CABINET

Date: 27 September

Subject: Financial Report 2022/23 – Period 6 September 2022

Lead officer: Roger Kershaw

Lead member: Councillor Billy Christie

Recommendations:

A. That Cabinet note the financial reporting data for month 6, September 2022, relating to revenue budgetary control, showing a forecast net adverse variance at 30 September on service expenditure of £1.579m when corporate and funding items are included.

B. That Cabinet note the contents of Section 5 and Appendix 5b of the report and approve the adjustments to the Capital Programme in the Table below:

	Budget 2022-23	Budget 2023-24	Narrative
Corporate Services	**£**	**£**	
Civic Centre Cycle Parking	(60,000)	60,000	Reprofiled in line with projected spend
Children, Schools and Families			
Unlocated Primary School Proj	**(264,550)**	298,430	Virement & Reprofiled in line with projected spend
Hollymount - Schools Capital Maintenance	100,800		Virement in line with projected spend
Hatfeild - Schools Capital Maintenance	69,800		Virement in line with projected spend
Hillcross - Schools Capital Maintenance	(50,110)		Virement in line with projected spend
Joseph Hood - Schools Capital Maintenance	38,000		Virement in line with projected spend
Dundonald - Schools Capital Maintenance	(9,080)		Virement in line with projected spend
Pelham - Schools Capital Maintenance	(16,000)		Virement in line with projected spend
Wimbledon Chase - Schools Capital Maintenance	(65,390)		Virement in line with projected spend
Wimbledon Park - Schools Capital Maintenance	15,900		Virement in line with projected spend
Haslemere - Schools Capital Maintenance	52,300		Virement in line with projected spend
St Marks - Schools Capital Maintenance	16,300		Virement in line with projected spend
William Morris - Schools Capital Maintenance	13,600		Virement in line with projected spend
Raynes Park - Schools Capital Maintenance	(50,000)		Virement in line with projected spend
Whatley - Capital Maintenance	50,000		Virement in line with projected spend
CSF Safeguarding - Care Leavers Living Accommodation	(66,000)	66,000	Reprofiled in line with projected spend
Youth Provision - Pollards Hill Digital Divide	(210,000)	210,000	Reprofiled in line with projected spend

Continued………

	Budget 2022-23	Budget 2023-24	Narrative
Environment and Regeneration	**£**	**£**	
Highways & Footways - Residential Secure Cycle Store	(25,670)	25,670	Reprofiled in line with projected spend
Highways & Footways - Accesibility Programme	130,000		Additional TfL Funding
Highways & Footways - Casualty Reduction & Schools	199,000		Additional TfL Funding
Cycle Route Improvements - Cycle Parking	75,000	5,000	Reprofiled in line with projected spend & Addit. TfL Funding
Cycle Route Improvements - Cycle Improve Residential Streets	205,000		Additional TfL Funding
Mitcham Area Regeneration - Sandy Lane Public Realm	(200,000)	200,000	Reprofiled in line with projected spend
Wimbledon Area Regeneration - Crowded Places/Hostile Veh	(180,000)	180,000	Reprofiled in line with projected spend
Wimbledon Area Regeneration - Wimbl Hill Heritage Led Pblc Realm	(50,000)	50,000	Reprofiled in line with projected spend
Borough Regeneration - Merton Lost Rivers	(200,000)	200,000	Reprofiled in line with projected spend
Parks Investment - Myrna Close Public Realm	48,800		Reprofiled in line with projected spend
Borough Regeneration - 42 Graham Road	(50,000)	50,000	Reprofiled in line with projected spend
Borough Regeneration - Carbon Offset Funding	(50,000)	50,000	Reprofiled in line with projected spend
Parks Investment - Paddling Pools	(70,000)	70,000	Reprofiled in line with projected spend
Total	**(602,300)**	**1,465,100**	

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 This is the Period 6 monitoring report for 2022/23 presented in line with the financial reporting timetable.

This financial monitoring report provides -

1.1.1 A full year forecast projection as at period .

1.1.2 An update on the financial impact of Covid-19

1.1.3 An update on the capital programme and detailed monitoring information;

1.1.4 An update on Corporate Items in the budget 2022/23;

1.1.5 Progress on the delivery of the 2022/23 revenue savings

2. THE FINANCIAL REPORTING PROCESS

2.1 The Council's services are still under pressure due to the need to support businesses and residents, particularly vulnerable groups in need of social care and there has been a major reduction in the Council's income which is expected to continue for some time. The detrimental impact of Covid-19 continues to be monitored closely given its impact on service delivery.

2.2 The Council is also facing significant inflationary pressures in the supply of goods and services to the Council, energy costs, cost of borrowing and potential wage increases against budget add to the Council's financial challenges in 2022/23 and future years. Whereas higher interest rates will have a positive impact on our investment returns these will be overshadowed by the inflationary pressures the Council faces together with the potential for increased demands for some of the Council's services due to the cost of living crisis.

2.3 There are also significant pressures on the Dedicated Schools Grant (DSG) which are being monitored. The cumulative deficit at the end of 2021/22 was £26.930m and the deficit is forecast to continue to increase to £34.129m by the end of 2022/23 after the second tranche of Safety Valve funding. The Safety Valve programme is starting to have a positive impact, but progress is currently behind the agreed target.

2.4 Chief Officers, together with budget managers with support from Service Financial Advisers are responsible for keeping budgets under scrutiny and ensuring that expenditure within areas which are above budget is being actively and vigorously controlled and where budgets have favourable variances, these are retained until year end. Any final overall adverse variance on the General Fund will result in a call on balances.

3. 2022/23 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

Executive summary – At period 6 (to 30 September 2022), the year-end forecast is a net adverse variance of £8.159m on Net Service Expenditure; a favourable variance of £6.151m on Corporate Provisions; and a small adverse variance of £0.089m relating to Covid-19. A summary is provided on the following details and more detailed analysis by Department is set out in Section 4 of the report.

	Current Budget 2022/23 £000s	Year to Date Budget (Sept) £000s	Year to Date Actual (Sept) £000s	Full Year Forecast (Sept) £000s	Forecast Variance at year end (Sept) £000s	Forecast Variance at year end (Aug) £000s	Outturn Variance 2021/22 £000s
Department							
Corporate Services	30,090	14,713	17,419	31,083	992	961	645
Children, Schools and Families	60,867	25,883	28,810	62,245	1,378	1,429	2,426
Community and Housing	0	44,289	39,947	67,283	903	879	(699)
Public Health	(162)	(399)	(3,894)	(162)	0	0	
Environment & Regeneration	12,039	829	(5,641)	16,658	4,619	4,857	3,431
Overheads	(267)			0	267	267	
NET SERVICE EXPENDITURE	**102,568**	**85,316**	**76,641**	**177,107**	**8,159**	**8,393**	**5,803**
			6				
Corporate Items							
Impact of Capital on revenue budget	11,066	5,533	2,567	10,947	(119)	(119)	(235)
Other Central budgets	(13,849)	5,938	(561)	(19,882)	(6,032)	(5,628)	(17,298)
Levies	988	494	617	988	0	0	0
TOTAL CORPORATE PROVISIONS	**(1,795)**	**11,965**	**2,623**	**(7,947)**	**(6,151)**	**(5,747)**	**(17,533)**
Covid-19	**0**	**0**	**89**	**89**	89	54	176
TOTAL GENERAL FUND	**100,773**	**97,281**	**79,264**	**169,159**	**2,008**	**2,646**	**(11,730)**
FUNDING							
Revenue Support Grant	(5,350)	(2,229)	(2,354)	(5,350)	0	0	
Business Rates	(32,380)	0	(4,195)	(32,380)	0	0	
Other Grants	(25,602)	(10,667)	(10,906)	(26,031)	(429)	(429)	
Council Tax and Collection Fund	(103,973)	0	0	(103,973)	0	0	
COVID-19 emergency funding	0	0	(442)	0	0	0	710
Income compensation for SFC	0	0	0	0	0	0	
FUNDING	**(167,305)**	**(12,897)**	**(17,897)**	**(167,734)**	**(429)**	**(429)**	**710**
NET	**(66,533)**	**84,384**	**61,367**	**1,425**	**1,579**	**2,217**	**(11,020)**

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

Covid-19 Financial Impact

The ongoing situation continues to make forecasting difficult as it is unclear if or when some service areas will see activity return to pre-Covid levels.

Covid Expenditure

Covid expenditure which is incremental is reported centrally on Corporate Items – Covid Costs. These are the incremental costs not covered by specific Covid grants.

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

Savings unachieved
Departmental budgets are adjusted for the agreed savings targets for 2022/23 as part of the budget setting process. The savings which are now under pressure due to inflation and other factors are included in the forecast of the departments. This is inclusive of 2021/22 savings which are still under pressure where they have not been adjusted for. Further details are set out in Appendix 6.

Cashflow

The Covid-19 outbreak created pressure on the council's cash-flow, but the position has stabilised since the middle of 2021. Through prudent treasury cash flow management, the Council continues to meet any additional expenditure from its cash in balances in the bank and primarily from liquid cash balances held in Money Market Funds (MMFs).

From Summer 2021, with the stability and the confidence seen in the UK economy the fixed deposit rates started to go up and as a result the Council started to return to medium term fixed deposit to earn interest income from any short-term excess cash balances.

Since December 2021, the Bank of England has steadily increased the base rate from 0.10% to 2.25% in September 2022. Further increases are expected given the current forecasts for inflation and the Bank's overarching brief to bring inflation down to 2.0% over the medium-term. As a result of this policy the Council can expect to receive additional interest income on deposits, although much of this additional income has already been expected in the 2022/23 budget.

The Council still has a strong position on its liquidity and where the opportunity arises places excess cash in short-term deposits to generate income.

Cash flow is monitored daily, and the current forecast shows the Council has sufficient funds to meet its payment needs going forward over the medium term, but there still is a concern over the longer term in the context of the DSG deficit, subject to the use of Safety Valve funding. However, if a cash shortfall occurs, the Council has the option to borrow from the market to meet its needs.

4. DEPARTMENTAL SUMMARY OF CURRENT POSITION

Corporate Services

Division	Current Budget £000	Full year Forecast (September) £000	Full Year Forecast Variance (September) £000	Full Year Forecast Variance (August) £000	Outturn Variance 2021/22 £000
Customers, Policy & Improvement	5,530	5,682	153	203	(191)
Infrastructure & Technology	12,937	13,257	320	335	80
Corporate Governance	2,657	2,665	8	(33)	141
Resources	6,019	6,397	378	416	13
Human Resources	2,183	2,294	111	143	214
Corporate Other	764	787	24	(102)	388
Total (Controllable)	**30,090**	**31,083**	**993**	**962**	**645**

Overview

The department is currently forecasting an adverse variance of £992k at year end. This has moved adversely by (£31k) since period 5.

Customers, Policy and Improvement - £153k adverse variance

The variance for CPI has moved favourably by (£50k) since period 5.
Adverse variances within the division include:

- £311k within Press and Publications owing to use of agency staffing and unachievable income targets
- £39k within Customer Contact team
- £35k in Translations services due to under-achievement against the income budget as external demand remains low
- £26k within the Marketing and Communications team due to staffing
- £21k Policy and strategy overspend within its staffing budget lines, this will be funded by underspend in Programme Office
- £11k for Reg of Birth, Deaths & Marriages increased costs

Above adverse variances are partly offset by favourable variances as follows:

- (£129k) within the AD due to vacancies
- (£77k) Programme Office due to vacancies of which £51k will be used to fund a post in Policy and Strategy
- (£44k) Voluntary Sector Coordination - reduced grants expenditure
- (£28k) due to an over-achievement against the cash collection saving

- (£20k) in the Merton Link team and
- (£15k) in the Community Engagement team due to staffing underspends and various running costs less than budget.

Infrastructure & Technology - £320k adverse variance

The adverse variance has moved favourable by £15k since period 5.

Many of the adverse variances within the division are due to reduced recharges resulting from the changes in working arrangements surrounding the covid-19 pandemic. These adverse variances include £191k on the Corporate Print Strategy and £120k on the PDC (Chaucer Centre). These are reviewed throughout the year and adjusted depending on the level of staff returning to the office.
The FM External account is also forecasting a £120k adverse variance due to the lack of commissions since the pandemic began, though the forecast is significantly improved on the outturn position for 2021/22.
There is an adverse variance of £62k on Corporate Contracts due to 2020/21 savings for reducing cleaning in corporate buildings remaining unachievable within the current circumstances.
A further £56k adverse variance is within the Client Financial Affairs team, mainly relating to the unachieved saving (reference 2019-20 CS23) for the introduction of a charging scheme and agency cover for maternity leave.
Printing and photocopying team is forecasting £44k overspend. This will be offset by underspend from Post services.
Security Services is also forecasting an adverse variance of £31k, IT Service Delivery £25k owing to the use of agency staff and Civic centre increased costs of £21k.

There are also multiple favourable variances within the division, such as the Microsoft EA (Enterprise Agreement) which is forecasted less than budget by (£141k), (£34k) in Safety Services due to recruitment lag as well as contingency not expected to be required in year. A lag in recruitment has also resulted in a (£45k) favourable variance within Facilities. Within the Transactional services is a (£30k) staffing underspend due to a part vacant post and (£12) underspend for Business systems agency staff costs.

Additional favourable variances include (£101k) for Postal Services. This offsets the forecast overspends on Printing and Photocopying where income targets are not expected to be achieved.

Corporate Governance – £8k adverse variance

The favourable variance since period 5 has moved adversely by £41k.

