569)	(109,059)	(111,571)
Collection Fund – (Surplus)/Deficit	1,617	1,616	0	0
COVID-19: SFC - Compensation Qtr. 1 2021/22	0	0	0	0
<b>TOTAL FUNDING</b>	<b>(154,589)</b>	<b>(159,086)</b>	<b>(164,060)</b>	<b>(167,458)</b>
<b>GAP including Use of Reserves (Cumulative)</b>	<b>1,159</b>	<b>16,979</b>	<b>20,680</b>	<b>24,006</b>

**APPENDIX 2**

**Approved and Indicative Capital Programme 2022-31 as at September 2021 Monitoring**

Department	Department	Budget August 2022-23	Budget August 2023-24	Budget August 2024-25	Indicative Budget 2025-26	Indicative Budget 2026-27	Indicative Budget 2027-28	Indicative Budget 2028-29	Indicative Budget 2029-30	Indicative Budget 2030-31
Corporate Services	Corporate Services	8,070,210	5,245,000	13,071,120	4,186,000	9,089,190	3,280,000	7,879,770	3,830,000	5,061,000
Community and Housing	Community and Housing	2,500,000	972,000	920,410	630,000	280,000	420,000	280,000	280,000	630,000
Children, Schools and Families	Children, Schools and Families	4,620,490	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Environment and Regeneration	Environment and Regeneration	10,977,790	7,918,470	7,324,000	9,262,000	3,999,000	3,964,000	3,964,000	4,364,000	3,964,000
<b>Total</b>	<b>Total</b>	<b>26,168,490</b>	<b>16,035,470</b>	<b>23,215,530</b>	<b>15,978,000</b>	<b>15,268,190</b>	<b>9,564,000</b>	<b>14,023,770</b>	<b>10,374,000</b>	<b>11,555,000</b>

	Department	Budget August 2022-23	Budget August 2023-24	Budget August 2024-25	Indicative Budget 2025-26	Indicative Budget 2026-27	Indicative Budget 2027-28	Indicative Budget 2028-29	Indicative Budget 2029-30	Indicative Budget 2030-31
	<b>Corporate Services</b>									
Customer Contact Programme	Customer Contact Programme	2,026,000			1,000,000	1,000,000	1,000,000			2,000,000
Works to other buildings	Other Buildings - Capital Building Works	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000
Works to other buildings	Replacement Boilers	378,680								
Civic Centre	Civic Centre Lighting Upgrade	300,000								
Civic Centre	Combined Heat and Power (CHP) System Replacement		450,000							
Civic Centre	Absorption Chiller Replacement		275,000							
Invest to Save schemes	Invest to Save schemes	573,690	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Invest to Save schemes	Invest to Save schemes - Photovoltaics	50,000								
Business Systems	Aligned Assets	0	0				75,000			
Business Systems	Environmental Asset Management	240,000					250,000			
Business Systems	Revenue and Benefits	400,000		0	400,000					400,000
Business Systems	Capita Housing	0			100,000		0			100,000
Business Systems	ePayments Project	0			125,000					125,000
Business Systems	School Admission System	125,000			125,000				125,000	
Business Systems	Planning&Public Protection Sys	0	0	550,000				0	550,000	
Business Systems	Kofax Scanning	0			100,000					100,000
Business Systems	Spectrum Spatial Analyst Repla	0			200,000					200,000
Business Systems	Parking System	0	0		126,000					126,000
Business Systems	Ancillary IT Systems	0				50,000				
Business Systems	Youth Justice IT Systems	0		100,000					100,000	
Social Care IT System	Replacement SC System	0	2,100,000					2,100,000		
Planned Replacement Programme	Project General	705,000	770,000	1,405,000	1,060,000	970,000	1,005,000	770,000	1,405,000	1,060,000
Planned Replacement Programme	Network Switch Upgrade	200,000								
Financial System	Financial Systems - e5.5 Project	0	700,000					0	700,000	
Acquisitions Budget	Acquisitions Budget	0	0	6,785,180						
Capital Bidding Fund	Capital Bidding Fund	0	0	1,000,000						
Multi-Functioning Device (MFC)	Multi-Functioning Device (MFC)	0		600,000				600,000		
Corporate Capital Contingency	Corporate Capital Contingency	0	0	1,680,940						
Compulsory Purchase Order	CPO Clarion	2,421,840	0			6,119,190		3,459,770		
	<b>Total Corporate Services</b>	<b>8,070,210</b>	<b>5,245,000</b>	<b>13,071,120</b>	<b>4,186,000</b>	<b>9,089,190</b>	<b>3,280,000</b>	<b>7,879,770</b>	<b>3,830,000</b>	<b>5,061,000</b>

	Department	Budget August 2022-23	Budget August 2023-24	Budget August 2024-25	Indicative Budget 2025-26	Indicative Budget 2026-27	Indicative Budget 2027-28	Indicative Budget 2028-29	Indicative Budget 2029-30	Indicative Budget 2030-31
	<b>Community and Housing</b>									
Disabled Facilities Grant	Disabled Facilities Grant	827,000	827,000	720,410	280,000	280,000	280,000	280,000	280,000	280,000
Major Projects - Social Care H	Learning Dsbility Aff Housing	1,533,000	145,000							
Library Enhancement Works	West Barnes Library Re-Fit	0		200,000						
Major Library Projects	Library Self Service	0			350,000					350,000
Libraries IT	Library Management System	140,000					140,000			
	<b>Total Community and Housing</b>	<b>2,500,000</b>	<b>972,000</b>	<b>920,410</b>	<b>630,000</b>	<b>280,000</b>	<b>420,000</b>	<b>280,000</b>	<b>280,000</b>	<b>630,000</b>

	Department	Budget August 2022-23	Budget August 2023-24	Budget August 2024-25	Indicative Budget 2025-26	Indicative Budget 2026-27	Indicative Budget 2027-28	Indicative Budget 2028-29	Indicative Budget 2029-30	Indicative Budget 2030-31
	<b>Children, Schools and Families</b>									
St Mark's	Immersive Learning Centre	80,490								
Unlocated Primary School Pro	Unallocated - Schools Capital maintenance	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Secondary School Autism Unit	Secondary Autism Unit	1,310,000								
Unlocated SEN	Further SEN Provision	180,000								
Melbury College - Smart Centre	Medical PRU Expansion	400,000								
Unlocated SEN	New ASD Provision	750,000								
	<b>Total Children, Schools and Families</b>	<b>4,620,490</b>	<b>1,900,000</b>	<b>1,900,000</b>	<b>1,900,000</b>	<b>1,900,000</b>	<b>1,900,000</b>	<b>1,900,000</b>	<b>1,900,000</b>	<b>1,900,000</b>



	Department	Budget August 2022-23	Budget August 2023-24	Budget August 2024-25	Indicative Budget 2025-26	Indicative Budget 2026-27	Indicative Budget 2027-28	Indicative Budget 2028-29	Indicative Budget 2029-30	Indicative Budget 2030-31
	<b>Environmental and Regeneration</b>									
Off Street Parking - P&D	Pay and Display Machines			60,000					60,000	
CCTV Investment	CCTV cameras and infrastructure upgrade	587,630	554,470							
Public Protection and Developm	Public Protection and Developm	0				35,000				
Fleet Vehicles	Replacement of Fleet Vehicles	551,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Alley Gating Scheme	Alley Gating Scheme	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000
Waste SLWP	Waste SLWP IT & Premises	21,430			42,000					
Waste SLWP	Replacement of Fleet Vehicles	340,000			3,956,000				340,000	
Street Trees	Street Tree Programme	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Highways & Footways	Street Lighting Replacement Pr	290,000	290,000	290,000	290,000	290,000	290,000	290,000	290,000	290,000
Highways & Footways	Traffic Schemes	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Highways & Footways	Surface Water Drainage	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Highways & Footways	Repairs to Footways	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Highways & Footways	Maintain AntiSkid and Coloured Surface	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Highways & Footways	Borough Roads Maintenance	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Highways & Footways	Highways bridges & structures	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000
Highways & Footways	Street Lighting Wimb	261,680								
Highways & Footways	S Wimb Bus Area Wayfinding	135,360								
Cycle Route Imps	Cycle Lane Plough Lane	120,000								
Unallocated TfL	Unallocated TfL	1,300,000	1,300,000	1,300,000	1,300,000					
Mitcham Area Regeneration	Pollards Hill Bus Shelter	150,000								
Wimbledon Regeneration	Wimbledon Public Realm Implementation	901,190								
Wimbledon Regeneration	Haydons Rd Public Realm Imp	300,000								
Morden Area Regeneration	Morden Town Centre Improvements	200,000								
Morden Area Regeneration	Morden TC Regeneration Match Funding	2,000,000	2,000,000	2,000,000						
Borough Regeneration	Lost Rivers Repairs	100,000	100,000							
Borough Regeneration	New Horizons Centre	68,500								
Property Management	Comm. Ctre Energy Saving Lighting	35,000								
Sports Facilities	Leisure Centre Plant & Machine	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Parks Investment	Parks Investment	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Parks Investment	Colliers Wood Rec	67,000								
Parks Investment	Abbey Rec	40,000								
Parks Investment	Padding Pools (borough wide) OPTION 1	135,000								
	<b>Total Environmental and Regeneration</b>	<b>10,977,790</b>	<b>7,918,470</b>	<b>7,324,000</b>	<b>9,262,000</b>	<b>3,999,000</b>	<b>3,964,000</b>	<b>3,964,000</b>	<b>4,364,000</b>	<b>3,964,000</b>
	<b>Total Capital</b>	<b>26,168,490</b>	<b>16,035,470</b>	<b>23,215,530</b>	<b>15,978,000</b>	<b>15,268,190</b>	<b>9,564,000</b>	<b>14,023,770</b>	<b>10,374,000</b>	<b>11,555,000</b>

