

CABINET

Date: 5 December 2022

Subject: Financial Report 2022/23 – Period 7 October 2022

Lead officer: Roger Kershaw

Lead member: Councillor Billy Christie

Recommendations:

- A. That Cabinet note the financial reporting data for month 7, October 2022, relating to revenue budgetary control, showing a forecast net adverse variance at 31 October on service expenditure of £0.989m 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	Budget 2024- 25	Budget 2025-26	Narrative
	£	£	£	£	
<u>Corporate Services</u>					
Works to Other Buildings- Boiler Replacement	(367,150)				Virement & Reprofiled in line with projected spend
Civic Centre - Comb. Heat and & Power System Replacement		450,000			Budget Relinquished as scheme will not provide value for money
Civic Centre - Absorption Chiller Replacement		275,000			Budget Relinquished as scheme will not provide value for money
Westminster Coroners Court	(273,260)				Virement in line with projected spend and increased by £106k
<u>Community and Housing</u>					
Libraries IT - Library Management System		(140,000)	140,000		Reprofiled in line with projected spend
<u>Children, Schools and Families</u>					
West Wimbledon- Schools Capital Maintenance	(18,610)				Virement & Reprofiled in line with projected spend
Wimbledon Chase- Schools Capital Maintenance	90,000				Virement in line with projected spend
Links- Schools Capital Maintenance	(32,850)				Virement & Reprofiled in line with projected spend
Singlegate- Schools Capital Maintenance	(40,000)				Virement in line with projected spend
St Marks- Schools Capital Maintenance	(50,000)				Virement in line with projected spend
William Morris- Schools Capital Maintenance	11,000				Virement in line with projected spend
Unallocated - Schools Capital Maintenance		65,750			Virement & Reprofiled in line with projected spend
Raynes Park- Schools Capital Maintenance	(11,000)				Virement in line with projected spend
Ricards Lodge- Schools Capital Maintenance	(6,410)				Virement & Reprofiled in line with projected spend
Rutlish- Schools Capital Maintenance	(7,880)				Virement & Reprofiled in line with projected spend
Mainstream SEN (ARP)- Raynes Park School Expansion 1	(15,000)	15,000			Virement & Reprofiled in line with projected spend
Perseid Lower- Perseid School Expansion	(50,000)	50,000			Virement & Reprofiled in line with projected spend

Continued.....

	Budget 2022-23	Budget 2023-24	Budget 2024- 25	Budget 2025-26	Narrative
On Street Parking- P&D- -Pay and Display Machines	(106,780)	106,780			Reprofiled in line with projected spend
On Street Parking- P&D - ANPR Cameras Air Quality ...	(86,000)				Car mounted Cameras not cost effective post covid
Off Street Parking - P&D -Car Park Upgrades	(544,510)	544,510			Reprofiled in line with projected spend
Off Street Parking - Peel House Car Park	(700,000)	700,000			Reprofiled in line with projected spend
CCTV Investment- Dark Fibre		172,500			Reprofiled in line with projected spend- New Project 23-24
CCTV Investment- CCTV Business Continuity & Resilience	(172,500)				Reprofiled in line with projected spend
Fleet Vehicles - Replacement of Fleet Vehicles	(748,470)				Reprofiled in line with projected spend
Highways & Footways - AFC Wimbledon CCTV	(4,640)				Budget Relinquished - scheme finished
Highways & Footways - Vivacity Monitors	39,180				New S 106 Funding
Cycle Route Improvements - Cycle Access/Parking	34,000				Additional TfL Funding
Cycle Route Improvements - Cycling Improvements Residential Streets	125,000				Additional TfL Funding
Mitcham Area Regeneration- Rowan Park Community Facility Match Funding	(150,000)	150,000			Reprofiled in line with projected spend
Morden Area Regeneration - Morden TC Regen Match Funding		(2,000,000)		2,000,000	Reprofiled to 2025-26
Wimbledon Park Lake and Waters- Water Sports Fleet	10,000			(10,000)	Reprofiled in line with projected spend
Parks- New Wimbledon Park Water Play Feature			183,000		Reinstated Budget funded from SCIL
Total	(3,075,880)	389,540	323,000	1,990,000	

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 This is the Period 7 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 £33.681m 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 7 (to 31 October 2022), the year-end forecast is a net adverse variance of £8.371m on Net Service Expenditure; a favourable variance of £7.041m on Corporate Provisions; and a small adverse variance of £0.089m relating to Covid-19. With a favourable forecast variance of £0.429 in funding, the Net Forecast Variance at year end is £0.989m. A summary is provided on the following details and more detailed analysis by Department is set out in Section 4 of the report.

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

Covid-19 Financial

Summary Position as at 31st October 2022

	Current Budget 2022/23 £000s	Year to Date Budget (Sept) £000s	Year to Date Actual (Oct) £000s	Full Year Forecast (Oct) £000s	Forecast Variance at year end (Oct) £000s	Forecast Variance at year end (Sept) £000s	Outturn Variance 2021/22 £000s
Department							
Corporate Services	31,090	17,700	19,690	32,183	1,093	992	645
Children, Schools and Families	60,867	30,432	32,340	62,223	1,356	1,378	2,426
Community and Housing	66,539	46,125	42,444	67,369	830	903	(699)
Public Health	(162)	452	(5,696)	(162)	0	0	
Environment & Regeneration	12,068	612	(5,455)	16,888	4,820	4,577	3,431
Overheads	(272)				272	267	
NET SERVICE EXPENDITURE	170,131	95,320	83,324	178,501	8,371	8,117	5,803
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Corporate Items							
Impact of Capital on revenue budget	11,066	6,455	3,310	10,947	(119)	(119)	(235)
Other Central budgets	(14,880)	5,324	(786)	(21,763)	(6,922)	(6,032)	(17,298)
Levies	988	494	747	988	0	0	0
TOTAL CORPORATE PROVISIONS	(2,826)	12,273	3,271	(9,827)	(7,041)	(6,151)	(17,533)
Covid-19	0	0	89	89	89	89	176
TOTAL GENERAL FUND	167,305	107,593	86,596	168,674	1,418	1,965	(11,730)
FUNDING							
Revenue Support Grant	(5,350)	(2,675)	(3,210)	(5,350)	0	0	
Business Rates	(32,380)	0	(5,721)	(32,380)	0	0	
Other Grants	(25,602)	(12,801)	(16,034)	(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)	(15,476)	(25,406)	(167,646)	(429)	(429)	710
NET	0	92,117	61,190	1,029	989	1,536	(11,020)

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 (October) £000	Full Year Forecast Variance (October) £000	Full Year Forecast Variance (September) £000	Outturn Variance 2021/22 £000
Customers, Policy & Improvement	5,530	5,663	97	153	(191)
Infrastructure & Technology	12,937	13,271	334	320	80
Corporate Governance	2,657	2,694	(45)	8	141
Resources	6,019	6,452	412	378	13
Human Resources	2,183	2,343	160	111	214
Corporate Other	1,764	1,862	135	24	388
Total (Controllable)	31,090	32,285	1,093	993	645

Overview

The department is currently forecasting an adverse variance of £1.093m at year end. This has moved adversely by £100 since period 6.

Customers, Policy and Improvement - £97k adverse variance

The variance for CPI has moved favourably by (£36k) since period 6.

Adverse variances within the division include:

- £300k within Press and Publications owing to use of agency staffing over establishment and unachievable income targets.
- £32k within the Marketing and Communications team due to staffing and printing costs
- £23k in Translations services due to under-achievement against the income budget as external demand remains low
- £17k Policy, Strategy and Partnerships overspend within its staffing budget lines, this will be funded by underspend in Programme Office
- £14k Complaints team additional staffing
- £13k 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 a vacancy being held pending recruitment.
- (£77k) Programme Office due to vacancies of which £51k will be used to fund a MIB funded post now that this funding has been exhausted.
- (£44k) Voluntary Sector Coordination - reduced grants expenditure
- (£28k) due to an over-achievement against the cash collection saving
- (£22k) 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 - £334k adverse variance

The adverse variance has moved adversely by £14k since period 6.

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:

- £183k on the Corporate Print Strategy.
- The FM External account is also forecasting a £123k 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.
- £120k on the PDC (Chaucer Centre). These are reviewed throughout the year and adjusted depending on the level of room bookings.
- There is an adverse variance of £65k on Corporate Contracts due to 2020/21 savings for reducing cleaning in corporate buildings remaining unachievable within the current circumstances.
- A further £53k 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 the cost of agency cover for maternity leave.

- Printing and photocopying team is forecasting £49k overspend. This will be offset by underspend from Post services.
- Security Services is also forecasting an adverse variance of £32k due to the contract cost being higher than the budget.
- Civic centre increased repairs and maintenance of £22k
- IT Service Delivery £20k owing to the use of agency staff covering vacant posts.

There are also multiple favourable variances within the division, such as

- the Microsoft EA (Enterprise Agreement) which is forecasted less than budget by (£135k)
- (£38k) 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 (£42k) favourable variance within Facilities.
- Transactional services have a (£30k) staffing underspend due to a part vacant post.
- Additional favourable variances include (£110k) for Postal Services. This offsets the forecast overspends on Printing and Photocopying where income targets are not expected to be achieved.

Corporate Governance – (£45k) favourable variance

The variance has increased favourably by £53k since period 6.

- Local Election expenses is forecasting an overspend of 13K due to the receipt of late invoices.
- SLLP (South London Legal Partnership) SLLP is currently forecasting £469k deficit overall, £81k 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 (£41k) favourable variance owing to the increase in income resulting from an increase in service provision.
- Members Allowances is projecting an underspend of (£28k),
- The service is projecting (£25k) underspend in Democracy Services due to staff costs in the Leaders Office being funded elsewhere.
- Information Team underspend of (£21k) due to a lag in recruitment and
- (£10k) decrease in Electoral registration costs due to salary savings.

Resources - £412k adverse variance

Overall Resources forecast variance has changed adversely by £34k since P6.

There are multiple budgets forecasting adverse variances due to Covid-19.

- Bailiffs' service forecasted to overspend by £362k (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 £235k adverse variance due to staff overtime, anticipated under recovery Normal recovery action was suspended from April until the end of July 2022, as a result of administering the energy grant payments. The payment was applied to the council tax accounts of all eligible households and could be claimed as a payment or offset against the council tax charge. Whilst the payment was outstanding the balance on the account was falsely reduced by £150, and any documents issued would have shown an incorrect balance due.

