

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

10 January 2023

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

11 January 2023

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

19 January 2023

## **Overview and Scrutiny Commission**

25 January 2023

**Wards:** ALL

**Subject:** Business Plan Update 2023-2027 (Members are requested to bring the Member's Information Pack with them to these meetings)

**Lead officer:** Roger Kershaw

**Lead member:** Councillor Billy Christie

**Contact officer:** Roger Kershaw

---

### **Recommendations:**

1. That the Panels consider the draft savings/income proposals and associated draft equalities analyses set out in the Member's Information Pack;
  2. That the Panels consider the proposed new growth proposals set out in the Member's Information Pack;
  3. That the Overview and Scrutiny Commission also consider the Draft Business Plan 2023-27 report received by Cabinet at its meeting on 16 January 2023;
  4. That the Panels consider the draft capital programme 2023-27 set out in Appendix 2 of the attached report on the Business Plan;
  5. That the Panels consider the contents of the Member's Information Pack circulated;
  6. That the Overview and Scrutiny Commission considers the comments of the Panels on the Business Plan 2023-2027 and details provided in the information pack and provides a response to Cabinet when it meets on the 20 February 2023.
- 

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

- 1.1 This report requests Scrutiny Panels to consider the latest information in respect of the Business Plan and Budget 2023/24, including new savings proposals, new growth proposals, the draft capital programme 2023-27, and feedback comments to the Overview and Scrutiny Commission.

- 1.2 The Overview and Scrutiny Commission will consider the comments of the Panels and provide a response on the Business Plan 2023-27 to Cabinet when it meets on the 20 February 2023.

## 2. **Details - Revenue**

- 2.1 The Cabinet of 5 December 2022 received a report on the business plan for 2023-27.
- 2.2 At the meeting Cabinet

### RESOLVED:

1. That Cabinet considers and agrees the draft growth proposals (Appendix 4) put forward by officers and refers them to the Overview and Scrutiny panels and Commission in January 2023 for consideration and comment.
2. That Cabinet considers and agrees the new savings proposals for 2023/24 to 2026/27 (Appendix 5) and refers them to the Overview and Scrutiny panels and Commission in January 2023 for consideration and comment.
3. That Cabinet considers and agrees the new capital proposals for 2023/24 to 2026/27 and the draft Capital Programme 2023-2027 (Appendix 7) and refers them to the Overview and Scrutiny panels and Commission in January 2023 for consideration and comment.
4. That Cabinet agrees the proposed Council Tax Base for 2023/24 set out in paragraph 2.7 and Appendix 1.
5. That Cabinet note that Equalities Impact Assessments for each saving, where applicable, will be included in the Member's Information Pack for consideration in future meetings

## 3. **Alternative Options**

- 3.1 It is a requirement that the Council sets a balanced budget. The Cabinet report on 5 December 2022 sets out the progress made towards setting a balanced budget and options on how the budget gap could be closed. This identified the current budget position that needs to be addressed between now and the report to the Cabinet meeting on 20 February 2023, prior to Council on 1 March 2023, agreeing the Budget and Council Tax for 2023/24 and the Business Plan 2023-27, including the MTFs and Capital Programme 2023-27.

## 4. **Capital Programme 2023-27**

- 4.1 Details of the draft Capital Programme 2023-27 were agreed by Cabinet on 5 December 2022 in the attached report for consideration by Overview and Scrutiny panels and Commission.

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

- 5.1 Further work will be undertaken as the process develops.
- 5.2 There will be a meeting in February 2023 with businesses as part of the statutory consultation with NNDR ratepayers. Any feedback from this meeting will be reported verbally to Cabinet on 20 February 2023.
- 5.3 As previously indicated, an information pack was distributed to all councillors at the end of December with a request that it be brought to all Scrutiny and Cabinet meetings from 10 January 2023 onwards and to Budget Council. This should maintain the improvement for both councillors and officers which makes the Business Planning process more manageable for councillors and ensures that only one version of those documents is available so referring to page numbers at meetings is easier. It also considerably reduces printing costs and reduces the amount of printing that needs to take place immediately prior to Budget Council.
- 5.4 The information pack includes:
- New Savings proposals 2023-27
  - New Growth proposals 2023-27
  - A draft Equality impact assessment for each saving proposal where applicable.

## 6. **Timetable**

- 6.1 The timetable for the Business Plan 2023-27 including the revenue budget 2023/24, the MTFs 2023-27 and the Capital Programme for 2023-27 was agreed by Cabinet on 10 October 2022. The agreed key dates are included in the body of this report.

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

- 7.1 These are set out in the Cabinet reports for 10 October 2022 (Appendix 1), and 5 December 2022 (Appendix 2) and the Information Pack.

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

- 8.1 All relevant implications have been addressed in the Cabinet reports. Further work will be carried out as the budget and business planning process proceeds and will be included in the budget report to Cabinet on the 20 February 2023.
- 8.2 Detailed legal advice will be provided throughout the budget setting process further to any proposals identified and prior to any final decisions.

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

- 9.1 All relevant implications will be addressed in Cabinet reports on the business planning process.
- 9.2 A draft equalities assessment has been carried out with respect to the proposed budget savings where applicable and is included in the Information Pack

circulated to all Members.

10. **Crime and Disorder implications**

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

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

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

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

**Appendix 1** - Cabinet report 10 October 2022: Draft Business Plan 2023-27

**Appendix 2** - Cabinet report 5 December 2022: Draft Business Plan 2023-27

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

**BACKGROUND PAPERS**

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

Budget files held in the Corporate Services department.

2022/23 Budgetary Control and 2021/22 Final Accounts Working Papers in the Corporate Services Department.

Budget Monitoring working papers

MTFS working papers

13. **REPORT AUTHOR**

– Name: Roger Kershaw

– Tel: 020 8545 3458

**email:** [roger.kershaw@merton.gov.uk](mailto:roger.kershaw@merton.gov.uk)

## Cabinet

**Date: 10 October 2022**

**Subject: Draft Business Plan 2023-27**

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

**Lead member:** Councillor Billy Christie - Cabinet Member for Finance and Corporate Services

**Contact Officer:** Roger Kershaw

### Recommendations:

---

1. That Cabinet notes the approach to rolling forward the MTFS for 2023-27.
  - 2 That Cabinet confirm the latest position with regards to savings already in the MTFS
  - 3 That Cabinet agrees the approach to setting a balanced budget outlined in Section 4 as the basis for the setting of targets for 2023-27
  - 4 That Cabinet agrees the proposed savings targets based on a standstill position.
  - 5 That Cabinet agrees the timetable for the Business Plan 2023-27 including the revenue budget 2023/24 the MTFS 2023-27 and the Capital Programme for 2023-27.
- 

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

- 1.1 This report presents an initial review of the Medium Term Financial Strategy and updates it for development as part of the business planning process for 2023/24.
- 1.2 The report sets out the approach towards setting a balanced budget for 2023-2027 and a draft timetable for the business planning process for 2023/24. It also proposes initial targets to be met from savings and income over the four year period of the MTFS.
- 1.3 There is an update on the current information relating to the timetable for the Government's Spending Review / Budget.
- 1.4 Given the current high level of uncertainty over a range of factors that have the potential to impact significantly on the MTFS there is a sensitivity analysis of a number of issues including the potential impact across the MTFS period of current issues that impact on local government such as the current high level of inflation and also specific issues such as addressing the DSG deficit.

- 1.5 Finally, there is an assessment of the potential impact in 2023/24 and possibly beyond, of the coronavirus pandemic which first impacted at the end of the 2019/20 financial year.

### Details

## 2. Medium Term Financial Strategy 2023-27

### 2.1 Background

Council on 2 March 2022 agreed the Budget 2022/23 and MTFS 2022-26. Whilst a balanced budget was set for 2022/23 there was a gap remaining in future years which needs to be addressed, as shown in the following table:-

	<b>2023/24</b> <b>£m</b>	<b>2024/25</b> <b>£m</b>	<b>2025/26</b> <b>£m</b>	<b>2026/27</b> <b>£m</b>
MTFS gap (cumulative)	4,618	18,791	21,659	27,767

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

Regular updates will be provided throughout the year as part of Business Planning reports for the MTFS period 2023-27 and the estimated impact of inflation, COVID-19 and eliminating the DSG deficit will be modelled and included in this analysis.

### 2.3 Review of Assumptions

The pay and price calculations have been reviewed using the approved budget for 2022/23 as the starting point.

#### 2.3.1 Pay

Based on pay awards of 2% the provision in the MTFS approved by Council has been reviewed as follows:-

#### **Provision for Pay Inflation:**

<b>(Cumulative £000)</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
<b>Pay inflation (%)</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>
MTFS 2022-26 (Council 2/3/22)	1,920	3,840	5,760	7,680
<b>Pay inflation (%)</b>	<b>3.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>
MTFS 2023-27 (Latest)	2,974	4,957	6,940	8,923
<b>Change (cumulative £000)</b>	<b>1,054</b>	<b>1,117</b>	<b>1,180</b>	<b>1,243</b>

### Pay Negotiations 2022/23

For 2022/23 the final pay award has not been agreed but provision of 2% was included in the MTFs, and 2% also for each subsequent year. On 6 June 2022, the three local government unions, UNISON, GMB and Unite, representing 1.4 million council and school employees, submitted a pay claim for staff in England, Wales and Northern Ireland.

The 2022 claim, which would apply from the start of April 2022, would see council employees receive either a £2,000 rise at all pay grades or the current rate of RPI (presently 11.1%), whichever is higher for each individual.

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

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

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

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

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

It is estimated that the overall increase in pay arising from this offer will be c.6.0%

## National Living Wage

The offer from the National Employers also made the following comments about the National Living Wage (NLW):-

*“At the pay briefings, your council may have been among those who supported a long-term (two years) pay deal, covering the period 1 April 2022 to 31 March 2024. A pay offer of that duration was until recently looking the most likely option for the National Employers. However, the current wider political situation means there is now some uncertainty that the current policy of the NLW reaching 66 per cent of median earnings in 2024 will remain as previously stated.*

*As was conveyed at the regional pay briefings, since its introduction in 2014, the NLW has presented a huge challenge for local government in managing to maintain headroom between the bottom pay points and the statutory NLW. Local government is almost alone in the public sector in having this challenge. Other public sector pay structures’ lower rates of pay are far enough above the NLW for it not to present the same pressure as we face and involve a far smaller proportion of those sectors’ workforces than is the case in local government.*

*The National Employers hold a longstanding principle of not pegging the bottom rate in local government to the NLW, as they do not believe the sector should be a minimum wage employer.*

*When the NLW was increased to 60 per cent of national median earnings in the last parliament, local government managed to achieve some breathing space by revamping its pay spine in 2018-19. On 1 April 2019, there was 79p headroom between the lowest local government pay rate and the NLW. However, following the General Election in December that year, central government introduced a revised policy for the NLW to increase from a target of 60 per cent of national average earnings, to 66 per cent by April 2024.*

*Since 1 April 2022, the bottom rate of pay in local government has been at parity with the NLW at £9.50 (pending this year’s pay award). 2020 to 2022 saw a 8.94 per cent increase in the NLW, while affordability of pay awards in local government has resulted in pay growth in the sector over the same period at only around half that: 4.55 per cent.*

*The economic turmoil over the past two years has only increased the volatility of the projections. In April 2020, the Low Pay Commission (LPC) set out that the projected NLW rate for April 2024 was £10.69. Due to the impact on the economy of the COVID pandemic, the OBR revised down this forecast to £10.10 in December 2020, though by April 2021, when the LPC published that year’s NLW consultation documentation, the projection had rebounded to £10.33. By the Budget in Autumn 2021, the projection had rebounded once more and stood at £10.70.*



*The LPC's latest published forecast for the NLW states from March 2022:*

*Although our recommendations in the autumn will be subject to Commissioners' assessment of economic conditions, our current best estimate for the on-course NLW rate in April 2023 is £10.32, within a range of £10.14 - £10.50. Our current best estimate of an NLW set at two-thirds of median earnings for those aged 21 and over in 2024 would be £10.95 within a range of £10.58 - £11.33. These are based on the latest wage growth forecasts, but actual wage growth may turn out higher or lower, and we will update these ranges in the summer based on changing forecasts. We will publish a report, to coincide with the increase in NLW and NMW rates, setting out this pathway in more detail.*

*This projection is the highest rate yet predicted for the NLW in 2023 and 2024 and there is no guarantee it won't rise further due to the ongoing economic volatility, potential impact of the international context and expected further increases in the rate of inflation. The lack of a fixed figure to work towards and the volatility of the forecasts of what the NLW rate will be, has made it difficult for local government to plan effectively over the past few years.*

*The National Employers fully support the increase of the NLW but have made clear to government that in meeting the cost of this policy, additional funding is required. If this is not forthcoming, jobs and services will be at risk as employers struggle to accommodate this additional cost when trying to balance their budgets.*

### **Conclusion**

*The National Employers are eleven senior elected members, some of whom are Leader of their council. They are all acutely aware of the additional pressure this year's offer will place on already hard-pressed budgets, especially for those councils and schools with large numbers of employees on the lower pay points. However, for the reasons set out above, they believe their offer meets the NLW challenge (at least in the short-term) and is fair to employees, given the wider economic backdrop and is in line with awards made recently to other parts of the public sector workforce. However, they are also aware that without additional funding from central government, meeting the NLW challenge and providing a fair award for local government staff will come at a cost to jobs and / or service provision. The National Employers have written to the relevant government department (DLUHC) to make this point clear."*

Unions are balloting their members on the offer. There are three recognised unions involved, Unison, GMB and Unite. Unison members have voted to accept the offer whilst the outcome of the GMB and Unite ballots will not be known until October.

Further details on any progress towards agreeing a pay award for 2022/23 and the impact on the MTFs, will be reported during the Business Planning process as more information becomes available.

Impact of 2022/23 Pay Award on MTFS 2023-27

The cost to the Council of the 2022/23 pay offer outlined above are expected to be c.6%.

Each 1% of pay costs c. £0.990m and if a 6% pay award is made in 2022/23 this will have the following impact on the MTFS 2023-27:-

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Additional Impact of a 6% pay award	3,960	4,039	4,120	4,202

2.3.2 Prices

The current assumptions regarding price inflation incorporated into the MTFS are

- 2.5% in 2022/23 and 1.5% in each subsequent year of the MTFS

The MTFS agreed by Council on 2 March 2022 includes the following provision for price inflation

**Provision for Prices Inflation:**

	2023/24	2024/25	2025/26	2026/27
Price inflation in MTFS (%)	1.5%	1.5%	1.5%	1.5%
Original MTFS 2022-26 (cumulative £000)	2,139	4,278	6,417	8,556

This has been reviewed using the approved budget for 2022/23 and the latest estimate based on 1.5% price inflation is:-

(Cumulative)	2023/24	2024/25	2025/26	2026/27
Price inflation (%)	1.5%	1.5%	1.5%	1.5%
Revised Estimate (cumulative £000)	2,282	4,564	6,846	9,129
Change	143	286	429	573

Each 1% of price inflation costs c. £1.5m.

Given the forecast level of inflation is not expected to drop back to 2.5% until 2024, the current 1.5% provision in 2023/24 may not be adequate and an increase to 3% in 2023/24 and 2% in 2024/25 is proposed

(Cumulative)	2023/24	2024/25	2025/26	2026/27
Price inflation (%)	3.0%	2.0%	1.5%	1.5%
Revised Estimate (cumulative £000)	4,564	7,607	9,889	12,172

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

The overall change in inflation provision since Council in March 2022 is

(Cumulative) (£000)	2023/24	2024/25	2025/26	2026/27
Latest Inflation estimate	10,507	15,612	19,958	24,306
Original MTFS 2022-26 (Council March 2022)	4,059	8,118	12,177	16,237
Change	6,448	7,494	7,781	8,069

### Current inflation

The Consumer Prices Index (CPI) rose by 9.9% in the 12 months to August 2022, down from 10.1% in July. On a monthly basis, CPI rose by 0.5% in August 2022, compared with a rise of 0.7% in August 2021. A fall in the price of motor fuels made the largest downward contribution to the change in both the CPIH and CPI annual inflation rates between July and August 2022. Rising food prices made the largest, partially offsetting, upward contribution to the change in the rates.