Bids for Additional Capital Funding Business Plan 2022-26

APPENDIX 2

<u>Summary</u>	Additional In Year Bids 2021-22	Budget August 2022-23	Budget August 2023-24	Budget August 2024-25	Indicative Budget 2025-26	Indicative Budget 2026-27	Indicative Budget 2027-28	Indicative Budget 2028-29	Indicative Budget 2029-30	Indicative Budget 2030-31	Total	Borrowing	Est. School Condition Grant	S106	SCIL
Corporate Services	0	(550,000)	325,000	1,150,000	(756,000)	670,000	275,000	(850,000)	1,625,000	(1,731,000)	158,000	158,000	0	0	0
Community and Housing	0	0	0	0	60,000	201,000	235,000	0	0	0	496,000	229,580	0	0	266,420
Children, Schools and Families	0	812,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	5,612,000	152,000	5,400,000	0	60,000
Environment and Regeneration	1,106,000	1,870,970	890,000	150,000	12,921,000	2,135,000	1,247,500	290,000	7,620,000	185,000	28,415,470	19,809,000	0	20,000	8,586,470
<b>Total</b>		<b>2,132,970</b>	<b>1,815,000</b>	<b>1,900,000</b>	<b>12,825,000</b>	<b>3,606,000</b>	<b>2,357,500</b>	<b>40,000</b>	<b>9,845,000</b>	<b>(946,000)</b>	<b>34,681,470</b>	<b>20,348,580</b>	<b>5,400,000</b>	<b>20,000</b>	<b>8,912,890</b>

<u>Corporate Services</u>	Additional In Year Bids 2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	Total	Borrowing	Est. School Condition Grant	S106	SCIL
Customer Contact Programme	0	(1,000,000)	1,000,000	0	0	0	0	0	0	(1,000,000)	(1,000,000)	(1,000,000)			0
Robotics Process Automation	0	0	0	0	0	0	0	0	0	0	0	0			0
Web Content Management System (WCMS)	0	0	0	100,000	0	0	0	0	0	0	100,000	100,000			0
Gazetteer Management Systems	0	0	0	0	0	90,000	(75,000)	0	0	0	15,000	15,000			0
Environmental Asset Management System (EAMS)	0	0	0	0	0	250,000	(250,000)	0	0	0	0	0			0
Revenue and Benefits System	0	300,000	0	0	(400,000)	0	0	0	750,000	(400,000)	250,000	250,000			0
Housing Management System	0	0	0	0	20,000	0	0	0	0	20,000	40,000	40,000			0
ePayments	0	0	0	150,000	(125,000)	0	0	150,000	0	(125,000)	50,000	50,000			0
School Admission System	0	0	0	0	(125,000)	0	125,000	0	(125,000)	0	(125,000)	(125,000)			0
Planning&Public Protection Sys	0	0	0	0	0	0	0	0	0	0	0	0			0
Scanning System	0	0	150,000	0	(100,000)	0	150,000	0	0	(100,000)	100,000	100,000			0
GIS Mapping System	0	0	0	0	0	0	0	0	0	0	0	0			0
Regulatory Services IT System	0	0	0	0	0	0	0	0	0	0	0	0			0
Parking Systems	0	0	175,000	0	(126,000)	0	175,000	0	0	(126,000)	98,000	98,000			0
Ancillary IT Systems	0	0	0	0	0	0	0	0	0	0	0	0			0
Youth Justice Systems	0	0	0	(100,000)	100,000	0	0	0	0	0	0	0			0
Payroll System	0	0	0	0	0	160,000	0	0	0	0	160,000	160,000			0
Transport Management System	0	150,000	0	0	0	0	150,000	0	0	0	300,000	300,000			0
Social Care System	0	0	(1,000,000)	1,000,000	0	0	0	(1,000,000)	1,000,000	0	0	0			0
EHCP Hub	0	0	0	0	0	0	0	0	0	0	0	0			0
SEN Case Management System	0	0	0	0	0	170,000	0	0	0	0	170,000	170,000			0
<b>Total Corporate Services</b>	<b>0</b>	<b>(550,000)</b>	<b>325,000</b>	<b>1,150,000</b>	<b>(756,000)</b>	<b>670,000</b>	<b>275,000</b>	<b>(850,000)</b>	<b>1,625,000</b>	<b>(1,731,000)</b>	<b>158,000</b>	<b>158,000</b>	<b>0</b>	<b>0</b>	<b>0</b>

<u>Community and Housing</u>	Additional In Year Bids 2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	Total	Borrowing	Est. School Condition Grant	S106	SCIL
Library Refurbishment Programme	0	0	0	0	60,000	201,000	235,000	0	0	0	496,000	229,580			266,420
<b>Total Community and Housing</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>60,000</b>	<b>201,000</b>	<b>235,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>496,000</b>	<b>229,580</b>	<b>0</b>	<b>0</b>	<b>266,420</b>

<u>Children, Schools and Families</u>	Additional In Year Bids 2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	Total	Borrowing	Est. School Condition Grant	S106	SCIL
School Capital Maintenance (Additional to that Currently in the Programme to match expected Grant)	0	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	5,400,000	0	5,400,000		0
Pollards Hill Digital Divide	0	60,000	0	0	0	0	0	0	0	0	60,000				60,000
Care Leavers Living Accommodation	0	132,000	0	0	0	0	0	0	0	0	132,000	132,000			0
Care Leavers Drop-In Accommodation	0	20,000	0	0	0	0	0	0	0	0	20,000	20,000			0
<b>Total Children, Schools and Families</b>	<b>0</b>	<b>812,000</b>	<b>600,000</b>	<b>600,000</b>	<b>600,000</b>	<b>600,000</b>	<b>600,000</b>	<b>600,000</b>	<b>600,000</b>	<b>600,000</b>	<b>5,612,000</b>	<b>152,000</b>	<b>5,400,000</b>	<b>0</b>	<b>60,000</b>

Environment and Regeneration	Additional In Year Bids 2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	Total	Borrowing	Est. School Condition Grant	S106	SCIL
Canons Parks for People Top Up Bid	740,000	0	0	0	0	0	0	0	0	0	740,000				740,000
Sports Drainage	150,000	75,000	75,000	0	0	0	0	0	0	0	300,000	0			300,000
Salt Barn Upgrades	105,000	0	0	0	0	0	0	0	0	0	105,000				105,000
Rapid deployment cameras	41,000	41,000	0	0	45,000	45,000	0	0	50,000	50,000	272,000	272,000			
Surface Water Drainage Top Up	40,000	40,000	40,000	40,000	0	0	0	0	0	0	160,000	30,000			130,000
Wimbledon Village - Heritage Led Public Realm Enhancement	30,000	770,000	0	0	0	0	0	0	0	0	800,000	0			800,000
Surface Water Drainage	0	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(90,000)	(90,000)			0
Waste Management Vehicles excl Infrastructure (Additional to Existing in Programme)	0	0	0	0	11,044,000	0	0	0	950,000	0	11,994,000	11,994,000			0
De Carbonisation of Merton's Internal Fleet	0	0	0	(300,000)	912,000	(300,000)	275,000	(300,000)	6,175,000	(300,000)	6,162,000	6,162,000			0
Replacement ANPR cameras with air quality / traffic sensor enhancements	0	86,000	300,000	300,000	300,000	300,000	300,000	0	345,000	345,000	2,276,000	776,000			1,500,000
Refurbishment of Mertons Multi Use Sports Areas	0	175,000	175,000	0	0	0	0	0	0	0	350,000	0			350,000
Designing out crime for ASB, violence and incresing the safety of women and girls	0	50,000	35,000	20,000	20,000	0	0	0	0	0	125,000	0			125,000
CCTV business continuity and resilience	0	172,500	0	0	0	0	72,500	0	0	0	245,000	0			245,000
Sandy Lane Public Realm	0	235,000	0	0	0	0	0	0	0	0	235,000	0		20,000	215,000
Watersport Fleet	0	0	0	0	10,000	0	10,000	0	10,000	0	30,000	30,000			0
5 new permanent cameras per year, and enhanced network connections	0	0	135,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	835,000	635,000			200,000
Pollards Hill Bus Shelter/Toilets Refurbishment Scheme (SCIL Only)	0		100,000	0	0	0	0	0	0	0	100,000	0			100,000
Cycle Parking	0	5,000	40,000	0	0	0	0	0	0	0	45,000	0			45,000
Milner Rd Improvements	0	140,000	0	0	0	0	0	0	0	0	140,000	0			140,000
Brangwyn Crescent / Commonsie Easte Improvement Project	0	52,430	0	0	0	0	0	0	0	0	52,430	0			52,430
Willow Lane Bridge BID - Improvement Project 2021	0	39,040	0	0	0	0	0	0	0	0	39,040	0			39,040
New Wimbledon Park lakeview building - including Watersport Centre	0	0	0	0	500,000	2,000,000	500,000	500,000	0	0	3,500,000	0			3,500,000
<b>Total Environment and Regeneration</b>	<b>1,106,000</b>	<b>1,870,970</b>	<b>890,000</b>	<b>150,000</b>	<b>12,921,000</b>	<b>2,135,000</b>	<b>1,247,500</b>	<b>290,000</b>	<b>7,620,000</b>	<b>185,000</b>	<b>28,415,470</b>	<b>19,809,000</b>	<b>0</b>	<b>20,000</b>	<b>8,586,470</b>

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# CABINET

6 December 2021

**Agenda item:**

**Business Plan Update 2022-2026**

**Lead officer:** Caroline Holland

**Lead member:** Councillor Tobin Byers

**Key Decision Reference Number:** This report is written and any decisions taken are within the Budget and Policy Framework Procedure Rules as laid out in Part 4-C of the Constitution.