- A further adverse variance of £153k within AD resources due to consultancy costs for e5 upgrade.
- £61k within the budget management team due to a principal accountant for C&H finance team and use of agency cover for existing vacancies
- Corporate Accountancy is forecasting £97k overspend of which over £100k is an uplift in external audit fees
- Local Welfare Support is forecasting £36k overspend, however, £13.3k is from spend on the Cost of Living events and Household Support Fund (re-imbursed from the Government) in the absence of a cost centre. These cost centres have now been established and funds will be moved accordingly. Actual LWSS spend is forecasting @ £37k which is with the £40k budget. No overspend.
- Financial Systems Team is 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 (£211k) favourable variance which is largely due to grant receipts from DWP.
- Other favourable variances include Revenues and Benefits Support team (£120k) favourable variance mainly against staffing costs. This is due to vacancies in the team, recruitment to some of the vacant posts will commence before the end of the year.
- (£59k) in Treasury & Insurance, (£30k) Insurance premiums and Funding.
- (£60k) for Director of Corporate Services time lag between the current director retiring and new director coming into post,
- (£24k) underspend in staff costs in Capital and Financial Strategy due to more accurate forecasting of staff costs
- (£19k) on purchase card project and (£10k) Business Rates bids.
- (£14k) Chief Exec underspends

Human Resources – £160k adverse variance

HR's forecast variance has changed adversely since P6 by £49k.

However, the net adverse variance is primarily due to

- £166k within Learning & Development owing to the use of agency cover,
- £66k 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.

Favourable variances forecasted within HR are as follows:

- (£36k) Payroll,
- (£31k) Occupational Health,
- (£24k), Graduates & Apprentices and
- (£19k) Business partnerships.

Corporate Items - £135k adverse variance

Corporate items forecast variance has moved adversely since P6 by £112k.

This is primarily due to an adverse variance in

- Housing Benefits Rent allowance subsidies of £629 and

- £143k spend on consultants within Project Chaplin.

The above adverse variances are partly offset by

- (£272k) 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.
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Environment & Regeneration

Division	Current Budget	Full year Forecast (October)	Full Year Forecast Variance (October)	Full Year Forecast Variance (September)	Outturn Variance 2021/22
	£000	£000	£000	£000	£'00
Public Protection	(15,469)	(12,400)	3,069	3,032	4,142
Public Space	17,612	18,777	1,165	1,057	157
Senior Management	1,176	1,237	62	60	(192)
Sustainable Communities	8,750	9,274	524	429	(675)
Total (Controllable)	12,068	16,888	4,820	4,578	3,432

Description	2022/23 Current Budget	Forecast Variance at year end (October)	Forecast Variance at year end (September)	2021/22 Variance at year end
	£000	£000	£000	£000
Regulatory Services	631	300	310	38
Parking Services	(17,424)	2,656	2,660	4,181
Safer Merton & CCTV	1,324	112	62	-77
Total for Public Protection	(15,469)	3,069	3,032	4142
Waste Services	15,280	467	397	390
Leisure & Culture	584	403	397	-210
Greenspaces	2,402	190	157	-93
Transport Services	(654)	106	106	70
Total for Public Space	17,612	1,165	1,057	157
Senior Management & Support	1,176	62	60	-192
Total for Senior Management	1,176	62	60	-192
Future Merton	11,425	281	333	-708
Building & Development Control	42	408	251	335
Property Management	(2,718)	(165)	(155)	-303
Total for Sustainable Communities	8,750	524	429	-676
Total Excluding Overheads	12,068	4,820	4,578	3,431

Overview

The department is currently forecasting an adverse variance of £4.82m at year end. The main areas of variance are Regulatory Services, Parking Services, Waste, Leisure & Culture, Greenspaces, Property Management, Development & Building Control, Future Merton and Safer Merton. The primary reasons are the reduced revenue within Parking Services of £2.7m, a projected utility budget overspend of approximately £1m and increased inflationary costs for services, materials and equipment.

Public Protection

Regulatory Services adverse variance of £300k

The section has cumulative income savings of £275k relating to historic savings targets the department has been unable to achieve to date. These have contributed to the Non RSP income under recovery of £341k.

Current forecasts of adverse variances are within

- Licensing team of £157k of which 151k is unachievable income target
- Environmental health pollution of £49k unachievable income target
- Health & Safety EH Commercial net overspend £12k which includes £41k unachievable income target
- Street Market net overspend £48k – includes £42k unachievable income and £14k increased electricity costs.
- Trading standards £89k unachievable income targets

The above adverse variances have been offset by a (£68k) net underspend within the Shared services partnership with Richmond and Wandsworth.

The service is facing cost pressures resulting from the removal of LIP funding.

Parking Services adverse variance of £2,656k

This above adverse variance has improved by (£4k) from last month due to more accurate forecasting of staff costs.

An in-depth review and analysis of all sources of parking income indicates improvements since July, attributable to more robust and improved forecasting, increased parking PCN charges to the higher Band A level, the successful pilot to employ additional CEOs, and improvements to the management and efficiency of parking enforcement operations.

The improvement assumes that the cost of restoring Peel House car park ground floor, and project management of the renovation of Peel House and other car parks, can be met from either the Parking revenue reserve or capital.

It should be noted that there are unachieved income savings within this service that have contributed to the current adverse variance, such as £637k from a forecast that moving traffic and LTN PCN issuance would not decline, whereas the reality is that compliance does take place over time, and a £360k income expectation of volume growth in permit income, which has not taken place.

The end of October forecast shows adverse variances on parking income from across the various categories as follows.

Source of Income	Estimated 2022/23 Deficit (£...,000)
Car Parks	776
Moving Traffic and LTN PCNs	734
Parking Permits	1,150
On-Street bays	109
Total	2.769

Action is underway which could help to reduce this deficit:

- a) Approval is currently being sought for capital investment in Peel House car park to restore income to the level expected in the Parking base budget, However, the repayment of the capital works would be funded from parking revenue.
- b) Consideration of the closure of St Mark's car park, which is a £35k p.a. loss-making facility. This would require a negotiated agreement on surrender of the lease, which is being led by Future Merton.
- c) Planned investment in car park infrastructure may increase demand and income, although a review of leased and owned car parks will need to be undertaken
- d) Management control of essential expenditure whilst maintaining paid-for services

The service is also seeking to sustain the growth in parking enforcement activity and improved operational efficiency through the successful pilot deployment of additional CEOs.

Longer term options could also be considered, for example an inflation- and efficiency-led increase in permit prices, and the introduction of a surcharge for the highest CO₂-emitting vehicles.

There are favourable variances within Parking income of (£363k) being made up of (£273k) admin fees and (£90k) from parking bay suspensions.

Safer Merton is forecasting an adverse variance of £112k

This variance has changed from P6 by £50k due to backfilling vacant posts to support operational need. There has also been extensive work carried out to re-align budget forecasting from previous years i.e. Clarion Contract for CCTV monitoring.

Public Space

Waste Services has an adverse variance of £467k

The forecast has changed from P6 adversely by £69k due to:

- Decrease in disposal cost (£258k)
- Decrease in enforcement income £50
- Increase on Phase C cost £326k
- Decrease in building improvement cost (£36k).

An adverse variance of £189k is 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 adverse variance of £140k being forecast against the SLWP management fee associated with consultants and advisor cost in year.

Waste and street cleansing (Phase C) budgets remain under pressure due to above contract services being implemented including the two additional fly-tipping crews, evening economy crew in the second half of the year. A growth bid has been submitted to cover this revenue cost in 2023/24. In addition the service covered the cost of two one off large-scale fly tipping clearances including Willow Lane and Commonsides East. The current forecast variance for Phase C is £730k.

Waste Services adverse variances are partly offset by favourable variance on disposal costs of (£380k) due to new favourable gate fees for food waste & green associated. Note the service has delivered in excess of £750k in disposal savings in recent years. The current forecast is at par with last year's actuals 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 resulting 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 the Food and Garden waste processing services which currently expire this financial year. Further analysis is being done to establish how much of the overspend may be funded from Your Merton.

Other favourable variances include (£57k) on the Council's Environmental Enforcement services in respect of the number of enforced cases and the issuing of Fix Penalty Notices for fly-tipping and littering, (£108k) on employee related spend and (£36k) reduction in building improvement costs.

Included in this section are the achievement of the 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 £403k

The service is expecting the following adverse movements:

- A £55k under recovery in income from water sports at Wimbledon sailing base
 - The Watersport centre has under recovered mainly because of lake work causing an Easter closure, but also because some schools are budgeting cautiously
- An unprecedented increase in energy bills. The service is currently forecasting to spend double its leisure centre utilities budget resulting in a variance of £434k.
- Under recovery of £31k lettings income from Morden Assembly Hall.

These adverse variances are partly offset by the following favourable variances on employees (£96k) and supplies and services (£25k).

There is currently an action plan for the Leisure Centre to reduce utility costs

- Air-con only on at peak times
- 50% of lights off where possible
- Hourly meter information to access peaks and troughs
- The pool temperature turned down by 1 degree
- We have spent 30k on LED light replacements and bought new pool covers
- Both Canons and Wimbledon are having roof work done to make the centres waterproof and reduce utility costs

Morden Assembly Hall is currently being used as a Covid Vaccination Centre

Greenspaces adverse variance of £190k

The adverse variance has moved by £33k since September.

The reasons for change in variance are as follows:

- (£110k) increase in income
- (£39k) decrease in Premises costs
- (£5k) decrease in third party payments
- (£5k) decrease in net costs for Phase C
- 123k increase in Tree works costs
- £62k increase in supplies and services
- £8k staff costs increase (HLF canons staff cost not funded by the Trust).

Although the service is starting to recover post Covid, the service is projecting adverse variances as follows:

- Phase C £103k
- Premises £78k
- Employees £59k
- Pay & Display income £45k
- Rental income £40k
- Third party payments £26k

This under recovery in income is partly offset by (£69k) general income, (£61k) anticipated over recovery in events income, (£25k) underspend in supplies and services, (£18k) underspend in tree works and (£12k) underspend in transport costs.

Sustainable Communities

Future Merton net adverse variance of £281k

The movement in variance between September and October is a net decrease of (£52k) due to:

- £35k increase in costs for Bishopsford Bridge
- (£24k) decrease in Highways maintenance
- (£26k) increase in street works income
- (£10k) increase in Temporary orders income
- (£11k) decrease in staff costs
- (£18k) decrease in supplies and services
- £9k net change for TfL funded budgets

The net adverse variance consists of the following adverse variances:

- Street Lighting £341k, due to the significant increase in energy costs Facilities faced challenges when securing a new Street Lighting electricity supplier. It was therefore necessary to transfer onto a series of short term fixed contracts to avoid sitting on “out of contract rates” which would have been much higher
- £202k in Highways Maintenance mainly due to expected cost of reactive repairs
- £150k on Local Plan Fees. This to pay the Planning Inspectorate for their work on the Local Plan
- £100k unachievable income target for staff recharges to Merantun Developments
- £83k overspend on Bishopsford Bridge This relates to legal fees for the litigation case regarding the collapse of the bridge
- Vestry Hall £43k Increase in utility costs and security services
- A small under achievement on JCD income (now only approx. £13k below target).

The above adverse variances are partly offset by anticipated underspends on CPZs (£176k), staff (£84k) and winter maintenance (£13k); and an over-achievement in income on Temp traffic orders (£190k), streetworks/permitting (£122k) and CIL income (£72k)

To try and mitigate these overspends we will continue to maximise income where possible and will investigate the possibility of charging further staff costs to TfL budgets.