The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 8.6% in the 12 months to August 2022, down from 8.8% in July. On a monthly basis, CPIH rose by 0.5% in August 2022, compared with a rise of 0.6% in August 2021. The largest upward contributions to the annual CPIH inflation rate in August 2022 came from housing and household services (principally from electricity, gas and other fuels, and owner occupiers' housing costs), transport (principally motor fuels), and food and non-alcoholic beverages.

The RPI rate for August 2022 was 12.3%, which is unchanged from July 2022.

### Outlook for inflation:

The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target and in a way that helps to sustain growth and employment.

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

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

In the minutes to the September meeting, the MPC gave a bleak economic outlook stating that "In the August Monetary Policy Report, the MPC noted that the risks around its projections from both external and domestic factors were exceptionally large, given the very large increase in wholesale

gas prices since May and the consequent impacts on real incomes for UK households and on CPI inflation.

Since August, wholesale gas prices have been highly volatile, and there have been large moves in financial markets, including a sharp increase in government bond yields globally. Sterling has depreciated materially over the period.

Uncertainty around the outlook for UK retail energy prices has nevertheless fallen, following the Government's announcements of support measures including an Energy Price Guarantee. The Guarantee is likely to limit significantly further increases in CPI inflation, and reduce its volatility, while supporting aggregate private demand relative to the Committee's August projections. An additional Growth Plan announcement is scheduled to take place shortly after this MPC meeting, which is expected to provide further fiscal support, and is likely to contain news that is material for the economic outlook. Once this announcement has been made, and as part of its November MPC round, the Committee will make a full assessment of the impact on demand and inflation from all these announcements, along with other news, and determine further implications for monetary policy..... Nevertheless, energy bills will still go up and, combined with the indirect effects of higher energy costs, inflation is expected to remain above 10% over the following few months, before starting to fall back.

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

On 26 September the Governor of the Bank of England made the following statement:-

"The Bank is monitoring developments in financial markets very closely in light of the significant repricing of financial assets. In recent weeks, the Government has made a number of important announcements. The Government's Energy Price Guarantee will reduce the near-term peak in inflation. Last Friday the Government announced its Growth Plan, on which the Chancellor has provided further detail in his statement today. I welcome the Government's commitment to sustainable economic growth, and to the

role of the Office for Budget Responsibility in its assessment of prospects for the economy and public finances.

The role of monetary policy is to ensure that demand does not get ahead of supply in a way that leads to more inflation over the medium term. As the MPC has made clear, it will make a full assessment at its next scheduled meeting of the impact on demand and inflation from the Government's announcements, and the fall in sterling, and act accordingly. The MPC will not hesitate to change interest rates as necessary to return inflation to the 2% target sustainably in the medium term, in line with its remit."

On 4 August 2022, the Bank of England also published its quarterly Monetary Policy Report for August 2022. In this report the MPC include forecast quarterly CPI inflation rates over the next three years as follows:-

2022	2022	2023	2023	2023	2023	2024	2024	2024	2024	2025	2025	2025
Qtr.3	Qtr.4	Qtr.1	Qtr.2	Qtr.3	Qtr.4	Qtr.1	Qtr.2	Qtr.3	Qtr.4	Qtr.1	Qtr.2	Qtr.3
CPI %	CPI %	CPI %	CPI %	CPI %	CPI %	CPI %	CPI %	CPI %	CPI %	CPI %	CPI %	CPI %
9.9	13.1	12.6	10.8	9.5	5.5	4.3	2.6	2.0	1.4	1.2	0.9	0.8

The MPC's analysis of this forecast are that "the direct contribution of energy prices to CPI inflation alone is expected to peak at 6½ percentage points in 2022 Q4. That is substantially higher than in the Committee's forecasts over the past year, given the successive very sharp increases in global energy prices over this period. Together with higher indirect effects from energy prices, which can affect both goods and services prices, this accounts for most of the much higher outlook for CPI inflation over the first half of the forecast since May. Though responsible for much less of the rise in headline inflation, domestic inflationary pressures have also increased and are projected to be a little stronger than previously expected. In particular, it appears that the labour market is currently tighter than the Committee previously assumed. Together with a little more upward pressure on pay from higher price inflation, nominal private sector regular pay growth rises by more than in May over the first half of the forecast. This is broadly consistent with the Agents' survey on employment and pay, which suggests that firms expect pay settlements to average 6% over the next year, higher than the equivalent survey set out in the February Report. As a result, CPI inflation is a little higher throughout the projection from this judgement."

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

**Table: Forecasts for the UK Economy**

Source: HM Treasury - Forecasts for the UK Economy (September 2022)			
	Lowest %	Highest %	Average %
2022 (Quarter 4)			
CPI	7.4	14.0	10.2
RPI	8.7	17.7	13.1
LFS Unemployment Rate	3.6	4.5	4.1
2023 (Quarter 4)	Lowest %	Highest %	Average %
CPI	0.9	7.6	4.0
RPI	1.6	8.9	5.1
LFS Unemployment Rate	3.2	5.0	4.3

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

Independent medium-term projections for the calendar years 2022 to 2026 are summarised in the following table:-

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

### 2.3.3 Provision for Excess Inflation:

There is also a corporate provision which is held to assist services that may experience price increases greatly in excess of the budgeted inflation allowance provided when setting the budget. This will only be released for specific demonstrable demand. This was increased to £2.5m in 2022/23 but reduces to £0.5m from 2023/24 onwards. Whether this is sufficient is dependent on inflation reducing back towards the Government's 2% target by 2023/24 and the extreme volatility in utilities costs and supply being brought under control.

The provision in the MTFS is currently :-

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Budget in MTFS 2022-26	500	500	500	500

The cash limiting strategy is not without risks and if the inflation rate fails to return to the Government's 2% target levels of inflation by 2025/26 it will lead to further pressure on service budgets.

#### 2.3.4 London Living Wage (LLW) and Living Wage Employer Accreditation

Merton is seeking accreditation as a Living Wage Employer and will introduce the Real Living Wage into Merton contracts - as and when the contracts come up for re-tendering (excluding Care Home contracts) – Phase I.

More work will be undertaken to ascertain a more realistic cost for implementing the LLW across Merton's Care Home contracts and this work will be carried out after Merton has achieved its Living Wage Employer accreditation – Phase II.

The total additional cost to the Council - for the life of contracts which do not currently cover LLW and excluding Care Homes - is in the region of £7.23m over the next five years. The Living Wage foundation reviews its rates each year. These rates are not in line with RPI and as such it is difficult to predict what the uplift will be year-on-year and the actual increased cost to the Council.

Contract	Financial Year					Total
	2022/23	2023/24	2024/25	2025/26	2026/27	
Corporate Catering	£ 33,288	£ 33,288	£ 33,288	£ 33,288	£ 33,288	£ 166,440
Corporate Cleaning	£ 70,888	£ 70,888	£ 70,888	£ 70,888	£ 70,888	£ 354,440
Corporate Security	£ 56,410	£ 56,410	£ 62,051	£ 62,051	£ 62,051	£ 298,973
School Catering	£ 155,324	£ 155,324	£ 155,324	£ 51,775	£ 155,324	£ 673,071
School Cleaning	£ 169,669	£ 254,504	£ 254,504	£ 254,504	£ 84,835	£ 1,018,016
Home Care	£ 744,123	£ 372,062	£ 1,200,000	£ 1,200,000	£ 1,200,000	£ 4,716,185
	£ 1,229,702	£ 942,476	£ 1,776,055	£ 1,672,506	£ 1,606,386	£ 7,227,124

Figures in red are based on new contracts that would include LLW

Some figures vary year-to-year due to contract start / end dates not aligning to full financial year

The MTFS 2022-26 currently includes provision for the additional cost of implementing the LLW for the contracts included in the table above (i.e. excluding care homes) as follows:-

	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Provision in MTFS 2022-26	521	711	2,382	2,430	2,478

The provision will be reviewed and an update provided in a future report once the final increase has been announced.

## 2.4 Income

- 2.4.1 The MTFS does not include any specific provision for inflation on income from fees and charges, as these have now been subsumed into the overall gap and therefore approach to targets. However, in the business planning process for recent years, service departments have been able to identify increased income as part of their savings proposals and increased income currently makes up c.6.3% of future savings.
- 2.4.2 It is also the case that the Council's income streams were decimated by COVID-19 in 2020/21 and there is uncertainty about how long it will take to return to pre-COVID19 budgeted levels.

## 2.5 Forecast of Resources and Local Government Finance Settlement

### 2.5.1 Background

The main elements of financial planning that impact on local government are summarised as follows

#### Spending Review

The Spending Review 2021 covered the period 2022/23 to 2024/25. It was published on 27 October 2021 at the same time as the Autumn 2021 Budget.

Spending Reviews set out departmental Resource and Capital Departmental Expenditure Limits for forthcoming years. Details from the Spending Review will form the basis of allocations to local authorities for 2023-27 and beyond as announced in the Local Government Finance Settlement 2023-24. The total amount of funding available for local authorities is essentially determined by the amount of resources that Central Government has allocated as part of its annual Departmental Expenditure Limit.

#### Fair Funding Review

The government first announced that there would be a 'fair funding review' in February 2016 which was followed by consultations in July 2016 and December 2017. The results of the latter were published in December 2018.

At the start of 2022 the government announced that it would be consulting on potential reform on local government finance "in the spring". The Government has stated its commitment to ensuring that funding allocations for councils are based on an up-to-date assessment of their needs and resources. The Government has also noted that the data has not been updated for a number of years and that it will work closely with the sector and other stakeholders to update this and to look at the challenges and opportunities facing the sector before consulting on any potential changes.



The Institute of Fiscal Studies (IFS) state that “the current spending needs formulas use data that is now around ten years ago and were originally devised in the mid-2000s. There hasn’t been a well-functioning funding system that takes account of both spending needs and revenue-raising capacity since the mid-2000s either. Funding allocations are therefore based on increasingly out-of-date data and arbitrary and ad hoc decisions. This is what prompted the Fair Funding Review in the first place. But it also makes it harder to deliver the Review, especially in the context of a funding environment that looks increasingly tight, not least due to rising inflation. That’s because the ‘fair’ funding allocations implied by the new formulas and funding system are likely to differ significantly from the out-of-date and arbitrary allocations local authorities currently receive. Moving to the new allocations would therefore create many big losers who would see their real-terms funding cut – and this group who would likely be much more vocal than those winning.”

The MTFS included an adjustment of £3m from 2023/24 on the prudent assumption that the Fair Funding Review and potential Brexit effect including the implementation of the levelling up agenda, would result in a net loss of funding.

#### Spring Statement 2022 and Autumn Budget 2022

Following the Russian invasion of Ukraine and the significant jump in utilities costs and inflation, the Government issued a Spring Statement on 23 March.

It is expected that there will be an Autumn Budget, probably around October 2022, and this may be accompanied by a Spending Review 2022. The financial implications of these for local authorities will be incorporated into the Provisional Local Government Finance Settlement 2023/24 which is usually issued in mid-December at the earliest. The funding announcements in the provisional Settlement will underpin the Council’s funding estimates for 2023/24.

Updates on the expected timetable for these announcements will be reported as part of the Business Planning process when further information is known.

- 2.6.2 The current level of resources included in the draft MTFS 2023-27 as agreed by Council in March 2022 is as follows:-

<b>DRAFT MTFS 2023-27:</b>				
	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Revenue Support Grant	0	0	0	0
*Business Rates (inc. Section 31 grant)	*(41,216)	*(41,658)	*(42,105)	*(42,556)
Adult Social Care Grants inc. BCF	(5,010)	(5,010)	(5,010)	(5,010)
Social Care Grant	(6,282)	(6,282)	(6,282)	(6,282)
PFI Grant	(4,797)	(4,797)	(4,797)	(4,797)
New Homes Bonus	(300)	(300)	(300)	(300)
<b>Corporate Funding in the MTFS</b>	<b>(57,605)</b>	<b>(58,047)</b>	<b>(58,494)</b>	<b>(58,945)</b>

\* Net of £3m adjustment for Fair Funding Review and Spending Review 2022 potential effect.

These figures currently assume the London Business Rates pool is not reintroduced in 2023/24 and that there is an annual 2% uplift for CPI inflation to the Business Rate multiplier. Funding levels have been netted down by £3m p.a. from 2023/24 to reflect the potential loss of funding (government grant and business rates) arising from the potential ongoing economic impact of COVID-19 and Brexit, and the potential redistribution of resources away from London which could result from the Government's Fair Funding Review and the levelling up agenda.

The Government's aim is to allow local authorities to retain 75% of their Business Rates income but this has been deferred and the deadline for implementation is not yet known.

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

#### 2.6.4 Social Care Funding

##### Improved Better Care Fund

In 2022/23 the Improved Better Care Fund (iBCF) was increased by £63m (3%) and £10m in London. This was an inflationary uplift on 2021-22 allocations in line with the September 2020 to September 2021 change in the Consumer Price Index (CPI) and the distribution formula was unchanged and the grant will continue to be required to be pooled as part of the Better Care Fund .

Merton's allocation for 2022/23 was

<b>Improved Better Care Fund</b>	<b>2022-23</b>
	<b>£m</b>
Merton	5.010

Social Care Grant

National Social Care Grant allocations were increased by £636m in 2022-23. This grant is not ringfenced, and there are conditions attached on reporting requirements. In particular, local authorities can determine how much of it should be spent on adult social care and how much should be spent on children's social care.

Merton's 2022/23 allocation is:-

<b>Social Care Grant</b>	<b>2022-23 £m</b>
Merton	6.282

2.6.5 Business Rates - Update

As previously reported, due to uncertainty arising from COVID-19 and the collapse in Business Rates income replaced by government Section 31 grant, the London Business Rates pool was discontinued for 2021/22 and 2022/23. Although the economic position is slowly improving for businesses, it is not currently known whether there will be an attempt to reinstate the London pool for 2023/24. Reconciliation of final figures for when the London pool was in operation has not yet taken place as some London boroughs have not yet produced audited Statements of Account.

Updates will be provided as the Business Plan process develops.

2.7 **Council Tax and Collection Fund**2.7.1 Council Tax

The Council Tax income forecast in the current MTFS agreed by Council in March 2022 assumes that the Council Tax Base will increase by 0.5% per year with a collection rate 98.75% from 2023/24 to 2026/27. It also assumes the following changes in Council Tax over the MTFS period:-

	2023/24 %	2024/25 %	2025/26 %	2026/27 %
Council Tax increase - General	2.0%	2.0%	2.0%	2.0%
Council Tax increase – ASC*	0%	0%	0%	0%

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

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

(Cumulative figures exc. WPCC)	2023/24	2024/25	2025/26	2026/27
	£'000	£'000	£'000	£'000
Council Tax - No change in rate	105,933	106,507	107,125	107,532
Council Tax – General (2%)	2,119	4,259	6,420	8,603
<b>Council Tax income</b>	<b>108,052</b>	<b>110,766</b>	<b>113,545</b>	<b>116,135</b>

The Council Tax Referendum Principles for 2023/24 will not be known until the Provisional Local Government Finance Settlement for 2023/24 is announced, usually around mid-December.

There are several main issues that need to be considered when formulating a council tax strategy for the MTFS period 2023-27:-

- i) To what extent will the high cost of living inflation impact on collection rates in 2023/24 and beyond?
- ii) Will the Government revise the referendum principles to enable Councils to set higher council tax levels as part as a move towards balancing budgets from local taxation?
- iii) What impact will the high level of inflation have on the level on collection rates in 2022/23 and therefore what level of budget deficit relating to council tax will it be necessary to fund in 2023/24 ? (This will be reflected in a Collection Fund deficit as at 31 March 2023)

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

### 2.7.2 Collection Fund

In the MTFS approved by Council on 2 March 2022, the shares to preceptors of the collection surplus/deficit for Council Tax and NNDR based on the estimated Collection Fund balance at 31 March 2022 are summarised in the following table:-

	Surplus/ (deficit) as at 31/03/22 Estimate	Surplus/ (deficit) as at 31/03/22 Estimate	Total surplus/ (deficit) as at 31/03/22
	Council Tax	NNDR	
	£000	£000	£000
Central Government	N/A	(4,939)	(4,939)
GLA	554	(5,537)	(4,983)
Merton	2,026	(4,490)	(2,464)
<b>Total</b>	<b>2,580</b>	<b>(14,966)</b>	<b>(12,386)</b>
Payable in 2022/23	3,701	(13,052)	(9,351)
<b>3 year spread to 2023/24</b>	<b>(1,121)</b>	<b>(1,914)</b>	<b>(3,035)</b>

2.7.3 Merton's share of the surplus/deficit for council tax and NNDR were built into the MTFS agreed by Council in March 2022.