**Contact officer:** Roger Kershaw

**Urgent report:**

Reason for urgency: The chairman has approved the submission of this report as a matter of urgency as it provides the latest available information on the Business Plan and Budget 2022/23 and requires consideration of issues relating to the Budget process and Medium Term Financial Strategy 2022-2026. It is important that this consideration is not delayed in order that the Council can work towards a balanced budget at its meeting on 2 March 2022 and set a Council Tax as appropriate for 2022/23.

**Recommendations:**

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1. That Cabinet considers and agrees the draft unachievable savings/income proposals (Appendix 4) put forward by officers and refers them to the Overview and Scrutiny panels and Commission in January 2022 for consideration and comment.
2. That Cabinet considers and agrees the new savings proposals for 2022/23 to 2025/26 (Appendix 3) and refers them to the Overview and Scrutiny panels and Commission in January 2022 for consideration and comment.
3. That Cabinet considers and agrees the draft Capital Programme 2022-2026 (Appendix 5) and refers it to the Overview and Scrutiny panels and Commission in January 2022 for consideration and comment.
4. That Cabinet agrees the proposed Council Tax Base for 2022/23 set out in paragraph 2.7 and Appendix 1.
5. That Cabinet note the opportunity set out in the Spending Review 2021 to enable social service authorities to apply an Adult Social Care Precept in 2022/23 and, subject to confirmation of this when the Referendum Principles are announced in the Local Government Finance Settlement 2022/23, agrees to incorporate this into the MTFS for 2022-26.
6. That Cabinet note that Equalities Impact Assessments for each saving, where applicable, will be included in the Member's Information Pack for consideration in future meetings.

## 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report provides an update to Cabinet on the Business Planning process for 2022-26 and in particular on the progress made so far towards setting a balanced revenue budget for 2022/23 and over the MTFS period as a whole.
- 1.2 Specifically, the report provides details of amended/deferred revenue savings which are proposed due to changes in circumstances since the proposals were previously approved as part of previous budget setting.
- 1.3 The report also presents details of new savings for 2022-26 and draft equalities analyses where applicable will be included in the Member's Information Pack to be provided at the end of December.
- 1.4 The report also provides an update on the capital programme for 2022-31 and the financial implications for the MTFS.
- 1.5 The first draft of the service plans for 2022-26 will be included within the information pack for consideration at Scrutiny and then reported back to Cabinet.
- 1.6 The report provides a general update on all of the latest information relating to the Business Planning process for 2022-26 and an assessment of the implications for the Medium Term Financial Strategy 2022-26.
- 1.7 This report is one of the budget updates through the financial year and will be referred to the Overview and Scrutiny Panels and Commission in January 2022 as part of the information pack.

## 2. DETAILS

### Introduction

- 2.1 A review of assumptions in the MTFS was undertaken and reported to Cabinet on 11 October 2020. As a result Cabinet agreed departmental savings targets and details of proposed departmental savings are presented in this report in Appendix 3.
- 2.2 The draft MTFS 2022-26 in the Cabinet report in October 2021 included details of a draft Capital Programme 2022-31. This was further reviewed and details of new bids were included in the November 2021 Cabinet report.
- 2.3 Taking into account the information contained in the October 2021 and November 2021 Cabinet reports, the overall MTFS budget gap was as follows:-

(Cumulative Budget Gap)	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
MTFS Gap (Cabinet November 2021)	1,159	16,979	20,680	24,006

## 2.4 Review of Assumptions

Since Cabinet in November, work has been continuing to review assumptions, identify new savings/income proposals and analyse information which has been received since then. The Government published details of its Autumn Budget and Spending Review 2021 on 27 October 2021 which were summarised in the November 2021 Cabinet report. The financial implications for Merton arising from the Government's broad Departmental Expenditure Limits will not be known until the Provisional Local Government Finance Settlement 2022 is published (expected in mid-December).

### 2.4.1 Pay

For 2021/22 the pay award has not yet been agreed. Union's are currently consulting their members regarding the approach to the claim and due to the timing of this is likely to impact on the start of the 2022/23 pay claim offer and negotiation.

The latest estimates for pay inflation included in the MTFS are included in the table below and no changes are proposed at the current time:-

(Cumulative)	2022/23	2023/24	2024/25	2025/26
Pay inflation (%)	2%	2%	2%	2%

Further details on the pay negotiations for 2022/23 and beyond, and the impact on the MTFS will be reported when they are known.

### London Living Wage

The MTFS includes provision for the increased cost of contracts arising from the contractors adoption of the London Living Wage:-

(Cumulative)	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Additional cost of LLW on major contracts based on contract renewal date	521	711	2,382	2,382

This will be reviewed and updated in future Business Plan future reports.

### 2.4.2 Prices

The draft MTFS 2022-26 reported to Cabinet in November 2021 included the following percentage increases and no changes are proposed at the current time:-

(Cumulative)	2022/23	2023/24	2024/25	2025/26
Price inflation (%)	2.5%	1.5%	1.5%	1.5%

The Consumer Prices Index (CPI) rose by 4.2% in the 12 months to October 2021, up from 3.1% in September. On a monthly basis, CPI increased by 1.1% in October 2021, compared with no change in October 2020. The largest upward contribution to the change in the 12-month inflation rate between September and October 2021, were large upward contributions to change from several divisions, including transport, restaurants and hotels, education, furniture and household goods, and food and non-alcoholic beverages.

The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 3.8% in the 12 months to October 2021, up from 2.9% in the 12 months to September. The largest upward contribution to the October 2021 CPIH 12-month inflation rate came from housing and household services.

The RPI rate for October 2021 was 6.0%, which is up from 4.9% in September 2021.

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 (November 2021)			
	Lowest %	Highest %	Average %
2021 (Quarter 4)			
CPI	2.2	4.5	3.7
RPI	3.3	6.4	5.4
LFS Unemployment Rate	4.5	5.5	4.9
2022 (Quarter 4)			
CPI	1.8	5.1	2.6
RPI	2.8	6.2	4.0
LFS Unemployment Rate	3.9	6.0	4.6

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 (November 2021)					
	2021	2022	2023	2024	2025
	%	%	%	%	%
CPI	2.4	4.0	2.6	2.5	2.3
RPI	3.8	5.8	4.1	3.7	3.5
LFS Unemployment Rate	4.7	4.6	4.2	4.1	4.1

### Outlook for inflation

In the November 2021 Monetary Policy Report, the MPC state that “Twelve-month CPI inflation fell slightly from 3.2% in August to 3.1% in September. Bank staff expect inflation to rise to just under 4% in October, accounted for predominantly by the impact on utility bills of past strength in wholesale gas prices. CPI inflation is then expected to rise to 4½% in November and remain around that level through the winter, accounted for by further increases in core goods and food price inflation. Wholesale gas prices have risen sharply since August. CPI inflation is now expected to peak at around 5% in April 2022, materially higher than expected in the August Report. The upward pressure on CPI inflation is expected to dissipate over time, as supply disruption eases, global demand rebalances, and energy prices stop rising. As a result, CPI inflation is projected to fall back materially from the second half of next year. Conditioned on the market-implied path for Bank Rate and the MPC’s current forecasting convention for future energy prices, CPI inflation is projected to be a little above the 2% target in two years’ time and just below the target at the end of the forecast period. In an alternative scenario that is conditioned on energy prices following forward curves throughout the forecast period and as set out in the November Report, CPI inflation falls back towards the target more rapidly than in the MPC’s central projection, and is materially lower over the second half of the forecast period.”

#### 2.4.3 Inflation > 1.5%:

There is also a corporate provision which is held to assist services that may experience price increases greatly in excess of the inflation allowance provided when setting the budget. In recognition of the current increasing trend in global inflation, due mainly to oil, gas and electricity costs, this provision was increased by Cabinet in October 2021, to the following:-

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Inflation exceeding 1.5%	500	500	500	500

This will only be released for specific demonstrable demand. The cash limiting strategy is not without risks.



2.4.4 Income

The MTFS does not include any specific provision for inflation on income from fees and charges. However, service departments can identify increased income as part of their savings proposals.

2.4.5 Revenuisation

In recent budgets it has been recognised that some expenditure formerly included in the capital programme could no longer be justified as it did not meet the definition of expenditure for capital purposes. Nevertheless, it is important that some of this expenditure takes place and the following amounts have been included in the latest MTFS for 2022-26:-

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
Revenuisation	70	70	70	70

The expenditure charged to capital during the current year is being closely monitored and is being reported through the monitoring report.

2.4.6 **Budgetary Control 2021/22**

There may be issues identified from monthly monitoring, elsewhere on this agenda, that have on-going financial implications which need to be addressed in setting the budget for 2022-26.