The service is projecting £38k overspend in Democracy Services due increased staff costs and £13k increase in Local Election expenses.
SLLP (South London Legal Partnership) SLLP is currently forecasting £291k deficit overall, £51k is forecast to be LBM's Share. The variance in SLLP is largely due to a reduction in income projection from chargeable hours. In the last three months, the service has done less chargeable work for the boroughs and has been prudent in their forecast. This will be reviewed and updated to reflect any changes in chargeable work.

LBM Legal services is projecting a (£26k) favourable variance owing to the increase in income resulting from an increase in service provision.
Members Allowances is projecting an underspend of (£25k), Information Team underspend of (£15k) due to a lag in recruitment and (£14k) decrease in Electoral registration costs for postage and IT

licence.

Resources - £378k adverse variance

Overall Resources forecast variance has changed favourably by (£38k) since P5.
There are multiple budgets forecasting adverse variances due to Covid-19. The Bailiffs service is forecast to overspend by £338k (inclusive of the shared service element) as a result of unachieved income which will be monitored as the circumstances around the pandemic improve and the service is able to operate more fully. The Local Taxation Service has a £205k adverse variance due to anticipated under recovery and £35k increase in Local welfare support costs.

A further adverse variance of £143k within AD resources due to consultancy costs for e5 upgrade and £72k within the budget management team due to a principal accountant for C&H finance team and 50% of Head of Finance's maternity cover till July 2022 and use of agency cover for existing vacancies.

Pensions are forecasting an adverse variance of £56k, Corporate Accountancy £23k and Financial Systems Team are forecasting a £16k adverse variance owing to salary budget pressure as well as revenue costs for upgrading the financial system planned for later this year.

Within the Benefits Administration services is a (£201k) favourable variance which is largely due to grant receipts from DWP.
Other favourable variances include Revenues and Benefits Support team (£119k) favourable variance mainly against staffing costs, (£87k) in Treasury & Insurance, (£56k) for Director of Corporate Services time lag between the current director retiring and new director coming into post, (£23k) Chief Executive underspends, (£19k) on purchase card project and (£10k) Business Rates bids.

Human Resources – £111k adverse variance

HR's forecast variance has changed favourably since P5 by (£32k).

This adverse variance is primarily due to £123k within Learning & Development owing to the use of agency cover, £64k agency cover in place against the AD budget, £30k relating to the HR Transactions budget for the shared payroll system and iTrent client team charges from Kingston and.

Favourable variances forecasted within HR are as follows: (£36k) Payroll, (£31k) Occupational Health, (£27k) Graduates & Apprentices and (£19k) Business partnerships.

Corporate Items - £24k adverse variance

Corporate items forecast variance has moved adversely since P5 by £126k.

This is primarily due to an adverse variance in Housing Benefits Rent allowance subsidies of £552k and £106k spend on consultants within Project Chaplin.

The above adverse variances are partly offset by (£269k) underspend in redundancy payments. In addition to this, Coroners Courts received a (£273k) reimbursement from the Westminster Bridge Inquest resulting in a (£264k) projected underspend, (£55k) decrease in Corporately funded items, (£31k) underspend Democratic Rep & Man and (£12k) underspend in Staff groups.

Environment & Regeneration

Division	Current Budget £000	Full year Forecast (September) £000	Full Year Forecast Variance (September) £000	Full Year Forecast Variance (August) £000	Outturn Variance 2021/22 £'00
Public Protection	(15,500)	(12,467)	3,032	3,302	4,142
Public Space	17,612	18,669	1,057	998	157
Senior Management	1,176	1,235	60	60	(192)
Sustainable Communities	8,750	9,221	472	499	(675)
Total (Controllable)	**12,038**	**16,658**	**4,620**	**4,859**	**3,432**

Description	2022/23 Current Budget £000	Forecast Variance at year end (September) £000	Forecast Variance at year end (August) £000	2021/22 Variance at year end £000
Regulatory Services	631	310	255	38
Parking Services	(17,424)	2,660	2,979	4,181
Safer Merton & CCTV	1,294	62	69	-77
Total for Public Protection	**(15,500)**	**3,032**	**3,302**	**4142**
Waste Services	15,280	397	397	390
Leisure & Culture	584	397	373	-210
Greenspaces	2,402	157	123	-93
Transport Services	(654)	106	106	70
Total for Public Space	**17,612**	**1,057**	**998**	**157**
Senior Management & Support	1,176	60	60	-192
Total for Senior Management	**1,176**	**60**	**60**	**-192**
Future Merton	11,425	333	333	-708
Building & Development Control	42	294	294	335
Property Management	(2,718)	(155)	(127)	-303
Total for Sustainable Communities	**8,750**	**472**	**499**	**-676**
Total Excluding Overheads	**12,038**	**4,620**	**4,860**	**3,431**

Overview

The department is currently forecasting an adverse variance of £4,619k at year end. The main areas of variance are Regulatory Services, Parking Services, Waste, Leisure & Culture, Greenspaces, Property Management, Development & Building Control and Future Merton.

Public Protection

Regulatory Services adverse variance of £310k

The section has cumulative income savings of £275k relating to historic savings targets the department have been unable been able to achieve. These have contributed to the Non RSP income under recovery of £341k. Current forecast estimate an adverse variance within the licensing team of £151k, environmental health pollution of £57k, Health & Safety EH Commercial of £41k, Street Market of £35k and trading standards of £95k.

Additionally, the department is currently forecasting a £14k adverse variance on its premises line as a result of the increase in electricity costs.

The above adverse variance has been offset by a £7k forecast underspend on supplies and services and £8k forecast underspend on transport.

Additionally, the department is forecasting a £27k underspend in relation to the shared services (RSP).

Parking Services adverse variance of £2,660k

This adverse variance improved by ££255k since August following an in-depth review and analysis of the parking income. This is primarily due to an improvement in PCN incomes of £141k,improvement in forecast overspend on staffing of £57k and improvement in forecast overspend on premises budget of £56k

As at September, forecasts show adverse variances on PCN, P&D, and permit income of £634m, £776k, and £1.250m, respectively. This is primarily due to a reduction in expected income from across the various categories.

Other adverse variances within the service include staffing £200k, owing to the recruitment of additional CEOs and the use of agency staff, skip licences £103k, supplies and services £141k; and premises £79k. These adverse variances are being partially offset by a favourable variance on parking admin fee of £257k.

It should be noted that there are unachieved income savings within this section that have attributed to the current adverse variance such as the £3,800k budget expectation relating to a review of parking charges which were implemented on the 14th of January 2020 and £360k income expectation within parking services .

Public Space

Waste Services adverse variance of £397k

The service is not forecasting any movement in its projected spend since August.

An adverse variance of £189k is also being forecast in relation to the Household, Reuse, Recycling Centre (HRRC), mainly as a result of extending the current contract during 2020/21, via a contract variation, to both minimise future costs and to align the contract period with the other SLWP boroughs. The service is currently exploring alternative access for residents to neighbouring sites along with implementing improvements to the current booking system which has contributed to the management of waste volumes. To date there are no planned service changes, and we note that any significant change to the provision of this service will first be presented to Cabinet for consideration. There is an additional variance of £140k being forecast against the SLWP management fee.

These adverse variances are partly offset by favourable variance on disposal costs of (£122k). The current forecast is at par with last year's actuals and is despite changes to our residents' working arrangements, where we have seen a greater increase in the number of households now working from home post pandemic resulted in an increase in overall domestic waste across all kerbside collection services. This section will continue to be closely monitored and the service is currently supporting SLWP in the planning of the re-procurement of both Food and Garden waste processing services which currently expire this financial year.

Other favourable variances include (£106k) on the Council's Environmental Enforcement services in respect of enforcing and issuing Fix Penalty Notices for littering and (£105k) on employee related spend.

Included in this section are savings target of £104k (ENV2022-23 01) for disposal processing savings (Food Waste Recyclate). The service is projecting to deliver these savings.

Leisure & Culture adverse variance of £397k

The service is anticipating a £25k adverse movement since August resulting from a reduction in anticipated income from water sports at Wimbledon sailing Base

Due to the unprecedented increase in energy bills, the service is currently forecasting to spend double its leisure centre utilities budget resulting in a variance of £434k. Potential under recovery in water sports income of £55k and lettings income of £25k as we currently have one tenant in Morden Assembly Hall.

These adverse variances are partly offset by the following favourable variances on employees (£89k) and supplies and services (£33k).

Greenspaces adverse variance of £157k

The adverse variance has moved by £34k since August.

Although the service is starting to recover post Covid, the service is projecting income under recovery of £118k; includes £90k under recovery in Canon Park income, £45k park and display income and £40k parks and recreational grounds rental income. This under recovery in income is partly offset by £110k anticipated over recovery in events income and £31k on parks operations income.

The service is currently projecting £128k overspend on its utilities owing to the unprecedented increase in energy prices.

Additional overspends include £53k on staffing due to the use of agency staff for the tree inspector for highways.

The above is partly offset by £157k projected underspend in tree works against a budget of £712k and £95k on Canons supplies and services.

Sustainable Communities

Future Merton adverse variance of £333k

The movement in variance between August and September has not been material.

The reason for the adverse variances on Highways Maintenance of £220k is mainly due to expected cost of reactive repairs but also some over-spend for 1) Bishopsford Bridge, 2) traffic signals (where TfL charges have increased), and 3) a small under achievement on JCD income (now only approx. £13k below target).

Additional adverse variances include Street Lighting £340k, due to the significant increase in energy costs, under recovery in income from Merantun £100k and £100k on Local Plan Fees.

The above adverse variances are partly offset by anticipated underspends on CPZs (£89k) and staff (£100k); and an over-achievement in income on Temp traffic orders (£120k), , streetworks/permitting (£75k) and CIL income (£60k)

Property Management favourable variance of £155k

The forecast has moved adversely by £28k since August. This is primarily due to an increase in rental income of £15k, decrease in building maintenance costs and projected decrease in legal costs of £5k.

The principal reason is a favourable variance on employees of £149k due to an underspend being forecast on salaries against a budget of £320k. There is also a favourable variance relating to exceeding the commercial rental income expectations (£256k) due to rent reviews in line with the tenancy agreements which is being offset by an adverse variance on premises related expenditure of £85k, for example, building improvements, utilities, repairs & maintenance costs and £130k on supplies & services related expenditure, for example, on employment of consultants to progress rent reviews due to lack of internal resource, and valuations to support asset valuations and potential disposals.

Building and Development Control adverse variance of £294k

The service is not forecasting a movement in variances between August and September.

The adverse variance is primarily due to a £156k under recovery in Building control income and £357k adverse variance on employees. This adverse variance is partly offset by a £139k anticipated over recovery in Development Control income and £92k supplies and services underspend.

The services expect that income will undoubtedly be higher than currently projected but have been prudent in calculating forecasts to avoid being overly optimistic early in the year.

Children Schools and Families

Children, Schools and Families (£000's)	2022/23 Current Budget	Full Year Forecast	Forecast Variance September	Forecast Variance August	2021-22 Year Variance
Education					
Education Budgets	£ 18,911	£ 19,892	£ 981	£ 1,037	£ 394
Depreciation	£ 9,801	£ 9,801	£ -	£ -	£ -
Other Education Budgets	£ 135	£ 135	£ -	£ -	-£ (114)
Education Services Grant	-£ (1,062)	-£ (1,062)	£ -	£ -	-£ (12)
Education Sub-total	**£ 27,785**	**£ 28,766**	**£ 981**	**£ 1,037**	**£ 268**
Other CSF					
Child Social Care & Youth Inclusion	£ 22,183	£ 23,539	£ 1,356	£ 1,343	£ 2,009
Cross Department	£ 910	£ 601	-£ (310)	-£ (310)	£ -
PFI Unitary Costs	£ 8,409	£ 8,409	£ -	£ -	£ 766
Pension and Redundancy Costs	£ 1,624	£ 975	-£ (649)	-£ (641)	-£ (617)
Other CSF Sub-total	**£ 33,126**	**£ 33,524**	**£ 397**	**£ 392**	**£ 2,158**
Grand Total	**£ 60,911**	**£ 62,290**	**£ 1,378**	**£ 1,429**	**£ 2,426**

Summary

The department is forecasting an overspend of £1.37m compared £1.43m as at period 5 and £2.4m overspent at year end. As in previous periods, the continuing dependency on agency social workers, the high cost of social care placements and the higher cost of transport are key pressures.

We are making progress with recruitment of permanent social workers and have reduced the number to 51 from a peak of 92. We have a project in train to make further in-roads into agency usage and to expand our permanent social work workforce. We have also made progress with the social care placement budgets. However, reductions elsewhere have been offset by an increase in costs related to a small number of high-cost placements.

Transport costs remain high which has exacerbated the impact of the historic rise in demand from children with Special Educational Needs. With the landscape for fuel costs and driver availability remaining difficult, we are focussing in trying to reduce the demand for transport.

The Dedicated Schools Grant (DSG) deficit has decreased by £260k since last period to £10m and compared to £13.5m at year end. The Safety Valve agreement is a five-year agreement with the DfE that is based on getting to balance in the fifth year. We are making good progress against all of the agreed actions and have made significant savings to date. The number of Education Health & Care Plans (EHCPs) is stable as the actions we committed to take effect. There continues to be new plans agreed according to need, but the in and out flows are roughly equal.

Of the general fund savings agreed for 2022/23, the Shorts Breaks Review savings (£200k) are outstanding due to delays in the project. The savings on transport (£150k) are no longer achievable due to the rising cost of transport. Apart from the high cost of fuel, which may be temporary, there is a shortage of drivers and fewer operators in the market.