2.7.4 Since then, the Council has produced its draft 2021/22 accounts as at 31 March 2022 which are currently being audited. The draft accounts for 2021/22 include the following surplus/deficit for Council Tax and NNDR as at 31 March 2022.

	Surplus/ (deficit) as at 31/03/22 Outturn	Surplus/ (deficit) as at 31/03/22 Outturn	Total surplus/ (deficit) as at 31/03/22
	Council Tax £000	NNDR £000	£000
Central Government	N/A	(6,652)	(6,652)
GLA	590	(7,459)	(6,869)
Merton	1,948	(6,051)	(4,103)
<b>Total</b>	<b>2,538</b>	<b>(20,162)</b>	<b>(17,624)</b>

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

	Surplus/ (deficit) as at 31/03/22	Surplus/ (deficit) as at 31/03/22	Total surplus/ (deficit) as at 31/03/22
	Council Tax £000	NNDR £000	£000
Central Government	N/A	(1,713)	(1,713)
GLA	36	(1,922)	(1,886)
Merton	(78)	(1,561)	(1,639)
<b>Total</b>	<b>(42)</b>	<b>(5,196)</b>	<b>(5,238)</b>

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

	Estimated Surplus/ (deficit) as at 31/03/22	Outturn Surplus/ (deficit) as at 31/03/22	Surplus/ (deficit) as at 31/03/22 Change
	£000	£000	£000
Council Tax	2,026	1,948	(78)
NNDR	(4,490)	(6,051)	(1,561)
<b>Total</b>	<b>(2,464)</b>	<b>(4,103)</b>	<b>(1,639)</b>

2.7.7 There is no change to the surplus/deficit figures agreed for 2022/23 as all variations are managed via the Collection Fund. However, the net deficit of £1.639m will need to be taken into account when calculating the Merton General Fund's share of any surplus/deficit due to/from the Collection Fund in 2023/24.

2.7.8 The calculation of the estimated surplus/deficit on the Collection Fund as at 31 March 2023 will be made later in the budget process when key variables are firmed up and council tax base and NNDR returns have been completed. Until this time, the increase in the net surplus carried forward from 2021/22 of £1.639m will be included in the draft MTFs for 2023/24.

## 2.8 Capital Programme 2023-27 and implications for Treasury Management: Capital Financing Costs and Investment income

2.8.1 Council in March 2022 approved the following Capital Programme for 2021-26:-

Capital Expenditure	2021/22	2022/23	2023/24	2024/25	2025/26
	Estimate	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
Capital Expenditure	26,872	32,611	18,050	15,949	37,869
Slippage and Underspends	(5,118)	(2,408)	3,921	(119)	(392)
<b>Total Capital Expenditure *</b>	<b>21,754</b>	<b>30,203</b>	<b>21,971</b>	<b>15,830</b>	<b>37,477</b>
<b>Financed by:</b>					
Capital Receipts	1,856	900	900	900	500
Capital Grants & Contributions	14,778	18,730	10,177	5,756	4,464
Revenue Provisions inc. borrowing	5,120	10,573	10,894	9,174	32,513
<b>Total financing</b>	<b>21,754</b>	<b>30,203</b>	<b>21,971</b>	<b>15,830</b>	<b>37,477</b>

\*Includes Multi-Function Devices finance lease.

2.8.2 Since the capital programme was approved by Council in March 2022 and the revenue implications built into the MTFs, there have been a number of amendments arising from outturn 2021/22, monthly monitoring and a review by project managers. There has been a great deal of effort made to ensure that the capital programme set is realistic, affordable and achievable within the capacity available. This has been accompanied by improved financial monitoring and modelling of the programme's costs over the period of the MTFs which has enabled the budgets for capital financing costs to be reduced and therefore scarce resources to be utilised more effectively.

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

2.8.4 Following the closing and preparation of final accounts for 2021/22, the level of slippage required from 2021/22 and the re-profiling of schemes over the programming period has been undertaken to ensure that the level of capital budget is aligned with the Council's capacity to deliver it.

## **2.9 Reserves – Review of Earmarked Reserves**

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

The Business Plan and MTFS for 2022-2026 approved by Council on 2 March 2022 forecast that a contribution of £8.112m would be required in 2022/23 with the balance of £8.513m applied in 2023/24.

Following the final accounts process for 2021/22 (subject to audit), the balance on the Reserve for use in Future Year's Budgets (subject to audit) on the Reserve as at 31 March 2022, excluding the contribution set aside for 2022/23 of £8.112m is £9.172m. This means that there is c. £0.659m more available to balance the budget over the MTFS period.

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

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

### **2.9.2 Review of Earmarked Reserves**

The use and availability of Reserves is monitored throughout the year as part of the monthly monitoring process.

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

## **2.10 Review of Outturn 2021/22 and Current Budget and Spending 2022/23**

2.10.1 There may be issues identified during the final accounts process and from monthly monitoring, elsewhere on this agenda, that have on-going financial implications which need to be addressed in setting the budget for 2023-27.

### **2.10.2 Monitoring 2022/23**

At period 4 to 31 July 2022 the year end forecast is a net £5.448m unfavourable variance compared to the current budget:-

## APPENDIX 1

	Original Budget 2022/23 £000s	Current Budget 2022/23 £000s	Year to Date Budget (July) £000s	Year to Date Actual (July) £000s	Full Year Forecast (July) £000s	Forecast Variance at year end (July) £000s
<b><u>Department</u></b>						
Corporate Services	29,209	30,090	10,020	11,709	31,234	1,144
Children, Schools and Families	60,401	60,995	17,699	20,902	61,995	1,202
Community and Housing	66,201	66,539	26,479	22,972	67,387	848
Public Health	(162)	(162)	651	(5,019)	(162)	0
Environment & Regeneration	11,763	11,931	366	(7,814)	16,723	4,792
Overheads		(267)			0	267
<b>NET SERVICE EXPENDITURE</b>	<b>167,412</b>	<b>169,126</b>	<b>55,215</b>	<b>42,750</b>	<b>177,177</b>	<b>8,253</b>
				6		
<b>TOTAL CORPORATE PROVISIONS</b>	<b>166</b>	<b>(1,687)</b>	<b>7,969</b>	<b>1,349</b>	<b>(4,115)</b>	<b>(2,428)</b>
<b>Covid-19</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>52</b>	<b>52</b>	<b>52</b>
<b>TOTAL GENERAL FUND</b>	<b>167,578</b>	<b>167,439</b>	<b>63,184</b>	<b>44,099</b>	<b>173,114</b>	<b>5,877</b>
<b>FUNDING</b>	<b>(167,305)</b>	<b>(167,305)</b>	<b>(10,317)</b>	<b>(14,403)</b>	<b>(167,734)</b>	<b>(429)</b>
<b>NET</b>	<b>273</b>	<b>134</b>	<b>52,867</b>	<b>29,696</b>	<b>5,380</b>	<b>5,448</b>

The main reasons for the variance based on July 2022 monitoring are:-

- a) Corporate Services: Marketing and communications, Press and publications, bailiffs service income, human resources
- b) Children's, Schools and Families: Child Social Care and Youth inclusion including agency social workers and Social Care Placements. Education - high transport costs. DSG budgets in line with Safety Valve Agreement is showing a deficit of £10.4m
- c) Environment and Regeneration: Regulatory Services, Parking Services income, waste services, Leisure and culture, Greenspaces, Future Merton, Building and Development Control
- d) Community and Housing: Adult Social Care placements, Housing General Fund – Temporary Accommodation



### 2.10.3 COVID-19

Hopefully the implications of COVID-19 will have been addressed by 2023/24 and not have a significant impact whilst recognising at the same time there have inevitably needed to be some changes to how the Council delivers some services. The most affected services, particularly those to vulnerable groups will continue to be reviewed and monitored to ensure that they are managed effectively.

### 2.10.4 Savings under pressure

As shown in the following table, the budget monitoring report for July indicates that some savings assumed in the MTFs are under pressure in 2022/23 and this may impact on 2023/24.

Department	Target Savings 2022/23	Projected Savings 2022/23	2022/23 Expected Shortfall
	£000	£000	£000
Corporate Services	550	395	155
Children Schools and Families	1,888	1,338	550
Community and Housing	1,659	305	1,354
Environment and Regeneration	1,898	833	1,065
<b>Total</b>	<b>5,995</b>	<b>2,871</b>	<b>3,124</b>

Monitoring of the delivery of savings is important and it is essential to recognise as quickly as possible where circumstances change and savings previously agreed are either not achievable in full or in part or are delayed. If this is the case, departments will need to identify replacement savings from elsewhere within their overall budgets. If it is not possible to find replacements, if any of the savings included in the MTFs approved by Council in March 2022 are not achieved this will result in an increase in the budget gap and increase pressure on services. The projected shortfall in savings of c. £3.124m in 2022/23 will add to the budget gap and make it more difficult to achieve the balanced budget that is a statutory requirement.

### 2.10.5 Growth

New proposals for growth in service budgets will be considered at a future meeting.

## 2.11 DSG Safety Valve Agreement – implications for the MTFs

2.11.1 The DSG deficit was moved to an unusable reserve at the end of 2020/21 and will continue to grow unless action is taken. Resolution of the underlying problem was a consistent cause of uncertainty throughout 2021/22 but, following negotiations, agreement was reached with the government

(Department for Education) and a Dedicated Schools Grant “Safety Valve” Agreement signed in March 2022 with the DfE.

2.11.2 Under the terms of the Agreement it is planned that the DSG deficit will be cleared by 2026/27 and thereafter will need to be effectively managed so that it breaks even, year on year.

2.11.3 As reported in the 2021/22 Outturn report to Cabinet, the first phase of implementing the Safety Valve Agreement has been executed and had a significant impact in 2021/22 with receipt of £11.6m Safety Valve Grant turning an overspend of £0.8m in 2021/22 to an underspend of £10.8m. For the Medium Term Financial Strategy, the Safety Valve Agreement will have an ongoing impact on future years and, subject to successful implementation it will eliminate the deficit by 2026/27.

2.11.4 Although they will continue to be a continuing, but reducing annual deficit until 2026/27, thereafter it should breakeven.

2.11.5 In monitoring and managing the elimination of the DSG deficit, there are four key elements:-

- The DSG Deficit Unusable Reserve
- The Spending Review Reserve containing Merton resources to contribute towards eliminating the deficit
- Merton’s annual revenue budget towards eliminating the deficit
- The Government’s Safety Valve grant payments up to 2026/27

2.11.6 The financial implications of the Safety Valve Agreement if successfully implemented, over the period of the MTFs, are summarised as follows:-

<b>DSG Unusable Reserve</b>	Outturn 2021/22 £m	Forecast 2022/23 £m	Forecast 2023/24 £m	Forecast 2024/25 £m	Forecast 2025/26 £m	Forecast 2026/27 £m
B/F DSG Deficit	24.98	26.93	31.03	32.93	34.03	34.23
In year deficit	13.55	7.10	5.40	4.60	3.70	(0.90)
Sub-total	38.53	34.03	36.43	37.53	37.73	33.33
<b>Safety Valve Payments</b>	<b>(11.60)</b>	<b>(3.00)*</b>	<b>(3.50)</b>	<b>(3.50)</b>	<b>(3.50)</b>	<b>(3.20)</b>
<b>Deficit c/f</b>	<b>26.93</b>	<b>31.03</b>	<b>32.93</b>	<b>34.03</b>	<b>34.23</b>	<b>30.13</b>

\* Safety Valve payment £3.5m less £0.5m required for staffing costs

Spending Review Reserve Cover for DSG	Outturn 2021/22 £m	Forecast 2022/23 £m	Forecast 2023/24 £m	Forecast 2024/25 £m	Forecast 2025/26 £m	Forecast 2026/27 £m
B/f Provision	23.74	26.93	31.03	32.93	34.03	34.23
<b>Budget provision for DSG Deficit</b>	<b>14.08</b>	<b>10.54</b>	<b>11.63</b>	<b>12.71</b>	<b>13.80</b>	<b>15.00</b>
Revised balance	37.82	37.47	42.66	45.64	47.83	49.23
Sum Required to meet DSG Deficit	26.93	31.03	32.93	34.03	34.23	30.13
<b>Balance available to be released/(overspend)</b>	<b>10.89</b>	<b>6.44</b>	<b>9.73</b>	<b>11.61</b>	<b>13.60</b>	<b>19.10</b>
Less: Corporate contribution		0.50	0.50	0.50	0.50	0.50
<b>Balance Available for Other purposes</b>		<b>5.94</b>	<b>9.23</b>	<b>11.11</b>	<b>13.10</b>	<b>18.60</b>

2.11.7 As can be seen, successful implementation of the Safety Valve Agreement will enable c. £58m of revenue resources to be used on other council services whereas failure to implement the Agreement will jeopardise the £28.8m grant that the government has pledged if the Council eliminates the deficit.

### 3. Re-priced MTFS 2023-27

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

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

(cumulative)	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
<b>MTFS Gap (Council March 2022)</b>	4,618	18,791	21,659	27,767
- DSG Safety Valve Benefit	(9,228)	(11,114)	(13,099)	(18,600)
- Inflation reprice - Pay and Prices	7,439	8,486	8,773	9,060
- Collection fund deficit revised for 21/22 outturn	1,629	0	0	0
- Capital financing costs (July monitoring, No slippage)	440	405	410	463
- Waste contract	0	0	1,800	1,800
- Parking contract and systems	0	0	900	900
- Use of Reserves	(659)	0	0	0
<b>Revised MTFS Gap 2023-27</b>	4,239	16,568	20,443	21,390

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

3.4 Progress made in recent years in identifying savings over the whole period of the MTFS has reduced pressure on services to make short-term, non-strategic cuts. Hopefully, the impact and uncertainty of COVID-19 and the DSG Deficit issue have been brought under control and although there is currently the problem of high levels of inflation, this will be relatively short term and can be managed over the MTFS period to reduce the budget gap by the end of the four year period.

3.5 However, whilst recognising the great level of uncertainty about future costs and funding, it is still necessary to forward plan and set savings targets aimed at eliminating this gap on an ongoing basis.

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

4.1 This is the initial report on the business planning process for 2023/24 and there is a great deal of work to be done.

#### 4.2 Savings Targets for 2023-27

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

balance of unachieved savings targets from last year's business planning process are summarised below:-

	Targets £'000	Proposals £'000	Balance £'000
Corporate Services	5,222	254	4,968
Children, Schools & Families	3,533	518	3,015
Environment & Regeneration	7,257	624	6,633
Community & Housing	8,033	1,100	6,933
<b>Total</b>	<b>24,044</b>	<b>2,496</b>	<b>21,549</b>

#### 4.2.2 APPROACH FOR 2023-24

It is proposed that the savings targets for 2023-2027 are based entirely on each service department's controllable budgets for 2022/23 which are as follows:-

<b>DEPARTMENTAL SAVINGS TARGETS USING 2022/23 CONTROLLABLE BUDGETS</b>	<b>Controllable Expenditure 2022/23 £000</b>	<b>Weighting by dept. No.</b>	<b>Weighted Controllable £000</b>	<b>Weighted Controllable %</b>
<b>Corporate Services</b>	<b>31,081</b>	1.50	46,621	23.4%
<b>Children, Schools and Families</b>	<b>38,032</b>	0.75	28,524	14.3%
<b>Environment and Regeneration</b>	<b>38,990</b>	1.50	58,484	29.4%
<b>Community and Housing</b>	<b>65,353</b>	1.00	65,353	32.8%
<b>Total</b>	<b>173,455</b>		<b>198,982</b>	<b>100%</b>

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

<b>SAVINGS TARGETS BY DEPARTMENT</b>	<b>Allocation using controllable budgets £000</b>	<b>Total £000</b>
Corporate Services	5,012	5,012
Children, Schools and Families	3,066	3,066
Environment and Regeneration	6,287	6,287
Community and Housing	7,025	7,025
<b>Total</b>	<b>21,390</b>	<b>21,390</b>

<b>SAVINGS TARGETS BY DEPARTMENT</b>	<b>2023/24 £000</b>	<b>2024/25 £000</b>	<b>2025/26 £000</b>	<b>2026/27 £000</b>	<b>Total £000</b>
Corporate Services	993	2,889	908	222	5,012
Children, Schools and Families	608	1,767	555	136	3,066
Environment and Regeneration	1,246	3,624	1,139	278	6,287
Community and Housing	1,392	4,049	1,273	311	7,025
<b>Total</b>	<b>4,239</b>	<b>12,329</b>	<b>3,875</b>	<b>947</b>	<b>21,390</b>
<b>Total (cumulative)</b>	<b>4,239</b>	<b>16,568</b>	<b>20,443</b>	<b>21,390</b>	

## **5. Alternative Options**

5.1 The range of options available to the Council relating to the Business Plan 2023-27 and for setting a balanced revenue budget and fully financed capital programme will be presented in reports to Cabinet and Council in accordance with the agreed timetable which is set out in Appendix 1.