Monitoring 2020/21

At period 7 to 31 October 2021 the year end forecast is a net £8.534m unfavourable variance compared to the current budget when all COVID19 costs are included. This consists of a net favourable variance of £3.099m excluding COVID19 and unfavourable variance of £11.633m from COVID19:-

	Non COVID19 £000	COVID19 £000	Total £000
CS	342	980	1,322
CSF	(71)	714	643
E&R	(607)	5,931	5,324
C&H	(2,260)	703	(1,557)
<b>Sub-total</b>	<b>(2,596)</b>	<b>8,328</b>	<b>5,732</b>
Corporate	658	2,144	2,802
<b>Total</b>	<b>(1,938)</b>	<b>10,472</b>	<b>8,534</b>

Based on October 2021 monitoring, although an overall favourable non-Covid variance is forecast, the following pressures have been flagged:-

- a) Corporate Services: Infrastructure and Technology(Adverse variance £131k), Resources (Adverse variance £405k), Human Resources (Adverse variance £224k), Corporate items (Housing Benefits Rent Allowances Adverse variance £610k)
- b) Children's Schools and Families: Education Service (Adverse variance £256k)
- c) Environment and Regeneration: Public Space, mainly Waste Services and Household, Reuse, Recycling Centre (HRRC)
- d) Community and Housing: Housing General Fund (Unfavourable variance £305k)

### COVID19

Covid continues to have a significant impact in 2021/22 and there will be some continuing implications on services and income going forward some of which the Government are supporting such as business rates. There is an adverse variance of £1.109m arising from government compensation for loss of sales, fees and charges income in the first quarter of 2021/22 where the amount of income loss has been less than expected when the forecast was made in February 2021.

### 2.4.7 Growth

The MTFS reported to Cabinet in October 2021 included new provision for growth from 2022/23 to 2025/26 as follows:-

<b>Cumulative growth</b>	<b>2022/23 £'000</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>
Pensions provision - Croydon	130	130	130	130
Disaster recovery	80	80	80	80
Pension Fund – Triennial Revaluation	0	TBA	TBA	TBA
Your Merton	TBA	TBA	TBA	TBA
E&R Pressures	909	909	909	909
Climate Change (top-up of reserve)	0	0	450	0
Employer's NI for Social Care *	988	1,008	1,028	1,049
<b>Total</b>	<b>2,107</b>	<b>2,127</b>	<b>2,597</b>	<b>2,168</b>

\* There is likely to be a contribution to these costs set out in the Provisional Local Government Finance settlement due in mid-December

There are no additional growth proposals at this stage.

### 2.4.8 **Capital Programme for 2022-26**

It is important to ensure that the revenue and capital budgets are integrated and not considered in isolation. The revenue implications of capital expenditure can quickly grow if the capital programme is not contained within the Council's capacity to fund it over the longer term.

The report to Cabinet in November 2021 set out the current capital programme and presented some new bids for capital investment. The latest current capital programme based on October 2021 monitoring and new bids are set out in Appendix 5

Capital Expenditure and Financing Costs	2022/23 Estimate £000	2023/24 Estimate £000's	2024/25 Estimate £000's	2025/26 Estimate £000's
Capital Expenditure after slippage (Cabinet Dec. 2021)	27,790	20,761	23,348	30,285
Capital Financing Costs (Cabinet Dec. 2021)	10,802	11,647	12,774	13,578

## 2.5 Forecast of Resources and Provisional Local Government Finance Settlement

### 2.5.1 Autumn Budget 2021 and Spending Review 2021

As reported to Cabinet in November 2021, the Chancellor of the Exchequer published an Autumn Budget 2021 and Spending Review 2021 on 27 October 2021. A summary of the key points was included in the report.

The Departmental Expenditure Limits set out in the Spending Review form the basis of the allocations included in the Provisional Local Government Finance Settlement 2022. The Settlement is due to be announced in mid-December.

As reported to Cabinet in November, the Spending Review 2021 included the following guidance with respect to Council Tax Referendum Principles:-

- The referendum threshold for increases in council tax is expected to remain at 2 per cent per year. In addition, local authorities with social care responsibilities are expected to be able to increase the adult social care precept by up to 1 per cent per year.
- The Department for Levelling Up, Housing and Communities (DLUHC) will set out full details of the council tax referendum principles and proposed approach to allocating grant funding through the Local Government Finance Settlement.

### 2.5.2 Provisional Local Government Finance Settlement

The Departmental Expenditure Limits set out in the Spending Review form the basis of the allocations included in the Provisional Local Government Finance Settlement 2022. The Settlement is due to be announced in mid-December.

An analysis on the potential financial impact of the provisional Settlement will be included in the report to Cabinet in January 2022.

## 2.6 London Business Rates 2022-23

2.6.1 As previously reported, due to uncertainty arising from COVID-19, the London Business pool was discontinued for 2021/22 and similarly this has also been agreed for 2022/23.

2.6.2 The conclusions of the government's review of business rates were published alongside the Budget. It was announced that to reduce the burden of business rates in England, support investment, and make the system more responsive, the government will:

- freeze the business rates multiplier for a second year, from 1 April 2022 until 31 March 2023, keeping the multipliers at 49.9p and 51.2p
- introduce a new temporary business rates relief for eligible retail, hospitality and leisure properties for 2022-23. Eligible properties will receive 50 per cent relief, up to a £110,000 per business cap
- introduce a 100 per cent improvement relief for business rates. This will provide 12 months relief from higher bills for occupiers where eligible improvements to an existing property increase the rateable value. The government will consult on how best to implement this relief, which will take effect in 2023 and be reviewed in 2028
- introduce from 1 April 2023 until 31 March 2035 targeted business rate exemptions for eligible plant and machinery used in onsite renewable energy generation and storage, and a 100 per cent relief for eligible heat networks, to support the decarbonisation of non-domestic buildings.
- increase the frequency of business rates revaluations so that they take place every 3 years instead of every 5 years, starting in 2023, and take measures to support the accuracy of the list
- provide additional funding to the Valuation Office Agency to support the delivery of the new revaluation cycle.
- extend transitional relief for small and medium-sized businesses, and the supporting small business scheme, for 1 year. This will restrict bill increases to 15 per cent for small properties (up to a rateable value of £20,000 or £28,000 in Greater London) and 25 per cent for medium properties (up to a rateable value of £100,000), subject to subsidy control limits.

The Government will fully compensate English Local Authorities for the loss of income as a result of these business rates measures and also allocate new burdens funding for administrative and IT costs.

## 2.7 Council Tax Base

2.7.1 The Council Tax Base is a key factor which is required by levying bodies and the Council for setting the levies and Council Tax for 2022/23. The council tax base is the measure of the number of dwellings to which council tax is chargeable in an area or part of an area. The Council Tax Base is calculated using the properties from the Valuation List together

with information held within Council Tax records. The properties are adjusted to reflect the number of properties within different bands in order to produce the Council Tax Base (Band D equivalent). This will be used to set the Council Tax at Band D for 2022/23. The Council is required to determine its Council Tax Base by 31 January 2022.

- 2.7.2 Regulations set out in the Local Authorities (Calculation of council Tax Base) Regulations 2012 (SI 2012:2914) ensure that new local council tax support schemes, implemented under the Local Government Finance Act 2012, are fully reflected in the council tax base for all authorities.
- 2.7.3 The Council Tax Base Return to central Government takes into account reductions in Council Tax Base due to the Council Tax Support Scheme and also reflects the latest criteria set for discounts and exemptions. The CTB Return for October 2021 is the basis for the calculation of the Council Tax Base for 2022/23.
- 2.7.4 Details of how the Council Tax Base is calculated are set out in Appendix 1. A summary of the Council Tax Bases for the Merton general area and the addition for properties within the Wimbledon and Putney Commons Conservators area for 2022/23 compared to 2021/22 is set out in the following table:-

<b>Council Tax Base</b>	<b>2021/22</b>	<b>2022/23</b>	<b>Change %</b>
Whole Area	74,220.0	75,754.6	2.1%
Wimbledon & Putney Common Conservators	11,381.8	11,705.0	2.8%

## 2.8 **Proposed Amendments to Previously Agreed Savings**

### 2.8.1 **Unachievable Savings**

Monitoring of the delivery of savings is important and it is essential to recognise as quickly as possible where circumstances change and savings previously agreed are either not achievable in full or in part or are delayed.

Where this is the case, in the first instance departments are asked to identify replacement savings from elsewhere within their overall budgets. It is accepted that unachievable savings have been more prevalent due to COVID19.

In the report to Cabinet in October, some unachievable savings based on budget monitoring reports for July 2021 were provided for as follows:-

Department	Target Savings 2021/22	Projected Savings 2021/22	Period 5 Forecast Shortfall	Period Forecast Shortfall (P5)	2022/23 Expected Shortfall
	£000	£000	£000	%	£000
Corporate Services	1,322	1,090	232	17.5%	95
Children Schools and Families	1,460	410	1,050	71.9%	400
Community and Housing	2,541	1,557	984	38.7%	860
Environment and Regeneration	1,580	205	1,375	87.0%	750
<b>Total</b>	<b>6,903</b>	<b>3,262</b>	<b>3,641</b>	<b>52.7%</b>	<b>2,105</b>

Department	Target Savings 2020/21	Shortfall 2020/21	Projected Shortfall 2021/22 (July)	Projected Shortfall 2022/23 (July)
	£000	£000	£000	£000
Corporate Services	2,718	883	213	658
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
<b>Total</b>	<b>12,074</b>	<b>5,048</b>	<b>3,678</b>	<b>786</b>

In addition, savings from E&R ref.Env2021-04 Emissions Based Charging will not be achieved as follows:-

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
(Cumulative saving)				
Saving Env2021-04 EBC	1,500	900	325	325

Further details are available in Appendix 4.