Local Authority Services

Local Authority Funded Services (£000's)	Budget	September Variance	August Variance	202122 Outturn Variance
Child Social Care and Youth Inclusion				
Senior Management	£ 303	-£ (31)	-£ (31)	£ 429
Head of Help & Family Assessment	£ 3,070	-£ (517)	-£ (304)	-£ (676)
Head of Family Support & Safeguarding	£ 4,382	£ 810	£ 810	£ 2,019
Head of Corporate Parenting	£ 12,461	£ 1,408	£ 1,025	£ 809
Head of Adolescent and Safeguarding	£ 1,968	-£ (315)	-£ (157)	-£ (572)
CSC & Youth Incl Total	**22,184**	**1,355**	**1,343**	**2,009**
Education				
Contracts, Proc & School Org	£ 7,854	£ 1,576	£ 1,551	£ 409
Early Years & Children Centres	£ 4,191	-£ (172)	-£ (84)	-£ (311)
Education - School Improvement	£ 64	£ 21	£ 68	-£ (1)
Education Inclusion	£ 1,815	-£ (9)	-£ (5)	-£ (131)
Schools Delegated Budget	£ -	£ -	£ -	-£ (3)
SEN & Disability Integrat Serv	£ 2,037	-£ (16)	-£ (56)	£ 49
Senior Management	£ 1,985	-£ (334)	-£ (234)	£ 364
Policy, Planning & Performance	£ 749	-£ (50)	-£ (50)	£ 75
Departmental Business Support	£ 216	-£ (35)	-£ (153)	-£ (57)
Education Total	**£ 18,911**	**£ 981**	**£ 1,037**	**£ 394**
Other CSF				
Joint Commissioning & Partnrsh	£ 910	-£ (310)	-£ (310)	£ 0
PFI Unitary Charges	£ 8,409	£ -	£ -	£ 766
Depreciation	£ 9,801	£ -	£ -	-£ (0)
Other Education Budgets	£ 135	£ -	£ -	-£ (114)
Education Services Grant	-£ (1,062)	£ -	£ -	-£ (12)
Pension & Redundancy Costs	£ 1,624	-£ (649)	-£ (641)	-£ (617)
Education Total	**£ 19,817**	**-£ (959)**	**-£ (951)**	**£ 23**
LA Total	**£ 60,912**	**£ 1,377**	**£ 1,429**	**£ 2,426**

Child Social Care & Youth Inclusion

Overall CSC&YI forecast overspend has increased by £12k since last period. There are a number of movements between the forecasts within this service, which reflect focussed reviews of budgets and forecasting over the last few months.

The main pressures in the Child Social Care & Youth Inclusion budget remain the dependency on and increasing cost of agency social workers and the cost of placements for looked alter children. However, we continue to make headway, with eight Merton trained social workers replacing agency workers in September. We have a focus on recruitment which included attending a London wide recruitment fair this month and updated our social work recruitment site. Work is underway around development of a dedicated social work recruitment micro-site for Merton Adults and Children's Services.

We are partners to a London-wide protocol on agency rates which is aimed at stemming the hourly rates which had been rising, typically by £4 per hour last year. This situation continues to improve gradually and as of the end of Sept 2022, the number of agency staff had reduced to 51, compared to 55 in September. Merton has signed up to a pan-London pledge which caps agency rates.

The cost of residential placements remains a concern. Work continues to review high-cost placements regularly with a view to moving to placements with better outcomes and lower costs. The increase relates to three new cases which are high cost.

Education

The Education forecast overspend has reduced by £56k to £0.98m. The Education budget is facing significant pressures in the cost of transport. The number of children with an Education Health & Care Plan (EHCP) which includes home to school transport increased in the last few years. The Safety Valve plan aims to reduce the number of plans and is starting to have an impact overall, but the cohort with transport tend to have more complex needs. We have opened a new 80 place special school annexe in September, with 40 places filled so far.

With the cost of journeys unlikely to come down in the short term, our focus is on managing and reduction demand. We have managed to stabilise the number of children transported for the new academy year, by applying our refreshed transport policy is being applied to new applications. The overspend in transport has stabilised at £1.6m. This also includes the unachieved saving of £150k. Now that the new term transport packages are sorted, we will now focus on reviewing existing transport arrangements.

Dedicated Schools Budget (£000's)	Budget	September Variance	August Variance	202122 Outturn Variance
Education				
Contracts, Proc & School Org	£ 286	£ 20	£ 20	-£ (16)
Early Years & Children Centres	£ 15,823	-£ (167)	-£ (519)	-£ (3,348)
Education - School Improvement	£ 1,120	-£ (4)	£ 45	-£ (41)
Education Inclusion	£ 1,464	-£ (39)	-£ (13)	£ 99
SEN & Disability Integrat Serv	£ 24,075	£ 8,431	£ 9,112	£ 13,899
Sub-total	**£ 42,768**	**£ 8,241**	**£ 8,645**	**£ 10,593**
CSC & Youth Inclusion				
DSG - Child Social Care & Youth Incl	£ 42	£ -	£ -	-£ (7)
Sub-total	**£ 42**	**£ -**	**£ -**	**-£ (7)**
Schools Delegated Budget				
DSG Reserve	**£ -**	**-£ (1,200)**	**-£ (1,200)**	**-£ (2)**
Retained Schools Budgets	£ 2,828	-£ (1,481)	-£ (1,290)	-£ (417)
Schools Delegated Budget	-£ (45,683)	£ 4,449	£ 4,115	£ 3,387
Sub-total	**-£ (42,855)**	**£ 1,768**	**£ 1,625**	**£ 2,967**
DSG Total	**-£ (45)**	**£ 10,009**	**£ 10,270**	**£ 13,553**

Dedicated Schools Grant (DSG) and Safety Valve

We continue to make good progress on our Safety Valve programme. The in-year deficit has come down a further £260k from last month. The number of Education Health & Care Plans (EHCPs) has stabilised and as at the end of September was 2,493. New plans are being approved in line with need and our policy, but this is offset by plans coming to an end. The new provision of special school places at Whately Avenue and in additional Additionally Resources Places on our mainstream school sites has already made over £1m contribution to the reduction in the deficit and there are still places to be filled to meet ongoing need.

Overall, the in-year deficit is £3.54m lower than last year. However, it is still short of the very ambitious year one target of £6.9m as set out in the Safety Valve plan. We continue to work to get closer to this target in year but are also looking across the life of the five-year plan for opportunities to offset any shortfall in later years. In particular, we are looking to bring forward the delivery of further new special school places. We have in principle agreement for a new special school in the borough and we are working with the DfE to deliver this ahead of plan. The aim is to try to claw back some of the under-achievement against the year one plan in later years in the five year cycle.

Background

The Safety Valve plan agreed with the DfE is a five-year plan to bring the DSG budget into balance. We are not expected to achieve that balance before the fifth year. However, we are making good progress. As at period 6, the DSG forecast is an overspend of £10m against the year-end target of £6.4m and compared to £10.3m in period 5 and £13.5m in 2021/22.

In the Schools Bill and the SEND Green Paper, the government has recognised that the current SEND system is broken. The Schools Bill includes provision to try to ensure that mainstream schools are inclusive of those with SEND, and the Green Paper proposes significant changes to the SEND process. A failure in funding keeping pace with demand and costs have combined with policy changes (such as the extension in responsibility to age 25) to leave the majority of authorities in England with rising demand and increasing deficits. Merton in particular has faced a high level of EHCPs and the impact of having a significant amount of expensive independent sector provision in the area.

Merton was invited to join the second tranche of the Safety Valve programme process in July 2021. The programme is a mechanism for the DfE to provide deficit funding to local authorities in recognition of the significant pressures. The agreement with the DfE in March 2022 commits them to £28.8m deficit funding, of which £11.6m has been paid upfront. The remainder will be paid over five years subject to meeting the agreement conditions. Following submission of the first monitoring report to DfE, the DfE approved the release of the first instalment of the 2022/23 payment of £875k.

Community and Housing Summary Position

Overview

Community and Housing is currently forecasting an unfavourable position as at September of £903k which is an increase in unfavourable variance of £24k since August. Adult Social Care unfavourable forecast increased by £127k, Housing reduced by £105k, Libraries forecast increased by £3k and Merton Adult Learning and Public Health continues to forecast a breakeven position.

Favourable positions on other budget lines within Community and Housing such as employees budget lines due to recruitment lag/delays is assisting with the overall position. Adult Social Care overall position could improve once client contribution is updated.

Adult Social Care is currently forecasting an unfavourable variance of £655k. However, due to the continued increase in overall demand and increasingly complex packages of care this budget is currently forecasting an overspend. This is due to a combination of issues, primarily related to the

Community & Housing	2022/23 Current Budget £ 'm	2022/23 Full Year Forecast £ 'm (Sept)	2022/23 Full Year Variance £'m (Sept)	2022/23 Full Year Variance £'m (Aug)	2022/23 Outturn Variance £'m (Mar'22)
Adult Social Care	60,517	61,174	655	528	(881)
Libraries and Heritage	2,499	2,524	25	22	105
Merton Adult Learning	4	4	0	0	0
Housing General Fund	3,519	3,743	224	329	77
Public Health	(162)	(162)	0	0	0
Total Favourable/ Unfavourable	66,377	67,283	903	879	(699)

higher complexity of new packages meaning these costs more on average than ended packages – this is driving an upward overall cost pressure even though overall numbers of packages appear to be stabilising over the last two months as a result of the actions reported in previous monitoring reports.

Adult Social Care

The department continues to forecast an increase in demand for services which is driven partly due to living with the effects of long-term Covid and partly by an increase in the older people cohort, both in terms of volume and increasing frailty. There was an overall increase in placements in the first four months of the year. However, in consideration of the increase in demand the service has implemented new procedures to monitor placements daily and the number of new placements in August and September has reduced. The placement forecast is based on Mosaic expenditure data to September 2022 and income based is based on 2021/22 billing data plus estimated income based on increase in customer numbers.

In terms of the new customers the majority were in long stay residential, supported living and a move from domiciliary care to residential nursing care. Additionally, there is a steady increase in mental health customers which is also the trend seen in the neighbouring boroughs. The current placement forecast includes several high-cost transitions customers which the service is currently seeking clarification regarding contributions from external parties.

Pressure on the Financial Assessment Team has been reported in previous months' monitoring reports. Recruitment of permanent and temporary staff is alleviating this situation and the risk of under-collection of income is reducing as a result.

Monthly Movements in Packages of Care April 2022 to Sept 2022

Month	New Customers	Deceased Customers	Customers No Longer Receiving a Service	Net Movement
April'22	44	-21	-23	0
May'22	53	-21	-49	-17
June'22	51	-12	-15	24
July'22	54	-33	-21	0
Aug'22	44	-24	-37	-17
Sept'22	41	-11	-29	1
Total	**287**	**-122**	**-174**	**-9**
Annual (to date) Average 2022/23	**48**	**-20**	**-29**	**-2**
Annual Average 2021/22	**50**	**-17**	**-20**	**13**
Annual Average 2020/21	**37**	**-27**	**-17**	**-7**
Annual Average 2019/21	**34**	**-24**	**-24**	**-14**
Annual Average 2018/19	**36**	**-23**	**-25**	**-11**

The above table to shows that to September there were 287 new customers, 122 deaths and 174 customers no longer requiring a service. It is also important to note that customers are presenting with increased frailty, and more complex need which affects costs.

The sustained growth in out of hospital demand continues and has not returned to the pre-COVID levels as reflected in the forecasted placements expenditure to August 2022. It is expected that the government's recent announcement regarding the additional £500m for Adult Social Care discharge fund could assist with this pressure. However, only 40% of the Council's allocation will come directly to the Council, with the remaining 60% going to the Integrated Care Board.

Discharge activity is expected to remain under severe pressure into 2022/23 as general hospital activity is at record levels, compounded by additional recent Covid admissions, together with an ever-growing backlog of elective procedures.

Description of Pathways: -

Pathway 0- 50 % of Clients

- People discharged requring minimal support,or interventions from health and social care services.

Pathway 1- 45% of clients

- People who are discharged and able to return home with a new, additional or a restarted package of care.

Pathway 2- 4% of clients

- People who discharged with a short term intensive support package at a 24 hour bed based setting before returning home.