## **6. Consultation Undertaken or Proposed**

6.1 All relevant bodies have been consulted.

## **7. Timetable**

7.1 In accordance with current financial reporting timetables.

7.2 A chart setting out the proposed timetable for developing the business plan is provided as Appendix1.

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

8.1 As contained in the body of the report.

## **9. Legal and statutory implications**

9.1 As outlined in the report.

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

10.1 None for the purposes of this report, these will be dealt with as the budget is developed for 2023 – 2027.

## **11. Crime and Disorder Implications**

11.1 Not applicable.

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

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

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

Appendix 1 – Business Plan Timetable 2023-27

Appendix 2 – Revised MTFS Gap

**14. Background Papers**

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

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

2022/23 Budget Monitoring working papers

MTFS working papers

**15. REPORT AUTHOR**

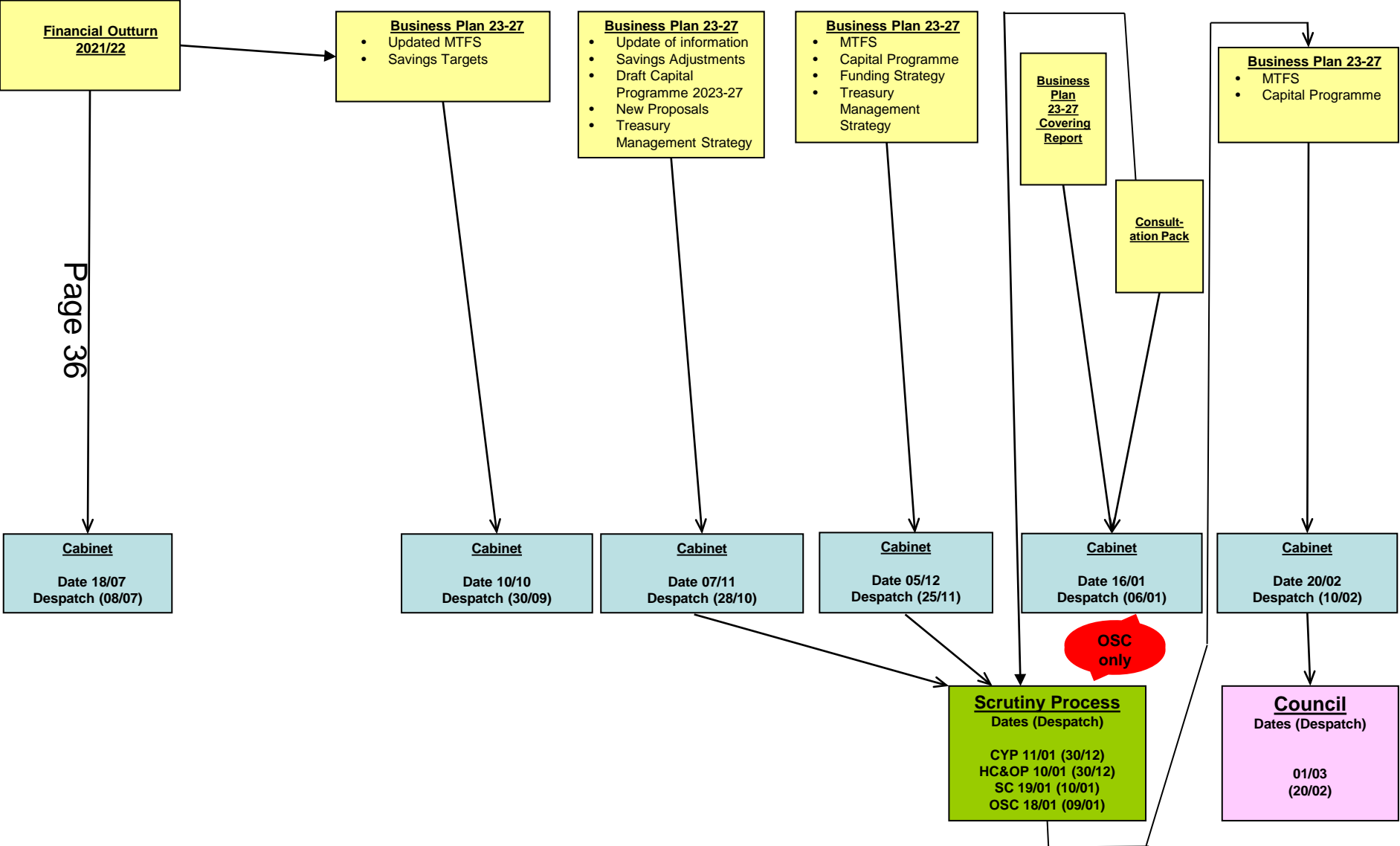
- Name: Roger Kershaw

- Tel: 020 8545 3458

email: [roger.kershaw@merton.gov.uk](mailto:roger.kershaw@merton.gov.uk)

# BUSINESS PLANNING TIMETABLE - BUSINESS PLAN 2023-27 APPENDIX 1

Page 36



OSC only



<b>DRAFT MTFS 2023-27:</b>				
	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Departmental Base Budget 2021/22</b>	<b>173,022</b>	<b>173,022</b>	<b>173,022</b>	<b>173,022</b>
Inflation (Pay, Prices)	8,229	14,926	19,191	23,456
NI increase	7	16	24	32
Salary oncost increase (15.2% to 17.06%)	48	72	96	120
FYE – Previous Years Savings	(2,218)	(2,166)	(2,063)	(2,072)
FYE – Previous Years Growth	390	390	390	390
Amendments to previously agreed savings/growth	0	0	0	0
Change in Net Appropriations to/(from) Reserves	(3,226)	(3,226)	(3,676)	(3,676)
Taxi card/Concessionary Fares	1,457	4,468	5,712	5,712
Social Care - Additional Spend offset by grant/precept	(479)	(469)	(482)	(477)
Growth	0	0	0	0
DSG Safety Valve	0	0	0	0
Provision - DSG Deficit	2,400	1,600	700	(3,600)
Contract increases	0	0	2,700	2,700
Other	4,440	4,599	4,760	4,922
<b>Re-Priced Departmental Budget</b>	<b>184,070</b>	<b>193,232</b>	<b>200,374</b>	<b>200,530</b>
Treasury/Capital financing	11,968	12,989	12,821	16,335
Pensions	0	0	0	0
Other Corporate items	(20,050)	(20,323)	(20,646)	(20,328)
Levies	611	611	611	611
<b>Sub-total: Corporate provisions</b>	<b>(7,471)</b>	<b>(6,723)</b>	<b>(7,214)</b>	<b>(3,382)</b>
<b>Sub-total: Repriced Departmental Budget + Corporate Provisions</b>	<b>176,598</b>	<b>186,509</b>	<b>193,160</b>	<b>197,147</b>
Savings/Income Proposals 2022/23	0	0	0	0
<b>Sub-total</b>	<b>176,598</b>	<b>186,509</b>	<b>193,160</b>	<b>197,147</b>
Appropriation to/from departmental reserves	(752)	(752)	(302)	(302)
Appropriation to/from Balancing the Budget Reserve	(9,172)	0	0	0
ONGOING IMPACT OF COVID-19 (NET)	505	0	0	0
<b>BUDGET REQUIREMENT</b>	<b>167,179</b>	<b>185,757</b>	<b>192,858</b>	<b>196,845</b>
<b>Funded by:</b>				
Revenue Support Grant/Covid RNF & LCTS grant	0	0	0	0
Business Rates (inc. Section 31 grant)	(41,216)	(41,658)	(42,105)	(42,556)
Adult Social Care Grants inc. BCF	(5,010)	(5,010)	(5,010)	(5,010)
Social Care Grant	(6,282)	(6,282)	(6,282)	(6,282)
PFI Grant	(4,797)	(4,797)	(4,797)	(4,797)
New Homes Bonus	(300)	(300)	(300)	(300)
Council Tax inc. WPCC	(108,428)	(111,141)	(113,921)	(116,510)
Collection Fund – (Surplus)/Deficit	3,093	0	0	0
Market Sustainability and Fair Cost of Care Fund	0	0	0	0
2022/23 Services Grant	0	0	0	0
<b>TOTAL FUNDING</b>	<b>(162,940)</b>	<b>(169,188)</b>	<b>(172,414)</b>	<b>(175,455)</b>
<b>GAP including Use of Reserves (Cumulative)</b>	<b>4,239</b>	<b>16,568</b>	<b>20,443</b>	<b>21,390</b>

# CABINET

**5 December 2022**

**Agenda item:**

**Business Plan Update 2023-2027**

**Lead officer:** Roger Kershaw

**Lead member:** Councillor Billy Christie

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

**Contact officer:** Roger Kershaw

## Recommendations:

---

1. That Cabinet considers and agrees the draft growth proposals (Appendix 4) put forward by officers and refers them to the Overview and Scrutiny panels and Commission in January 2023 for consideration and comment.
2. That Cabinet considers and agrees the new savings proposals for 2023/24 to 2026/27 (Appendix 5) and refers them to the Overview and Scrutiny panels and Commission in January 2023 for consideration and comment.
3. That Cabinet considers and agrees the new capital proposals for 2023/24 to 2026/27 and the draft Capital Programme 2023-2027 (Appendix 7) and refers them to the Overview and Scrutiny panels and Commission in January 2023 for consideration and comment.
4. That Cabinet agrees the proposed Council Tax Base for 2023/24 set out in paragraph 2.7 and Appendix 1.
6. That Cabinet note that Equalities Impact Assessments for each saving, where applicable, will be included in the Member's Information Pack for consideration in future meetings

## 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report provides an update to Cabinet on the Business Planning process for 2023-27 and in particular on the progress made so far towards setting a balanced revenue budget for 2023/24 and over the MTFS period as a whole.
- 1.2 Members will recall that the standstill budget gap for 2023/24 to Cabinet in October 2022 was c. £4.2m. Since then, a range of growth pressures have been assessed together with proposals for savings to assist with balancing the MTFS. Incorporating the growth pressures and savings into the MTFS leaves a gap of c.£4.3m which will have to be addressed in order to set a balanced budget for 2023/24 at the Council meeting in March

2023. This means that additional savings and income proposals will be required and these will be included in the Business Plan update report to Cabinet in January 2023.

- 1.3 Members will note that we still await the Provisional Local Government Finance Settlement 2023/24 (due mid-December 2022) which will provide details on the grant funding for Councils together with information on how the Council Tax Referendum Principles will be applied.
- 1.4 As stated, the report provides details of proposed revenue savings which are needed to enable the Council to be able to set a balanced budget for 2023/24 in March 2023. Draft equalities analyses where applicable will be included in the Member's Information Pack to be provided at the end of December.
- 1.5 The report also presents details of new growth proposals for 2023-27
- 1.6 The report also provides details of new capital proposals and an update on the capital programme for 2023-32 and the financial implications for the MTFS.
- 1.7 The report provides a general update on all of the latest information relating to the Business Planning process for 2023-27 and an assessment of the implications for the Medium Term Financial Strategy 2023-27.
- 1.8 This report is one of the budget updates through the financial year and will be referred to the Overview and Scrutiny Panels and Commission in January 2023 as part of the information pack. It is intended that all of the detailed proposals will be incorporated into a Member's Information Pack to be despatched to all Members at the end of December 2022.

## 2. **DETAILS**

### **Introduction**

- 2.1 A review of assumptions in the MTFS was undertaken and reported to Cabinet on 10 October 2022. As a result Cabinet agreed departmental savings targets and details of proposed departmental savings are presented in this report in Appendix 5.
- 2.2 The draft MTFS 2023-27 in the Cabinet report in October 2022 included financial implications of a draft Capital Programme 2023-32 based on July 2022 monitoring and incorporating outturn 2021/22 expenditure and financing. This has been further reviewed and details of new bids are included in this report, together with an assessment of the capital financing costs arising from the proposals.
- 2.3 The overall MTFS budget gap reported to Cabinet in the October 2022 report was based on a repriced, standstill position and is summarised in the following table:-

(Cumulative Budget Gap)	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
MTFS Gap (Cabinet October 2022)	4,239	16,568	20,443	21,390

## 2.4 Review of Assumptions

Since Cabinet in October, work has been continuing to review assumptions, consider the necessity for revenue growth in some services, identify new savings/income proposals, review the capital programme, develop some new capital bids and analyse financial and economic information which has been received since then.

### 2.4.1 Pay

#### 2022-23:

For 2022/23 the final pay award has now been agreed but provision of 2% was included in the MTFS for 2022-26.

The three local government unions, UNISON, GMB and Unite, representing 1.4 million council and school employees, submitted a pay claim for staff in England, Wales and Northern Ireland.

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

Local government unions balloted their members and on 1 November agreed to accept the offer.

For Merton, the offer is estimated to be equivalent to c. 6% in a full year and this has been incorporated into the draft MTFS 2023-27.

As reported to Cabinet in October 2022, each 1% of pay costs c. £0.990m and a 6% pay award in 2022/23 will have the following impact on the MTFS 2023-27:-

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Additional Impact of a 6% pay award	3,960	4,039	4,120	4,202

#### 2023/24 and future years:

The provision for future pay awards currently included in the MTFS 2023-27 as reported to Cabinet in October 2022 is :-

<b>(Cumulative £000)</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
<b>Pay inflation (%)</b>	<b>3.0%</b>	<b>2.0%</b>	<b>2.0%</b>	<b>2.0%</b>
MTFS 2023-27 (Latest)	2,974	4,957	6,940	8,923
<b>Change (cumulative £000)</b>	<b>1,054</b>	<b>1,117</b>	<b>1,180</b>	<b>1,243</b>

It is recognised that the inflation rate is currently much more than 3% so if the 2023/24 award exceeds 3%, each 1% will cost c.£0.990m.

Further details on the pay negotiations for 2023/24 and beyond, and the impact on the MTFS will be reported when they are known. This will include any information about Government assumptions about local government pay announced in the Autumn Statement and expected in the provisional Local Government Settlement.

#### London Living Wage

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

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

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

#### 2.4.2 Prices

The draft MTFS 2023-27 reported to Cabinet in October 2022 included the following percentage increases and no changes are proposed at the current time:-

(Cumulative)	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
Price inflation (%)	3%	2%	1.5%	1.5%
Revised Estimate (cumulative £000)	4,564	7,607	9,889	12,172

#### 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.

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)			
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

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".

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.

Bank of England (MPC) Quarterly Central Projection for 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

### 2.4.3 Provision for Excess Inflation:

There is also a corporate provision which is held to assist services that may experience price increases greatly in excess of the inflation allowance provided when setting the budget. The provision included in the October 2022 Cabinet was £0.5m which is equivalent to an additional c. 0.33%. In the current inflationary environment it is considered that this may be insufficient and it is therefore proposed to increase this by £2.688m to £3.188m which is equivalent to an additional c.1.8% on the price inflation already provided for. The increase of £2.688m is made up of £1.9m new funding and £0.788m from a review of corporate budgets. This will be retained centrally and allocated to departments in those instances where excessively high inflation is being experienced,

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Provision for Excess inflation October Cabinet	500	500	500	500
Transfer from review of corporate budgets	788	788	788	788
New Provision	1,900	1,900	1,900	1,900
<b>Revised Provision for Excess inflation</b>	<b>3,188</b>	<b>3,188</b>	<b>3,188</b>	<b>3,188</b>



#### 2.4.4 Income

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

#### 2.4.5 Social Care Levy

On 7 September 2021, the government announced plans to reform how people pay for adult social care in England, which will be funded through a new Health and Social Care Levy. The Levy is to be based on National Insurance contributions (NICs). As part of this proposal employers would be required to pay a social care levy equivalent to 1.25% of National Insurance contributions.