### 3. SAVINGS PROPOSALS 2022-26

3.1 Cabinet on 11 October 2021 agreed savings targets as follows:-

<b>SAVINGS TARGETS BY DEPARTMENT</b>	<b>2022/23 £000</b>	<b>2023/24 £000</b>	<b>2024/25 £000</b>	<b>2025/26 £000</b>	<b>Total £000</b>
Corporate Services	255	3,433	808	726	5,222
Children, Schools and Families	173	2,322	547	491	3,533
Environment and Regeneration	355	4,771	1,123	1,008	7,257
Community and Housing	393	5,281	1,243	1,116	8,033
<b>Total</b>	<b>1,175</b>	<b>15,808</b>	<b>3,720</b>	<b>3,341</b>	<b>24,044</b>
<b>Total (cumulative)</b>	<b>1,175</b>	<b>16,983</b>	<b>20,703</b>	<b>24,044</b>	

- 3.2 Since then, service departments have been reviewing their budgets to identify savings proposals to meet their savings targets.
- 3.3 Some proposals have been identified and progress against targets is summarised in the following table:-

#### **NEW SAVINGS PROPOSALS 2022-26: SUMMARY**

	<b>2022/23 £000</b>	<b>2023/24 £000</b>	<b>2024/25 £000</b>	<b>2025/26 £000</b>	<b>TOTAL £000</b>
Corporate Services	229	25	0	0	254
Children, Schools and Families	178	340	0	0	518
Environment and Regeneration	229	617	(111)	(111)	624
Community and Housing	300	800	0	0	1,100
<b>TOTAL</b>	<b>936</b>	<b>1,782</b>	<b>(111)</b>	<b>(111)</b>	<b>2,496</b>
<b>Cumulative Total</b>	<b>936</b>	<b>2,718</b>	<b>2,607</b>	<b>2,496</b>	

- 3.4 Details of the savings proposals are included in Appendix 3. Cabinet are requested to review and agree the proposals and refer them to the Overview and Scrutiny Panels and Commission for scrutiny in January 2022.
- 3.5 Equalities Assessments for new savings will be included in the Member's Information Packs to be published at the end of December.

#### **4. SERVICE PLANNING 2022-26**

- 4.1 First draft revised Service Plans will be included within the information pack for consideration at Scrutiny and then reported back to Cabinet.

## 5. DSG DEFICIT

- 5.1 As reported to Cabinet elsewhere on the agenda, as part of the monthly monitoring report, based on October 2021, DSG funded services are forecast to overspend by £12.653m in 2021/22 bringing the cumulated deficit at year end to £37.634m.
- 5.2 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 Merton's high needs system that will bring the DSG deficit under control. The Council have confirmed participation in this programme and provided a draft updated plan to the DfE. Discussions are continuing and an update will be provided to Cabinet in January, but if successful it is unlikely that any detail on any financial support and related performance targets will be available until late January.
- 5.3 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 over and above that outlined in the Spending Review 2021.

## 6. BUDGET STRATEGY AND UPDATE TO MTFS 2022-26

- 6.1 The council has a statutory duty to set a balanced budget.
- 6.2 The MTFS reported to Cabinet in November 2021 assumed a 2% general Council Tax increase in 2022/23.
- 6.3 Taking into account the changes set out in this report, the latest budget gap forecast is:-

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
MTFS Gap (November 2021 Cabinet)	1,159	16,979	20,680	24,006
Council Tax Income	(675)	(889)	(1,121)	(1,400)
Capital Financing Costs	(32)	(86)	(13)	1
New Savings 2022-26	(936)	(2,718)	(2,607)	(2,496)
Use of Reserves	484	(484)	0	0
<b>Revised Gap</b>	<b>0</b>	<b>12,802</b>	<b>16,939</b>	<b>20,111</b>

- 6.4 A more detailed MTFS is included as Appendix 2.
- 6.5 Draft Service department budget summaries based on the information in this report will be included in the pack available for scrutiny.



## 7. GLA BUDGET AND PRECEPT SETTING 2022-23 – PROVISIONAL TIMETABLE

- 7.1 The Greater London Authority (GLA) sets a budget for itself and each of the four functional bodies: Transport for London, the London Development Agency, the Metropolitan Police Authority, and the London Fire and Emergency Planning Authority. These budgets together form the consolidated budget.
- 7.2 The GLA's provisional timetable for its precept setting process is as follows:-

Mid to late December 2021	Following the publication of the provisional Local Government, Fire and Police Settlements, issue the Mayor's Consultation Budget.
26 January 2022	Assembly to consider Draft Consolidated Budget.
24 February 2022	Assembly to consider Final Draft Consolidated Budget.

- 7.3 NNDR1 returns will be required to be submitted to the MLUHC by 31 January 2021. It is essential that all authorities meet this deadline for the GLA to be able to achieve its timetable. It is anticipated that the percentage shares for 2022/23 used for the returns for London authorities will be 37% GLA, 33% central government and 30% London boroughs. This is expected to be confirmed in the provisional local government finance settlement.

## 8. CONSULTATION UNDERTAKEN OR PROPOSED

- 8.1 There will be consultation as the business plan process develops. This will include the Overview and Scrutiny panels and Commission, business ratepayers and all other relevant parties.
- 8.2 In accordance with statute, consultation is taking place with business ratepayers and a meeting will be arranged for February 2022.
- 8.3 As previously indicated, a savings proposals information pack will be prepared and distributed to all councillors at the end of December 2021 that can be brought to all Scrutiny and Cabinet meetings from 10 January 2022 onwards and to Budget Council. As for recent years, this should be an improvement for both councillors and officers - more manageable for councillors and it will ensure that only one version of those documents is available so referring to page numbers at meetings will be easier. It will also keep printing costs down and reduce the amount of printing that needs to take place immediately prior to Budget Council.

8.4 The pack will include:

- Savings proposals
- A draft Equality impact assessment for each saving proposal.
- Service plans

## 9. **TIMETABLE**

9.1 The key deadlines are as follows:-

6 December 2021	Cabinet
Late December	Provisional Local Government Finance Settlement
End of December	Member's Information Pack circulated
17 January 2022	Cabinet
10-19 January 2022	Overview and Scrutiny Panels and Commission
7 February 2022	Cabinet
2 March 2022	Council approves Council Tax 2022/23 and MTFS 2022-26

## 10. **FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

10.1 All relevant implications have been addressed in the report.

## 11. **LEGAL AND STATUTORY IMPLICATIONS**

11.1 All relevant implications have been addressed in the report.

## 12. **HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

12.1 Draft Equalities assessments of the savings proposals will be provided as part of the Member's Information Pack which should be available at the end of December.

## 13. **CRIME AND DISORDER IMPLICATIONS**

13.1 Not applicable.

## 14. **RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

14.1 Not applicable.

**APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT**

**Appendix 1:** Council Tax Base 2022/23

**Appendix 2:** MTFS Update

**Appendix 3:** New Savings Proposals 2022-26 (See Member's Information Pack)

**Appendix 4:** Unachievable Savings 2022-26 (**See Member's Information Pack**)

**Appendix 5:** Draft Capital Programme 2022-26

**BACKGROUND PAPERS**

Budget files held in the Corporate Services department.

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## Council Tax Base 2022/23

### 1. INTRODUCTION

- 1.1 The council tax base is the measure of the number of dwellings to which council tax is chargeable in an area or part of an area. The Council Tax base is calculated using the properties from the Valuation List together with information held within Council Tax records. The properties are adjusted to reflect the number of properties within different bands in order to produce the Council Tax Base (Band D equivalent).
- 1.2 Since 2013/14 the Council Tax Base calculation has been affected by the introduction of the new local council tax support scheme and technical reforms to council tax. On 30 November 2012, new regulations set out in the Local Authorities (Calculation of council Tax Base) Regulations 2012 (SI 2012:2914) came into force. These regulations ensure that new local council tax support schemes, implemented under the Local Government Finance Act 2012, are fully reflected in the council tax base for all authorities.
- 1.3 Under the regulations, the council tax base is the aggregate of the relevant amounts calculated for each valuation band multiplied by the authority's estimated collection rate for the year.
- 1.4 The relevant amounts are calculated as
  - number of chargeable dwellings in each band shown on the valuation list on a specified day of the previous year,
  - adjusted for the number of discounts, and reductions for disability, that apply to those Dwellings
- 1.5 All authorities notify the MLUHC of their unadjusted Council Tax Base using a CTB Form using valuation list information as at 13 September 2021.
- 1.6 The CTB form for 2021 includes the latest details about the Council Tax Support Scheme and the technical reforms which impacted on discounts and exemptions.
- 1.7 There is a separate council tax base for those properties within the area covered by Wimbledon and Putney Commons Conservators. The Conservators use this, together with the Council Tax bases from RB Kingston, and Wandsworth to calculate the levy which is charged each year.

## 2. UNADJUSTED COUNCIL TAX BASE 2022/23

### 2.1 Information from the October 20210 Council Tax Base Return

2.1.1 The Council makes two CTB returns, one for the whole area of the borough and the other for the area covered by the Wimbledon and Putney Common Conservators for which an additional levy is applied.

2.1.2 From the CTB Returns, prior to incorporating an assumed collection rate, the unadjusted council tax bases are

<b>Unadjusted Council Tax Base</b>	<b>2022/23</b>
Merton – General	77,300.6
Wimbledon & Putney Common Conservators	11,943.9

## 3. ASSUMPTIONS IN THE MTFS ADJUSTING FOR COVID19

3.1 Other than changes in the actual council tax rates levied, in producing a forecast of council tax yield in future years, there are two key variables to be considered:-

- the year on year change in Council Tax Base
- the council tax collection rate

3.2 The MTFS approved by Council in March 2021 assumed that the Council Tax Base increases by 0.5% per year and that the collection rate will be 97% in 2021/22, 98% in 2022/23 and 98.75% in future years. This was to reflect the impact of Covid-19 and the assumption that the collection rate would eventually return to the levels prior to the pandemic.