Pathway 3-1% of clients

- People who require 24 hours bed based care

Comparison of Discharge Activities 2021/22 to September 2021

Discharge Activities April to September 2021/22

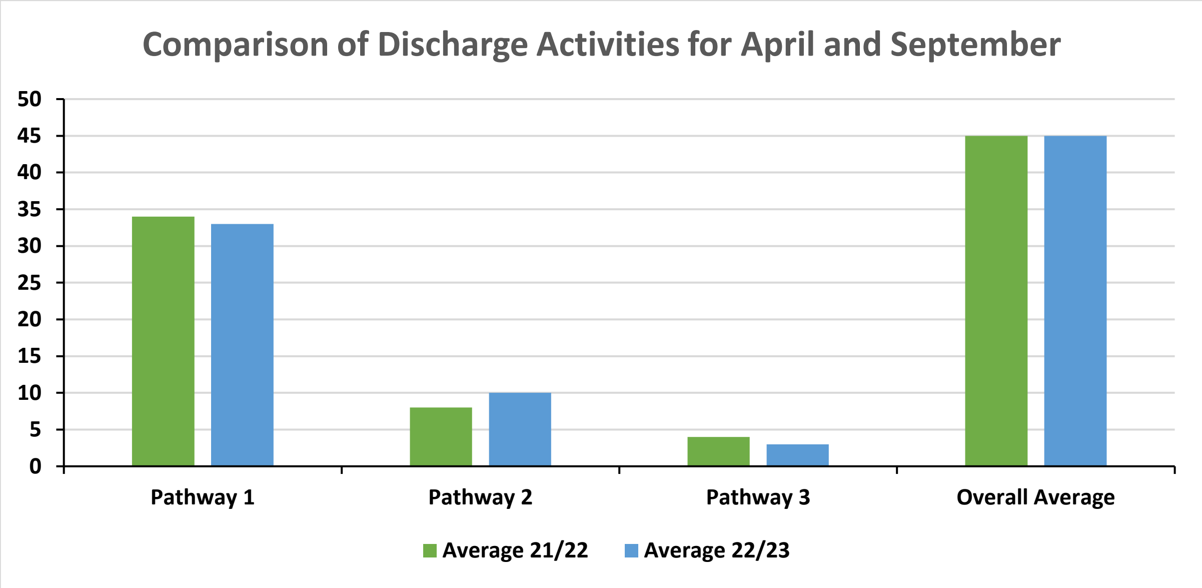
Week Commencing	Pathway 1	Pathway 2	Pathway 3	Grand Total
Grand Total	875	207	84	1166
Average	**34**	**8**	**4**	**45**

NB: No information on pathway 0

Discharge Activities April to September 2022/23

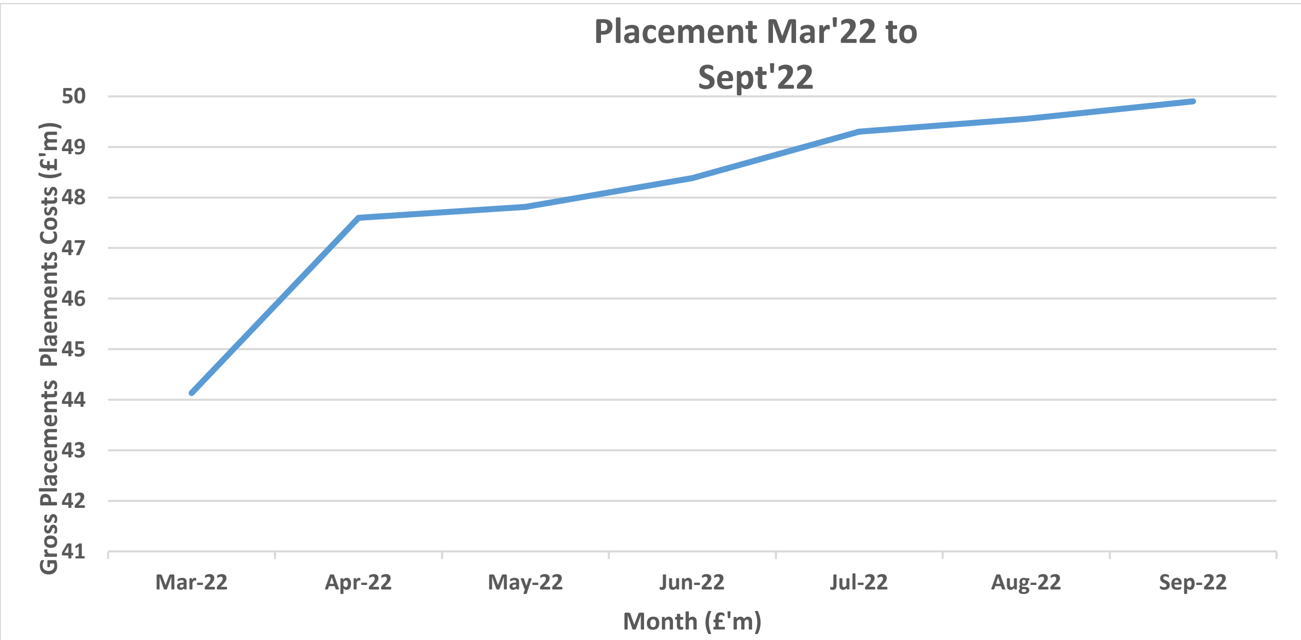
Week Commencing	Pathway 1	Pathway 2	Pathway 3	Grand Total
Grand Total	853	255	73	1181
Average	**33**	**10**	**3**	**45**

Bar Chart below is a comparison of the average discharge activities between April to September 2021/22 and 2022/23



The above graph now shows overall discharge rate is as 2021/22 and more customers with intensive short term support need.

Graph of Gross Placement Forecast from April 2020 to September 2022



The above representation shows a marked increase between March 2022 to April and continues to increase as per the graph above. Using linear forecast potentially by December 2022 estimated gross placement cost could potentially be £52m assuming all things remain equal.

Adult Social Care Internal Provision –unfavourable Variance - £13k

Direct Provision forecast was unchanged, service currently forecasting an unfavourable position. The service is dealing with a small number of long - term sickness cases in key areas, and there are several vacancies across residential and supported living services. There is also currently a shortage of available bank staff to cover some of the 24/7 shifts, which has led to staff working overtime to ensure safe staffing levels. We are currently preparing a further recruitment campaign to add more bank staff and therefore reduce overtime expenditure. All rotas are reviewed on a weekly basis. There is additional spending in the Merton Employment Team to support the Employment Pilot, and this needs to be balanced by the additional funding which had been agreed. An additional amount of £11k has been added to the forecast to cover anticipated utilities costs.

Library & Heritage Service- unfavourable Variance - £25k

This service is forecasting an unfavourable variance of £25k in September 2022, which is an increase of £3k. The current position also includes additional unforeseen cost of £13k incurred due to the monarch death.

New services are due to be launched this autumn including new Health & Wellbeing Zones and Cost of Living events to support residents. Libraries are also established as warm banks that will provide shelter and warmth for any resident during the winter months.

Adult Learning- Breakeven position

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

New funding streams are being allocated to enhance curriculum provision around mathematics (Multiply government initiative) and green skills. The service is in the process of awarding new provider contracts to support with some of this.

Housing General Fund- unfavourable variance - £224k

This service is currently forecasting an unfavourable variance which has reduced by £105k. Current unfavourable variance is made up of a revised forecast on customer contributions, reduction in Housing Benefit subsidy, increase in temporary accommodation expenditure, rent deposits and employee costs.

Temporary Accommodation (TA) numbers increased slightly in September. The borough now has 285 families in TA which is a net increase of 1 since August.

The demand for accommodation continues to exceed supply, which creates difficulties in the re-housing of households with acute housing need including those living in expensive temporary accommodation. Thus, the service is finding it extremely difficult to source properties in the Private Sector Housing market.

Housing	Total Budget 2022/23 £000	Forecast Expenditure (Sept'22) £'000	Forecast Variance (Sept'22) £'000	Forecast Variance (Aug'22) £'000	Outturn Variance (March'22) £000
Temporary Accommodation-Expenditure	2,544	4,204	1,660	1,649	1,346
Temporary Accommodation-Client Contribution	(140)	(230)	(90)	(110)	(177)
Temporary Accommodation-Housing Benefit Income	(2,087)	(3,555)	(1,468)	(1,468)	(465)
Temporary Accommodation-Subsidy Shortfall	322	1,576	1,254	1,318	838
Temporary Accommodation-Grant	0	(991)	(991)	(961)	(1,514)
Subtotal Temporary Accommodation	639	1,004	365	428	28
Housing Other Budgets	2,880	2,739	(141)	(99)	49
Total Controllable (Favourable)/Unfavourable Variance	3,519	3,743	224	329	77

Analysis of Housing and Temporary Accommodation Expenditure to September 2022

Number of Households in Temporary Accommodation in Previous years

Previous Financial Years (Month' Year)	Annual Numbers at Financial Year End
Mar'17	186
Mar'18	165
Mar'19	174
Mar'20	199
Mar'21	197
Mar'22	230

The total numbers in temporary accommodation (TA) in March 2022 was 230 which is an overall increase of 17% on March 2021. The numbers in (TA) continues to increase since March as demonstrated below. TA numbers in September was 285 which is 24% increase since March 2022.

Current Financial Years (Month' Year)	Numbers In	Numbers Out	Net Movement
Apr'22	18	15	233
May'22	28	7	254
June'22	21	16	259
July'22	19	8	270
Aug'22	26	12	284
Sept'22	20	19	285

The table above shows the total numbers in temporary accommodation (TA) to September 2022. This shows that net numbers in (TA) is increased by 52 since April. Based on numbers to date the numbers in TA could potentially increase to 335 by December. However, this is significantly lower than most of LBM's neighbouring boroughs.

Numbers in Temporary Accommodation as of March 2022 in neighbouring boroughs

Sutton - 844
Kingston - 837
Richmond - 314
Croydon - 1988
Bromley - 1653
Wandsworth - 2894

Statistical Data from Department of Levelling up, Housing and Communities (Extract-March'22)

This is due to a combination of factors: -

1. Increase in demand, primarily from the end of assured short tenancies (AST) and domestic abuse cases, but also family evictions, hospital discharges, prison releases and some cases from Ukraine
2. Fewer private sector rentals
3. Increase in numbers of customers going into TA

Feedback from other boroughs is that this situation is London wide and since January in some cases there has been a doubling of homelessness applications. There was an improvement in vacant properties from Capital Letters during June, though supply dropped again in July. However, rent deposit staff were able to find alternative sources of PRS (Private Rented Sector) properties so there were 12 moves during the month.

Lastly, the service is working with colleagues in the housing benefit team to chase cases that have not yet received assessments. This is the reason for an additional in the member of staff in the team as another of staff is required to progress this work. Our modelling suggests there could be significant sums from previous years, Housing Benefit forms were submitted but not processed thus the team have produced data on this to share with colleagues in the Housing Benefits so that urgent action can be taken.

Public Health –Breakeven position

The service is forecasting a breakeven position in September 2022.

Potential Cost pressures

The service has agreed a financial position for CLCH (Central London Community Health) Integrated Sexual health services to March 2024 and a financial position for CLCH children's contract (health visitors and school nurses) to March 2023. Further negotiations are required on the financial agreement for the 2023/24 children's contracts (health visiting and school nursing), including any potential inflationary increases and managing cost pressures on service.

Covid-19 Related Programmes

The team continues with the Covid-19 resilience programme, funded by the Contain Outbreak Management Fund (COMF) in 2022/23. COMF will be utilised in line with terms and conditions of the grant by March 2023.

Substance Misuse

The service also secured additional funding which is the Supplemental Substance Misuse Treatment and Recovery grant for 2022-2025 for the Department of Health and Social Care. This funding is being used in line with the grant conditions for drug and alcohol treatment and recovery. At this stage, only the 2022-23 allocation is confirmed with future years investment subject to DHSC confirmation.

CORPORATE ITEMS

The details comparing actual expenditure up to 30 September 2022 against budget are contained in Appendix 1. COVID-19 corporate expenditure is again shown on a separate line but it is intended that in future all covid related expenditure will be charged to the appropriate service:-

Corporate Items	Current Budget 2022/23 £000s	Full Year Forecast (Sep.) £000s	Forecast Variance at year end (Sep.) £000s	Forecast Variance at year end (Aug.) £000s	Outturn Variance 2021/22 £000s
Impact of Capital on revenue budget	11,066	10,947	(119)	(119)	(235)
Investment Income	(396)	(1,343)	(947)	(542)	(143)
Pension Fund	503	503	0	0	0
Pay and Price Inflation	6,076	5,786	(290)	(290)	(1,945)
Contingencies and provisions	19,916	15,226	(4,690)	(4,690)	(17,212)
Income Items	(4,223)	(4,223)	0	0	10
Appropriations/Transfers	(10,131)	(10,237)	(106)	(106)	1,972
Central Items	**11,744**	**5,711**	**(6,033)**	**(5,628)**	**(17,318)**
Levies	988	988	0	0	0
Depreciation and Impairment	(25,593)	(25,593)	0	0	20
TOTAL CORPORATE PROVISIONS	**(1,795)**	**(7,947)**	**(6,152)**	**(5,747)**	**(17,533)**
COVID-19 Emergency expenditure	0	89	89	54	235
TOTAL CORPORATE EXPENDITURE inc. COVID-19	**(1,795)**	**(7,859)**	**(6,063)**	**(5,693)**	**(17,298)**

Based on expenditure to 30 September 2022, a favourable variance of £6.063m including Covid (£6.152m excluding covid) is forecast for corporate expenditure items. This is a favourable movement of £0.370m including Covid (£0.405m excluding Covid) on the August forecast and the reasons for this are:-

a) The forecast investment income for 2022/23 has improved due mainly to the large and rapid increase in interest rates which is estimated to result in a favourable variance of £0.947m at the end of the year, an improvement of £0.405m on the August forecast.

b) The forecast for COVID-19 expenditure has increased by £35k since August.

5 Capital Programme 2022-26

5.1 The Table below shows the movement in the 2022/26 corporate capital programme since the last monitoring report:

Depts	Current Budget 22/23	Variance	Revised Budget 22/23	Current Budget 2023-24	Variance	Revised Budget 23/24	Current Budget 2024-25	Variance	Revised Budget 24/25	Current Budget 2025-26	Variance	Revised Budget 25/26
Corporate Services	7,292	(60)	**7,232**	20,198	60	**20,258**	5,155		**5,155**	12,427		**12,427**
Community & Housing	945		**945**	967		**967**	2,755		**2,755**	1,237		**1,237**
Children Schools & Families	9,137	(374)	**8,763**	6,984	574	**7,558**	8,737		**8,737**	3,479		**3,479**
Environment and Regeneration	16,133	(168)	**15,965**	10,283	831	**11,114**	6,114		**6,114**	22,923		**22,923**
Total	**33,507**	**(602)**	**32,905**	**38,432**	**1,465**	**39,897**	**22,761**	**0**	**22,761**	**40,066**	**0**	**40,066**

5.2 The table below summarises the position in respect of the 2022/23 Capital Programme as at September 2022. The detail is shown in Appendix 5a.