Property Management favourable variance of (£165k)

The forecast has moved favourably by (£10k) since September. This is primarily due to decrease in building maintenance costs.

The main reasons for the favourable variance is:

An underspend of (£148k) being forecast on salaries costs against a budget of £320k.

There is also a favourable variance relating to exceeding the commercial rental income expectations by (£280k) due to rent reviews in line with the tenancy agreements.

The above favourable variance are being offset by :

adverse variance on premises related expenditure of £62k, for example, building improvements, utilities, repairs & maintenance costs and £133k 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 Control (BC) and Building Control Enforcement (BCE) net adverse variance of £58k

- BC £40k
- BC enforcement £18k staffing

The BC variance is primarily due to:

£158k under achievement of income

£18k supplies and services (largely Legal advice; marketing and repairs; some of which should be recharged)

Offset by:

(£136k) savings on salaries (which includes expenditure on agency and consultancy)

Positive Variance from Sept to Oct of £33k

Largely due to savings on expected salaries costs

Explanation for BC Adverse Variance

The income target for BC has not been met for a number of years, usually under achieving by approx. £200k. This is due to the fact that there are many vacancies and the team is operating with limited staff. They are therefore losing market share to Approved Inspectors. BC is currently carrying out a review with the intention of recruiting to the vacancies. This review will be in line with any new requirements and to meet any legislation and regulations. This should enable the income target to be met in future. It will also enable the team to better deal with statutory response emergency incidents such as Lewis Road; Spur House; Britannia Point; and Galpin Road where additional BC and Surveyor support has needed to be purchased from the private sector and other local authorities at a high cost.

Development Control (DC) and Development Control Enforcement (DCE) adverse variance of £348k

DC = £357k and DCE = (£9k)

The Development Management Team in particular is overdependent on Agency workers. This is due to a historical set of circumstances whereby 16 full time planning officers left the team between February 2020 and the arrival of the current Interim Head of Development Management and Building Control in June 2022. Every time one of those officers left the council the remaining caseload had to be reallocated to colleagues creating unmanageable workloads. Approximately 100 applications which had been written up for sign off have been in a backlog which is still being worked on. High numbers of Agency staff have had to be brought in and retained to avoid the service falling over.

Furthermore, there is the unusual situation whereby a Principal Planner is solely working on one planning application for the All England Lawn Tennis Club to extend into Wimbledon Park Golf Club. A Principal Planner would usually handle a mix of 50 major and difficult minor planning applications and would coach junior members of staff when signing their cases off. The tennis application has been registered since August 2021 and will not be presented to the Planning Applications Committee until at least February 2022, after which there will be much more work to do around the GLA referral process. The length of time taken is due to the complexity of the proposals and this has been beyond the Council's control. At an informal meeting of the Cabinet on Friday 11th November 2022 Members were very clear to Officers that this work needs to be properly resourced and Directors should be advised of the requirements. Additional Agency staff have been retained for longer than initially forecasted to handle the work that the dedicated Case Officer cannot pick up. This is contributing significantly to the overspend but it is essential and statutory work of huge importance to the organisation.

A piece of work has commenced around benchmarking with other London authorities such as Camden which appears to have a much more extensive and robust Planning staff structure. A report will be prepared on this. It is also difficult to attract external candidates to permanent positions as the salaries being offered are not as competitive as those provided by neighbouring Councils. Nevertheless other solutions are underway including the temp to perm process for the Interim Head of Development Management and Building Control to be completed in December, which will in itself represent a significant saving, and conversations have also taken place with other Agency workers about this opportunity for them. Following the recent successful recruitment of a graduate Planner the team is keen to bring in more colleagues at that junior level.

Children Schools and Families

Children, Schools and Families (£000's)	2022/23 Current Budget	Full Year Forecast	Forecast Variance October	Forecast Variance September	2021-22 Year Variance
Education					
Education Budgets	£ 18,911	£ 19,988	£ 1,077	£ 981	£ 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	£ 28,862	£ 1,077	£ 981	£ 268
Other CSF					
Child Social Care & Youth Inclusion	£ 22,183	£ 23,492	£ 1,309	£ 1,356	£ 2,009
Cross Department	£ 910	£ 601	-£ (310)	-£ (310)	£ -
PFI Unitary Costs	£ 8,409	£ 8,409	£ -	£ -	£ 766
Pension and Redundancy Costs	£ 1,624	£ 904	-£ (720)	-£ (649)	-£ (617)
Other CSF Sub-total	£ 33,126	£ 33,406	£ 279	£ 397	£ 2,158
Grand Total	£ 60,911	£ 62,268	£ 1,356	£ 1,378	£ 2,426

Summary

The department is forecasting an overspend of £1.35m compared £1.37m as at period 6 and £2.4m overspent at year end. The high cost of and dependency on agency staff continues to be a key pressure and we are working hard to recruit permanent staff. The high cost of child placements and transport also remain significant pressures. Further work is planned to mitigate these pressures.

We are making progress with recruitment of permanent social workers and have reduced the number to 50 from a peak of 92. We continue to engage with our agency workers to try to persuade them to convert to permanent staff, and to train our own. We are reviewing our market supplements to ensure we remain competitive in a tight social work market. Whilst we seek to recruit all the time, we will be launching a social worker recruitment campaign with Community & Housing.

There has been a long-term trend in increased demand for home to school transport, which was temporarily mitigated by the pandemic. Our work through the Safety Valve programme has stabilised demand but transport costs remain due to fuel costs and a shortage of drivers. Further work is planned to mitigate these pressures

The Safety Valve programme has reduced the in-year deficit from £13.5m in March to £9.9m. The Safety Valve agreement is a five-year programme. Despite the very challenging first year target, we are on course to balance the budget by 2025/26, ahead of the 2026/27 timeline agreed with the Department for Education (DfE) in return for £28m deficit funding. In addition to the £11.6m upfront funding, DfE have released two of the four quarterly payments of £875k. The next payments are due in December and March.

Local Authority Services

Local Authority Funded Services (£000's)	Budget	October Variance	September Variance	2021/22 Outturn Variance
Child Social Care and Youth Inclusion				
Senior Management	£ 303	-£ (72)	-£ (31)	£ 429
Head of Help & Family Assessment	£ 3,070	-£ (561)	-£ (517)	-£ (676)
Head of Family Support & Safeguarding	£ 4,382	£ 582	£ 810	£ 2,019
Head of Corporate Parenting	£ 12,461	£ 1,577	£ 1,408	£ 809
Head of Adolescent and Safeguarding	£ 1,968	-£ (218)	-£ (315)	-£ (572)
CSC & Youth Incl Total	22,184	1,308	1,355	2,009
Education				
Contracts, Proc & School Org	£ 7,854	£ 1,576	£ 1,576	£ 409
Early Years & Children Centres	£ 4,191	-£ (205)	-£ (172)	-£ (311)
Education - School Improvement	£ 64	£ 21	£ 21	-£ (1)
Education Inclusion	£ 1,815	-£ (13)	-£ (9)	-£ (131)
Schools Delegated Budget	£ -	£ -	£ -	-£ (3)
SEN & Disability Integrat Serv	£ 2,622	£ 19	-£ (16)	£ 49
Senior Management	£ 1,400	-£ (228)	-£ (334)	£ 364
Policy, Planning & Performance	£ 749	-£ (50)	-£ (50)	£ 75
Departmental Business Support	£ 216	-£ (43)	-£ (35)	-£ (57)
Education Total	£ 18,911	£ 1,077	£ 981	£ 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	-£ (720)	-£ (649)	-£ (617)
Education Total	£ 19,817	-£ (1,030)	-£ (959)	£ 23
LA Total	£ 60,912	£ 1,355	£ 1,377	£ 2,426

Child Social Care & Youth Inclusion

Overall CSC&YI forecast overspend has decreased by £47k since period 6 and £701k since year-end. There are a number of movements between the forecasts within this service, including additional costs relating to fostering recruitment & assessment, and adoption allowances.

The main pressures in the Child Social Care & Youth Inclusion budget remain the dependency on and increasing cost of agency social workers. We have an annual training programme to try to 'grow our own' but in terms of recruitment we are operating in a very competitive market. We have been reviewing our market supplements to remain competitive, whilst trying not to push the market further upwards. We will launch a recruitment campaign shortly.

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 50, compared to a peak of 92.

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. As a result, the costs of such placements came down by £230k since period 6.

Education

The Education forecast overspend has increased by £96k to £1.07m. The Education budget is facing significant pressures in the cost of transport although this has stabilised due to the implementation of the new transport policy agreed last year and the work through the Safety Valve programme to stop the increase in the number of Education Health & Care Plans (EHCP).

The Safety Valve plan is having 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. This reduces travel time for children and transport costs for us.

With the cost of each journey is unlikely to come down significantly in the short term, our focus is on managing and reducing demand. We have managed to stabilise the number of children transported for the new academic year, by applying our refreshed transport policy is being applied to new applications. We will be undertaking further work to review cases against the new policy and to try to promote cost-effective direct payments as an alternative to taxis.

Dedicated Schools Budget (£000's)	Budget	October Variance	September Variance	2021/22 Outturn Variance
<u>Education</u>				
Contracts, Proc & School Org	£ 286	£ 14	£ 20	-£ (16)
Early Years & Children Centres	£ 15,823	£ 757	-£ (167)	-£ (3,348)
Education - School Improvement	£ 1,120	-£ (4)	-£ (4)	-£ (41)
Education Inclusion	£ 1,464	-£ (20)	-£ (39)	£ 99
SEN & Disability Integrat Serv	£ 24,075	£ 8,056	£ 8,431	£ 13,899
Sub-total	£ 42,768	£ 8,803	£ 8,241	£ 10,593
<u>CSC & Youth Inclusion</u>				
DSG - Child Social Care & Youth Incl	£ 42	£ -	£ -	-£ (7)
Sub-total	£ 42	£ -	£ -	-£ (7)
<u>Schools Delegated Budget</u>				
DSG Reserve	£ -	-£ (1,200)	-£ (1,200)	-£ (2)
Retained Schools Budgets	£ 2,828	-£ (1,549)	-£ (1,481)	-£ (417)
Schools Delegated Budget	-£ (45,683)	£ 3,910	£ 4,449	£ 3,387
Sub-total	-£ (42,855)	£ 1,161	£ 1,768	£ 2,967
DSG Total	-£ (45)	£ 9,964	£ 10,009	£ 13,553

Dedicated Schools Grant (DSG) and Safety Valve

We are making good progress against our five-year Safety Valve plan. Overall, the in-year deficit is £3.55m lower than last year, which is a significant achievement. Although this is short of the very ambitious year one target, we are working to bring forward actions in later years to achieve balance within the five-year timescale agreed with DfE. On our current trajectory, we should be balanced by 2025/26, a year ahead of the plan.