On 22 September 2022, the then Chancellor Kwasi Kwarteng announced the 1.25 percentage point rise in NICs rates for employees, employers and the self-employed would be reversed from 6 November 2022, and that the Health and Social Care Levy Act 2021 would be repealed.

The MTFs 2023-27 currently includes the following provision for the Social Care Levy which will no longer be required:-

(cumulative)	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000
Provision in MTFs for Employers NI for social Care	1,001	1,013	1,025	1,038

#### 2.4.6 Pension Fund contributions

As part of the actuarial review of the Pension Fund it is proposed to reduce contributions by 0.5 % which leads to an annual saving of c. £0.5m.

#### 2.4.7 Budgetary Control 2022/23

There may be issues identified from monthly monitoring, elsewhere on this agenda, that have on-going financial implications which need to be addressed in setting the budget for 2023-27.

#### Monitoring 2022/23

At period 7 to 31 October 2022 the year end forecast is a net £0.988m unfavourable variance compared to the current budget

	Current Budget 2022/23 £000	Full Year Forecast (Oct) £000	Forecast Variance at year end (Oct) £000
Corporate Services	31,090	32,183	1,093
Children, Schools and Families	60,867	62,223	1,356
Environment & Regeneration	12,068	16,888	4,820
Community and Housing	66,377	67,207	830
Net Overheads	(272)	0	272
<b>NET SERVICE EXPENDITURE</b>	<b>170,131</b>	<b>178,501</b>	<b>8,371</b>
Corporate	(2,826)	(9,779)	(6,953)
<b>Total Expenditure</b>	<b>167,305</b>	<b>168,722</b>	<b>1,418</b>
Funding	(167,305)	(167,734)	(429)
<b>Net Expenditure</b>	<b>0</b>	<b>988</b>	<b>988</b>

Based on October 2022 monitoring, an overall unfavourable variance is forecast, with the following pressures being flagged:-

- a) Corporate Services: Customers, Policy and Improvement, Infrastructure and Technology, Resources, Human Resources, Housing Benefits Rent Allowance subsidies.
- b) Children's Schools and Families: High cost and dependency on agency staff, high cost of child placements and transport, DSG deficit
- c) Environment and Regeneration: 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 £2.6m, a projected utility budget overspend of approximately £1m and increased inflationary costs for services, materials and equipment.
- d) Community and Housing: Adult Social Care, Housing General Fund, and libraries and heritage.

#### 2.4.8 Growth

The MTFs reported to Cabinet in October 2022 was repriced to include inflation but was based on a standstill position. It did not include any provision for growth in services for 2023/24 to 2026/27 but it is clear that there will be some areas that will require additional support in order to be able to cope with pressures currently identified.

Service departments have been reviewing their service projections against current budgets and have identified some growth requirements. Details are provided in Appendix 4 and are summarised in the following table:-

<b>Cumulative growth</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>	<b>2025/26 £'000</b>	<b>2026/27 £'000</b>	<b>Total £'000</b>
Corporate Services	315	120	120	0	555
Children, Schools and Families	1,871	(475)	0	0	1,396
Environment and Regeneration	905	0	0	0	905
Community and Housing	274	0	(97)	0	177
<b>Total</b>	<b>3,365</b>	<b>(355)</b>	<b>23</b>	<b>0</b>	<b>3,033</b>
<b>Cumulative</b>	<b>3,365</b>	<b>3,010</b>	<b>3,033</b>	<b>3,033</b>	

Cabinet are requested to review and agree the proposals and refer them to the Overview and Scrutiny Panels and Commission for scrutiny in January 2023.

#### 2.4.9 Capital Programme for 2023-27

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

The report to Cabinet in October 2022 set out the current capital programme, The latest current capital programme based on October 2021 monitoring, including slippage and new bids are set out in Appendix 7.

The following tables summarise the change in proposed capital expenditure and associated capital financing costs from Council in March 2022 to the latest forecast costs:-

<b>Capital Expenditure</b>	<b>2023/24 Estimate £000's</b>	<b>2024/25 Estimate £000's</b>	<b>2025/26 Estimate £000's</b>	<b>2026/27 Estimate £000's</b>
Capital Expenditure (Council March 2022)	21,971	15,830	37,477	29,982
Change	13,021	10,002	1,034	(2,296)
Capital Expenditure (October monitoring with slippage)	34,992	25,832	38,511	27,686
Change	10,680	22,671	14,648	5,718
Capital Expenditure (October, slippage and New Bids)	45,672	48,503	53,159	33,404

<b>Capital Financing Costs</b>	<b>2023/24 Estimate £000's</b>	<b>2024/25 Estimate £000's</b>	<b>2025/26 Estimate £000's</b>	<b>2026/27 Estimate £000's</b>
Capital Financing costs (Council March 2022)	11,903	12,929	12,736	16,186
Change	(796)	(902)	(730)	(1,335)
Capital Financing costs (October monitoring with slippage)	11,107	12,027	12,006	14,851
Change	0	285	1,269	2,465
Capital Financing costs (October, slippage and New Bids)	11,107	12,312	13,275	17,316

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

### 2.5.1 Autumn Statement

Since October there has been significant political and economic change in the United Kingdom with turmoil in the financial markets and continuing high inflation and volatility in energy supply and prices. The financial implications arising from the Government's economic projections and Medium-Term Fiscal Plan have been uncertain with a number of proposals being reversed in recent weeks.

On 26 October 2022, the Chancellor of the Exchequer requested an Office for Budget Responsibility (OBR) forecast to be published on 17 November. 2022, This will be published alongside the Chancellor's Autumn Statement.

The Autumn Statement gives details on Government taxation and spending plans to address the cost of living crisis. Whilst Government Departmental Expenditure Limits are expected to be announced, individual local authorities allocations will not be known until the Provisional Local Government Finance Settlement 2023 is published (expected in mid-December).

### 2.5.2 Provisional Local Government Finance Settlement

The Departmental Expenditure Limits set out in the Spending Review form the basis of the allocations included in the Provisional Local Government Finance Settlement 2022. The Settlement is due to be announced in mid-December. Ideally, the Provisional Settlement will provide an indication of funding allocations over a number of years but recent years have tended to be for one year only. This makes medium to long-term financial planning extremely difficult.

An analysis on the potential financial impact of the provisional Settlement will be included in the report to Cabinet in January 2023.

## 2.6 London Business Rates 2023-24

- 2.6.1 As previously reported, due to uncertainty arising from COVID-19, the London Business pool was discontinued for 2021/22 and similarly for 2022/23. It is assumed that there will not be a London Business Rates pool in 2023/24.
- 2.6.2 There were a number of announcements affecting Business Rates in the Autumn Statement published on 17 November 2022 and these are included in the summary of the Autumn Statement in Appendix 6.

## 2.7 Council Tax Base

- 2.7.1 The Council Tax Base is a key factor which is required by levying bodies and the Council for setting the levies and Council Tax for 2023/24. The council tax base is the measure of the number of dwellings to which council tax is chargeable in an area or part of an area. The Council Tax Base is calculated using the properties from the Valuation List together with information held within Council Tax records. The properties are adjusted to reflect the number of properties within different bands in order to produce the Council Tax Base (Band D equivalent). This will be used to set the Council Tax at Band D for 2023/24. The Council is required to determine its Council Tax Base by 31 January 2023.
- 2.7.2 Regulations set out in the Local Authorities (Calculation of council Tax Base) Regulations 2012 (SI 2012:2914) ensure that new local council tax support schemes, implemented under the Local Government Finance Act 2012, are fully reflected in the council tax base for all authorities.
- 2.7.3 The Council Tax Base Return to central Government takes into account reductions in Council Tax Base due to the Council Tax Support Scheme and also reflects the latest criteria set for discounts and exemptions. The CTB Return for October 2022 is the basis for the calculation of the Council Tax Base for 2023/24.
- 2.7.4 Details of how the Council Tax Base is calculated are set out in Appendix 1. A summary of the Council Tax Bases for the Merton general area and the addition for properties within the Wimbledon and Putney Commons Conservators area for 2023/24 compared to 2022/23 is set out in the following table:-

<b>Council Tax Base</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Change %</b>
Whole Area	75,754.6	77,694.3	2.6%
Wimbledon & Putney Common Conservators	11,705.0	11,761.2	0.5%

## 3. SAVINGS PROPOSALS 2023-27

- 3.1 Cabinet on 10 October 2022 agreed savings targets as follows:-

<b>SAVINGS TARGETS BY DEPARTMENT</b>	<b>2023/24 £000</b>	<b>2024/25 £000</b>	<b>2025/26 £000</b>	<b>2026/27 £000</b>	<b>Total £000</b>
Corporate Services	993	2,889	908	222	5,012
Children, Schools and Families	608	1,767	555	136	3,066
Environment and Regeneration	1,246	3,624	1,139	278	6,287
Community and Housing	1,392	4,049	1,273	311	7,025
<b>Total</b>	<b>4,239</b>	<b>12,329</b>	<b>3,875</b>	<b>947</b>	<b>21,390</b>
<b>Total (cumulative)</b>	<b>4,239</b>	<b>16,568</b>	<b>20,443</b>	<b>21,390</b>	

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

#### **NEW SAVINGS PROPOSALS 2023-27: SUMMARY**

	<b>2023/24 £000</b>	<b>2024/25 £000</b>	<b>2025/26 £000</b>	<b>2026/27 £000</b>	<b>TOTAL £000</b>
Corporate Services	880	0	(100)	0	780
Children, Schools and Families	523	0	0	0	523
Environment and Regeneration	582	0	0	0	582
Community and Housing	1,113	0	0	0	1,113
<b>TOTAL</b>	<b>3,098</b>	<b>0</b>	<b>(100)</b>	<b>0</b>	<b>2,998</b>
<b>Cumulative Total</b>	<b>3,098</b>	<b>3,098</b>	<b>2,998</b>	<b>2,998</b>	

- 3.4 Details of the savings proposals are included in Appendix 5. Cabinet are requested to review and agree the proposals and refer them to the Overview and Scrutiny Panels and Commission for scrutiny in January 2023.
- 3.5 Equalities Assessments for new savings will be included in the Member's Information Packs to be published at the end of December.
4. **BUDGET STRATEGY AND UPDATE TO MTF5 2023-27**
- 4.1 The council has a statutory duty to set a balanced budget.
- 4.2 The MTF5 reported to Cabinet in October 2022 assumed a 2% general Council Tax increase in 2023/24.
- 4.3 Taking into account the changes set out in this report, the latest budget gap forecast is:-

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
MTFS Gap (October 2022 Cabinet)	4,239	16,568	20,443	21,390
Council Tax Base - Income	(1,384)	(1,427)	(1,470)	(1,513)
Increase provision for Excess Inflation	2,688	2,688	2,688	2,688
Review of corporate Contingencies	(780)	(780)	(780)	(780)
Government scrap NI increase for Social Care Levy	(1,001)	(1,013)	(1,025)	(1,038)
Pension Fund – 0.5% reduction in contributions	(500)	(500)	(500)	(500)
Capital Financing Costs – October monitoring/slippage	(1,237)	(1,308)	(1,140)	(1,798)
Capital Financing Costs – New Bids	0	285	1,269	2,466
Revenue Growth 2023-37	3,365	3,010	3,033	3,033
New Savings 2022-26	(3,098)	(3,098)	(2,998)	(2,998)
Use of Reserves	2,050	(1,000)	(1,000)	(50)
<b>Revised Gap</b>	<b>4,342</b>	<b>13,425</b>	<b>18,520</b>	<b>20,899</b>

4.4 A more detailed MTFS is included as Appendix 2. Analysis of the movement in the MTFS from Council in March 2022 to Cabinet in December 2022 is included in Appendix 3.

4.5 Draft Service department budget summaries based on the information in this report will be included in the pack available for scrutiny.

## 5. GLA BUDGET AND PRECEPT SETTING 2023-24 – PROVISIONAL TIMETABLE

5.1 The Greater London Authority (GLA) sets a budget for itself and each of the four functional bodies: Transport for London, the London Development Agency, the Metropolitan Police Authority, and the London Fire and Emergency Planning Authority. These budgets together form the consolidated budget.

5.2 The GLA's provisional timetable for its precept setting process is as follows:-

Mid to late December 2022	Following the publication of the provisional Local Government, Fire and Police Settlements, issue the Mayor's Consultation Budget.
26 January 2023	Assembly to consider Draft Consolidated Budget.
23 February 2023	Assembly to consider Final Draft Consolidated Budget.
27 February 2023	Statutory deadline by which the GLA precept must be approved and the Mayor's statutory Capital Spending Plan published.

5.3 NNDR1 returns will be required to be submitted to the DLUHC by 31 January 2023. It is essential that all authorities meet this deadline for the GLA to be able to achieve its timetable. It is anticipated that the percentage shares for 2023/24 used for the returns for London authorities will be 37% GLA, 33% central government and 30% London

boroughs. This is expected to be confirmed in the provisional local government finance settlement.

## 6. CONSULTATION UNDERTAKEN OR PROPOSED

- 6.1 There will be consultation as the business plan process develops. This will include the Overview and Scrutiny panels and Commission, business ratepayers and all other relevant parties.
- 6.2 In accordance with statute, consultation is taking place with business ratepayers and a meeting will be arranged for February 2023.
- 6.3 As previously indicated, a Member's information pack will be prepared and distributed to all councillors at the end of December 2022 that can be brought to all Scrutiny and Cabinet meetings from 10 January 2023 onwards and to Budget Council. As for recent years, this should be an improvement for both councillors and officers - more manageable for councillors and it will ensure that only one version of those documents is available so referring to page numbers at meetings will be easier. It will also keep printing costs down and reduce the amount of printing that needs to take place immediately prior to Budget Council.
- 6.4 The pack will include:
- Growth proposals
  - Savings proposals
  - New Capital proposals 2022-32
  - A draft Equality impact assessment for each saving proposal.

## 7. TIMETABLE

- 7.1 The key deadlines are as follows:-

5 December 2022	Cabinet
Late December	Provisional Local Government Finance Settlement
End of December	Member's Information Pack circulated
10 January 2023	Healthier Communities Overview & Scrutiny Panel
11 January 2023	Children and Young People Overview & Scrutiny Panel
16 January 2023	Cabinet
19 January 2023	Sustainable Communities Overview & Scrutiny Panel
25 January 2023	Overview and Scrutiny Commission
20 February 2023	Cabinet
_1 March 2023	Council approves Council Tax 2023/24 and MTFS 2023-27



## 8. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

8.1 All relevant implications have been addressed in the report.

## 9. LEGAL AND STATUTORY IMPLICATIONS

9.1 All relevant implications have been addressed in the report.

## 10. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

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

## 11. CRIME AND DISORDER IMPLICATIONS

11.1 Not applicable.

## 12. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

12.1 Not applicable.

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

**Appendix 1:** Council Tax Base 2023/24

**Appendix 2:** MTFS Update

**Appendix 3:** Movement in MTFS Council March 2022 to Cabinet 5 December 2022

**Appendix 4:** Growth Proposals 2023-27 **SEE MEMBER'S INFORMATION PACK**

**Appendix 5:** Savings Proposals 2023-27 **SEE MEMBER'S INFORMATION PACK**

**Appendix 6:** London Council's summary of Autumn Statement (17 November 2022)

**Appendix 7:** Capital Bids and Draft Capital Programme 2023-27

### BACKGROUND PAPERS

Budget files held in the Corporate Services department.