Capital Budget Monitoring - September 2022

Department	Actuals	Year to Date Budget	Variance	Final Budget 2022-23	Forecast Outturn 2022-23	Forecast Variance 2022-23
Corporate Services	1,091,594	2,186,286	(1,094,692)	7,232,170	7,232,523	353
Community and Housing	378,273	349,120	29,153	944,530	944,524	(6)
Children Schools & Families	3,867,706	4,422,831	(555,125)	8,762,970	8,762,970	0
Environment and Regeneration	4,207,435	5,390,570	(1,183,135)	15,965,420	15,965,420	0
Total	**9,545,008**	**12,348,807**	**(2,803,798)**	**32,905,090**	**32,905,437**	**347**

a) Corporate Services – After the adjustments in the Table below budget managers are projecting full spend on all budgets.

Corporate Services		Budget 2022-23	Budget 2023-24	Narrativ e
		£	£	
Civic Centre Cycle Parking	(1)	(60,000)	60,000	Reprofiled in line with projected spend

(1) Requires Cabinet approval

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

c) Children, Schools and Families – After the adjustments in the Table below budget managers are projecting full spend on all budgets.

Children, Schools and Families		Budget 2022-23	Budget 2023-24	Narrative
		£	£	
Unlocated Primary School Proj	(1)	(264,550)	298,430	Virement and Reprofiled in line with projected spend
Hollymount - Schools Capital Maintenance	(1)	100,800		Virement in line with projected spend
Hatfeild - Schools Capital Maintenance	(1)	69,800		Virement in line with projected spend
Hillcross - Schools Capital Maintenance	(1)	(50,110)		Virement in line with projected spend
Joseph Hood - Schools Capital Maintenance	(1)	38,000		Virement in line with projected spend
Dundonald - Schools Capital Maintenance	(1)	(9,080)		Virement in line with projected spend
Pelham - Schools Capital Maintenance	(1)	(16,000)		Virement in line with projected spend
Wimbledon Chase - Schools Capital Maintenance	(1)	(65,390)		Virement in line with projected spend
Wimbledon Park - Schools Capital Maintenance	(1)	15,900		Virement in line with projected spend
Haslemere - Schools Capital Maintenance	(1)	52,300		Virement in line with projected spend
St Marks - Schools Capital Maintenance	(1)	16,300		Virement in line with projected spend
William Morris - Schools Capital Maintenance	(1)	13,600		Virement in line with projected spend
Raynes Park - Schools Capital Maintenance	(1)	(50,000)		Virement in line with projected spend
Whatley - Capital Maintenance	(1)	50,000		Virement in line with projected spend
CSF Safeguarding - Care Leavers Living Accommodation	(1)	(66,000)	66,000	Reprofiled in line with projected spend
Youth Provision - Pollards Hill Digital Divide	(1)	(210,000)	210,000	Reprofiled in line with projected spend
Total		**(374,430)**	**574,430**	

(1) Requires Cabinet approval

The Melrose School expansion is a major scheme which completed at the end of February 2022, some three months later than programmed. The contract is subject to a series of cost claims by the contractor which are being considered line by line by the council's appointed project manager, quantity surveyor and the design consultant. The previously increased budget for the scheme is fully committed, any further costs will require further budget approval.

The Authority is also awaiting the final account for one element of the Harris Academy Wimbledon.

d. Environment and Regeneration – After the adjustments in the Table below budget managers are forecasting full spend on their budgets.

Environment and Regeneration		**Budget 2022-23**	**Budget 2023-24**	**Narrative**
		£	**£**	
Highways & Footways - Residential Secure Cycle Store	**(1)**	(25,670)	25,670	Reprofiled in line with projected spend
Highways & Footways - Accesibility Programme	**(1)**	130,000		Additional TfL Funding
Highways & Footways - Casualty Reduction & Schools	**(1)**	199,000		Additional TfL Funding
Cycle Route Improvements - Cycle Parking	**(1)**	75,000	5,000	Reprofiled in line with projected spend & Addit. TfL Funding
Cycle Route Improvements - Cycle Improve Residential Streets	**(1)**	205,000		Additional TfL Funding
Mitcham Area Regeneration - Sandy Lane Public Realm	**(1)**	(200,000)	200,000	Reprofiled in line with projected spend
Wimbledon Area Regeneration - Crowded Places/Hostile Veh	**(1)**	(180,000)	180,000	Reprofiled in line with projected spend
Wimbledon Area Regeneration - Wimbl Hill Heritage Led Pblc Realm	**(1)**	(50,000)	50,000	Reprofiled in line with projected spend
Borough Regeneration - Merton Lost Rivers	**(1)**	(200,000)	200,000	Reprofiled in line with projected spend
Parks Investment - Myrna Close Public Realm	(1)	48,800		New Section 106 Scheme
Borough Regeneration - 42 Graham Road	(1)	(50,000)	50,000	Reprofiled in line with projected spend
Borough Regeneration - Carbon Offset Funding	(1)	(50,000)	50,000	Reprofiled in line with projected spend
Parks Investment - Paddling Pools	(1)	(70,000)	70,000	Reprofiled in line with projected spend
Total		**(167,870)**	**830,670**	

(1) Requires Cabinet approval

Final accounts are still outstanding with some contractors on both Canons Parks for the People and Bishopsford (Mitcham) Bridge.

5.3 Appendix 5c shows the revised funding of the proposed budget for 2022/25

5.4 The table below summarises the movement in the Capital Programme for 2022/23 since its approval in March 2022 (£000s):

Depts.	**Original Budget 22/23**	**Net Slippage 2021/22**	**Adjustments**	**New External Funding**	**New Internal Funding**	**Re-profiling**	**Revised Budget 22/23**
Corporate Services	8,522	5,454		137	161	(7,042)	**7,232**
Community & Housing	2,530	87			50	(1,723)	**945**
Children Schools & Families	6,441	888	422	2,487		(1,475)	**8,763**
Environment and Regeneration	15,118	3,489	(12)	1,442	1,099	(5,171)	**15,965**
Total	**32,611**	**9,919**	**410**	**4,066**	**1,310**	**(15,411)**	**32,905**

5.5 The table below compares capital expenditure (£000s) to September 2022 to that in previous years':

Depts.	Spend To September 2019	Spend To September 2020	Spend to September 2021	Spend to September 2022	Variance 2019 to 2022	Variance 2020 to 2022	Variance 2021 to 2022
CS	1,131	769	627	1,092	(39)	323	465
C&H	414	171	612	378	(36)	207	(234)
CSF	4,752	868	3,424	3,868	(884)	2,999	444
E&R	2,851	2,787	5,053	4,207	1,356	1,420	(846)
Total Capital	**9,148**	**4,595**	**9,716**	**9,545**	**397**	**4,950**	**(171)**

Outturn £000s	23,161	16,930	21,776	
Budget £000s				32,905
Projected Spend September 2022 £000s				32,905
Percentage Spend to Budget				29.01%
% Spend to Outturn/Projection	39.50%	27.14%	44.62%	29.01%
Monthly Spend to Achieve Projected Outturn £000s				3,610

5.6 September is half way through the financial year and departments have spent just over 29% of the budget. Spend to date is higher than two of the last three previous financial years

Department	Spend To August 2022 £	Spend To September 2022 £	Increase £
CS	1,003,728	1,091,594	87,866
C&H	275,901	378,273	102,372
CSF	2,169,122	3,867,706	1,698,583
E&R	3,065,544	4,207,435	1,141,892
Total Capital	**6,514,295**	**9,545,008**	**3,030,714**

5.7 During September 2022 officers spent just over £3 million, to achieve year end spend officers would need to spend approximately £3.6 million each month to year end. Finance officers will continue to review in detail the projected outturn with budget managers.

6.0 DELIVERY OF 2022/23 SAVINGS

Department	Target Savings 2022/23	Projected Savings 2022/23	2023/24 Expected Shortfall
	£000	£000	£000
Corporate Services	695	395	300
Children Schools and Families	1,888	1,338	550
Community and Housing	1,659	305	1,354
Environment and Regeneration	1,148	549	599
Total	5,390	2,587	2,803

Appendix 6 provides a breakdown on Directorate savings.

1) CONSULTATION UNDERTAKEN OR PROPOSED

- All relevant bodies have been consulted.

2) TIMETABLE

- Following current financial reporting timetables.

3) FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- All relevant implications have been addressed in the report.

4) LEGAL AND STATUTORY IMPLICATIONS

- All relevant implications have been addressed in the report.

5) HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- Not applicable

6) CRIME AND DISORDER IMPLICATIONS

- Not applicable

7) RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

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

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

Appendix 1-	Detailed Corporate Items table
Appendix 2 –	Pay and Price Inflation
Appendix 3 –	Treasury Management: Outlook
Appendix 4 -	Next Debt update will be in Period 6
Appendix 5a –	Current Capital Programme
Appendix 5b -	Detail of Virements
Appendix 5c -	Summary of Capital Programme Funding
Appendix 6-	Progress on Savings 2021/22 (revised and simplified format)

8) BACKGROUND PAPERS

- Budgetary Control files held in the Corporate Services department.

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APPENDIX 1

3E.Corporate Items	Council 2022/23 £000s	Current Budget 2022/23 £000s	Year to Date Budget (Sep.) £000s	Year to Date Actual (Sep.) £000s	Full Year Forecast (Sep.) £000s	Forecast Variance at year end (Sep.) £000s	Forecast Variance at year end (Aug.) £000s	Outturn Variance 2021/22 £000s
Cost of Borrowing	11,066	11,066	5,533	2,567	10,947	(119)	(119)	(235)
Impact of Capital on revenue budget	**11,066**	**11,066**	**5,533**	**2,567**	**10,947**	**(119)**	**(119)**	**(235)**
Investment Income	**(396)**	**(396)**	**(132)**	**(570)**	**(1,343)**	**(947)**	**(542)**	**(143)**
Pension Fund	**503**	**503**	**251**	**0**	**503**	**0**	**0**	**0**
Corporate Provision for Pay Award	3,468	2,076	1,038	0	4,036	1,960	1,960	(195)
Corporate Provision for National Minimum Wage	1,500	1,500	750	0	250	(1,250)	(1,250)	(1,500)
Provision for excess inflation	2,500	2,500	1,250	0	1,500	(1,000)	(1,000)	(250)
Pay and Price Inflation	**7,468**	**6,076**	**3,038**	**0**	**5,786**	**(290)**	**(290)**	**(1,945)**
Contingency	1,500	1,392	696	0	1,392	0	0	(488)
Bad Debt Provision	1,500	1,500	750	0	1,500	0	0	(2,397)
Loss of income arising from P3/P4	400	400	200	0	200	(200)	(200)	(200)
Loss of HB Admin grant	23	23	11	0	23	0	0	(23)
Apprenticeship Levy	450	450	225	274	450	0	0	(69)
Revenuisation and miscellaneous	6,028	5,608	2,804	16	3,858	(1,750)	(1,750)	(3,153)
Growth - Provision against DSG	10,543	10,543	5,272	0	7,803	(2,740)	(2,740)	(10,882)
Contingencies and provisions	**20,444**	**19,916**	**9,958**	**291**	**15,226**	**(4,690)**	**(4,690)**	**(17,212)**
Other income	0	0	0	(0)	0	0	0	10
CHAS IP/Dividend	(2,223)	(4,223)	(2,112)	(2,240)	(4,223)	0	0	0
Income items	**(2,223)**	**(4,223)**	**(2,112)**	**(2,240)**	**(4,223)**	**0**	**0**	**10**
Appropriations: CS Reserves	(2,167)	(2,167)	(1,084)	0	(2,167)	0	0	0
Appropriations: E&R Reserves	(1,314)	(1,314)	(657)	0	(1,314)	0	0	0
Appropriations: CSF Reserves	(300)	(340)	(170)	(40)	(340)	0	0	0
Appropriations: C&H Reserves	(104)	(104)	(52)	0	(104)	0	0	0
Appropriations:Public Health Reserves	(93)	(93)	(47)	0	(93)	0	0	0
Appropriations:Corporate Reserves	(8,112)	(6,112)	(3,056)	2,000	(6,218)	(106)	(106)	1,972
Appropriations/Transfers	**(12,091)**	**(10,131)**	**(5,066)**	**1,960**	**(10,237)**	**(106)**	**(106)**	**1,972**
Depreciation and Impairment	**(25,593)**	**(25,593)**	**0**	**0**	**(25,593)**	**0**	**0**	**20**
Central Items	**(822)**	**(2,783)**	**11,471**	**2,006**	**(8,935)**	**(6,151)**	**(5,747)**	**(17,533)**
Levies	**988**	**988**	**494**	**617**	**988**	**0**	**0**	**0**
TOTAL CORPORATE PROVISIONS	**166**	**(1,795)**	**11,965**	**2,623**	**(7,947)**	**(6,151)**	**(5,747)**	**(17,533)**
COVID-19 Emergency expenditure	0	0	0	89	89	**89**	54	235
TOTAL CORPORATE EXPENDITURE inc. COVID-19	**166**	**(1,795)**	**11,965**	**2,712**	**(7,859)**	**(6,063)**	**(5,693)**	**(17,298)**

APPENDIX 2

Pay and Price Inflation as at September 2022 Monitoring

In 2022/23, the budget includes 2% for increases in pay and 2.5% for increases in general prices, with an additional amount of £2.5m which will be held to assist services that may experience price increases greatly in excess of the inflation allowance provided when setting the budget. With CPI inflation currently at 10.1% and RPI at 12.6% and the Council's overall revenue budget under extreme pressure, this budget will be retained as cover and only released in exceptional circumstances.