The in-year deficit has edged down slightly on last month. We have stabilised the number of Education Health & Care Plans (EHCPs). As at the end of October 2023 we had 2,489 open plans, nine less than the same year. New plans are being approved in line with need and our policy, but this is offset by plans coming to an end. We have ceased 156 plans this year in accordance with policy and 119 have moved out of the borough.

The new provision of special school places at Whatley Avenue and in additional Additionally Resources Places in 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. We have further

plans to open additional places in borough, including a new special school. We are working to DfE to achieve a September 2025 opening of that school.

DfE has paid two of the four quarterly payments of £875k for the year on the back of out monitoring returns. Further payments are due in December and March. This is in addition to the £11.6m paid in advance.

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 and currently forecast to be in balance by 2025/26, a year ahead of plan.

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 £28m deficit funding, of which £11.6m has been paid upfront. The remainder will be paid over five years subject to meeting the agreement conditions. The DfE has released two quarterly payments of £875k so far.

Community and Housing Summary Position

Overview

Community and Housing is currently forecasting an unfavourable position in October of £830k which is a reduction on the unfavourable variance of £73k since September. The Adult Social Care unfavourable forecast has reduced by £394k, the Housing unfavourable forecast increased by £330k, the libraries unfavourable forecast reduced by £9k and Merton Adult Learning and Public Health continue to forecast a breakeven position.

Favourable positions on other budget lines within Community and Housing such as employee budget lines relating to recruitment lag/delays are assisting with the overall position. The Adult Social Care overall position may improve further once the in-year position on client contributions is updated.

Community & Housing	2022/23 Current Budget	2022/23 Full Year Forecast	2022/23 Full Year Variance	2022/23 Full Year Variance	2022/23 Outturn Variance
	£ 'm	£ 'm	£'m	£'m	£'m
		(Oct)	(Oct)	(Sept)	(Mar'22)
Adult Social Care	60,517	60,777	260	655	(881)
Libraries and Heritage	2,499	2,515	16	25	105
Merton Adult Learning	4	4	0	0	0
Housing General Fund	3,519	4,073	554	224	77
Public Health	(162)	(162)	0	0	0
Total Favourable/ Unfavourable	66,377	67,207	830	903	(699)

Adult Social Care

Adult Social Care is currently forecasting an unfavourable variance at year end of £260k. This is due in part to the ongoing impact of an increase in overall demand and, more significantly, the increasing complexity of needs being assessed and the resulting need for larger packages of care. Inflation pressures in relation to third-party provider costs remain significant. The overall numbers of packages appears to be stabilising over the last two months as a result of the actions reported in previous monitoring reports. This change, assuming it is maintained, will have a positive impact on the overall budgetary position but it will take time to return to a balanced position. 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 continues to reduce as a result.

Hospital 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.

Merton has a high rate of emergency hospital admissions for people aged 65+ diagnosed with dementia compared with London and England.

The overarching message is that most older people are healthy and an asset; however, an aging population leads to increasing complexity of need due to several long-term conditions (co-morbidities) and dementia, sensory impairment, frailty, and loneliness/isolation. The Merton Story 2021 highlighted the issues of multi-morbidity and increased complexity as people age.

Description of Pathways: -

<p>Pathway 0- 50 % of Clients</p> <ul style="list-style-type: none"> • People discharged requiring minimal support, or interventions from health and social care services.
<p>Pathway 1- 45% of clients</p> <ul style="list-style-type: none"> • People who are discharged and able to return home with a new, additional or a restarted package of care.
<p>Pathway 2- 4% of clients</p> <ul style="list-style-type: none"> • People who discharged with a short term intensive support package at a 24 hour bed based setting before returning home.
<p>Pathway 3-1% of clients</p> <ul style="list-style-type: none"> • People who require 24 hours bed based care

Comparison of Discharge Activities 2021/22 to October 2021

Discharge Activities April to October 2021/22

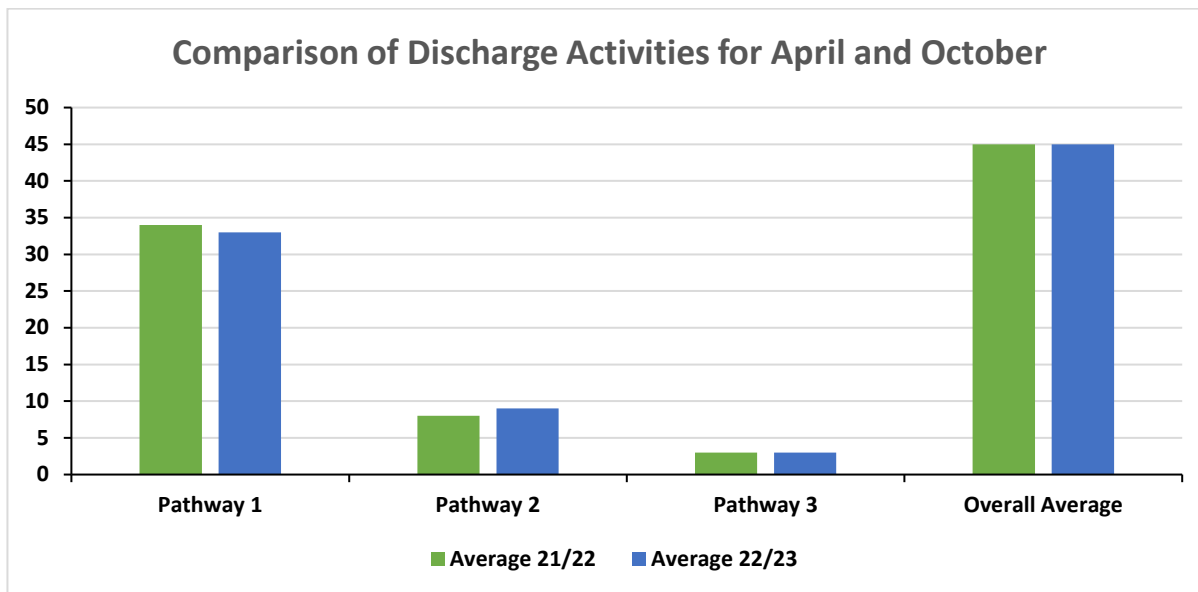
Week Commencing	Pathway 1	Pathway 2	Pathway 3	Grand Total
Grand Total	1025	232	93	1350
Average	34	8	3	45

NB: No information on pathway 0

Discharge Activities April to October 2022/23

Week Commencing	Pathway 1	Pathway 2	Pathway 3	Grand Total
Grand Total	980	283	77	1340
Average	33	9	3	45

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



The above bar chart shows that discharge to October is as 2021/22.

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

Direct Provision unfavourable forecast was reduced from £13k to £2k between September and October.

The service continues to deal 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. A recruitment campaign is expected to add more bank staff and therefore reduce overtime expenditure. All rotas are reviewed on a weekly basis to maximise efficiency. 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 - £16k

This service is forecasting an unfavourable variance of £16k in October 2022, which is an improvement of £9k since October. This is due to change in salary forecast due to staff opt-out of pension scheme, revision of income and office costs forecasts.

New services are due to be launched this autumn including new Health & Wellbeing Zones with ongoing 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 will be bringing its revised Adult Learning Strategy and delivery plan for 2023 to 2026 to Cabinet in January 2023. The strategy will include objectives such as a commitment to increasing courses in priority areas in the borough to address inequalities and supporting more residents into 'good' work.

Housing General Fund- unfavourable variance - £554k

This service is currently forecasting an unfavourable variance of £554k which is an increase of £330k since September. Current unfavourable variance is made up of several issues such as expected expenditure on temporary accommodation, increase in subsidy shortfall and an increase on rent deposits payable for customers. There is also likely to be pressure on nightly rates in the months ahead for new and existing cases because of inflationary pressures from providers. This is being tackled at a regional and sub-regional level in terms of a strategic response to managing this.

The service is currently working on data to ascertain outstanding from Housing Benefit which could affect the forecast positively.

Temporary Accommodation (TA) numbers increased slightly in October. The borough now has 293 families in TA which is an increase of 8 since September. However, numbers are predicted to continue to rise due to pressures from cases from the home office, Ukraine, Afghanistan and people affected by the cost-of-living crises.

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 (Oct'22) £'000	Forecast Variance (Oct'22) £'000	Forecast Variance (Sept'22) £'000	Outturn Variance (March'22) £000
Temporary Accommodation-Expenditure	2,544	4,456	1,912	1,660	1,346
Temporary Accommodation-Client Contribution	(140)	(240)	(100)	(90)	(177)
Temporary Accommodation-Housing Benefit Income	(2,087)	(3,551)	(1,464)	(1,468)	(465)
Temporary Accommodation-Subsidy Shortfall	322	1,637	1,315	1,254	838
Temporary Accommodation-Grant	0	(978)	(978)	(991)	(1,514)
Subtotal Temporary Accommodation	639	1,324	685	365	28
Housing Other Budgets	2,880	2,749	(131)	(141)	49
Total Controllable (Favourable)/Unfavourable Variance	3,519	4,073	554	224	77

Analysis of Housing and Temporary Accommodation Expenditure to October 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 October was 293 which is 27% 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
Oct'22	23	15	293

The table above shows the total numbers in temporary accommodation (TA) to October 2022. This shows that net numbers in (TA) is increased by 60 since April which is unrepresented for LBM's temporary accommodation team.

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)

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.

This is due to a combination of factors: -

1. Increase in demand, primarily from the end of assured short tenancies (AST), domestic abuse cases, family evictions, hospital discharges, prison releases and cases from Ukraine, and other former asylum seekers.
2. Notably 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. In Merton there have been notably increases in applications since June.

There was an improvement in vacant properties from Capital Letters during June, but no properties offered in the following 3 months. A meeting has taken place with Capital letters and there has been London wide agree to increase incentives to Landlord and there has been some properties offered to Merton since this time.