3.3 Based on these assumptions the revised estimated Council Tax Base used in the MTFS 2022-26 is as set out in the following table:-

<b>Council Tax Base - Revised Calculation 2022/23 to 2025/26</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
Council Tax Base	77,300.6	77,300.6	77,687.1	78,075.5
Assumed Annual increase		386.5	388.4	390.4
<b>Estimated Council Tax Base before collection rate adjustment</b>	77,300.6	77,687.1	78,075.5	78,465.9
Collection Rate	98.00%	98.75%	98.75%	98.75%
<b>Estimated Council Tax Base after collection rate adjustment</b>	<b>75,754.6</b>	<b>76,716.0</b>	<b>77,099.6</b>	<b>77,485.1</b>

3.4 The regulations require that the Council Tax Requirement calculated for the forthcoming year is actually credited to the General Fund and any difference arising from actual collection rates is recognised in future years as part of the surplus/deficit calculation

#### 4. IMPLICATIONS FOR COUNCIL TAX YIELD 2022-26

4.1 Based on a collection rate of 98% (paragraph 3.2 refers), on a like for like basis (i.e. assuming council tax charges do not change) the estimated income in 2022/23 compared to 2021/22 is summarised in the following table:-

<b>Council Tax: Whole area</b>	<b>2021/22</b>	<b>2022/23</b>
Tax Base	74,220.0	75,754.6
Band D Council Tax	1,340.72	1,340.72
<b>Estimated Yield</b>	<b>£99.508m</b>	<b>£101.566m</b>
Change: 2021/22 to 2022/23 (£m)	£2.058m	
Change: 2021/22 to 2022/23 (%)	2.07%	

#### 4.2 Analysis of changes in yield 2021/22 to latest 2022/23

4.2.1 The reasons for the change in estimated yield, excluding any change in Council Tax level, between 2021/22 and the latest 2022/23 estimate based on the CTB data are:-

- Change in Council Tax Base from by 785.5 from 76,515.1 to 77,300.6 which multiplied by the Band D Council Tax of £1,340.72 results in increased yield of c. £1.053m
- Change in Council Tax collection rate of 1% from 97% to 98%, equivalent to additional council tax base of 742 which multiplied by the Band D Council Tax of £1,340.72 results in increased yield of c. £0.995m

4.2.2 An exact reconciliation for the change between years is not possible because of changes in distribution of Council Tax Support and discounts and benefits, and premiums between years and bands. However, broadly the changes can be analysed as follows:-

a) Number of Chargeable Dwellings and Exempt Dwellings

Between years the number of properties increased by 521 from 85,612 to 86,133 and the number of exempt dwellings reduced by 17 from 1,011 to 994. This means that the number of chargeable dwellings increased by 538 between years. Based on a full charge, this equates to additional council tax of £0.721m.

b) Amount of Council Tax Support Reduction

Based on October 2020 there was a reduction of 8,320.7 to the Council Tax Base for local council tax support. This has reduced to 8,086.0 in based on October 2021 which is a change of 234.7 and equates to an increase in council tax of about £0.315m.

c) Changes in Discounts, Exemptions and Premiums

Overall, the number of properties subject to discounts or exemption increased by 907 and those subject to premiums increased by 57 between October 2020 and October 2021.

d) Change in collection rate

There has been a change made to the estimated collection rate of 1%, which has increased from 97% to 98%.

Summary

The following puts the individual elements together to show how the potential council tax yield changes between 2021/22 and 2022/23:-

	<b>Approx. Change in Council Tax Base</b>	<b>Approx. Change in Council Tax yield</b>
		£m
Increase in number of chargeable dwellings	538.0	0.721
Change in Council Tax Support Reductions	234.7	0.315
Change in discounts, exemptions, premiums and distribution	19.9	0.027
Change in collection rate	742.0	0.995
<b>Total</b>	<b>1,534.6</b>	<b>2.058</b>

### 4.3 Council Tax Yield 2022/23

4.3.1 The draft MTFS assumes a Council Tax increase of 3% in 2022/23 (2% general, 1% Adult Social Care). Assuming this the estimated Council Tax yield for 2022/23 is:-

<b>Council Tax: Whole area</b>	<b>Tax Base</b>	<b>Band D 2022/23</b>	<b>Council Tax Yield 2022/23</b>	<b>Council Tax Yield 2021/22</b>
Merton	75,754.6	1,380.93	£104.612m	£99.508m

4.3.2 The Spending Review 2021, included the following guidance with respect to Council Tax Referendum Principles:-

- The referendum threshold for increases in council tax is expected to remain at 2 per cent per year. In addition, local authorities with social care responsibilities are expected to be able to increase the adult social care precept by up to 1 per cent per year.
- The Department for Levelling Up, Housing and Communities (DLUHC) will set out full details of the council tax referendum principles and proposed approach to allocating grant funding through the Local Government Finance Settlement.

4.3.3 The updated MTFS is based on the following assumptions, subject to confirmation in the Local Government Finance Settlement 2022/23 of the Referendum Principles announced in the Spending Review 2021:-

	2022/23	2023/24	2024/25	2025/26
Increase in CT Base	0.5%	0.5%	0.5%	0.5%
Collection Rate	98%	98.75%	98.75%	98.75%
Council Tax – General*	2%	2%	2%	2%
Council Tax – Adult Social Care†	1%	0%	0%	0%

\* Current estimated threshold for referendum, to be confirmed in the Provisional Settlement

† Announced in Budget allowed to set 1% ASC precept

4.3.4 Based on the estimated Council Tax Base calculations set out in the table in paragraph 3.3, and annual Council Tax increases of 2% as in the latest MTFS assumptions, the estimated council tax yields over the MTFS period are as follows:-



	2022/23	2023/24	2024/25	2025/26
Council Tax (Band D) b/f from previous year	£1,340.72	£1,380.93	£1,408.54	£1,436.71
2% increase - General	£26.81	£27.61	£28.17	£28.73
1% increase in 2022/23 for Adult Social Care	£13.40	0	0	0
Revised Council Tax (Band D)	£1,380.93	£1,408.54	£1,436.71	£1,465.44
	£m	£m	£m	£m
Estimated Council Tax Yield	104.612	108.058	110.770	113.550

4.3.5 The change in the Council Tax yield compared to that included in the MTFs are:-

	2022/23	2023/24	2024/25	2025/26
	£m	£m	£m	£m
MTFS (Cabinet 8 November 2021)	102.961	106.216	108.706	111.218
Revised Estimated Council Tax Yield	104.612	108.058	110.770	113.550
Change	1.651	1.842	2.064	2.332

## 5. SUMMARY

5.1 Based on the information discussed, the council tax bases for 2022/23 and compared to 2021/22 are summarised in the following table:-

<b>Council Tax Base</b>	<b>2021/22</b>	<b>2022/23</b>	<b>Change</b>
Whole Area	74,220.0	75,754.6	2.1%
Wimbledon & Putney Common Conservators	11,381.8	11,705.0	2.8%

<b>DRAFT MTFS 2022-26:</b>				
	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Departmental Base Budget 2021/22</b>	<b>161,837</b>	<b>161,837</b>	<b>161,837</b>	<b>161,837</b>
Inflation (Pay, Prices)	6,506	10,755	16,485	20,544
NI increase	989	1,008	1,029	1,049
Salary oncost increase (15.2% to 17.06%)	24	48	72	96
FYE – Previous Years Savings	(3,305)	(3,176)	(2,651)	(2,651)
FYE – Previous Years Growth	384	774	774	774
Amendments to previously agreed savings/growth	3,641	900	325	325
Change in Net Appropriations to/(from) Reserves	(602)	(1,633)	(1,632)	(1,632)
Taxi card/Concessionary Fares	(478)	704	1,707	2,709
Social Care - Additional Spend offset by grant/precept	1,016	1,029	1,034	1,039
Growth	909	909	1,359	909
Provision - DSG Deficit	10,543	11,628	12,714	13,799
Other	445	661	740	918
<b>Re-Priced Departmental Budget</b>	<b>181,908</b>	<b>185,444</b>	<b>193,792</b>	<b>199,716</b>
Treasury/Capital financing	10,811	11,665	12,792	13,596
Pensions	0	0	0	0
Other Corporate items	(19,548)	(20,716)	(20,946)	(20,946)
Levies	606	606	606	606
<b>Sub-total: Corporate provisions</b>	<b>(8,131)</b>	<b>(8,445)</b>	<b>(7,548)</b>	<b>(6,744)</b>
<b>Sub-total: Repriced Departmental Budget + Corporate Provisions</b>	<b>173,777</b>	<b>177,000</b>	<b>186,245</b>	<b>192,972</b>
Savings/Income Proposals 2022/23	(936)	(2,718)	(2,607)	(2,496)
<b>Sub-total</b>	<b>172,841</b>	<b>174,282</b>	<b>183,638</b>	<b>190,476</b>
Appropriation to/from departmental reserves	(1,604)	(573)	(574)	(574)
Appropriation to/from Balancing the Budget Reserve	(16,141)	(484)	0	0
ONGOING IMPACT OF COVID-19 (NET)	1,143	505	0	0
<b>BUDGET REQUIREMENT</b>	<b>156,239</b>	<b>173,730</b>	<b>183,064</b>	<b>189,902</b>
<b>Funded by:</b>				
Revenue Support Grant/Covid RNF & LCTS grant	0	0	0	0
Business Rates (inc. Section 31 grant)	(39,573)	(40,424)	(41,292)	(42,178)
Adult Social Care Grants inc. BCF	(4,862)	(4,862)	(4,862)	(4,862)
Social Care Grant	(3,160)	(3,550)	(3,550)	(3,550)
PFI Grant	(4,797)	(4,797)	(4,797)	(4,797)
New Homes Bonus	(500)	(500)	(500)	(500)
Council Tax inc. WPC	(104,965)	(108,411)	(111,123)	(113,903)
Collection Fund – (Surplus)/Deficit	1,617	1,616	0	0
COVID-19: SFC - Compensation Qtr. 1 2021/22	0	0	0	0
<b>TOTAL FUNDING</b>	<b>(156,239)</b>	<b>(160,928)</b>	<b>(166,124)</b>	<b>(169,791)</b>
<b>GAP including Use of Reserves (Cumulative)</b>	<b>0</b>	<b>12,802</b>	<b>16,939</b>	<b>20,111</b>