Pay:

For 2022/23 the final pay award has not been agreed but provision of 2% was included in the MTFS.

As reported to Cabinet in the period 2 (May) monitoring report, on 6 June 2022, the three local government unions, UNISON, GMB and Unite, representing 1.4 million council and school employees, submitted a pay claim for staff in England, Wales and Northern Ireland.

The 2022 claim, which would apply from the start of April 2022, would see council employees receive either a £2,000 rise at all pay grades or the current rate of RPI (presently 11.7%), whichever is higher for each individual.

On 25 July 2022, the National Employers agreed to make the following one-year (1 April 2022 to 31 March 2023), final offer to the unions representing the main local government NJC workforce:

- With effect from 1 April 2022, an increase of £1,925 on all NJC pay points 1 and above
- With effect from 1 April 2022, an increase of 4.04 per cent on all allowances
- With effect from 1 April 2023, an increase of one day to all employees' annual leave entitlement
- With effect from 1 April 2023, the deletion of pay point 1 from the NJC pay spine

This offer would achieve a bottom rate of pay of £10.50 with effect from 1 April 2022 (which equates to a pay increase of 10.50 per cent for employees on pay point 1); everyone on the NJC pay spine would receive a minimum 4.04 per cent pay increase; and the deletion of pay point 1 on 1 April 2023, would increase the bottom rate to £10.60 (providing 10p headroom above the current upper-end forecast for the NLW on that date), pending agreement being reached on a 2023 pay award.

Potential rates of pay for London from 1 April 2022 based on the national employers' pay offer to the unions representing Local Government Services employees.

- With effect from 1 April 2022 the national offer is for a pay increase of £1,925 on all NJC pay points.
- In London this translates to an equivalent offer of £2,229 on all Outer London pay points and an increase of £2,355 on all Inner London pay points.
- Allowances to be increased by 4.04%

As previously reported, given the current pressure that pay negotiations are under, and the continuing upward forecast for inflation in the coming months, it is clear that the current 2% provision will not be sufficient.

The forecast outturn assumes a pay award of 6% and an unfavourable variance of c. £3.960m .

Unions have balloted their members on the offer. There are three recognised unions involved, Unison, GMB and Unite. Unison members have voted to accept the offer, Unite have voted to reject the offer whilst the GMB ballot closes on 21 October 2022.

If this level of pay award is agreed, it is currently proposed to mitigate this by a one-off contribution from reserves of £2m in 2022/23.

Prices:
The Consumer Prices Index (CPI) rose by 10.1% in the 12 months to September 2022, up from 9.9% in August and returning to July's recent high. CPI rose by 0.5% in September 2022, compared with a rise of 0.3% in September 2021. Rising food prices made the largest upward contribution to the change in both the CPIH and CPI annual inflation rates between August and September 2022. The continued fall in the price of motor fuels made the largest, partially offsetting, downward contribution to the change in the rates.
The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 8.8% in the 12 months to September 2022, up from 8.6% in August and returning to July's recent high. CPIH rose by 0.4% in September 2022, compared with a rise of 0.3% in September 2021. The largest upward contributions to the annual CPIH inflation rate in August 2022 came from housing and household services (principally from electricity, gas and other fuels, and owner occupiers' housing costs), food and non-alcoholic beverages, and transport (principally motor fuels).

The RPI rate for September 2022 was 12.6%, up from 12.3% in August 2022.

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.

At its meeting ending on 21 September 2022, the MPC voted to increase Bank Rate by 0.5 percentage points, to 2.25%. Five members voted to raise Bank Rate by 0.5 percentage points, three members preferred to increase Bank Rate by 0.75 percentage points, to 2.5%, and one member preferred to increase Bank Rate by 0.25 percentage points, to 2%. The Committee also voted unanimously to reduce the stock of purchased UK government bonds, financed by the issuance of central bank reserves, by £80 billion over the next twelve months, to a total of £758 billion, in line with the strategy set out in the minutes of the August MPC meeting.

The next Bank of England MPC base rate decision is on 3 November 2022.

Recent weeks have seen extremely volatile economic conditions and uncertainty. This is expected to continue until more clarity is provided about how the government intends to approach management of the cost of living pressures and high inflation currently experienced.

The government had announced help for people with their energy bills but the mini-budget on 23 September 2022 didn't explain how it would be paid for. In fact it announced lots of tax cuts - suggesting that borrowing would have to rise even more than expected to make up the difference. Financial markets were concerned about the amount the government would have to borrow to pay for its mini-budget. As a consequence, the value of gilts fell after the mini-budget, and pension funds had to sell more to raise the same amount of money to repay their loans. With more gilts being sold, their value fell further and this risked creating a downward spiral that could have left some pension funds unable to pay their debts.

The Bank of England is independent from the government but has instructions to keep the country financially stable - something that would have been at risk if lots of big pension funds had collapsed. It stepped in on 28 September 2022 and promised to buy gilts to stop their price dropping any further - effectively acting as a backstop and putting a floor on the price of a gilt and a ceiling on the yield. However, that support finished on 14 October 2022.

Concerns about the mini-budget on 23 September also made the pound less attractive to investors - so the value of sterling fell when compared with the dollar.
That meant it would cost more to import things we needed from abroad and would push up inflation.

The MPC's remit is clear that the inflation target applies at all times, reflecting the primacy of price stability in the UK monetary policy framework. The framework recognises that there will be occasions when inflation will depart from the target as a result of shocks and disturbances. The economy has been subject to a succession of very large shocks. Monetary policy will ensure that, as the adjustment to these shocks continues, CPI inflation will return to the 2% target sustainably in the medium term. Monetary policy is also acting to ensure that longer-term inflation expectations are anchored at the 2% target."

The Bank of England hasn't raised its interest rates since the mini-budget but High Street banks believe it will have to do this - one reason mortgage rates are rising.
In addition, High Street banks raise money from the markets, which they then lend to customers in mortgages and other loans, but they have to offer investors higher interest rates than the government because they are seen as riskier investments.
This feeds through to the interest rates banks charge us - so when it costs the government more to borrow money, it makes our mortgages and other bank loans more expensive.

With the Bank of England's promise to buy gilts ending on 14 October, the government needed to act to reassure the markets that it would not be borrowing too much money to avoid the whole cycle starting again. The Chancellor of the Exchequer has cancelled almost all of the tax cuts announced in the mini-budget and says the help given to people for energy bills will be more limited. Now attention will be on what happens to gilts and sterling - and as a result to interest rates charged on mortgages and bank loans.

The Chancellor of The Exchequer on 17 October, brought forward a number of measures from 31 October's Medium-Term Fiscal Plan.

- Changes designed to ensure the UK's economic stability and provide confidence in the government's commitment to fiscal discipline
- Basic rate of income tax to remain at 20% until economic conditions allow for it to be cut, IR35 and dividend tax rate reforms no longer going ahead
- Treasury-led review of energy support after April 2023 launched

In his statement the Chancellor announced a reversal of almost all of the tax measures set out in the Growth Plan that have not been legislated for in parliament.

The Chancellor of the Exchequer stated that he has taken these decisions to ensure the UK's economic stability and to provide confidence in the government's commitment to fiscal discipline. The Chancellor made clear in his statement that the UK's public finances must be on a sustainable path into the medium term.

There are two key dates in the short term economic diary that are keenly awaited by financial markets and economic commentators:-

31 October 2022: The Chancellor will deliver the full Medium-Term Fiscal Plan to be published alongside a forecast from the independent Office for Budget Responsibility

3 November 2022: The next Bank of England MPC base rate decision

The latest inflation and unemployment forecasts for the UK economy, based on a summary of independent forecasts are set out in the following table:-

Table: Forecasts for the UK Economy

Source: HM Treasury - Forecasts for the UK Economy (October 2022)			
2022 (Quarter 4)	Lowest %	Highest %	Average %
CPI	7.4	14.0	10.4
RPI	8.7	17.7	13.1
LFS Unemployment Rate	3.4	4.5	4.0
2023 (Quarter 4)	Lowest %	Highest %	Average %
CPI	0.9	7.4	4.1
RPI	1.6	8.2	5.2
LFS Unemployment Rate	3.2	5.0	4.4

Note the wide range between highest and lowest forecasts which reflects the volatility and uncertainty arising from volatile fuel and utility costs impacting on the cost of living 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 2022 to 2026 are summarised in the following table:-

Source: HM Treasury - Forecasts for the UK Economy (August 2022)					
	2022	2023	2024	2025	2026
	%	%	%	%	%
CPI	8.3	4.7	1.3	1.6	1.8
RPI	9.1	6.5	2.4	3.1	3.4
LFS Unemployment Rate	3.9	4.2	4.2	3.8	3.7

APPENDIX 3

Treasury Management: Outlook

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

The MPC currently uses two main monetary policy tools.

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

At its meeting ending on 21 September 2022, the MPC voted to increase Bank Rate by 0.5 percentage points, to 2.25%. The Committee also voted unanimously to reduce the stock of purchased UK government bonds, financed by the issuance of central bank reserves, by £80 billion over the next twelve months, to a total of £758 billion, in line with the strategy set out in the minutes of the August MPC meeting.

The next Bank of England MPC base rate decision is on 3 November 2022.

In a widely reported speech published on 15 October 2022 the Governor of the Bank of England clarified the role of the MPC in the forthcoming months stating that "more recently, the UK Government has made a number of fiscal announcements, and has set October 31 as the date for a further fiscal statement. The MPC will respond to all this news at its next meeting in just under three weeks from now. This is the correct sequence in my view. We will know the full scope of fiscal policy by then. But I will repeat what we have said already. We will not hesitate to raise interest rates to meet the inflation target. And, as things stand today, my best guess is that inflationary pressures will require a stronger response than we perhaps thought in August.
UK financial markets have experienced some violent moves in the last few weeks particularly at the long-end of the Government debt market. This has put the spotlight on flaws in the strategy and structure of one important part of a lot of pension funds. The Bank of England has had to intervene to deal with a threat to the stability of the financial system, our other core objective.

There may appear to be a tension here between tightening monetary policy as we must, including so-called Quantitative Tightening, and buying government debt to ease a critical threat to financial stability. This explains why we have been clear that our interventions are strictly temporary, and have been designed to do the minimum necessary.

The MPC is not using the stock of asset holdings as an active tool of monetary policy at present. As we have made clear over a number of years, once Bank Rate was away from the lower bound, and could move in both directions, the intention was to unwind the stock of Quantitative Easing gradually and predictably, and in a way that wasn't bound to underlying economic conditions. Instead, monetary conditions are now steered by Bank Rate, the primary instrument of policy. Should monetary conditions prove too loose to meet the inflation target, given the economic news, it's Bank Rate that responds. And whatever the source of any disturbance to monetary conditions, the MPC is free to offset those disturbances by means of its primary instrument, Bank Rate."
In the August 2022 Monetary Policy report the MPC has used the following projections implied by current data trends:-

	Projections (August 2022)			
	2022 Q.3	2023 Q.3	2024 Q.3	2025 Q.3
GDP	2.3	(2.1)	0.0	0.4
CPI Inflation	9.9	9.5	2.0	0.8
LFS Unemployment Rate	3.7	4.4	5.5	6.3
Excess Supply/Excess Demand	0.75	-2.25	-3.25	-3.75
Bank Rate	1.6	3.0	2.5	2.2

The conclusions that the MPC reach in the August 2022 Monetary Policy Report are supported by the following Key Judgements:-

Key judgement 1: in the baseline forecast, persistently high gas and other commodity prices continue to put upward pressure on global consumer price inflation and depress global growth in the near term before their effects gradually dissipate.

Key judgement 2: given the sharp decline in household real incomes, consumer spending falls over the next year and the UK economy enters recession. Consumption falls by less than income, however, as households, in aggregate, reduce their saving. GDP growth is weak thereafter, even though the pressures on real incomes ease somewhat.

Key judgement 3: given elevated recruitment difficulties and strong labour demand, firms respond initially to the weakness in spending by using their existing inputs less intensively. So although economic slack emerges in 2022 Q4, the labour market remains tight over the next year and unemployment only starts to rise above its current level in mid-2023. It reaches 6¼% at the end of the forecast period, with slack building to 3¾% of potential GDP.

Key judgement 4: : domestic price pressures remain strong over the first half of the forecast, as nominal wage growth strengthens and many companies are able to protect their margins. But the building degree of economic slack moderates these forces and inflation expectations adjust downwards quickly as external pressures abate and inflation itself begins to fall. Domestic pressures therefore fade and, conditioned on the market yield curve, inflation is around the 2% target in two years' time and well below it in three years.