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 October 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 31 October 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 (Oct.) £000s	Forecast Variance at year end (Oct.) £000s	Forecast Variance at year end (Sep.) £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)	(947)	(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	14,336	(5,580)	(4,690)	(17,212)
Income Items	(4,223)	(4,223)	0	0	10
Appropriations/Transfers	(11,161)	(11,267)	(106)	(106)	1,972
Central Items	10,713	3,791	(6,923)	(6,033)	(17,318)
Levies	988	988	0	0	0
Depreciation and Impairment	(25,593)	(25,593)	0	0	20
TOTAL CORPORATE PROVISIONS	(2,826)	(9,867)	(7,042)	(6,152)	(17,533)
COVID-19 Emergency expenditure	0	89	89	89	235
TOTAL CORPORATE EXPENDITURE inc. COVID-19	(2,826)	(9,779)	(6,953)	(6,063)	(17,298)

Based on expenditure to 31 October 2022, a favourable variance of £6.953m including Covid (£7.042m excluding covid) is forecast for corporate expenditure items. This is a favourable movement of £0.890m including Covid (£0.850m excluding Covid) on the September forecast and the reasons for this are:-

- a) It is forecast that the corporate contingency will be underutilised by £0.540m at year end and is available to offset the forecast unfavourable variance in service department budgets
- b) It is forecast that the budget for redundancy/pension strain will be underutilised by £0.250m at year end and is available to offset the forecast unfavourable variance in service department budgets
- c) It is forecast that the budget for loss of income due to Covid will be underutilised by £0.100m at year end and is available to offset the forecast unfavourable variance in service department budgets

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	7,232	(640)	6,592	20,258	21	20,280	5,155		5,155	12,427		12,427
Community & Housing	945	(30)	914	967	(140)	827	2,755	140	2,895	1,237	(60)	1,177
Children Schools & Families	8,763	(151)	8,612	7,558	131	7,689	8,737		8,737	3,479		3,479
Environment and Regeneration	15,965	(2,433)	13,532	11,114	(526)	10,587	6,114	183	6,297	22,923	1,990	24,913
Total	32,905	(3,255)	29,650	39,897	(514)	39,383	22,761	323	23,084	40,066	1,930	41,996

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

Capital Budget Monitoring - October 2022

Department	Actuals	Year to Date Budget	Variance	Final Budget 2022-23	Forecast Outturn 2022-23	Forecast Variance 2022-23
Corporate Services	1,139,713	2,308,005	(1,168,292)	6,591,760	6,591,420	(340)
Community and Housing	460,597	436,400	24,197	914,130	914,124	(6)
Children Schools & Families	4,273,492	4,492,831	(219,339)	8,612,220	8,453,580	(158,640)
Environment and Regeneration	4,841,297	6,337,721	(1,496,424)	13,532,270	13,610,605	78,335
Total	10,715,098	13,574,956	(2,859,859)	29,650,380	29,569,729	(80,651)

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

		Budget 2022-23	Budget 2023-24	Budget 2024-25	Budget 2025-26	Narrative
Corporate Services		£	£	£	£	
Works to Other Buildings- Boiler Replacement	(1)	(367,150)	367,150			Reprofiled in line with projected spend
Westminster Coroners Court	(1)	(273,260)	379,260			Virement in line with projected spend and increased by £106k
Civic Centre - Comb. Heat and Power System Replacement	(1)		(450,000)			Budget Relinquished as scheme will not provide value for money
Civic Centre - Absorption Chiller Replacement	(1)		(275,000)			Budget Relinquished as scheme will not provide value for money
Total		(640,410)	21,410	0	0	

(1) Requires Cabinet approval

b) Community and Housing – After the adjustments in the Table below budget managers are projecting to full spend on all budgets.

		Budget 2022-23	Budget 2023-24	Budget 2024-25	Budget 2025-26	Narrative
Community and Housing		£	£	£	£	
Telehealth		(30,400)				Reprofiled in line with projected spend
Library Enhancement Works - Capital Building Works					(60,000)	Budget Removed until strategically revised asset requirements
Libraries IT - Library Management System	(1)		(140,000)	140,000		Reprofiled in line with projected spend
Total		(30,400)	(140,000)	140,000	(60,000)	

(1) Requires Cabinet approval

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

		Budget 2022-23	Budget 2023-24	Narrative
Children, Schools and Families		£	£	
West Wimbledon- Schools Capital Maintenance	(1)	(18,610)		Virement & Reprofiled in line with projected spend
Wimbledon Chase- Schools Capital Maintenance	(1)	90,000		Virement in line with projected spend
Links- Schools Capital Maintenance	(1)	(32,850)		Virement & Reprofiled in line with projected spend
Singlegate- Schools Capital Maintenance	(1)	(40,000)		Virement in line with projected spend
St Marks- Schools Capital Maintenance	(1)	(50,000)		Virement in line with projected spend
William Morris- Schools Capital Maintenance	(1)	11,000		Virement in line with projected spend
Unallocated - Schools Capital Maintenance	(1)		65,750	Virement & Reprofiled in line with projected spend
Raynes Park- Schools Capital Maintenance	(1)	(11,000)		Virement in line with projected spend
Ricards Lodge- Schools Capital Maintenance	(1)	(6,410)		Virement & Reprofiled in line with projected spend
Rutlish- Schools Capital Maintenance	(1)	(7,880)		Virement & Reprofiled in line with projected spend
Mainstream SEN (ARP)- Raynes Park School Expansion 1	(1)	(15,000)	15,000	Virement & Reprofiled in line with projected spend
Perseid Lower- Perseid School Expansion	(1)	(50,000)	50,000	Virement & Reprofiled in line with projected spend
CSF Safeguarding - Care Leavers Drop-In Accommodation		(20,000)		Will utilise other available facilities in the Borough
Total		(150,750)	130,750	

(1) **Requires Cabinet approval**

The council utilises ‘School Condition Allocation’ grant for capital maintenance in schools (£2.4 million this year plus slippage from last year so the budget was £3.76 million). We are now in contract to spend £2.84 million on 41 school projects. Following a review after the summer holiday works, we have prioritised 10 new projects to the value of £580k. As it is term time there is some risk to spending all this money by 31 March 2023. However, it is reasonable to expect to spend at least £3.1 million this year. A number of virements and slippage requests are being made within the schools Capital Maintenance programme to this Cabinet to ensure budget is in the right place at individual scheme level.

With regard to other schemes, there are two major completed schemes that are still subject to final account agreement, at Melrose School and the Harris Academy Wimbledon new school facilitation project (Merton Hall).

d. Environment and Regeneration – After the adjustments in the Table below budget managers are over-forecasting an overspend within Highways and Footways, the overspend is forecast to occur on the Footways and Borough Roads Budget. The main cause of the overspend is a 20% inflationary increase in the term contractor’s contract (inflationary uplift based on the Baxter’s Index).

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

		Budget 2022-23	Budget 2023-24	Budget 2024-25	Budget 2025-26	Narrative
Environment and Regeneration		£	£	£	£	
On Street Parking- P&D- -Pay and Display Machines	(1)	(106,780)	106,780			Reprofiled in line with projected spend
On Street Parking- P&D - ANPR Cameras Air Quality ...	(1)	(86,000)				Car mounted Cameras not cost effective post covid
Off Street Parking - P&D -Car Park Upgrades	(1)	(544,510)	544,510			Reprofiled in line with projected spend
Off Street Parking - Peel House Car Park	(1)	(700,000)	700,000			Reprofiled in line with projected spend
CCTV Investment- Dark Fibre	(1)		172,500			Reprofiled in line with projected spend- New Project 23-24
CCTV Investment- CCTV Business Continuity & Resilience	(1)	(172,500)				Reprofiled in line with projected spend
Fleet Vehicles - Replacement of Fleet Vehicles	(1)	(748,470)				Reprofiled in line with projected spend
Waste SLWP - Project General		(8,080)				Budget Relinquished
Waste SLWP - Waste Bins		(30,350)				Budget Relinquished
Waste SLWP- Street Cleanse Sub Dep Mitcham		(55,000)				Budget Relinquished
Highways & Footways - AFC Wimbledon CCTV	(1)	(4,640)				Budget Relinquished - scheme finished
Highways & Footways - Vivacity Monitors	(1)	39,180				New S 106 Funding
Cycle Route Improvements - Cycle Access/Parking	(1)	34,000				Additional TfL Funding
Cycle Route Improvements - Cycling Improvements Residential Streets	(1)	125,000				Additional TfL Funding
Mitcham Area Regeneration- Rowan Park Community Facility Match Funding	(1)	(150,000)	150,000			Reprofiled in line with projected spend
Morden Area Regeneration - Morden TC Regen Match Funding	(1)		(2,000,000)		2,000,000	Reprofiled to 2025-26
Wimbledon Park Lake and Waters- Water Sports Fleet	(1)	10,000			(10,000)	Reprofiled in line with projected spend
Parks- New Wimbledon Park Water Play Feature	(1)			183,000		Reinstated Budget funded from SCIL
Total		(2,398,150)	(326,210)	183,000	1,990,000	

(1) Requires Cabinet approval

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	(7,682)	6,592
Community & Housing	2,530	87			50	(1,753)	914
Children Schools & Families	6,441	888	422	2,487		(1,606)	8,632
Environment and Regeneration	15,118	3,489	(251)	1,601	1,139	(7,583)	13,512
Total	32,611	9,919	171	4,225	1,349	(18,625)	29,650

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

Depts.	Spend To October 2019	Spend To October 2020	Spend to October 2021	Spend to October 2022	Variance 2019 to 2022	Variance 2020 to 2022	Variance 2021 to 2022
CS	1,659	845	694	1,140	(519)	295	446
C&H	502	213	698	461	(41)	248	(237)
CSF	5,583	1,060	4,173	4,273	(1,309)	3,213	100
E&R	3,242	4,759	5,945	4,841	1,599	83	(1,103)
Total Capital	10,986	6,877	11,509	10,715	(271)	3,838	(794)

Outturn £000s	23,161	16,930	21,776	
Budget £000s				29,649
Projected Spend October 2022 £000s				29,570
Percentage Spend to Budget				36.14%
% Spend to Outturn/Projection	47.43%	40.62%	52.85%	36.24%
Monthly Spend to Achieve Projected Outturn £000s				3,431

5.6 October is seven months into the financial year and departments have spent just over 36% of the budget. Spend to date is higher than one of the three previous financial years.

Department	Spend To September 2022 £	Spend To October 2022 £	Increase £
CS	1,091,594	1,139,713	48,118
C&H	378,273	460,597	82,324
CSF	3,867,706	4,273,492	405,786
E&R	4,207,435	4,841,297	633,861
Total Capital	9,545,008	10,715,098	1,170,089

5.7 During October 2022 officers spent just over £1.17 million, to achieve year end spend officers would need to spend approximately £3.4 million each month to year end. Finance officers will continue to review in detail the projected outturn with budget managers, as it is currently too high. Based on expenditure patterns in previous financial years, they predict an outturn of circa £23m.

5. DELIVERY OF 2022/23 SAVINGS

Department	Target Savings 2022/23	Projected Savings 2022/23	2022/23 Expected Shortfall
	£000	£000	£000
Corporate Services	465	395	70
Children Schools and Families	378	178	200
Community and Housing	1,659	405	1,254
Environment and Regeneration	523	393	130
Total	3,025	1,371	1,654

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 Report in Period 9
- 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.