### REPORT AUTHOR

– *Name: Roger Kershaw*

– *Tel: 020 8545 3458*

email: [roger.kershaw@merton.gov.uk](mailto:roger.kershaw@merton.gov.uk)

## Council Tax Base 2023/24

### 1. INTRODUCTION

- 1.1 The council tax base is the measure of the number of dwellings to which council tax is chargeable in an area or part of an area. The Council Tax base is calculated using the properties from the Valuation List together with information held within Council Tax records. The properties are adjusted to reflect the number of properties within different bands in order to produce the Council Tax Base (Band D equivalent).
- 1.2 Since 2013/14 the Council Tax Base calculation has been affected by the introduction of the new local council tax support scheme and technical reforms to council tax. On 30 November 2012, new regulations set out in the Local Authorities (Calculation of council Tax Base) Regulations 2012 (SI 2012:2914) came into force. These regulations ensure that new local council tax support schemes, implemented under the Local Government Finance Act 2012, are fully reflected in the council tax base for all authorities.
- 1.3 Under the regulations, the council tax base is the aggregate of the relevant amounts calculated for each valuation band multiplied by the authority's estimated collection rate for the year.
- 1.4 The relevant amounts are calculated as
  - number of chargeable dwellings in each band shown on the valuation list on a specified day of the previous year,
  - adjusted for the number of discounts, and reductions for disability, that apply to those Dwellings
- 1.5 All authorities notify the DLUHC of their unadjusted Council Tax Base using a CTB Form using valuation list information as at 12 September 2022.
- 1.6 The CTB form for 2022 includes the latest details about the Council Tax Support Scheme and the technical reforms which impacted on discounts and exemptions.
- 1.7 There is a separate council tax base for those properties within the area covered by Wimbledon and Putney Commons Conservators. The Conservators use this, together with the Council Tax bases from RB Kingston, and Wandsworth to calculate the levy which is charged each year.

## 2. UNADJUSTED COUNCIL TAX BASE 2023/24

### 2.1 Information from the October 2022 Council Tax Base Return

- 2.1.1 The Council makes two CTB returns, one for the whole area of the borough and the other for the area covered by the Wimbledon and Putney Common Conservators for which an additional levy is applied.
- 2.1.2 From the CTB Returns, prior to incorporating an assumed collection rate, the unadjusted council tax bases are

<b>Unadjusted Council Tax Base</b>	<b>2023/24</b>
Merton – General	78,677.8
Wimbledon & Putney Common Conservators	11,910.1

## 3. ASSUMPTIONS IN THE MTFS

- 3.1 Other than changes in the actual council tax rates levied, in producing a forecast of council tax yield in future years, there are two key variables to be considered:-
- the year on year change in Council Tax Base
  - the council tax collection rate
- 3.2 The MTFS approved by Council in March 2022 assumed that the Council Tax Base increases by 0.5% per year and that the collection rate will be 98% in 2022/23, and 98.75% in 2023/24 and in future years. This was to reflect the impact of Covid-19 and the assumption that the collection rate would eventually return to the levels prior to the pandemic.
- 3.3 Based on these assumptions the revised estimated Council Tax Base used in the MTFS 2023-27 is as set out in the following table:-

<b>Council Tax Base - Revised Calculation 2022/23 to 2025/26</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
Council Tax Base	78,677.8	78,677.8	79,071.2	79,466.6
Assumed Annual increase	-	393.4	395.4	397.3
<b>Estimated Council Tax Base before collection rate adjustment</b>	78,677.8	79,071.2	79,466.6	79,863.9
Collection Rate	98.75%	98.75%	98.75%	98.75%
<b>Estimated Council Tax Base after collection rate adjustment</b>	<b>77,694.3</b>	<b>78,082.8</b>	<b>78,473.4</b>	<b>78,865.6</b>

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

#### 4. IMPLICATIONS FOR COUNCIL TAX YIELD 2023-27

- 4.1 Based on a collection rate of 98.75% (paragraph 3.2 refers), on a like for like basis (i.e. assuming council tax charges do not change) the estimated income in 2023/24 compared to 2022/23 is summarised in the following table:-

<b>Council Tax: Whole area</b>	<b>2022/23</b>	<b>2023/24</b>
Tax Base	75,754.6	77,694.3
Band D Council Tax	£1,380.87	£1,380.87
<b>Estimated Yield</b>	<b>£104.607m</b>	<b>£107.286m</b>
Change: 2022/23 to 2023/24 (£m)		£2.679m
Change: 2022/23 to 2023/24 (%)		2.6%

#### 4.2 Analysis of changes in yield 2022/23 to latest 2023/24

- 4.2.1 The reasons for the change in estimated yield, excluding any change in Council Tax level, between 2022/23 and the latest 2023/24 estimate based on the CTB data are:-

- Change in Council Tax Base before adjusting for collection rate by 1,377.2 from 77,300.6 to 78,677.8 which multiplied by the Band D Council Tax of £1,380.87 results in increased yield of c. £1.9m
- Change in Council Tax collection rate of 0.75% from 98% to 98.75%, equivalent to additional council tax base of 590 which multiplied by the Band D Council Tax of £1,380.87 results in increased yield of c. £0.8m

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

a) Number of Chargeable Dwellings and Exempt Dwellings

Between years the number of properties increased by 966 from 86,133 to 87,099 and the number of exempt dwellings increased by 4 from 994 to 998. This means that the number of chargeable dwellings increased by 962 between years. Based on a full charge, this equates to additional council tax of £1.328m.

b) Amount of Council Tax Support Reduction

Based on October 2021 there was a reduction of 8,086.0 to the Council Tax Base for local council tax support. This has reduced to 7,441.2 in based on October 2022 which is a change of 644.8 and equates to an increase in council tax of about £0.890m.

c) Changes in Discounts, Exemptions and Premiums

Overall, the number of properties subject to discounts or exemption increased by 867 and those subject to premiums increased by 40 between October 2021 and October 2022.

d) Change in collection rate

There has been a change made to the estimated collection rate of 0.75%, which has increased from 98% to 98.75%.

Summary

The following puts the individual elements together to show how the potential council tax yield changes between 2022/23 and 2023/24:-

	<b>Approx. Change in Council Tax Base</b>	<b>Approx. Change in Council Tax yield</b>
		£m
Increase in number of chargeable dwellings	966.0	1.328
Change in Council Tax Support Reductions	644.8	0.890
Change in discounts, exemptions, premiums and distribution	(261.1)	(0.354)
Change in collection rate	590.0	0.815
<b>Total</b>	<b>1,939.7</b>	<b>2.679</b>

### 4.3 Council Tax Yield 2023/24

4.3.1 The draft MTFS assumes a Council Tax increase of 2% in 2023/24. Assuming this the estimated Council Tax yield for 2023/24 is:-

Council Tax: Whole area	Tax Base	Band D 2023/24	Council Tax Yield 2023/24	Council Tax Yield 2022/23
Merton	77,694.3	1,408.48	£109.4m	£104.6m

4.3.2 There has been no guidance published by the government yet regarding Council Tax Referendum Principles relating to Council Tax increases for general and Adult Social Care precepts.

4.3.3 The updated MTFS is based on the following assumptions, subject to announcement in the Local Government Finance Settlement 2023/24 of the Referendum Principles for 2023/24:-

	2023/24	2024/25	2025/26	2026/27
Increase in CT Base	0.5%	0.5%	0.5%	0.5%
Collection Rate	98.75%	98.75%	98.75%	98.75%
Council Tax – General*	2%	2%	2%	2%
Council Tax – Adult Social Care†	0%	0%	0%	0%

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

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

	2023/24	2024/25	2025/26	2026/27
Council Tax (Band D) b/f from previous year	£1,380.87	£1,408.48	£1,436.64	£1,465.37
2% increase - General	£27.61	£28.16	£28.73	£29.30
0% for Adult Social Care	0	0	0	0
Revised Council Tax (Band D)	£1,408.48	£1,436.64	£1,465.37	£1,494.67
	£m	£m	£m	£m
Estimated Council Tax Yield	109.4	111.6	113.8	116.1

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

	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
MTFS (Cabinet 10 October 2022)	108.1	110.8	113.5	116.1
Revised Estimated Council Tax Yield	109.4	111.6	113.8	116.1
Change	1.3	0.8	0.3	0.0

## 5. SUMMARY

5.1 Based on the information discussed, the council tax bases for 2023/24 and compared to 2022/23 are summarised in the following table:-

<b>Council Tax Base</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Change</b>
Whole Area	75,754.6	77,694.3	2.6%
Wimbledon & Putney Common Conservators	11,705.0	11,761.2	0.5%

## Summarised Transition from Council March 2022 to Cabinet 5 December 2022

<b>Budget Forecast 2022/23 to 2025/26</b>				
	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Budget Gap Council March 2022</b>	<b>4,618</b>	<b>18,791</b>	<b>21,659</b>	<b>27,767</b>
<b>EXPENDITURE</b>				
Inflation - Pay	1,055	1,118	1,181	1,244
Inflation - Prices	2,425	3,329	3,472	3,615
Inflation - Pay Award 2021/22 additional effect	3,960	4,039	4,120	4,202
Inflation - Provision for excess inflation	2,688	2,688	2,688	2,688
Additional Employer's NI for Social Care	(1,008)	(1,029)	(1,049)	(1,070)
FYE - Amendments to existing savings since Cabinet March 2021	0	0	0	0
External Borrowing Costs	(412)	(263)	873	1,454
<b>NEW SAVINGS 2022-23</b>	<b>(3,098)</b>	<b>(3,098)</b>	<b>(2,998)</b>	<b>(2,998)</b>
Change in requirement for DSG Deficit	(9,228)	(11,114)	(13,099)	(18,600)
PENSION FUND REVALUATION 2022 - Reduce Oncost	(500)	(500)	(500)	(500)
Change in corporate budgets	(780)	(780)	(780)	(780)
Proposed Growth - Services	3,365	3,010	3,033	3,033
Waste contract relet	0	0	1,800	1,800
Parking contract and Systems	0	0	900	900
<b>FUNDING</b>				
Investment Income	(385)	(355)	(334)	(323)
Council Tax income	(1,378)	(1,412)	(1,447)	(1,481)
Collection Fund - t/f of Ctax surplus(-)/deficit	68	0	0	0
Collection Fund - t/f of BRates surplus(-)/deficit	1,561	0	0	0
Use of Reserves	1,391	(1,000)	(1,000)	(50)
<b>Cabinet 5 December 2022</b>	<b>4,342</b>	<b>13,425</b>	<b>18,520</b>	<b>20,900</b>



# Autumn Statement 2022

## London Councils' On The Day Briefing

London Councils is the collective of local government in London. It is a cross-party organisation that works on behalf of all its member authorities regardless of political persuasion.

### Overview

The Chancellor of the Exchequer, Jeremy Hunt, delivered his first Budget on 17<sup>th</sup> November 2022. As well as the usual updates on the state of public finances and the performance of the economy (in the context of challenging global conditions), the Chancellor also set out the broad policy direction in three key areas: economic stability, economic growth and public services. The key policy announcements relating to public spending and local government are summarised below:

### Key Headlines

- **The Council tax referendum limit will rise from 2% to 3% in 2023-24**, with the **adult social care precept flexibility rising from 1% to 2%**. This could generate an extra £80m for London boroughs.
- **Adult Social Care funding reforms will be pushed back by two years to October 2025**.
- **The funding to deliver ASC reforms will be repurposed**, with £1.3bn in 2023-24 and £1.9bn in 2024-25 distributed to local authorities through the **Social Care Grant**.
- **An extra £1bn go towards social care** via the Better Care Fund (£600m) and through a ringfenced ASC grant (£400m) in 2023-24, rising to £1.7bn in 2024-25.
- The **business rates multiplier will be frozen in 2023-24 and local authorities will be fully compensated** for any loss of income.
- **Social rents will be capped at 7%** (costing London boroughs an estimated over £100m).
- **The £1bn Household Support fund** will be continued for another 12 months from April 2023.
- The **NHS budget will increase by £3.3bn** in each of next 2 years above the SR21 level.
- The **Schools budget will increase by £2.3bn** in each of next 2 years above the SR21 level.
- **The Energy Price Guarantee will rise to £3,000** from April 2023 from the current level (£2,500).
- It is unclear whether the **Energy Bill Relief Scheme will continue for public sector bodies**.
- **State pensions, benefits and tax credits will rise in line with inflation (10.1%)** from April 2023.
- **Local Housing Allowance rates will remain frozen** in cash terms at the current levels.
- A new ambition has been set out to **reduce energy consumption from buildings and industry by 15% by 2030**, with £6bn of new funding set out from 2025 to achieve this goal.

## Economic and Fiscal Outlook

- Rising energy, food, and other goods prices have pushed up interest rates to levels not seen since the 2008 financial crisis.
- CPI inflation is set to peak at a 40-year high of 11% in the current quarter before dropping sharply next year and falls below zero in the middle of the decade by falling energy and food prices before returning to nearer its 2% target in 2027.
- Unemployment is set to rise by 505,000 from 3.5% to peak at 4.9% in the Q3 2024.
- The medium-term fiscal outlook has materially worsened since the OBR's March forecast due to a weaker economy, higher interest rates, and higher inflation.
- Taking forecast and policy changes together, the deficit is set to rise from £133.3bn (5.7% of GDP) last year to £177.0bn (7.1% of GDP) this year.
- Borrowing is set to fall by £37bn next year to £140.0bn (5.5% of GDP) due to previously announced tax rises and scaled-back fiscal support and continues falling to £69.2bn (2.4% of GDP) in 2027-28.
- Total public spending will rise from 39.3% of GDP in 2019-20 to 43.4% of GDP in 2027-28. This is 2.9% higher than predicted by the OBR in March, reflecting higher debt interest and welfare spending, rising cash spending, and the smaller economy.
- Total tax revenues will rise from 33.1% of GDP in 2019-20 to 37.1% of GDP at the forecast horizon, 1.0% higher than forecast by the OBR in March and its highest sustained level since the Second World War.
- The near tripling of interest rates since March means the share of revenues consumed by servicing that debt will rise from under 5% in 2019-20 to 8.5% in 2027-28, leaving the public finances more vulnerable to future shocks or swings in market sentiment.
- The Government's two legislated fiscal targets - to balance the current budget and get underlying debt falling in 2025-26 - are on course to be missed by £8.7bn and £11.4bn respectively.
- **The Government has announced two new fiscal targets: to get borrowing below 3% of GDP and underlying debt falling in five years' time.** The OBR expects these to be met with £18.6bn and £9.2bn to spare, respectively.

### Key Economic & Fiscal Indicators

- On a calendar-year basis, CPI inflation falls back from 9.1% in 2022 to 7.4% in 2023. Thereafter dropping sharply to 0.6% in 2024, becoming negative in 2025, and returning to positive territory in 2026 before returning to a near target 1.7% in 2027.
- The current unemployment rate starts to climb from 3.6% in 2022 to 4.1% in 2023, and peaks at 4.9% in 2024. Thereafter, unemployment is forecast to fall in 2026 and 2027.
- Public sector net borrowing (PSNB) was £133bn (5.7% of GDP) in 2021 and is forecast to rise to £177bn (7.1% of GDP) in 2022. Thereafter PSNB falls in each of the five-years 2023 to 2027 inclusive, ending the forecast period at £69.2bn (2.4%).
- Public sector net debt (excluding the Bank of England) is predicted be over 97% of GDP in 2024, remaining above that level until the end of the forecast period in 2027.