## Approved and Indicative Capital Programme 2022-31 as at October 2021 Monitoring

Department (Before Slippage)	Budget 2022-23	Budget 2023-24	Budget 2024-25	Indicative Budget 2025-26	Indicative Budget 2026-27	Indicative Budget 2027-28	Indicative Budget 2028-29	Indicative Budget 2029-30	Indicative Budget 2030-31
Corporate Services	8,670,210	5,245,000	13,071,120	4,186,000	9,089,190	3,280,000	7,879,770	3,830,000	5,061,000
Community and Housing	2,515,400	972,000	920,410	630,000	280,000	420,000	280,000	280,000	630,000
Children, Schools and Families	5,223,490	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Environment and Regeneration	11,926,320	7,918,470	7,324,000	9,262,000	3,999,000	3,964,000	3,964,000	4,364,000	3,964,000
<b>Total</b>	<b>28,335,420</b>	<b>16,035,470</b>	<b>23,215,530</b>	<b>15,978,000</b>	<b>15,268,190</b>	<b>9,564,000</b>	<b>14,023,770</b>	<b>10,374,000</b>	<b>11,555,000</b>

Department	Budget 2022-23	Budget 2023-24	Budget 2024-25	Indicative Budget 2025-26	Indicative Budget 2026-27	Indicative Budget 2027-28	Indicative Budget 2028-29	Indicative Budget 2029-30	Indicative Budget 2030-31
<b>Corporate Services</b>									
Customer Contact Programme	2,081,000			1,000,000	1,000,000	1,000,000			2,000,000
Robotics Process Automation	55,000								
Web Content Management System	90,000								
Other Buildings - Capital Building Works	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000	650,000
Replacement Boilers	378,680								
Civic Centre Lightning Upgrade	300,000								
Combined Heat and Power (CHP) System Replacement		450,000							
Absorption Chiller Replacement		275,000							
Invest to Save schemes	573,690	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Invest to Save schemes - Photovoltaics	50,000								
Aligned Assets						75,000			
Environmental Asset Management	240,000					250,000			
Revenue and Benefits	400,000			400,000					400,000
Capita Housing				100,000					100,000
ePayments Project				125,000					125,000
School Admission System	125,000			125,000				125,000	
Planning&Public Protection Sys			550,000					550,000	
Kofax Scanning				100,000					100,000
Spectrum Spatial Analyst Repla				200,000					200,000
Parking System				126,000					126,000
Ancillary IT Systems					50,000				
Youth Justice IT Systems			100,000					100,000	
Replacement SC System		2,100,000					2,100,000		
Project General	705,000	770,000	1,405,000	1,060,000	970,000	1,005,000	770,000	1,405,000	1,060,000
Network Switch Upgrade	200,000								
Financial Systems - e5.5 Project		700,000						700,000	
Acquisitions Budget			6,785,180						
Capital Bidding Fund			1,000,000						
Multi-Functioning Device (MFC)			600,000				600,000		
Westminster Coroners Court	400,000								
Corporate Capital Contingency	0		1,680,940						
CPO Clarion	2,421,840				6,119,190		3,459,770		
<b>Total Corporate Services</b>	<b>8,670,210</b>	<b>5,245,000</b>	<b>13,071,120</b>	<b>4,186,000</b>	<b>9,089,190</b>	<b>3,280,000</b>	<b>7,879,770</b>	<b>3,830,000</b>	<b>5,061,000</b>

Department	Budget 2022-23	Budget 2023-24	Budget 2024-25	Indicative Budget 2025-26	Indicative Budget 2026-27	Indicative Budget 2027-28	Indicative Budget 2028-29	Indicative Budget 2029-30	Indicative Budget 2030-31
<b>Community and Housing</b>									
Telehealth	15,400								
Disabled Facilities Grant	827,000	827,000	720,410	280,000	280,000	280,000	280,000	280,000	280,000
Learning Dsbility Aff Housing	1,533,000	145,000							
West Barnes Library Re-Fit	0		200,000						
Library Self Service	0			350,000					350,000
Library Management System	140,000					140,000			
<b>Total Community and Housing</b>	<b>2,515,400</b>	<b>972,000</b>	<b>920,410</b>	<b>630,000</b>	<b>280,000</b>	<b>420,000</b>	<b>280,000</b>	<b>280,000</b>	<b>630,000</b>

## APPENDIX 3

Department	Budget 2022-23	Budget 2023-24	Budget 2024-25	Indicative Budget 2025-26	Indicative Budget 2026-27	Indicative Budget 2027-28	Indicative Budget 2028-29	Indicative Budget 2029-30	Indicative Budget 2030-31
<b>Children, Schools and Families</b>									
Schools Capital maintenance	65,000								
Schools Capital maintenance	63,000								
Schools Capital maintenance	45,000								
Schools Capital maintenance	20,000								
Schools Capital maintenance	30,000								
Schools Capital maintenance	35,000								
Schools Capital maintenance	30,000								
Schools Capital maintenance	45,000								
Schools Capital maintenance	20,000								
Schools Capital maintenance	55,000								
Immersive Learning Centre	80,490								
Schools Capital maintenance	30,000								
Unallocated - Schools Capital maintenance	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Community Pitch	65,000								
Schools Capital maintenance	40,000								
Secondary Autism Unit	1,340,000								
Unallocated Secondary SEN	30,000								
Further SEN Provision	180,000								
Medical PRU Expansion	400,000								
New ASD Provision	750,000								
<b>Total Children, Schools and Families</b>	<b>5,223,490</b>	<b>1,900,000</b>	<b>1,900,000</b>	<b>1,900,000</b>	<b>1,900,000</b>	<b>1,900,000</b>	<b>1,900,000</b>	<b>1,900,000</b>	<b>1,900,000</b>

## APPENDIX 3

Department	Budget 2022-23	Budget 2023-24	Budget 2024-25	Indicative Budget 2025-26	Indicative Budget 2026-27	Indicative Budget 2027-28	Indicative Budget 2028-29	Indicative Budget 2029-30	Indicative Budget 2030-31
<b>Environmental and Regeneration</b>									
Pay and Display Machines	303,000								
Pay and Display Machines			60,000					60,000	
Car Park Upgrades	465,530								
CCTV cameras and infrastructure upgrade	587,630	554,470							
Public Protection and Developm	0				35,000				
Replacement of Fleet Vehicles	551,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Environmental Improvements - Mechanical Street Washer									
Alley Gating Scheme	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000
Waste SLWP IT & Premises	21,430			42,000					
Replacement of Fleet Vehicles	340,000			3,956,000				340,000	
Street Tree Programme	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Street Lighting Replacement Pr	290,000	290,000	290,000	290,000	290,000	290,000	290,000	290,000	290,000
Traffic Schemes	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Surface Water Drainage	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Repairs to Footways	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Maintain AntiSkid and Coloured Surface	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Borough Roads Maintenance	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Highways bridges & structures	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000	260,000
Street Lighting Wimb	261,680								
S Wimb Bus Area Wayfinding	135,360								
Cycle Lane Plough Lane	120,000								
Unallocated TIL	1,300,000	1,300,000	1,300,000	1,300,000					
Pollards Hill Bus Shelter	150,000								
Crowded Places-Hostile Vehicl	180,000								
Wimbledon Public Realm Implementation	901,190								
Haydons Rd Public Realm Imp	300,000								
Morden Town Centre Improvements	200,000								
Morden TC Regeneration Match Funding	2,000,000	2,000,000	2,000,000						
Lost Rivers Repairs	100,000	100,000							
New Horizons Centre	68,500								
Comm. Ctre Energy Saving Lighting	35,000								
Leisure Centre Plant & Machine	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Parks Investment	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Colliers Wood Rec	67,000								
Abbey Rec	40,000								
Paddling Pools (borough wide) OPTION 1	135,000								
<b>Total Environmental and Regeneration</b>	<b>11,926,320</b>	<b>7,918,470</b>	<b>7,324,000</b>	<b>9,262,000</b>	<b>3,999,000</b>	<b>3,964,000</b>	<b>3,964,000</b>	<b>4,364,000</b>	<b>3,964,000</b>
<b>Total Capital</b>	<b>28,335,420</b>	<b>16,035,470</b>	<b>23,215,530</b>	<b>15,978,000</b>	<b>15,268,190</b>	<b>9,564,000</b>	<b>14,023,770</b>	<b>10,374,000</b>	<b>11,555,000</b>