9) REPORT AUTHOR

Name: Roger Kershaw

– Tel: 020 8545 3458

Email: roger.kershaw@merton.gov.uk

APPENDIX 1

3E. Corporate Items	Council 2022/23 £000s	Current Budget 2022/23 £000s	Year to Date Budget (Oct.) £000s	Year to Date Actual (Oct.) £000s	Full Year Forecast (Oct.) £000s	Forecast Variance at year end (Oct.) £000s	Forecast Variance at year end (Sep.) £000s	Outturn Variance 2021/22 £000s
Cost of Borrowing	11,066	11,066	6,455	3,310	10,947	(119)	(119)	(235)
Impact -Capital on revenue budget	11,066	11,066	6,455	3,310	10,947	(119)	(119)	(235)
Investment Income	(396)	(396)	(231)	(654)	(1,343)	(947)	(947)	(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	852	(540)	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	145	450	0	0	(69)
Revenuisation and miscellaneous	6,028	5,608	2,804	18	3,508	(2,100)	(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	163	14,336	(5,580)	(4,690)	(17,212)
Other income	0	0	0	(14)	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)	(2,254)	(4,223)	0	0	10
Appropriations: CS Reserves	(2,167)	(3,167)	(1,584)	0	(3,167)	0	0	0
Appropriations: E&R Reserves	(1,314)	(1,344)	(672)	0	(1,344)	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)	(11,161)	(5,581)	1,960	(11,267)	(106)	(106)	1,972
Depreciation and Impairment	(25,593)	(25,593)	0	0	(25,593)	0	0	20
Central Items	(822)	(3,814)	11,779	2,524	(10,856)	(7,041)	(6,152)	(17,533)
Levies	988	988	494	747	988	0	0	0
TOTAL CORPORATE PROVISIONS	166	(2,826)	12,273	3,271	(9,867)	(7,041)	(6,152)	(17,533)
COVID-19 Emergency expenditure	0	0	0	89	89	89	89	235
TOTAL CORPORATE EXPENDITURE inc. COVID-19	166	(2,826)	12,273	3,360	(9,779)	(6,953)	(6,063)	(17,298)

Pay and Price Inflation as at October 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 11.1% and RPI at 14.2% 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 now been agreed based on the National Employers' one-year (1 April 2022 to 31 March 2023), final offer summarised as follows:-

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

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.

- 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, although 2% was included in the approved budget 2022/23, it was clear that this would be insufficient given the current cost of living and high inflation rates. The forecast outturn assumes a pay award of 6% and an unfavourable variance of c. £3.960m which it is proposed to mitigate by a one-off contribution from reserves of £2m in 2022/23.

Prices:

The Consumer Prices Index (CPI) rose by 11.1% in the 12 months to October 2022, up from 10.1% in September 2022. CPI rose by 2.0% in October 2022, compared with a rise of 1.1% in October 2021. Despite the introduction of the government's Energy Price Guarantee, gas and electricity prices made the largest upward contribution to the change in both the CPIH and CPI annual inflation rates between September and October 2022. Rising food prices also made a large upward contribution to change with transport (principally motor fuels and second-hand car prices) making the largest, partially offsetting, downward contribution to the change in the rates. The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 9.6% in the 12 months to October 2022, up from 8.8% in September 2022. The largest upward contributions to the annual CPIH inflation rate in October 2022 came from housing and household services (principally from electricity, gas, and other fuels), food and non-alcoholic beverages, and transport (principally motor fuels).

The RPI rate for October 2022 was 14.2%, up from 12.6% in September 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. The MPC currently uses two main monetary policy tools. First, they set the interest rate that banks and building societies earn on deposits, or 'reserves', placed with the Bank of England – this is Bank Rate. Second, the MPC can buy government and corporate bonds, financed by the issuance of central bank reserves – this is asset purchases or quantitative easing.

At its meeting ending on 2 November 2022, the MPC voted by a majority of 7-2 to increase Bank Rate by 0.75 percentage points, to 3%. One member preferred to increase Bank Rate by 0.5 percentage points, to 2.75%, and one member preferred to increase Bank Rate by 0.25 percentage points, to 2.5%.

At the same time the MPC also published the November Monetary Policy Report, in which the MPC's updated projections for activity and inflation describe a very challenging outlook for the UK economy.

The MPC's report summarises the medium term forecast and their "latest projections describe a very challenging outlook for the UK economy. It is expected to be in recession for a prolonged period and CPI inflation remains elevated at over 10% in the near term. From mid-2023, inflation is expected to fall sharply, conditioned on the elevated path of market interest rates, and as previous increases in energy prices drop out of the annual comparison. It then declines to some way below the 2% target in years two and three of the projection. This reflects a negative contribution from energy prices, as well as the emergence of an increasing degree of economic slack and a steadily rising unemployment rate. The risks around that declining path for inflation are judged to be to the upside....The MPC's forecast does not incorporate any further measures that may be announced in the Autumn Statement scheduled for 17 November".

The MPC has provided the following forecast for CPI inflation up to the end of 2025 based on its latest assessment of the economic outlook:-

Bank of England (MPC) Quarterly Central Projection - CPI Inflation (November 2022)

%	2022 Qtr.4	2023 Qtr.1	2023 Qtr.2	2023 Qtr.3	2023 Qtr.4	2024 Qtr.1	2024 Qtr.2	2024 Qtr.3	2024 Qtr.4	2025 Qtr.1	2025 Qtr.2	2025 Qtr.3	2025 Qtr.4
CPI	10.9	10.1	9.5	7.9	5.2	4.0	1.1	1.2	1.4	1.2	0.8	0.6	0.0

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

Table: Forecasts for the UK Economy

Source: HM Treasury - Forecasts for the UK Economy (November 2022)			
	Lowest %	Highest %	Average %
2022 (Quarter 4)			
CPI	9.6	14.0	10.5
RPI	11.3	14.5	12.9
LFS Unemployment Rate	3.4	4.2	3.8
2023 (Quarter 4)	Lowest %	Highest %	Average %
CPI	2.2	7.4	5.0
RPI	2.6	11.0	6.7
LFS Unemployment Rate	3.2	5.4	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 (November 2022)					
	2022	2023	2024	2025	2026
	%	%	%	%	%
CPI	9.0	7.4	3.2	2.6	2.7
RPI	10.4	9.0	4.1	4.0	3.9
LFS Unemployment Rate	3.7	4.2	4.3	4.1	4.2

Treasury Management: Outlook

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

The MPC currently uses two main monetary policy tools.

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

At its meeting ending on 2 November 2022, the MPC voted by a majority of 7-2 to increase Bank Rate by 0.75 percentage points, to 3%. One member preferred to increase Bank Rate by 0.5 percentage points, to 2.75%, and one member preferred to increase Bank Rate by 0.25 percentage points, to 2.5%.

At the same time the MPC also published the November Monetary Policy Report, in which the MPC's updated projections for activity and inflation describe a very challenging outlook for the UK economy.

The next Bank of England MPC base rate decision is on 15 December 2022.

At the same time as announcing the November Base Rate decision, the MPC also published the November Monetary Policy Report, in which the MPC's updated projections for activity and inflation describe a very challenging outlook for the UK economy.

In terms of the outlook over the next three years, the MPC's central projection "that is conditioned on the elevated path of market interest rates, domestic inflationary pressures subside given the increasing amount of economic slack. Energy prices are projected to make a negative contribution to inflation in the medium term. CPI inflation is projected to fall sharply to 1.4% in two years' time, below the 2% target, and to 0.0% in three years' time. The risks around these projections are judged to be skewed to the upside.

Based on this the MPC's overall forecast summary is as follows:-

	2022(Qtr.4)	2023(Qtr.4)	2024(Qtr.4)	2025(Qtr.4)
	%	%	%	%
GDP	0.2	-1.9	-0.1	0.2
CPI	10.9	5.2	1.4	0.0
LFS Unemployment Rate	3.7	4.9	5.9	6.4
Excess supply/Excess demand	0.75	-2.5	-3.0	-3.0
Bank Rate	3.0	5.2	4.7	4.4

In producing their forecast, the MPC have included the following key judgements and risks:-

Key judgement 1: there has been a material tightening in financial conditions, including the elevated path of market interest rates. In addition, high energy prices continue to weigh on spending, despite an assumption of some fiscal support for household energy bills over the next two years. As a result, the UK economy is expected to remain in recession throughout 2023 and 2024 H1, and GDP is expected to recover only gradually thereafter.

Key judgement 2: although there is judged to be a greater margin of excess demand currently, continued weakness in spending leads to an increasing degree of economic slack emerging from 2023 H1, including a rising unemployment rate.

Key judgement 3: despite a decline in global price pressures and a significant fall in the contribution of household energy prices to CPI inflation, domestic inflationary pressures remain strong over the next year. But an increasing degree of economic slack depresses domestic pressures further out. Conditioned on the elevated path of market interest rates, CPI inflation declines to below the 2% target in the medium term, although the Committee judges that the risks to the inflation projections are skewed to the upside.

Capital Budget Monitoring – October 2022

Description	Actuals	Year to Date Budget	Variance	Current Budget 2022-23	Forecast Outturn 2022-23	Forecast Variance 2022-23
Capital	10,715,098	13,574,956	(2,859,859)	29,650,380	29,569,729	(80,651)
Corporate Services	1,139,713	2,308,005	(1,168,292)	6,591,760	6,591,420	(340)
Customer Contact Programme	31,000	0	31,000	518,000	518,000	0
Works to other buildings	279,331	674,860	(395,529)	822,570	777,695	(44,875)
Civic Centre	26,515	150,000	(123,485)	300,000	344,881	44,881
Invest to Save schemes	215,341	506,655	(291,314)	854,560	854,214	(346)
Business Systems	28,302	267,500	(239,198)	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	69,813	614,910	(545,097)	1,229,820	1,229,820	0
Financial System	0	0	0	0	0	0
Acquisitions Budget	469,860	0	469,860	469,050	469,050	0
Capital Bidding Fund	0	0	0	0	0	0
Multi Functioning Device (MFD)	0	0	0	0	0	0
Westminster Ccl Coroners Court	0	0	0	588,740	588,740	0
Corporate Capital Contingency	0	0	0	0	0	0
Compulsory Purchase Order	0	0	0	0	0	0
Community and Housing	460,597	436,400	24,197	914,130	914,124	(6)
Telehealth	0	0	0	0	0	0
Disabled Facilities Grant	460,597	436,400	24,197	885,130	885,124	(6)
Major Projects - Social Care H	0	0	0	0	0	0
Major Library Projects	0	0	0	5,000	5,000	0
Libraries IT	0	0	0	24,000	24,000	0

Capital Budget Monitoring – October 2022

Description	Actuals	Year to Date Budget	Variance	Current Budget 2022-23	Forecast Outturn 2022-23	Forecast Variance 2022-23
Children Schools & Families	4,273,492	4,492,831	(219,339)	8,612,220	8,453,580	(158,640)
Primary Schools	922,128	1,756,275	(834,147)	2,804,210	2,705,930	(98,280)
Hollymount	40	105,000	(104,960)	105,000	105,000	0
West Wimbledon	99,030	75,360	23,670	140,000	140,000	0
Hatfeild	68,601	153,840	(85,239)	155,090	125,000	(30,090)
Hillcross	81,961	77,500	4,461	170,000	170,000	0
Joseph Hood	136	15,000	(14,864)	53,000	53,000	0
Dundonald	7,548	1,000	6,548	15,000	15,000	0
Merton Park	(809)	14,500	(15,309)	14,500	14,500	0
Pelham	83,229	59,055	24,174	110,000	110,000	0
Poplar	3,055	30,000	(26,945)	40,000	40,000	0
Wimbledon Chase	50,227	67,000	(16,774)	210,000	210,000	0
Wimbledon Park	48,034	156,280	(108,246)	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	13,117	56,250	(43,133)	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	32,337	45,000	(12,663)	60,000	60,000	0
Haslemere	25,140	139,040	(113,900)	304,040	286,000	(18,040)
Liberty	(487)	0	(487)	80,490	80,490	0
Links	76,993	75,600	1,393	82,000	82,000	0
Singlegate	92,216	108,750	(16,534)	105,000	105,000	0
St Marks	(1,630)	13,760	(15,390)	35,060	35,060	0
Lonesome	75,014	99,280	(24,266)	190,000	170,000	(20,000)
Sherwood	9,389	114,400	(105,011)	150,150	120,000	(30,150)
William Morris	(3,170)	32,020	(35,190)	43,020	43,020	0
Unlocated Primary School Proj	0	0	0	0	0	0