Appendix 5a

Capital Budget Monitoring – September 2022

Description	Actuals	Year to Date Budget	Variance	Current Budget 2022-23	Forecast Outturn 2022-23	Forecast Variance 2022-23
Capital	**9,545,008**	**12,348,807**	**(2,803,798)**	**32,905,090**	**32,905,437**	**347**
Corporate Services	**1,091,594**	**2,186,286**	**(1,094,692)**	**7,232,170**	**7,232,523**	**353**
Customer Contact Programme	31,000	0	31,000	518,000	518,000	0
Works to other buildings	261,193	571,992	(310,799)	1,189,720	1,150,108	(39,612)
Civic Centre	26,515	120,000	(93,485)	300,000	339,501	39,501
Invest to Save schemes	203,521	307,286	(103,765)	854,560	854,214	(346)
Business Systems	17,350	601,000	(583,650)	1,433,940	1,433,940	0
Social Care IT System	0	0	0	281,000	281,000	0
Disaster recovery site	19,551	94,080	(74,529)	94,080	94,080	0
Planned Replacement Programme	62,604	491,928	(429,324)	1,229,820	1,229,820	0
Acquisitions Budget	469,860	0	469,860	469,050	469,860	810
Westminster Ccl Coroners Court	0	0	0	862,000	862,000	0
Community and Housing	**378,273**	**349,120**	**29,153**	**944,530**	**944,524**	**(6)**
Telehealth	0	0	0	30,400	30,400	0
Disabled Facilities Grant	378,273	349,120	29,153	885,130	885,124	(6)
Major Library Projects	0	0	0	5,000	5,000	0
Libraries IT	0	0	0	24,000	24,000	0

Appendix 5a

Capital Budget Monitoring – September 2022

Description	Actuals	Year to Date Budget	Variance	Current Budget 2022-23	Forecast Outturn 2022-23	Forecast Variance 2022-23
Children Schools & Families	**3,867,706**	**4,422,831**	**(555,125)**	**8,762,970**	**8,762,970**	**0**
Primary Schools	**853,984**	**1,646,275**	**(792,291)**	**2,844,670**	**2,844,670**	**0**
Hollymount	40	4,200	(4,160)	105,000	105,000	0
West Wimbledon	99,030	75,360	23,670	158,610	158,610	0
Hatfeild	68,235	84,040	(15,805)	155,090	155,090	0
Hillcross	80,555	127,610	(47,055)	170,000	170,000	0
Joseph Hood	136	15,000	(14,864)	53,000	53,000	0
Dundonald	7,548	10,080	(2,532)	15,000	15,000	0
Merton Park	(809)	14,500	(15,309)	14,500	14,500	0
Pelham	44,111	75,055	(30,944)	110,000	110,000	0
Poplar	3,055	30,000	(26,945)	40,000	40,000	0
Wimbledon Chase	50,227	132,390	(82,164)	120,000	120,000	0
Wimbledon Park	48,034	140,380	(92,346)	180,030	180,030	0
Abbotsbury	78,240	104,208	(25,968)	137,000	137,000	0
Malmesbury	34,356	36,383	(2,026)	47,000	47,000	0
Morden	12,693	56,250	(43,557)	75,000	75,000	0
Bond	38,827	17,970	20,857	52,000	52,000	0
Cranmer	10,737	159,080	(148,343)	250,830	250,830	0
Gorringe Park	31,344	45,000	(13,656)	60,000	60,000	0
Haslemere	2,315	86,740	(84,425)	304,040	304,040	0
Liberty	(487)	0	(487)	80,490	80,490	0
Links	75,586	75,600	(14)	114,850	114,850	0
Singlegate	90,999	108,750	(17,751)	145,000	145,000	0
St Marks	(1,630)	13,760	(15,390)	85,060	85,060	0
Lonesome	74,626	99,280	(24,654)	190,000	190,000	0
Sherwood	9,389	114,400	(105,011)	150,150	150,150	0
William Morris	(3,170)	18,420	(21,590)	32,020	32,020	0
Unlocated Primary School Proj	0	1,820	(1,820)	0	0	0

Appendix 5a

Capital Budget Monitoring – September 2022

Description	Actuals	Year to Date Budget	Variance	Current Budget 2022-23	Forecast Outturn 2022-23	Forecast Variance 2022-23
Secondary	**84,774**	**111,940**	**(27,166)**	**313,800**	**313,800**	**0**
Harris Academy Morden	0	0	0	135,000	135,000	0
Harris Academy Merton	0	34,170	(34,170)	34,170	34,170	0
Raynes Park	55,610	59,750	(4,140)	85,000	85,000	0
Ricards Lodge	14,040	0	14,040	21,610	21,610	0
Rutlish	13,964	3,080	10,884	23,080	23,080	0
Harris Academy Wimbledon	1,160	14,940	(13,780)	14,940	14,940	0
SEN	**2,751,257**	**2,391,186**	**360,072**	**5,112,160**	**5,112,160**	**0**
Perseid	86,584	202,610	(116,026)	299,490	299,490	0
Cricket Green	(15,000)	46,120	(61,120)	46,120	46,120	0
Melrose	368,918	72,750	296,168	589,000	589,000	0
Melrose Whatley Ave SEN	877	0	877	50,000	50,000	0
Unlocated SEN	1,647,799	1,525,073	122,726	2,972,940	2,972,940	0
Melbury College - Smart Centre	131,321	124,500	6,821	155,000	155,000	0
Medical PRU	261,711	1,700	260,011	431,700	431,700	0
Mainstream SEN (ARP)	269,047	318,433	(49,386)	437,910	437,910	0
Perseid Lower School	0	100,000	(100,000)	130,000	130,000	0
Other	**177,691**	**273,430**	**(95,739)**	**522,340**	**522,340**	**0**
CSF Safeguarding	295	0	295	86,000	86,000	0
Devolved Formula Capital	176,862	235,830	(58,968)	353,740	353,740	0
Children's Centres	279	20,000	(19,721)	55,000	55,000	0
Youth Provision	255	17,600	(17,345)	27,600	27,600	0

Appendix 5a

Capital Budget Monitoring – September 2022

Description	Actuals	Year to Date Budget	Variance	Current Budget 2022-23	Forecast Outturn 2022-23	Forecast Variance 2022-23
Environment and Regeneration	**4,207,435**	**5,390,570**	**(1,183,135)**	**15,965,420**	**15,965,420**	**0**
On Street Parking - P&D	157,235	264,712	(107,477)	492,780	492,780	0
Off Street Parking - P&D	63,754	278,804	(215,050)	1,474,510	1,474,510	0
CCTV Investment	94,245	433,148	(338,903)	1,015,840	1,015,840	0
Public Protection and Developm	0	25,000	(25,000)	50,000	50,000	0
Fleet Vehicles	0	269,768	(269,768)	748,470	748,470	0
Alley Gating Scheme	0	20,000	(20,000)	46,000	46,000	0
Waste SLWP	219,259	156,000	63,259	433,430	431,862	(1,568)
Street Trees	23,187	0	23,187	103,990	103,990	0
Raynes Park Area Roads	5,167	0	5,167	43,500	43,500	0
Highways & Footways	2,611,003	1,877,572	733,431	6,116,650	6,118,218	1,568
Cycle Route Improvements	67,126	157,476	(90,350)	678,640	678,640	0
Mitcham Area Regeneration	41,249	440,580	(399,331)	883,950	883,950	0
Wimbledon Area Regeneration	262,148	479,852	(217,704)	1,035,870	1,035,870	0
Morden Area Regeneration	0	0	0	150,000	150,000	0
Borough Regeneration	224,564	246,456	(21,892)	507,140	507,140	0
Property Management Enhancemen	0	0	0	35,000	35,000	0
Wimbledon Park Lake and Waters	390,057	208,084	181,973	520,210	520,210	0
Sports Facilities	23,538	126,088	(102,550)	315,220	315,220	0
Parks	24,902	407,030	(382,128)	1,314,220	1,314,220	0

Appendix 5b

Virement, Re-profiling and New Funding - September 2022

		2022/23 Budget	Virements	Funding Adjustments	Reprofiling	Revised 2022/23 Budget	2023/24 Budget	Movement	Revised 2023/24 Budget	Narrative
Corporate Services		£	£		£	£	£		£	
Civic Centre Cycle Parking	**(1)**	**60,000**			(60,000)	**0**	**0**	60,000		Reprofiled in line with projected spend
Children, Schools and Families										
Unlocated Primary School Proj	**(1)**	**264,550**	(166,120)	200,000	**(298,430)**	**0**	**2,500,000**	298,430	**2,798,430**	Virement & Reprofiled in line with projected spend
Hollymount - Schools Capital Maintenance	**(1)**	**4,200**	100,800			**105,000**			**0**	Virement in line with projected spend
Hatfeild - Schools Capital Maintenance	**(1)**	**85,290**	69,800			**155,090**			**0**	Virement in line with projected spend
Hillcross - Schools Capital Maintenance	**(1)**	**220,110**	(50,110)			**170,000**			**0**	Virement in line with projected spend
Joseph Hood - Schools Capital Maintenance	**(1)**	**15,000**	38,000			**53,000**			**0**	Virement in line with projected spend
Dundonald - Schools Capital Maintenance	**(1)**	**24,080**	(9,080)			**15,000**			**0**	Virement in line with projected spend
Pelham - Schools Capital Maintenance	**(1)**	**126,000**	(16,000)			**110,000**			**0**	Virement in line with projected spend
Wimbledon Chase - Schools Capital Maintenance	**(1)**	**185,390**	(65,390)			**120,000**			**0**	Virement in line with projected spend
Wimbledon Park - Schools Capital Maintenance	**(1)**	**164,130**	15,900			**180,030**			**0**	Virement in line with projected spend
Haslemere - Schools Capital Maintenance	**(1)**	**251,740**	52,300			**304,040**			**0**	Virement in line with projected spend
St Marks - Schools Capital Maintenance	**(1)**	**68,760**	16,300			**85,060**			**0**	Virement in line with projected spend
William Morris - Schools Capital Maintenance	**(1)**	**18,420**	13,600			**32,020**	**0**		**0**	Virement in line with projected spend
Raynes Park - Schools Capital Maintenance	**(1)**	**135,000**	(50,000)			**85,000**			**0**	Virement in line with projected spend
Whatley - Capital Maintenance	**(1)**	**0**	50,000			**50,000**				Virement in line with projected spend
CSF Safeguarding - Care Leavers Living Accommodation	**(1)**	**132,000**			(66,000)	**66,000**	**0**	66,000	**66,000**	Reprofiled in line with projected spend
Youth Provision - Pollards Hill Digital Divide	**(1)**	**237,600**			(210,000)	**27,600**	**0**	210,000	**210,000**	Reprofiled in line with projected spend
Environment and Regeneration										
Highways & Footways - Residential Secure Cycle Store	**(1)**	25,670			(25,670)	**0**	**0**	25,670	**25,670**	Reprofiled in line with projected spend
Highways & Footways - Accesibility Programme	**(1)**	21,380		130,000		**151,380**	**0**		**0**	Additional TfL Funding
Highways & Footways - Casualty Reduction & Schools	**(1)**	17,000		199,000		**216,000**	**0**		**0**	Additional TfL Funding
Cycle Route Improvements - Cycle Parking	**(1)**	5,000		80,000	(5,000)	**80,000**	**40,000**	5,000	**45,000**	Reprofiled in line with projected spend and additional TfL Funding
Cycle Route Improvements - Cycle Improve Residential Streets	**(1)**	29,560		205,000		**234,560**				Additional TfL Funding
Mitcham Area Regeneration - Sandy Lane Public Realm	**(1)**	235,000			(200,000)	**35,000**	**0**	200,000	**200,000**	Reprofiled in line with projected spend
Wimbledon Area Regeneration - Crowded Places/Hostile Veh	**(1)**	180,000			(180,000)	**0**	**0**	180,000	**180,000**	Reprofiled in line with projected spend
Wimbledon Area Regeneration - Wimbl Hill Heritage Led Pblc	**(1)**	50,000			(50,000)	**0**	**750,000**	50,000	**800,000**	Reprofiled in line with projected spend
Borough Regeneration - Merton Lost Rivers	**(1)**	200,000			(200,000)	**0**	**100,000**	200,000	**300,000**	Reprofiled in line with projected spend
Parks Investment - Myrna Close Public Realm	**(1)**	0		48,800		**48,800**	**0**		**0**	Reprofiled in line with projected spend
Borough Regeneration - 42 Graham Road	**(1)**	**50,000**			(50,000)	**0**	**0**	50,000	**50,000**	Viable scheme could not be progressed
Borough Regeneration - Carbon Offset Funding	**(1)**	**150,000**			(50,000)	**100,000**	**0**	50,000	**50,000**	Reprofiled in line with projected spend
Parks Investment - Paddling Pools	**(1)**	**270,000**			(70,000)	**200,000**	**0**	70,000	**70,000**	Reprofiled in line with projected spend
Total		**3,225,880**	**0**	**862,800**	**(1,465,100)**	**2,623,580**	**3,390,000**	**1,465,100**	**4,795,100**	

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

Capital Programme Funding Summary 2022/23

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
August Monitoring	**15,238**	**18,270**	**33,507**
Corporate Services			
Civic Centre Cycle Parking	**(60)**	**0**	**(60)**
Children, Schools and Families			
CSF Safeguarding - Care Leavers Living Accommodation	**(66)**	**0**	**(66)**
Youth Provision - Pollards Hill Digital Divide	**(210)**	**0**	**(210)**
Unallocated - Schools Capital Maintenance	**0**	**(98)**	**(98)**
Environment and Regeneration			
Highways & Footways - Residential Secure Cycle Store	**(26)**	**0**	**(26)**
Highways & Footways - Accesibility Programme	**0**	**130**	**130**
Highways & Footways - Casualty Reduction & Schools	**0**	**199**	**199**
Cycle Route Improvements - Cycle Parking	**(5)**	**80**	**75**
Cycle Route Improvements - Cycle Improve Residential Streets	**0**	**205**	**205**
Mitcham Area Regeneration - Sandy Lane Public Realm	**(200)**	**0**	**(200)**
Wimbledon Area Regeneration - Crowded Places/Hostile Veh	**(180)**	**0**	**(180)**
Wimbledon Area Regeneration - Wimbl Hill Heritage Led Pblc Realm	**(50)**	**0**	**(50)**
Borough Regeneration - Merton Lost Rivers	**(200)**	**0**	**(200)**
Parks Investment - Myrna Close Public Realm	**49**	**0**	**49**
Borough Regeneration - 42 Graham Road	**(50)**	**0**	**(50)**
Borough Regeneration - Carbon Offset Funding	**(50)**	**0**	**(50)**
Parks Investment - Paddling Pools	**(70)**	**0**	**(70)**
Proposed September Monitoring	**14,120**	**18,785**	**32,905**