Thursday 17 November 2022

## Autumn Statement 2022

London Councils

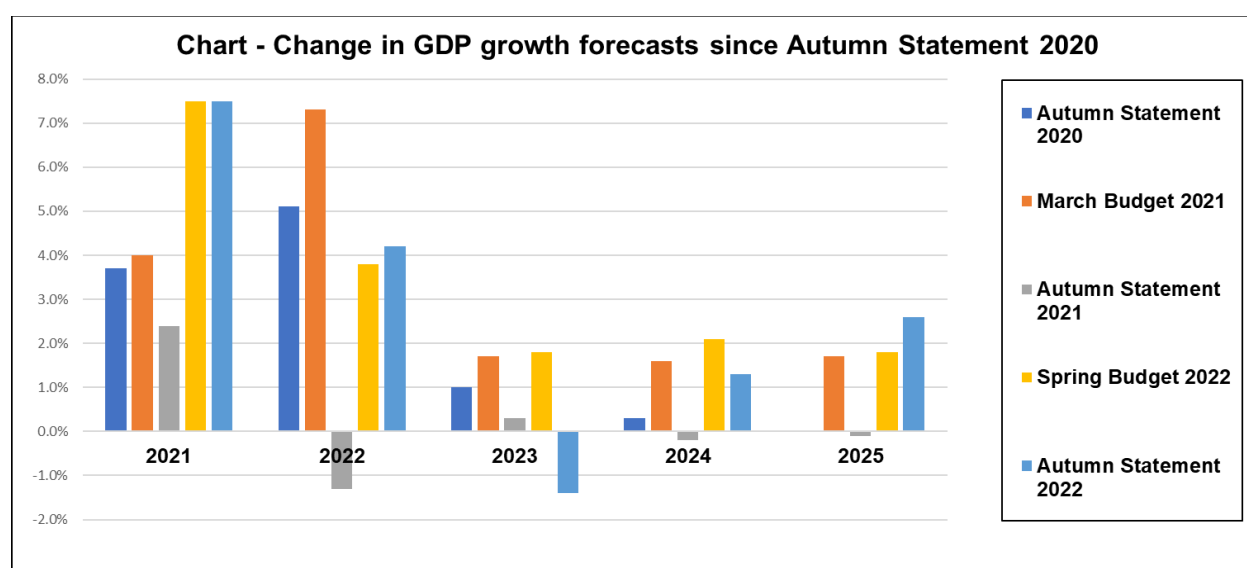
Table 1 – Key Economic &amp; Fiscal Indicators

	Outturn		Forecast				
	2021	2022	2023	2024	2025	2026	2027
	Percentage change on a year earlier, unless otherwise stated						
Gross domestic product (GDP)	7.5	4.2	(1.4)	1.3	2.6	2.7	2.2
CPI	2.6	9.1	7.4	0.6	(0.8)	0.2	1.7
Employment (million)	32.4	32.7	32.8	32.7	32.9	33.3	33.6
LFS unemployment (%)	4.5	3.6	4.1	4.9	4.7	4.3	4.2
Public sector net borrowing (% GDP)	5.7	7.1	5.5	3.2	2.8	2.9	2.4
Public sector net borrowing (£Bb)	133.3	177.0	140.0	84.3	76.9	80.3	69.2
Public sector net debt (% GDP – Excl. Bank of Eng.)	84.3	89.9	95.9	97.2	97.6	97.6	97.3
Public sector net debt (£Bn)	2,372.6	2,571.3	2,751.6	2,825.3	2,808.6	2,871.6	2,963.2

Source: Office for Budget Responsibility - Economic & Fiscal Outlook, November 2022, Tables TA1 and TA5

## Growth

- The squeeze on real incomes, rise in interest rates, and fall in house prices all weigh on consumption and investment, tipping the economy into a recession lasting just over a year from the third quarter of 2022, with a peak-to-trough fall in GDP of 2%.
- The economy is forecast to enter a recession lasting just over a year from the third quarter of 2022, with a peak-to-trough fall in GDP of 2%. GDP is expected to fall by 1.4% in 2023.
- GDP data for the third quarter of 2022, released after the OBR forecast closed, showed output declining by 0.2% and the OBR expects a further fall in the fourth quarter. However, base effects from strong growth in the second half of 2021 are expected to result in annual GDP growth in 2022 as a whole of 4.2%.
- Without the fiscal support to households and businesses provided by the Energy Price Guarantee and other measures announced since March, the OBR estimates that the recession would be 1.1% deeper, with a peak-to-trough fall in GDP of 3.2%.
- The chart below shows a forecast reduction in GDP of 1.4% in 2023 followed by growth of 1.3% in the following year and 2.6% in 2025.



Thursday 17 November 2022

Autumn Statement 2022

London Councils

## Public Spending

- The Autumn Statement updated the overall envelope for public spending to 2027-28.
- TME will decrease from 44.7% of GDP in 2021-22 to 43.4% of GDP in 2027-28.
- Resource Annually Managed Expenditure (AME) is forecast to rise by 33.8% from £461.7bn in 2021-22 to £617.6bn in 2027-28.
- Resource Departmental Expenditure Limits (DEL) will increase by 8.5% from £451.8bn to £490.1bn over the same period.
- Total departmental spending (resource and capital) will increase to £562bn by 2024-25, an increase of 3.2% from current levels
- Annual spending does, however, decrease between 2022-23 and 2023-24 by £0.8bn

**Table 2 - Total Managed Expenditure 2021-22 to 2027-28 (in £bn, unless otherwise stated)**

	Outturn 2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
<b>Current expenditure</b>							
Resource AME	461.7	581.3	578.3	559.4	570.7	600.6	617.6
Resource DEL excluding depreciation	451.8	452.2	456.2	458.6	466.5	476.6	490.1
<i>of which: Energy support funding</i>	-	13.9	-	-	-	-	-
<i>of which: COVID-19 funding</i>	74.6	-	-	-	-	-	-
Ring-fenced depreciation	24.4	28.6	29.2	29.6	30.0	30.7	31.5
<b>Total public sector current expenditure</b>	<b>937.9</b>	<b>1,062.1</b>	<b>1,063.6</b>	<b>1,047.6</b>	<b>1,067.1</b>	<b>1,107.8</b>	<b>1,139.2</b>
<b>Capital expenditure</b>							
Capital AME	16.6	1.5	21.6	17.5	16.5	16.3	16.7
Capital DEL excluding ringfenced depreciation	93.0	118.3	113.6	115.2	115.6	115.6	115.2
<i>of which: Energy support funding</i>	-	5.5	-	-	-	-	-
<i>of which: COVID-19 funding</i>	0.9	-	-	-	-	-	-
<b>Total public sector gross investment</b>	<b>109.6</b>	<b>119.8</b>	<b>135.1</b>	<b>132.8</b>	<b>132.1</b>	<b>131.9</b>	<b>131.9</b>
<b>Total managed expenditure</b>	<b>1,047.5</b>	<b>1,181.9</b>	<b>1,198.8</b>	<b>1,180.3</b>	<b>1,199.2</b>	<b>1,239.7</b>	<b>1,271.1</b>
<i>Total managed expenditure % of GDP</i>	<i>44.7%</i>	<i>47.3%</i>	<i>47.2%</i>	<i>44.9%</i>	<i>44.2%</i>	<i>44.0%</i>	<i>43.4%</i>
<b>of which: Total DEL</b>	<b>544.8</b>	<b>570.5</b>	<b>569.8</b>	<b>573.8</b>	<b>582.1</b>	<b>592.2</b>	<b>605.3</b>

Source: HMT Autumn Statement 2022, page 24, Table 2.3

## Key Announcements

### Council Tax

- The core referendum limit for increases in council tax will **increase from 2% to 3%** per year from April 2023.
- The adult social care precept flexibility will **increase from 1% to 2%** per year from April 2023.
- The increase in thresholds could generate an additional £80m across London boroughs in 2023-24.
- The OBR forecasts increases in council tax revenues of over 5% per annum (see Table 3 below).

## Business Rates

- **The Business Rates Revaluation** will take effect from 1<sup>st</sup> April 2023.
- A package of targeted support worth £13.6bn over the next 5 years will support businesses as they transition to their new bills. **Local Authorities will be fully compensated for the loss of income** and will receive **new burdens funding for administrative and IT costs**.
- **The business rates multipliers will be frozen in 2023-24** at 49.9 pence and 51.2 pence. This is a tax cut worth £9.3bn over the next five years. DLUHC officials have confirmed local authorities will receive c.£1bn compensation for the freeze (rather than indexation to CPI inflation).
- **Upwards Transitional Relief scheme will have “upward caps” of 5%, 15% and 30%**, respectively, for small, medium, and large properties in 2023-24, and will be applied before any other reliefs or supplements.
- **For rates bills that fall there will be no downwards cap.**
- New ratepayer reliefs include:
  - An extension of the existing retail, hospitality, and leisure reliefs to 2023-24 and an increase from **50% to 75%** rates relief up to £110,000 per business;
  - A **£600 annual cap** on bill increases for small businesses losing relief eligibility for the next three years; and
  - A 12-month relief from any rate increases due to making qualifying improvements to an occupied property, available beginning April 2024 through to 2028.
- Business rates are expected to increase in the first three years of the OBR’s forecast and then remain relatively flat for the last three years with the overall amount increasing by £10.5bn over the period (see Table 3). Note, the amount of business rates retained by local authorities was not included in the forecasts.

**Table 3 – OBR Forecasts for England: Council Tax and Business Rates (£bn, unless otherwise stated)**

	Outturn	Forecast					
	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Council tax	39.0	41.3	43.4	45.6	48.0	50.6	53.2
<i>Change in council tax</i>		5.9%	5.1%	5.1%	5.3%	5.4%	5.1%
Business rates	25.7	28.8	30.7	35.6	35.8	36.0	36.2
<i>Change in business rates</i>		12.1%	6.6%	16.0%	0.6%	0.6%	0.6%

**Source: OBR Fiscal Supplementary Tables, November 2022 – Table 2.9 Current Receipts**

**Note: The amounts of business rates retained by local authorities was not published by OBR with the Autumn Statement.**

## Cost of Living

- The Energy Price Guarantee (EPG) will rise to **£3,000** from April 2023 from the current level (£2,500).
- The **Energy Bill Relief Scheme (EBRS) for businesses will be reviewed by HMT** to determine support for non-domestic energy consumers, excluding public sector organisations, beyond 31<sup>st</sup>

March 2023, and the outcome published by 31<sup>st</sup> December 2022. (It isn't clear from the Autumn Statement what will happen regarding support for public sector organisations include local authorities).

- State pensions, benefits and tax credits will rise in line with inflation (**10.1%**).
- The **£1bn Household Support Fund will continue** for a further 12 months from April 2023.
- In 2023-24 an additional **Cost of Living Payment of £900** will be provided to households on means-tested benefits, of £300 to pensioner households, and of £150 to individuals on disability benefits.
- Local Housing Allowance rates will remain **frozen in cash terms** at the current levels.
- Alternative fuels support will double to £200.
- The National Living Wage will increase from **£9.50 to £10.42** for individuals aged over 23 (an increase of 9.7%).
- The government has also accepted the LPC's recommendations for other national minimum wage rates including increases of:
  - 10.9% to £10.18 an hour for 21-22 year olds.
  - 9.7% to £7.49 an hour for 18-20 year olds.
  - 9.7% to £5.28 an hour for 16-17 year olds.
- Income tax, National Insurance and Inheritance Tax thresholds will be maintained at their current levels for a further two years, to April 2028.
- £280m will be invested into the DWP between now and 2024-25 to target fraud, error and debt across the benefits system.

### Health and social care

- The NHS budget will increase by **£3.3bn** in both 2023-24 and 2024-25.
- The implementation of Adult Social Care funding reforms will be pushed back by a further two years to October 2025.
- A total of up to **£2.8bn** in 2023-24 and **£4.7bn** in 2024-25 will be made available to support adult social care. This includes:
  - **£1bn** (2023-24) and **£1.7bn** (2024-25) of new grant funding, comprising **£600m** (2023-24) and **£1bn** (2024-25) to support timely hospital discharges, through the Better Care Fund; and £400m (2023-24) and £680m (2024-25) allocated to local authorities through a ringfenced adult social care grant, which will also help to support discharge.
  - **£1.3bn** (2023-24) and **£1.9bn** (2024-25) to local authorities to fund adult and children's social care through the Social Care Grant (repurposing the funding that had been earmarked for adult social care funding reform).
  - Additional funding through **the rises in council tax referendum cap and the ASC precept.**

### Housing

- **Social housing rent rises will be capped at a maximum of 7%** instead of **CPI + 1%** in 2023-24 (costing London boroughs over £100m).



- This policy applies to Registered Providers (including Local Authorities and Housing Associations), however, Supported Housing provided by Registered Providers will be exempt.

## Education

- For the next two years, schools in England will receive an additional **£2.3bn** of funding – taking the core schools budget to **£58.8bn** by 2025.
- This will restore per pupil funding in real terms to 2010 levels, as promised in the 2021 Spending Review.
- The government will **not impose VAT** on independent schools, citing the move could be detrimental for around 90,000 students.

## Transport & Environment

- Electric vehicles will no longer be exempt from vehicle excise duty from April 2025.
- The Government confirmed it remains committed to reducing emissions by 68% by 2030 as agreed at COP26.
- Nuclear power will continue to be rolled-out through the delivery of large-scale projects, including Sizewell C. Renewable energy projects will also be explored.
- A new ambition has been set out to **reduce energy consumption from buildings and industry by 15% by 2030**: a £28bn saving from the national energy bill.
- A further £6bn of new funding will be set out from 2025 to achieve this goal.
- The Business and Energy Secretary will publish further details on the Government's energy independence plans and launch a new Energy Efficiency Taskforce shortly.

## Business and innovation

- The existing Investment Zones programme is being reconsidered and previously submitted applications will no longer move forward.
- Research and development tax reliefs will be modified from April 2023, with the R&D Expenditure Credit rate increasing from **13% to 20%** and small and medium-sized enterprise deductions decreasing.
- For two years, tariffs will be removed on over 100 goods to reduce business production costs.
- The government will not introduce an online sales tax.
- The National Insurance Secondary Threshold for employers is fixed at **£9,100** until April 2028

## Infrastructure investment

- Total departmental capital spending in 2024-25 will be maintained in cash terms until 2027-28, delivering **£600bn of investment over the next 5 years**.
- At least £1.7bn will be allocated to priority local infrastructure projects through the second round of the Levelling Up Fund. Successful bids will be announced before the end of the year.

## General Taxation

- The **Energy Profits Levy**, an additional tax which reflects the extraordinary global context of high oil and gas prices, will increase from 25% to 35%. HMT estimates this will **generate an additional £19bn** between 2022-3 and 2027-28.
- A new, **temporary 45% Electricity Generator Levy** will be applied from 1<sup>st</sup> January 2023 in the returns being made by electricity generators. HMT estimates this will **generate an additional £14bn** between 2022-3 and 2027-28.
- The government will implement the OECD Pillar 2 rules to apply a global minimum corporate tax rate of 15%, for accounting periods beginning on or after 31<sup>st</sup> December 2023.
- The point at which the highest earners start paying the top rate of income tax will be lowered from £150,000 to £125,140.
- VAT registration threshold maintained at £85,000 for two years from April 2024.
- The Annual Investment Allowance (AIA) will be raised to £1m from 1<sup>st</sup> April 2023.

## Devolution

- A further mayoral devolution deal has been agreed with Suffolk County Council and advanced discussions on mayoral devolution deals are continuing with local authorities in Cornwall, Norfolk and the North East of England.
- Taken together, these deals will increase the proportion of people living under a directly elected mayor with devolved powers in England to over 50%.
- Current negotiations with the 'trailblazer' areas of Greater Manchester Combined Authority and West Midlands Combined Authority **will explore the potential for single departmental-style finance settlements** and local control over economic growth funds, moving away from competitive bidding.