Capital Budget Monitoring – October 2022

Description	Actuals	Year to Date Budget	Variance	Current Budget 2022-23	Forecast Outturn 2022-23	Forecast Variance 2022-23
Secondary	85,481	71,940	13,541	288,510	288,510	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	56,318	19,750	36,568	74,000	74,000	0
Ricards Lodge	14,040	0	14,040	15,200	15,200	0
Rutlish	13,964	3,080	10,884	15,200	15,200	0
Harris Academy Wimbledon	1,160	14,940	(13,780)	14,940	14,940	0
SEN	3,058,714	2,391,186	667,528	5,017,160	4,956,800	(60,360)
Perseid	88,202	202,610	(114,408)	299,490	239,130	(60,360)
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	1,952,545	1,525,073	427,472	2,972,940	2,972,940	0
Melbury College - Smart Centre	132,414	124,500	7,914	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)	422,910	422,910	0
Perseid Lower School	0	100,000	(100,000)	50,000	50,000	0
Other	207,168	273,430	(66,262)	502,340	502,340	0
CSF Safeguarding	295	0	295	66,000	66,000	0
Devolved Formula Capital	206,339	235,830	(29,491)	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

Capital Budget Monitoring – October 2022

Description	Actuals	Year to Date Budget	Variance	Current Budget 2022-23	Forecast Outturn 2022-23	Forecast Variance 2022-23
Environment and Regeneration	4,841,297	6,337,721	(1,496,424)	13,532,270	13,610,605	78,335
On Street Parking - P&D	157,235	304,390	(147,155)	300,000	300,000	0
Off Street Parking - P&D	53,171	364,755	(311,584)	230,000	230,000	0
CCTV Investment	106,180	520,175	(413,995)	843,340	843,340	0
Public Protection and Developm	0	25,000	(25,000)	50,000	50,000	0
Fleet Vehicles	0	374,236	(374,236)	0	0	0
Alley Gating Scheme	0	20,000	(20,000)	46,000	46,000	0
Waste SLWP	219,259	190,000	29,259	340,000	338,432	(1,568)
Street Trees	33,273	0	33,273	103,990	103,990	0
Raynes Park Area Roads	5,457	0	5,457	43,500	43,500	0
Highways & Footways	2,829,120	2,371,050	458,070	6,151,190	6,231,095	79,905
Cycle Route Improvements	125,842	196,845	(71,003)	837,640	837,638	(2)
Mitcham Area Regeneration	43,590	436,975	(393,385)	698,950	698,950	0
Wimbledon Area Regeneration	272,922	484,815	(211,893)	1,035,870	1,035,870	0
Morden Area Regeneration	0	0	0	150,000	150,000	0
Borough Regeneration	269,242	183,070	86,172	507,140	507,140	0
Property Management Enhancemen	0	0	0	35,000	35,000	0
Wimbledon Park Lake and Waters	402,745	260,105	142,640	530,210	530,210	0
Sports Facilities	25,783	157,610	(131,827)	315,220	315,220	0
Parks	297,477	448,695	(151,218)	1,314,220	1,314,220	0

Virement, Re-profiling and New Funding - October 2022

Appendix 5b

		2022/23 Budget	Virements	Funding Adjustments	Reprofiling	Revised 2022/23 Budget	2023/24 Budget	Movement	Revised 2023/24 Budget	Narrative
		£	£		£	£	£		£	
Corporate Services										
Works to Other Buildings- Boiler Replacement	(1)	379,200			(367,150)	12,050	0	367,150	367,150	Virement & Reprofiled in line with projected spend
Civic Centre - Comb. Heat and & Power System Replacement	(1)					0	450,000	(450,000)	0	Budget Relinquished as scheme will not provide value for money
Civic Centre - Absorption Chiller Replacement	(1)					0	275,000	(275,000)	0	Budget Relinquished as scheme will not provide value for money
Westminster Coroners Court	(1)	862,000			(273,260)	588,740	0	379,260	379,260	Virement in line with projected spend and increased by £106k
Community and Housing										
Telehealth		30,400		(30,400)		0	0		0	Reprofiled in line with projected spend
Libraries IT - Library Management System	(1)					0	140,000	(140,000)	0	Reprofiled in line with projected spend
Children, Schools and Families										
West Wimbledon- Schools Capital Maintenance	(1)	158,610			(18,610)	140,000	0		0	Virement & Reprofiled in line with projected spend
Wimbledon Chase- Schools Capital Maintenance	(1)	120,000	90,000			210,000	0		0	Virement in line with projected spend
Links- Schools Capital Maintenance	(1)	114,850			(32,850)	82,000	0		0	Virement & Reprofiled in line with projected spend
Singlegate- Schools Capital Maintenance	(1)	145,000	(40,000)			105,000	0		0	Virement in line with projected spend
St Marks- Schools Capital Maintenance	(1)	85,060	(50,000)			35,060	0		0	Virement in line with projected spend
William Morris- Schools Capital Maintenance	(1)	32,020	11,000			43,020	0		0	Virement in line with projected spend
Unallocated - Schools Capital Maintenance	(1)	0				0	2,798,430	65,750	2,864,180	Virement & Reprofiled in line with projected spend
Raynes Park- Schools Capital Maintenance	(1)	85,000	(11,000)			74,000	0		0	Virement in line with projected spend
Raynes Park Lodge- Schools Capital Maintenance	(1)	21,610			(6,410)	15,200	0		0	Virement & Reprofiled in line with projected spend
Raynes Park- Schools Capital Maintenance	(1)	23,080			(7,880)	15,200	0		0	Virement & Reprofiled in line with projected spend
Mainstream SEN (ARP)- Raynes Park School Expansion 1	(1)	20,000			(15,000)	5,000	1,000,000	15,000	1,015,000	Virement & Reprofiled in line with projected spend
Perseid Lower- Perseid School Expansion	(1)	100,000			(50,000)	50,000	1,500,000	50,000	1,550,000	Virement & Reprofiled in line with projected spend
Perseid Safeguarding - Care Leavers Drop-In Accommodation		20,000		(20,000)		0			0	Will utilise other available facilities in the Borough
Environment and Regeneration										
On Street Parking- P&D- Pay and Display Machines	(1)	406,780			(106,780)	300,000	0	106,780	106,780	Reprofiled in line with projected spend
On Street Parking- P&D- ANPR Cameras Air Quality ...	(1)	86,000		(86,000)		0	300,000		300,000	Car mounted Cameras not cost effective post covid
Off Street Parking - P&D -Car Park Upgrades	(1)	774,510			(544,510)	230,000	0	544,510	544,510	Reprofiled in line with projected spend
Off Street Parking - Peel House Car Park	(1)	700,000			(700,000)	0		700,000	700,000	Reprofiled in line with projected spend
CCTV Investment- Dark Fibre	(1)	0				0	0	172,500	172,500	Reprofiled in line with projected spend- New Project 23-24
CCTV Investment- CCTV Business Continuity & Resilience	(1)	172,500			(172,500)	0	0		0	Reprofiled in line with projected spend
Fleet Vehicles - Replacement of Fleet Vehicles	(1)	748,470			(748,470)	0	300,000		300,000	Reprofiled in line with projected spend
Waste SLWP - Project General		8,080		(8,080)		0	0		0	Budget Relinquished
Waste SLWP - Waste Bins		30,350		(30,350)		0			0	Budget Relinquished
Waste SLWP- Street Cleanse Sub Dep Mitcham		55,000		(55,000)		0	0		0	Budget Relinquished
Highways & Footways - AFC Wimbledon CCTV	(1)	4,640		(4,640)		0			0	Budget Relinquished - scheme finished
Highways & Footways - Vivacity Monitors	(1)	0		39,180		39,180	0		0	New S 106 Funding
Cycle Route Improvements - Cycle Access/Parking	(1)	80,000	34,000			114,000	45,000		45,000	Additional TIL Funding
Cycle Route Improvements - Cycling Improvements Residential Streets	(1)	234,560	125,000			359,560	0		0	Additional TIL Funding
Mitcham Area Regeneration- Rowan Park Community Facility Match Funding	(1)	150,000			(150,000)	0	0	150,000	150,000	Reprofiled in line with projected spend
Mitcham Area Regeneration- Sandy Lane Public Realm	(1)	35,000		(35,000)		0	200,000	(200,000)	0	Budget Relinquished
Morden Area Regeneration - Morden TC Regen Match Funding	(1)					0	2,000,000	(2,000,000)	0	Reprofiled to 2025-26
Wimbledon Park Lake and Waters- Water Sports Fleet	(1)	0			10,000	10,000			0	Reprofiled in line with projected spend
Parks- New Wimbledon Park Water Play Feature	(1)	43,000				43,000	0		0	Reinstated Budget funded from SCIL
Total		5,725,720	0	(71,290)	(3,183,420)	2,471,010	9,008,430	(514,050)	8,494,380	