<u>Summary</u>	Addit. In Year Bids 2021-22 Added to Oct Monitoring	Budget August 2022-23	Budget August 2023-24	Budget August 2024-25	Indicative Budget 2025-26	Indicative Budget 2026-27	Indicative Budget 2027-28	Indicative Budget 2028-29	Indicative Budget 2029-30	Indicative Budget 2030-31	Total	Borrowing	Est. School Condition Grant	S106	SCIL	
Corporate Services	0	(550,000)	325,000	1,150,000	(756,000)	670,000	275,000	(850,000)	1,625,000	(1,731,000)	158,000	158,000	0	0	0	0
Community and Housing	0	0	0	0	60,000	201,000	235,000	0	0	0	496,000	229,580	0	0	266,420	0
Children, Schools and Families	0	812,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	5,612,000	152,000	5,400,000	0	60,000	0
Environment and Regeneration	1,082,400	1,870,970	890,000	150,000	12,921,000	2,135,000	1,247,500	290,000	7,620,000	185,000	28,391,870	19,809,000	0	20,000	8,562,870	0
<b>Total</b>		<b>2,132,970</b>	<b>1,815,000</b>	<b>1,900,000</b>	<b>12,825,000</b>	<b>3,606,000</b>	<b>2,357,500</b>	<b>40,000</b>	<b>9,845,000</b>	<b>(946,000)</b>	<b>34,657,870</b>	<b>20,348,580</b>	<b>5,400,000</b>	<b>20,000</b>	<b>8,889,290</b>	<b>0</b>

<u>Corporate Services</u>	Addit. In Year Bids 2021-22 Added to Oct Monitoring	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	Total	Borrowing	Est. School Condition Grant	S106	SCIL	
Customer Contact Programme	0	(1,000,000)	1,000,000	0	0	0	0	0	0	(1,000,000)	(1,000,000)	(1,000,000)	0	0	0	0
Robotics Process Automation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Web Content Management System (WCMS)	0	0	0	100,000	0	0	0	0	0	0	100,000	100,000	0	0	0	0
Gazetteer Management Systems	0	0	0	0	0	90,000	(75,000)	0	0	0	15,000	15,000	0	0	0	0
Environmental Asset Management System (EAMS)	0	0	0	0	0	250,000	(250,000)	0	0	0	0	0	0	0	0	0
Revenue and Benefits System	0	300,000	0	0	(400,000)	0	0	0	750,000	(400,000)	250,000	250,000	0	0	0	0
Housing Management System	0	0	0	0	20,000	0	0	0	0	20,000	40,000	40,000	0	0	0	0
ePayments	0	0	0	150,000	(125,000)	0	0	150,000	0	(125,000)	50,000	50,000	0	0	0	0
School Admission System	0	0	0	0	(125,000)	0	125,000	0	(125,000)	0	(125,000)	(125,000)	0	0	0	0
Planning&Public Protection Sys	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Scanning System	0	0	150,000	0	(100,000)	0	150,000	0	0	(100,000)	100,000	100,000	0	0	0	0
GIS Mapping System	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Regulatory Services IT System	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Parking Systems	0	0	175,000	0	(126,000)	0	175,000	0	0	(126,000)	98,000	98,000	0	0	0	0
Ancillary Systems	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Youth Justice Systems	0	0	0	(100,000)	100,000	0	0	0	0	0	0	0	0	0	0	0
Payroll System	0	0	0	0	0	160,000	0	0	0	0	160,000	160,000	0	0	0	0
Transport Management System	0	150,000	0	0	0	0	150,000	0	0	0	300,000	300,000	0	0	0	0
Social Care System	0	0	(1,000,000)	1,000,000	0	0	0	(1,000,000)	1,000,000	0	0	0	0	0	0	0
EHCP Hub	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
SEN Case Management System	0	0	0	0	0	170,000	0	0	0	0	170,000	170,000	0	0	0	0
<b>Total Corporate Services</b>	<b>0</b>	<b>(550,000)</b>	<b>325,000</b>	<b>1,150,000</b>	<b>(756,000)</b>	<b>670,000</b>	<b>275,000</b>	<b>(850,000)</b>	<b>1,625,000</b>	<b>(1,731,000)</b>	<b>158,000</b>	<b>158,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<u>Community and Housing</u>	Addit. In Year Bids 2021-22 Added to Oct Monitoring	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	Total	Borrowing	Est. School Condition Grant	S106	SCIL	
Library Refurbishment Programme	0	0	0	0	60,000	201,000	235,000	0	0	0	496,000	229,580	0	0	266,420	0
<b>Total Community and Housing</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>60,000</b>	<b>201,000</b>	<b>235,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>496,000</b>	<b>229,580</b>	<b>0</b>	<b>0</b>	<b>266,420</b>	<b>0</b>

<u>Children, Schools and Families</u>	Addit. In Year Bids 2021-22 Added to Oct Monitoring	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	Total	Borrowing	Est. School Condition Grant	S106	SCIL	
School Capital Maintenance (Additional to that Currently in the Programme to match expected Grant)	0	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	5,400,000	0	5,400,000	0	0	0
Pollards Hill Digital Divide	0	60,000	0	0	0	0	0	0	0	0	60,000	0	0	0	60,000	0
Care Leavers Living Accommodation	0	132,000	0	0	0	0	0	0	0	0	132,000	132,000	0	0	0	0
Care Leavers Drop-In Accommodation	0	20,000	0	0	0	0	0	0	0	0	20,000	20,000	0	0	0	0
<b>Total Children, Schools and Families</b>	<b>0</b>	<b>812,000</b>	<b>600,000</b>	<b>600,000</b>	<b>600,000</b>	<b>600,000</b>	<b>600,000</b>	<b>600,000</b>	<b>600,000</b>	<b>600,000</b>	<b>5,612,000</b>	<b>152,000</b>	<b>5,400,000</b>	<b>0</b>	<b>60,000</b>	<b>0</b>

## Bids for Additional Capital Funding Business Plan 2022-26 Continued.....

Environment and Regeneration	Addit. In Year Bids 2021-22 Added to Oct Monitoring	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	Total	Borrowing	Est. School Condition Grant	S106	SCIL	SCIL Balance
Canons Parks for People Top Up Bid	740,000	0	0	0	0	0	0	0	0	0	740,000				740,000	(9,036,333)
Waste Management Vehicles excl Infrastructure (Additional to Existing in Programme)	0	0	0	0	11,044,000	0	0	0	950,000	0	11,994,000	11,994,000			0	(9,036,333)
De Carbonisation of Merton's Internal Fleet	0	0	0	(300,000)	912,000	(300,000)	275,000	(300,000)	6,175,000	(300,000)	6,162,000	6,162,000			0	(9,036,333)
Salt Barn Upgrades	81,400	0	0	0	0	0	0	0	0	0	81,400				81,400	(8,954,933)
Replacement ANPR cameras with air quality / traffic sensor enhancements	0	86,000	300,000	300,000	300,000	300,000	300,000	0	345,000	345,000	2,276,000	776,000			1,500,000	(7,454,933)
Refurbishment of Mertons Multi Use Sports Areas	0	175,000	175,000	0	0	0	0	0	0	0	350,000	0			350,000	(7,104,933)
Sports Drainage	150,000	75,000	75,000	0	0	0	0	0	0	0	300,000	0			300,000	(6,804,933)
Maintain Anti Sid Surfaces	0	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(90,000)	(90,000)			0	(6,804,933)
Surface Water Drainage Top Up	40,000	40,000	40,000	40,000	0	0	0	0	0	0	160,000	30,000			130,000	(6,674,933)
Wimbledon Village - Heritage Led Public Realm Enhancement	30,000	770,000	0	0	0	0	0	0	0	0	800,000	0			800,000	(5,874,933)
Designing out crime for ASB, violence and increasing the safety of women and girls	0	50,000	35,000	20,000	20,000	0	0	0	0	0	125,000	0			125,000	(5,749,933)
CCTV business continuity and resilience	0	172,500	0	0	0	0	72,500	0	0	0	245,000	0			245,000	(5,504,933)
Rapid deployment cameras	41,000	41,000	0	0	45,000	45,000	0	0	50,000	50,000	272,000	272,000				(5,504,933)
Sandy Lane Public Realm	0	235,000	0	0	0	0	0	0	0	0	235,000	0	20,000	215,000		(5,289,933)
Watersport Fleet	0	0	0	0	10,000	0	10,000	0	10,000	0	30,000	30,000			0	(5,289,933)
5 new permanent cameras per year, and enhanced network connections	0	0	135,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	835,000	635,000			200,000	(5,089,933)
Pollards Hill Bus Shelter/Toilets Refurbishment Scheme (SCIL Only)	0	0	100,000	0	0	0	0	0	0	0	100,000	0			100,000	(4,989,933)
Cycle Parking	0	5,000	40,000	0	0	0	0	0	0	0	45,000	0			45,000	(4,944,933)
Milner Road Improvements	0	140,000	0	0	0	0	0	0	0	0	140,000	0			140,000	(4,804,933)
Brangwyn Crescent / Commonsidge East Improvement Project	0	52,430	0	0	0	0	0	0	0	0	52,430	0			52,430	(4,752,503)
Willow Lane Bridge BID - Improvement Project 2021	0	39,040	0	0	0	0	0	0	0	0	39,040	0			39,040	(4,713,463)
New Wimbledon Park lakeview building - including Watersport Centre	0	0	0	0	500,000	2,000,000	500,000	500,000	0	0	3,500,000	0			3,500,000	(1,213,463)
<b>Total Environment and Regeneration</b>	<b>1,082,400</b>	<b>1,870,970</b>	<b>890,000</b>	<b>150,000</b>	<b>12,921,000</b>	<b>2,135,000</b>	<b>1,247,500</b>	<b>290,000</b>	<b>7,620,000</b>	<b>185,000</b>	<b>28,391,870</b>	<b>19,809,000</b>	<b>0</b>	<b>20,000</b>	<b>8,562,870</b>	

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