Capital Programme Funding Summary 2023/24

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
August Monitoring	**12,838**	**25,594**	**38,432**
<u>Corporate Services</u>			
Civic Centre Cycle Parking	**60**	**0**	**60**
<u>Children, Schools and Families</u>			
Unallocated - Schools Capital Maintenance	**0**	**298**	**298**
CSF Safeguarding - Care Leavers Living Accommodation	**66**	**0**	**66**
Youth Provision - Pollards Hill Digital Divide	**210**	**0**	**210**
<u>Environment and Regeneration</u>			
Highways & Footways - Residential Secure Cycle Store	**26**	**0**	**26**
Cycle Route Improvements - Cycle Parking	**5**	**0**	**5**
Mitcham Area Regeneration - Sandy Lane Public Realm	**200**	**0**	**200**
Wimbledon Area Regeneration - Crowded Places/Hostile Veh	**180**	**0**	**180**
Wimbledon Area Regeneration - Wimbl Hill Heritage Led Pblc Realm	**50**	**0**	**50**
Borough Regeneration - Merton Lost Rivers	**200**	**0**	**200**
Borough Regeneration - 42 Graham Road	**50**	**0**	**50**
Borough Regeneration - Carbon Offset Funding	**50**	**0**	**50**
Parks Investment - Paddling Pools	**70**	**0**	**70**
Proposed July Monitoring	**14,005**	**25,892**	**39,897**

Appendix 6 Progress on Savings expected in 2022/2

PROGRESS ON 2022/23 SAVINGS
DEPARTMENT: CORPORATE SERVICES SAVINGS PROGRESS 2022/23

Ref	Description of Saving	2022/23 Savings Required £000	2022/23 Savings Forecast £000	Shortfall	RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Under spend? Y/N
Savings due in 22/23								
2019-20 CS04	Reduce strategic partner grant by 10%	78	78	0	G	John Dimmer		
2019-20 CS28	Cash collection reduction	13	13	0	G	Sean Cunniffe		
2020-21 CS7	Staff reductions	75	75	0	G	Sean Cunniffe		
2022-23 CS5	Customer, Policy & Improvement – Registrars Service	32	32	0	G	Sean Cunniffe		
2022-23 CS6	Customer, Policy & Improvement – Cash Collection	20	20	0	G	Sean Cunniffe		
2022-23 CS8	Customer, Policy & Improvement – Customer Contact	15	15	0	G	Sean Cunniffe		
2020-21 CS11	Commercial Services - restructure	50	0	50	R	Tina Dullaway	Will not be achieved - awaiting approval from CMT to implement the findings of the Commercial Services review. Due to go to CMT 07.07.22	
2018-19 CS08	Increase in income from Enforcement Service	20	0	20	R	David Keppler	Not achievable in year due to covid	
2022-23 CS1	Resources - AD budget	10	10	0	G	Roger Kershaw		
2022-23 CS2	Resources - AD budget	15	15	0	G	Roger Kershaw		
2022-23 CS3	Resources - Insurance	25	25	0	G	Nemashe Sivayogan		
2022-23 CS4	HR - Payroll	15	15	0	G	Liz Hammond		
2022-23 CS9	Corporate Governance - AD Budget	3	3	0	G	Louise Round		
2022-23 CS10	Corporate Governance - Electoral Services and Democratic services	15	15	0	G	Andrew Robertson		
2022-23 CS12	Corporate Governance - Information Team	29	29	0	G	Paul Phelan		
2022-23 CS13	Corporate items	50	50	0	G	Martin Hone		
Prior Year savings not delivered in 2021/22								
2018-19 CS07	Retender of insurance contract	25	0	25	R	Nemashe Sivayogan	Expected saving to be reviewed following six schools leaving the insurance SLA, new contract has delivered cost savings but there is shortfall against the budgeted saving due to original pressures in the budget	Y
2018-19 CS08	Increase in income from Enforcement Service	15	0	15	R	David Keppler	Not achievable in year due to covid	Y
2021-22 CS11	Review of shared Bailiff service with Sutton	40	0	40	R	David Keppler	Not achievable in year due to covid	Y
2019-20 CS26	Review of contract arrangements	120	0	120	R	Liz Hammond	The iTrent contract renewal did not proceed to an early exit as previously expected and the savings will now not start until 22/23.	Y
2019-20 CS23	Implement a means assessed charging scheme for appointeeships undertaken by the CFA team.	30	0	30	R	Tina Dullaway	Charging scheme yet to be agreed and implemented	Y
	Total CS Savings for 2022/23	**695**	**395**	**300**				

PROGRESS ON 2022/23 SAVINGS
CHILDREN, SCHOOLS AND FAMILIES SAVINGS PROGRESS: 2022-23

Ref	Description of Saving	2022/23 Savings Required £000	2022/23 Savings Achieved/ Expected £000	Shortfall	RAG	Responsible Officer	Comments
Savings due in 22/23							
CSF2019-12	Review of public health commissioned services	**N/A**	**N/A**	**N/A**	**N/A**	Dheeraj Chibber	This saving has been cancelled
CSF2019-16	National Minimum rate for Fostering/Guardianship/Adoption	**20**	**20**	**0**	G	Dheeraj Chibber	
CSF2019-17	Increased use of in-house foster care	**40**	**40**	**0**	G	Dheeraj Chibber	
CSF2019-18	Review and reshape shortbreaks provision	**200**	**0**	**200**	A	Elizabeth Fitzpatrick	Review delayed
CSF2019-19	SEND travel assistance	**150**	**0**	**150**	R	Elizabeth Fitzpatrick	There seems little prospect of transport costs reducing for the foreseeable future
2021-22 CSF01	Education & Early Help -Reduction made in provision for PFI Unitary Charges	**450**	**450**	**0**	G	Elizabeth Fitzpatrick	There may be an impact in 2029/30 when the PFI reserve may not be adequate
2021-22 CSF03	CSF - Ongoing underspend	**200**	**200**	**0**	G	Dheera Chibber/Elizabeth Fitzpatrick	
CSF1-22/23	School Meals PFI	**100**	**100**	**0**	G	Elizabeth Fitzpatrick	as above
CSF2-22/23	Education - Office Efficiencies	**50**	**50**	**0**	G	Elizabeth Fitzpatrick	
CSF3-22/23	Education Inclusion - Streamlined Activities	**28**	**28**	**0**	G	Elizabeth Fitzpatrick	
CSF4-22/23	CSC Placements - Demand Management and Commissioning			**0**		Dheerah Chibber	High inflation will drive up unit costs
Prior Year savings not delivered in 2021/22							
CSF2019-18	Review and reshape shortbreaks provision	**200**	**0**	**200**	A	Elizabeth Fitzpatrick	
2021-22 CSF01	Education & Early Help -Reduction made in provision for PFI Unitary Charges	**450**	**450**	**0**	G	Elizabeth Fitzpatrick	
	Total Children, Schools and Families Savings 2022/23	1,888	1,338	550			

DEPARTMENT: Community & Housing Savings Progress 2022/23

Ref	Description of Saving	Division	2022/23 Savings Required £000	2022/23 Savings Forecasted £000	Shortfall	RAG	Responsible Officer	Comments
(Nov'20)CH 100	Review of in-house day care provision	Adult Social Care	700		700	R	To be up dated	
(Nov'20)CH 101	Review of in-house LD Residential provision	Adult Social Care	544		544	A	To be up dated	
(Nov'20)CH 102	Dementia hub re-commissioning	Adult Social Care	55	55	0	G	Keith Burns	To be reviewed for period beyond 2022/23 in light of new administration priorities.
(Oct'21) CH105	Commissioning and Market Development – Increasing take up of Direct Payments	Adult Social Care	100	100	0	G	Keith Burns	Closer collaboration with operational teams to promote uptake. Work planned to streamline paperwork to make a more attractive option.
(Oct'21) CH106	Community & Housing - Housekeeping – review of ancillary budget lines	Adult Social Care	50	50	0	A	Various	
(Oct'21)CH1 09	Adult Social Care - Placements	Adult Social Care	100		100	G	Phil Howell	
Oct'21) CH110	Commissioning and Market Development – Commissioning efficiencies arising from re-procuring a high cost service	Adult Social Care	50	40	10	G	Keith Burns	Negotiation with provider in progress, but complex as aresult of TUPE position. May be recoverable but part year impact now reflected in forecast.
	Subtotal Adult Social Care		1,599	245	1,354			
(Jan'20) CH97	Increase income and better use of technology	Libraries	60	60	0	G	Anthony Hopkins	On track
	Subtotal Libraries		60	60	0			
	Total C & H Savings for 2022/23		1,659	305	1,354			

PROGRESS ON 2022/23 SAVINGS

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2022-23

Ref	Description of Saving	2022/23 Savings Required £000	2022/23 Savings Achieved £000	Shortfall	RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N	Budget manager
Savings due in 22/23									
ENV2021-07	Property Management - Increase residential (former Service tenancies) rent (increased income)	100	100	0	G	James McGinlay	Saving will not be made from additional rent from residential properties but from Industrial rent increase.		Jacquie Denton
ENV2021-10	Development Control/Building Control - Savings as a result of the 'Assure' M3 upgrade	15	0	15	R	James McGinlay			Jonathan Berry
ENV2022-23 05	Highways; Increased income from street permitting through enforcement of utility works.	40	40	0	G	James McGinlay			Paul McGarry
ENV2022-23 07	Future Merton, Policy team: Additional income from planning performance agreements (PPA)	50	50	0	G	James McGinlay			Paul McGarry
ENV1819-04	Parking: Reduction in the number of pay & display machines required.	14	14	0	G	Calvin McLean			Gavin Moore
ENV2021-08	Parking - Activity to improve On Street parking compliance.	100	100	0	G	Calvin McLean			Gavin Moore
E1	Regulatory Services: Investigate potential commercial opportunities	65		65	R	Calvin McLean			Chris Nash
ENV2022-23 01	Public Space - Waste services: Disposal processing savings (Food Waste Recyclate)	104	104	0	G	John Bosley			Charles Baker
ENV2022-23 02	Public Space – Greenspaces: Raynes Park Sports Ground - new lease arrangement	35	35	0	G	John Bosley			Andrew Kauffman
Prior Year savings not delivered in 2021/22									
ENV1920-06	Future Merton: Highways advertising income through re-procurement of the advertising contract for the public highway.	70	0	70	R	James McGinlay	Covid-19 estimated to impact on saving. Should be achieved from 2022/23.	Y	Paul McGarry
ENV2021-02	D&BC: Increase PPA's income (increased income) through a dedicated Majors team	80	0	80	R	James McGinlay	Staff issue with the admin manager being off sick has delayed progress.	Y	Jonathan Berry
ENV1920-01	Parking: Application to change Merton's PCN charge band from band B to band A. To effect this a full business case will need to be presented to Full Council. Following this, an application will be made to the London Councils Transport, and Environment Committee. Depending on the outcome at the Committee, the Mayor will also be required to ratify the application and the Secretary of State has final sign off. This 'saving' reflects the impact on estimated revenue until motorist compliance takes full effect .The objective is to reduce non-compliance but if the band change is implemented it is likely that there will be a short term increase in revenue. The purpose of PCN parking charges is to dissuade motorists from breaking parking restrictions and charges must be proportionate. The income from charges must only be used in accordance with the Road Traffic Regulation Act 1984. These purposes are contained within the Council's traffic management and other policy objectives.	340	56	284	R	Calvin McLean	Following the consultation process and approval by Merton, approved is required by the follong: London Councils, GLA, Mayor for London and Secretary of State. Applications are now with Secretary of state for final sign off. Possible implementation date Q4 2022. Process was delayed due to London Mayoral Election, officers working with GLA to progress the application. Additional questions raised by GLA have now been responded to and approved. Estimated operational date Feb 2022 resulting in 2 months (£56k) pro rata of this saving being achieved. to be sent by GLA to Mayor for London. Band A charges were introduced on the 1st February 2022. The impact of the increased charge will be monitored.	Y	Gavin Moore
ENV2021-08	Parking: Activity to improve On Street parking compliance.	100	50	50	R	Calvin McLean	Due to COVID and current on street activity this saving has not been met in Q1-3 2021. Operational consideration now being worked through for implementation in Q4. Possible Risk £50k will be achieved next year rather than this financial year. Additional on street activity commenced in January and a minimun £50k saving will be achieved in 2021/22.	Y	Gavin Moore
ENV2021-06	Service restructure across Safer Merton and CCTV	35	0	35	R	Calvin McLean	Cost pressures within the CCTV budget present a challenge to meeting this savings target. The CCTV upgrade programme will reduce the CCTV revenue costs (e.g. the upgrades to the network will lower data transmission costs), therefore the delivery of these savings is contingent on the timely implantation of the upgrade programme.	Y	Alun Goode
	Total Environment and Regeneration Savings 2021/22	**1,148**	**549**	**599**					

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