(1) Requires Cabinet approval

(2) Requires Council Approval

Virement, Re-profiling and New Funding - October 2022

		2024/25 Budget	Movement	Revised 2024/25 Budget	2025/26 Budget	Movement	Revised 2025/26 Budget	Narrative
		£	£	£	£		£	
Community and Housing								
Library Enhancement Works - Capital Building Works					60,000	(60,000)	0	Budget Removed until strategically revised asset requirements
Libraries IT - Library Management System	(1)	0	140,000	140,000	0		0	Reprofiled in line with projected spend
Environment and Regeneration								
Morden Regeneration - Morden TC Regen Match Funding	(1)	2,000,000		2,000,000	2,000,000	2,000,000	4,000,000	Reprofiled in line with projected spend
Parks- Water Sports Fleet	(1)			0	0	(10,000)	(10,000)	Reprofiled in line with projected spend
Wimbledon Park Lake and Waters- Water Sports Fleet	(1)	0	183,000	183,000			0	Reinstated Budget funded from SCIL
Total		2,000,000	323,000	2,323,000	2,060,000	1,930,000	3,990,000	
(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
Proposed September Monitoring	14,120	18,785	32,905
<u>Corporate Services</u>			
Works to Other Buildings- Boiler Replacement	(367)	0	(367)
Westminster Coroners Court	(273)	0	(273)
<u>Community and Housing</u>			
Telehealth	(30)	0	(30)
<u>Children, Schools and Families</u>			
West Wimbledon- Schools Capital Maintenance	0	(19)	(19)
Wimbledon Chase- Schools Capital Maintenance	0	90	90
Links- Schools Capital Maintenance	0	(33)	(33)
Singlegate- Schools Capital Maintenance	0	(40)	(40)
St Marks- Schools Capital Maintenance	0	(50)	(50)
William Morris- Schools Capital Maintenance	0	11	11
Raynes Park- Schools Capital Maintenance	0	(11)	(11)
Ricards Lodge- Schools Capital Maintenance	0	(6)	(6)
Rutlish- Schools Capital Maintenance	0	(8)	(8)
Mainstream SEN (ARP)- Raynes Park School Expansion 1	0	(15)	(15)
Perseid Lower- Perseid School Expansion	0	(50)	(50)
CSF Safeguarding - Care Leavers Drop-In Accommodation	(20)	0	(20)
<u>Environment and Regeneration</u>			
On Street Parking- P&D- -Pay and Display Machines	(107)	0	(107)
On Street Parking- P&D - ANPR Cameras Air Quality ...	(86)	0	(86)
Off Street Parking - P&D -Car Park Upgrades	(545)	0	(545)
Off Street Parking - Peel House Car Park	(700)	0	(700)
CCTV Investment- Dark Fibre	0	0	0
CCTV Investment- CCTV Business Continuity & Resilience	0	(173)	(173)
Fleet Vehicles - Replacement of Fleet Vehicles	(748)	0	(748)
Waste SLWP - Project General	(8)	0	(8)
Waste SLWP - Waste Bins	(30)	0	(30)
Waste SLWP- Street Cleanse Sub Dep Mitcham	0	(55)	(55)
Highways & Footways - AFC Wimbledon CCTV	(0)	(5)	(5)
Highways & Footways - Vivacity Monitors	0	39	39
Cycle Route Improvements - Cycle Access/Parking	0	34	34
Cycle Route Improvements - Cycling Improvements Residential Streets	0	125	125
Mitcham Area Regeneration- Rowan Park Community Facility Match Funding	0	(150)	(150)
Mitcham Area Regeneration- Sandy Lane Public Realm	0	(35)	(35)
Wimbledon Park Lake and Waters- Water Sports Fleet	10	0	10
Proposed October Monitoring	11,215	18,436	29,650

Capital Programme Funding Summary 2023/24

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Proposed September Monitoring	14,005	25,892	39,897
<u>Corporate Services</u>			
Works to Other Buildings- Boiler Replacement	367	0	367
Civic Centre - Comb. Heat and & Power System Replacement	(450)	0	(450)
Civic Centre - Absorption Chiller Replacement	(275)	0	(275)
Westminster Coroners Court	379	0	379
<u>Community and Housing</u>			
Libraries IT - Library Management System	(140)	0	(140)
<u>Children, Schools and Families</u>			
Unallocated - Schools Capital Maintenance	0	66	66
Raynes Park- Schools Capital Maintenance	0	15	15
Perseid Lower- Perseid School Expansion	0	50	50
<u>Environment and Regeneration</u>			
On Street Parking- P&D- -Pay and Display Machines	107	0	107
Off Street Parking - P&D -Car Park Upgrades	545	0	545
Off Street Parking - Peel House Car Park	700	0	700
CCTV Investment- Dark Fibre	173	0	173
Mitcham Area Regeneration- Rowan Park Community Facility Match Funding	150	0	150
Mitcham Area Regeneration- Sandy Lane Public Realm	(200)	0	(200)
Morden Area Regeneration - Morden TC Regen Match Funding	(2,000)	0	(2,000)
Proposed October Monitoring	13,360	26,023	39,383

Capital Programme Funding Summary 2024/25

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Proposed September Monitoring	11,019	11,742	22,761
Community and Housing			
Libraries IT - Library Management System	140	0	140
Environment and Regeneration			
Parks- New Wimbledon Park Water Play Feature	183	0	183
Proposed October Monitoring	11,342	11,742	23,084

Capital Programme Funding Summary 2025/26

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Proposed September Monitoring	34,900	5,166	40,066
Community and Housing			
Library Enhancement Works - Capital Building Works	(60)	0	(60)
Environment and Regeneration			
Morden Regeneration - Morden TC Regen Match Funding	2,000	0	2,000
Parks- Water Sports Fleet	(10)	0	(10)
Proposed October Monitoring	36,830	5,166	41,996

Department	Target Savings 2022/23	Projected Savings 2022/23	2022/23 Expected Shortfall
	£000	£000	£000
Corporate Services	465	395	70
Children Schools and Families	378	178	200
Community and Housing	1,659	405	1,254
Environment and Regeneration	523	393	130
Total	3,025	1,371	1,654

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	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		
2019-20 CS28	Cash collection reduction	13	13	0	G		
2020-21 CS7	Staff reductions	75	75	0	G		
2022-23 CS5	Customer, Policy & Improvement – Registrars Service	32	32	0	G		
2022-23 CS6	Customer, Policy & Improvement – Cash Collection	20	20	0	G		
2022-23 CS8	Customer, Policy & Improvement – Customer Contact	15	15	0	G		
2020-21 CS11	Commercial Services - restructure	50	0	50	R	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. 08.08.22 - Caroline has agreed to delete the £50k saving in Commercial Services in lieu of the service review recommendations being agreed.	
2018-19 CS08	Increase in income from Enforcement Service	20	0	20	R	Not achievable in year due to covid	
2022-23 CS1	Resources - AD budget	10	10	0	G		
2022-23 CS2	Resources - AD budget	15	15	0	G		
2022-23 CS3	Resources - Insurance	25	25	0	G		
2022-23 CS4	HR - Payroll	15	15	0	G		
2022-23 CS9	Corporate Governance - AD Budget	3	3	0	G		
2022-23 CS10	Corporate Governance - Electoral Services and Democratic services	15	15	0	G	Currently forecasting around 25K savings across both codes but this is not including election overspend for 2022, which is forecasted at 22K. It's also unclear at the moment whether all of the cost of the Interim appointment in the Leaders Office will be charged to the Democracy Services budget. If Democracy Services bears all the cost then the forecasted savings will not be achieved.	
2022-23 CS12	Corporate Governance - Information Team	29	29	0	G		
2022-23 CS13	Corporate items	50	50	0	G		
Total CS Savings for 2022/23		465	395	70			

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	Comments
Savings due in 22/23						
CSF1-22/23	School Meals PFI	100	100	0	G	Achieved
CSF2-22/23	Education - Office Efficiencies	50	50	0	G	Achieved
CSF3-22/23	Education Inclusion - Streamlined Activities	28	28	0	G	Achieved
CSF4-22/23	CSC Placements - Demand Management and Commissioning			0	n/a	Savings not due until 2023/24 but will be difficult to achieve. Although spend is coming down, the budget is currently overspent
Prior Year savings not delivered in 2021/22						
2021-22 CSF02	rationalisation of Children's Centres	200	0	200	G	Achieved through efficiencies in central, premises and ancillary costs. No significant changes to the centres were made.
Total Children, Schools and Families Savings 2022/23		378	178	200		

Updated Oct'22 (P7)							
DEPARTMENT: Community & Housing Savings Progress 2022/23							
Ref	Description of Saving	Division	2022/23 Savings Required £000	2022/23 Savings Forecasted £000	Shortfall	RAG	Comments
(Nov'20)CH100	Review of in-house day care provision	Adult Social Care	700	0	700	R	Linked to CH101 as day centre on same site as Riverside. Feasibility study will determine capital cost of redevelopment.
(Nov'20)CH101	Review of in-house LD Residential provision	Adult Social Care	544	0	544	R	Feasibility study commissioned by LBM and Wandle to identify the options for site use that deliver best value. Site visit arranged with Lead Member for week commencing 03.10.22
(Nov'20)CH102	Dementia hub re-commissioning	Adult Social Care	55	55	0	G	Current contract ends September 2023 so new tender will need to commence by December 2022 with level of funding agreed.
(Oct'21) CH105	Commissioning and Market Development – Increasing take up of Direct Payments	Adult Social Care	100	100	0	G	Closer collaboration with operational teams to promote uptake is delivering increased number of Direct Payments.
(Oct'21) CH106	Community & Housing - Housekeeping – review of ancillary budget lines	Adult Social Care	50	50	0	G	Achieved
(Oct'21)CH109	Adult Social Care - Placements	Adult Social Care	100	100	0	G	Achieved by means of budget being removed at start of year. Continued pressure on budget as a result of rising demand and work ongoing to mitigate.
Oct'21) CH110	Commissioning and Market Development – Commissioning efficiencies arising from re-procuring a high cost service	Adult Social Care	50	40	10	A	Provider has been asked to reprice based on LLW applying. Likely to reduce level of saving delivered.
	Subtotal Adult Social Care		1,599	345	1,254		
(Jan'20) CH97	Increase income and better use of technology	Libraries	60	60	0	G	Achieved through increased income
	Subtotal Libraries		60	60	0		
	Total C & H Savings for 2022/23		1,659	405	1,254		

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	Comments
Savings due in 22/23						
ENV2021-07	Property Management - Increase residential (former Service tenancies) rent (increased income)	100	100	0	G	Saving will not be made from additional rent from residential properties but from Industrial rent increase.
ENV2021-10	Development Control/Building Control - Savings as a result of the 'Assure' M3 upgrade	15	0	15	R	The "Assure" M3 upgrade may now not take place. Terraquest has been appointed to review this as there may be more suitable alternative systems available.
ENV2022-23 05	Highways; Increased income from street permitting through enforcement of utility works.	40	40	0	G	
ENV2022-23 07	Future Merton, Policy team: Additional income from planning performance agreements (PPA)	50	0	50	R	Development Control are getting all PPA income.
ENV1819-04	Parking: Reduction in the number of pay & display machines required.	14	14	0	G	This will be achieved during 2022/23
ENV2021-08	Parking - Activity to improve On Street parking compliance.	100	100	0	G	The employment of additional temporary CEOs above establishment is acting as a more effective deterrent to illegal parking. The net growth in income is being achieved by the corresponding increase in PCN issuance.
E1	Regulatory Services: Investigate potential commercial opportunities	65	0	65	R	BAU has resumed following the pandemic, all vacant staff have been recruited to and will join by end of Q3. New Commercial Services Manager started 7/9/2022, and they will be investigating new commercial opportunities. The plan to deliver commercial opportunities will be made in due course.
ENV2022-23 01	Public Space - Waste services: Disposal processing savings (Food Waste Recyclate)	104	104	0	G	The new waste disposal contract for Garden and food waste has been completed and commenced Sept 2022. Full savings target is forecast to be achieved
ENV2022-23 02	Public Space – Greenspaces: Raynes Park Sports Ground - new lease arrangement	35	35	0	G	
Total Environment and Regeneration Savings 2021/22		523	393	130		