Cost Centre Narrative	Project Narrative	Revised Budget 2022-23	Revised Budget 2023-24	Revised Budget 2024-25	Revised Budget 2025-26	Proposed Budget 2026-27
<b>Business Improvement</b>						
Customer Contact Programme	Customer Contact Programme	304	1,000	0	1,000	1,000
Customer Contact Programme	Web Content Management System	54	0	100	0	0
Business Systems	Ancilliary System	50	0	0	0	50
Business Systems	Youth Justice	0	0	0	100	0
Business Systems	Parking System	0	270	0	0	0
Business Systems	Payroll System	156	0	0	0	160
Business Systems	Invoice Scanning SCIS/FIS	0	150	0	0	0
Business Systems	Environmental Asset Management	0	240	0	0	250
Business Systems	Housing System (Capita Housing)	48	0	0	120	0
Business Systems	Payments project	0	0	150	0	0
Business Systems	GIS Mapping (Spectrum Spatial Ana	170	100	0	200	0
Business Systems	Gazetteer Management System (Align	75	0	0	0	90
Business Systems	Planning&Public Protection Sys	100	241	550	0	0
Replacement SC System	Replacement SC System	0	819	1,000	0	0
Replacement SC System	SEN Case Management	0	0	0	0	170
<b>Facilities Management</b>						
Works to Other Buildings	Repair and Maintenance	650	650	650	650	650
Civic Centre	Combined Heat and Power (CHP) Sy	0	0	0	0	0
Civic Centre	Absorption Chiller Replacement	0	0	0	0	0
Invest to Save	Project General	610	300	300	300	300
<b>Information Technology</b>						
Planned Replacement Program	Project General	1,230	770	1,405	1,060	970
<b>Resources</b>						
Financial Systems	Improving Financial Systems	0	700	0	0	0
<b>Corporate Budgets</b>						
Multi-Functioning Device (MFD)	Multi-Functioning Device (MFD) - F	0	0	600	0	0
Acquisitions Budget	Project General	469	0	0	6,316	0
Capital Bidding Fund	Project General	0	0	0	1,000	0
Corporate Capital Contingency	Project General	0	0	0	1,681	0
Compulsory Purchase Order	Clarion - CPO	0	13,934	0	0	0
<b>Total Corporate Services</b>		<b>6,592</b>	<b>20,280</b>	<b>5,155</b>	<b>12,427</b>	<b>3,640</b>

Cost Centre Narrative	Project Narrative	Revised Budget 2022-23	Revised Budget 2023-24	Revised Budget 2024-25	Revised Budget 2025-26	Proposed Budget 2026-27
<b>Housing</b>						
Disabled Facilities Grant	Project General	873	827	827	827	280
Major Projects Social Care H	LD Supported Living	0	0	1,728	0	0
<b>Libraries</b>						
Library Enhancement Works	West Barnes Re-Fit	0	0	200	0	0
Library Enhancement Works	Library Re-Furbishment	0	0	0	0	201
Libraries IT	Library Management System	24	0	140	0	0
Library Major Projects	Library Self Service	5	0	0	350	0
<b>Total Community and Housing</b>		<b>914</b>	<b>827</b>	<b>2,895</b>	<b>1,177</b>	<b>481</b>

Cost Centre Narrative	Project Narrative	Revised Budget 2022-23	Revised Budget 2023-24	Revised Budget 2024-25	Revised Budget 2025-26	Proposed Budget 2026-27
<b>Primary Schools</b>						
Joseph Hood School	School Capital Maintenance	53	66	0	0	0
Unlocated Primary School Proj.	School Capital Maintenance	0	2,864	2,500	2,500	2,500
<b>Special Schools</b>						
Perseid School	Perseid School Expansion	9	0	0	0	0
Perseid School	School Capital Maintenance	290	0	0	0	0
Cricket Green	School Capital Maintenance	7	0	0	0	0
Cricket Green	Cricket Green School Expansion	39	0	0	0	0
Melrose	Melrose School Expansion	422	0	0	0	0
Melrose	School Capital Maintenance	167	0	0	0	0
Whatley Avenue	School Capital Maintenance	50	0	0	0	0
Unlocated SEN	Medical PRU	432	30	0	0	0
Unlocated SEN	Whatley Avenue	2,973	0	0	0	0
Unlocated SEN	Safety Valve - New SEN School	0	0	0	0	10,300
Mainstream SEN (ARP)	West Wimbledon Primary ARP expa	190	235	0	0	0
Mainstream SEN (ARP)	Cranmer Primary School New ARP	40	623	0	0	0
Mainstream SEN (ARP)	Further Primary School ARP expansi	0	200	216	0	0
Mainstream SEN (ARP)	Raynes Park school ARP expansion 1	5	1,015	1,019	0	0
Mainstream SEN (ARP)	Secondary School ARP Expansion 2	0	300	576	0	0
Mainstream SEN (ARP)	Secondary School ARP Expansion 3	0	500	1,209	0	0
Mainstream SEN (ARP)	Secondary School ARP Expansion 4	0	30	700	979	0
Mainstream SEN (ARP)	Safety Valve - New ARP	0	0	0	0	900
Perseid Lower School	Perseid School Expansion	50	1,550	2,517	0	0
<b>Other</b>						
Youth Provision	Pollards Hill Digital Divide	28	210	0	0	0
Other	Care Leaving Accommodation	66	66	0	0	0
<b>Total Children, Schools &amp; Families</b>		<b>8,612</b>	<b>7,689</b>	<b>8,737</b>	<b>3,479</b>	<b>13,700</b>

Cost Centre Narrative	Project Narrative	Revised Budget 2022-23	Revised Budget 2023-24	Revised Budget 2024-25	Revised Budget 2025-26	Proposed Budget 2026-27
<b>Public Protection and Development</b>						
On Street Parking - P&D	Pay and Display Machines/emissions	300	107	0	0	0
On Street Parking - P&D	Replacement ANPR cameras with air	0	300	300	300	300
CCTV Investment	CCTV cameras and infrastructure upg	698	554	0	0	0
CCTV Investment	Rapid deployment cameras	54	0	0	45	45
CCTV Investment	5 new permanent cameras per year, a	0	135	100	100	100
CCTV Investment	Designing out crime for ASB, violenc	50	35	20	20	0
<b>Street Scene and Waste</b>						
Fleet Vehicles	Replacement of Fleet Vehicles	0	300	0	1,212	0
Alley Gating Scheme	Project General	46	24	24	24	24
Waste SLWP	Project General	0	0	0	42	0
Waste SLWP	Replacement of Fleet Vehicles	340	0	0	15,000	0
<b>Sustainable Communities</b>						
Street Trees	Street Tree Programme	60	60	60	60	60
Highways & Footways	Street Lighting Replacement Pr	290	290	290	290	290
Highways & Footways	Traffic Schemes	150	150	150	150	150
Highways & Footways	Surface Water Drainage	100	100	100	100	60
Highways & Footways	Repairs to Footways	966	1,000	1,000	1,000	1,000
Highways & Footways	Maintain AntiSkid and Coloured	60	60	60	60	60
Highways & Footways	Borough Roads Maintenance	1,200	1,200	1,200	1,200	1,200
Highways & Footways	Highways bridges & structures	600	626	260	260	260
Highways & Footways	Motspur Park Station Access for All	190	500	0	0	0
Highways & Footways	Haydons Road Access for All	0	100	0	0	0
Highways & Footways	Various Culverts Strengthening & Up	300	208	0	0	0
Highways & Footways	ANPR Cameras Supporting Enforcen	219	0	0	0	0
Highways & Footways	Street Lighting Wimbledon	322	0	0	0	0
Highways & Footways	Bishopsford Rd Bridge	291	0	0	0	0
Highways & Footways	Cycle Lane & Roadway Bishopsford	6	0	0	0	0
Highways & Footways	Residential Secure Cycle Storage	0	26	0	0	0
Highways & Footways	S Wimb Bus Area Wayfinding	135	0	0	0	0
Highways & Footways	Milner Rd Improvements	140	0	0	0	0
Highways & Footways	Vivacity Monitors	39	0	0	0	0
Cycle Route Improvements	Cycle Lane Works Plough Lane	204	0	0	0	0
Cycle Route Improvements	Cycle Access/Parking TFL	114	45	0	0	0
Mitcham Area Regeneration	Pollards Hill Bus Shelter/Toilets Ref	50	200	0	0	0
Wimbledon Area Regeneration	Wimbledon Public Realm Implement	170	475	0	0	0
Wimbledon Area Regeneration	Wimbledon Village - Heritage Led P	0	800	0	0	0
Morden Area Regeneration	Morden TC Regen Match Funding	0	0	2,000	4,000	0
Borough Regeneration	Lost Rivers Repairs	0	300	0	0	0
Wimbledon Park	Watersport Fleet	10	0	0	0	0
Wimbledon Park	New Wimbledon Park lakeview build	0	0	0	500	2,000
Sports Facilities	Leisure Centre Plant & Machine	315	250	250	250	250
Parks Investment	Parks Investment	271	300	300	300	300
Parks Investment	Canons Parks for People Dev (2) -HL	65	0	0	0	0
Parks Investment	Sports Drainage	150	150	0	0	0
Parks Investment	Refurbishment of Mertons Multi Use	181	175	0	0	0
Parks Investment	Morely Park Enhancements	19	0	0	0	0
Parks Investment	Wimbledon Park	13	0	0	0	0
Parks Investment	Resurface Tennis Courts	150	0	0	0	0
Parks Investment	Figges Marsh Ward Allocation - Figg	10	0	0	0	0
Parks Investment	Graveney Ward Allocation - Edenval	10	0	0	0	0
Parks Investment	Lavender Fields Ward Alloc - Lavenc	10	0	0	0	0
Parks Investment	Longthornton Ward Alloc - Long Bo	10	0	0	0	0

Cost Centre Narrative	Project Narrative	Revised Budget 2022-23	Revised Budget 2023-24	Revised Budget 2024-25	Revised Budget 2025-26	Proposed Budget 2026-27
Parks Investment	ColliersWood Rec	69	0	0	0	0
Parks Investment	Abbey Rec	48	0	0	0	0
Parks Investment	Myrna Close Public Realm	49	0	0	0	0
Parks Investment	New interactive water play feature at	43	0	183	0	0
Parks Investment	Paddling Pools (borough wide) OPTI	200	70	0	0	0
Parks Investment	Wandle Nature Park Flood Defence	14	0	0	0	0
<b>Total Environment &amp; Regeneration</b>		<b>13,532</b>	<b>10,587</b>	<b>6,297</b>	<b>24,913</b>	<b>6,134</b>
<b>Total Capital</b>		<b>29,650</b>	<b>39,383</b>	<b>23,084</b>	<b>41,996</b>	<b>23,955</b>

**Business Plan 2023-27 Capital Bidding****Appendix 7b**

Cost Centre	Project	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	Total
		£	£	£	£	£	£	£	£	£	£	£
<b>Environment and Regeneration</b>												
<b>Prior Year Commitment Already in the Approved Capital Programme</b>												
Highways and Footway	Haydons Rd Station Step Free Access	100,000										100,000
Morden Area Regenera	Morden TC Regeneration Match Funding				(2,000,000)	2,000,000						0
<b>Statutory</b>												
Public Protection and I	Upgrade and Replace the Boroughs Automated Air Quality Monitoring Station		250,000									250,000
Waste SLWP	Waste Transfer Station Infrastructure Improvements			1,000,000	4,500,000	500,000						6,000,000
Public Protection and I	Noise Monitoring Equipment		70,000									70,000
Mortuary Provision	Mortuary Provision			100,000	100,000	100,000	100,000					400,000
Waste SLWP	Electric Sub-Station Garth Road			4,000,000								4,000,000
<b>Health and Safety</b>												
Parks Investment	Bridges and Structures		36,000	80,000	80,000	80,000						276,000
Highways and Footway	Footways (Block Scheme)		300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	2,700,000
Highways and Footway	Borough Roads (Block Scheme)		1,000,000	1,000,000	1,000,000	600,000	600,000	600,000	600,000	600,000	600,000	6,600,000
Cycle Route Improvem	Haydons Rd Bridge Cycle Lane		135,000									135,000
Parks Investment	Wandle Tree Trail Safety & Management Programme		60,000	60,000	60,000							180,000
<b>Corporate Priority - Building a Sustainable Future</b>												
Major Projects Afforda	Affordable Housing Delivery Project		10,000,000	10,000,000	9,000,000							29,000,000
Highways and Footway	Raynes Park Station Step Free Access						250,000	250,000				500,000
Fleet Vehicles	Fleet Vehicle Replacement (Block Scheme)		0	0	0	0	0	0	0	0	1,212,000	1,212,000
<b>Corporate Priority - Borough of Sport</b>												
Parks Investment	Playground Priority Upgrades Programme		350,000	350,000	350,000	350,000	350,000					1,750,000
Sports Facilities	Leisure Centres Plant & Equipment (Block Scheme)		0	0	0	30,000	30,000	50,000	50,000	70,000	70,000	300,000
Canons Leisure Centre	New Sports Hall Equipment		25,000	200,000	25,000							250,000
Parks Investment	New Green Flag Improvement Programme		50,000	150,000	100,000							300,000
Parks Investment	Existing Green Flag Improvement Programme		50,000	150,000	100,000							300,000
Parks Investment	Tennis Court Refurb		150,000	75,000	75,000	75,000						375,000
Morden Park	Morden Park Running Track		400,000	1,500,000	850,000							2,750,000
Parks Investment	Parks Security Measures & Traveller Prevention		75,000	50,000	50,000							175,000
<b>Corporate Priority - Nurturing Civic Pride</b>												
Borough Regeneration	Civic Pride Public Realm Enhancements		50,000	1,500,000	1,500,000							3,050,000
Borough Regeneration	Shopping Parade Improvements		260,000	800,000	460,000							1,520,000
<b>Total Environment and Regeneration</b>		<b>0</b>	<b>13,261,000</b>	<b>21,315,000</b>	<b>16,550,000</b>	<b>4,035,000</b>	<b>1,630,000</b>	<b>1,200,000</b>	<b>950,000</b>	<b>970,000</b>	<b>2,182,000</b>	<b>62,093,000</b>

## Business Plan 2023-27 Capital Bidding Continued....

## Appendix 7b

Cost Centre	Project	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	Total
		£	£	£	£	£	£	£	£	£	£	£
<b>Corporate Services</b>												
Business Systems	Aligned Assets LLP&LSG System (Block Scheme)		0	0	0	10,000	0	0	0	0	100,000	110,000
Business Systems	Environmental Asset Management Re-Phasing (Block Scheme)		0	250,000	0	(250,000)	0	0	0	500,000		500,000
Business Systems	Revenues and Benefits Re-Phasing (Block Scheme)		0	0	0	0	0	0	(750,000)	750,000	0	0
Business Systems	Planning & Public Protection Re-Phasing (Block Scheme)								(550,000)	550,000		0
Business Systems	Spectrum Spatial Analysis (GIS) (Block Scheme)					300,000				(200,000)		100,000
Business Systems	Kofax Scanning (Block Scheme)		0	0	0	0	0	0	0	0	150,000	150,000
Business Systems	Ancillary Systems (Block Scheme)		0	0	0	0	0	0	0	0	50,000	50,000
Business Systems	Payroll system (Block Scheme)		0	0	0	0	0	0	0	0	160,000	160,000
Business Systems	Parking System (Block Scheme)			400,000			(175,000)			600,000		825,000
Business Systems	Exacom (Block Scheme)			40,000					40,000			80,000
Business Systems	Safer Merton Case Management System (Block Scheme)			60,000					60,000			120,000
Social Care IT System	Transport Allocation (Block Scheme)		0	0	150,000	0	(150,000)	0	150,000	0	0	150,000
Social Care IT System	SEN Case Management (Block Scheme)										170,000	170,000
Civic Centre	Replacement of Electrical Incomer Distribution Boards		20,000	177,000	0	0	0	0	0	0	0	197,000
Governance	New Election Booths - No Bid Form		35,000									35,000
Acquisitions Budget	Acquisitions Budget - No Bid Form				(6,315,780)	6,315,780						
Capital Bidding Fund	Capital Bidding Fund - No Bid Form				(1,000,000)	1,000,000						
Corporate Capital Cont	Corporate Capital Contingency - No Bid Form				(1,680,940)	1,680,940						
<b>Total Corporate Services</b>		<b>0</b>	<b>55,000</b>	<b>927,000</b>	<b>(8,846,720)</b>	<b>9,056,720</b>	<b>(325,000)</b>	<b>0</b>	<b>(1,050,000)</b>	<b>2,200,000</b>	<b>630,000</b>	<b>2,647,000</b>
<b>Community and Housing</b>												
Disabled Facilities Gra	Disabled Facilities Grant - removing match funding		0	0	0	(280,000)	(280,000)	(280,000)	(280,000)	(280,000)	(280,000)	(1,680,000)
Major Projects Afford	Empty Homes Scheme		125,000	375,000	375,000	375,000	375,000	375,000	375,000	375,000	375,000	3,125,000
Library Enhancement	Library Re-Furbishment Re-Phasing					(201,000)	(235,000)					(436,000)
Major Projects - Social	Learning Disability Aff Housing			3,172,000	4,900,000							8,072,000
<b>Total Community and Housing</b>		<b>0</b>	<b>125,000</b>	<b>3,547,000</b>	<b>5,275,000</b>	<b>(106,000)</b>	<b>(140,000)</b>	<b>95,000</b>	<b>95,000</b>	<b>95,000</b>	<b>95,000</b>	<b>9,081,000</b>
<b>Children, Schools and Families</b>												
Unallocated SEN	Safety Valve New School		0	0	0	(10,300,000)	0	0	0	0	0	(10,300,000)
Youth Provision	Pollards Hill Digital Divide		0	66,260	0	0	0	0	0	0	0	66,260
<b>Total Children, Schools and Families</b>		<b>0</b>	<b>66,260</b>	<b>0</b>	<b>0</b>	<b>(10,300,000)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(10,233,740)</b>

<b>Total Merton</b>		<b>0</b>	<b>13,507,260</b>	<b>25,789,000</b>	<b>12,978,280</b>	<b>2,685,720</b>	<b>1,165,000</b>	<b>1,295,000</b>	<b>(5,000)</b>	<b>3,265,000</b>	<b>2,907,000</b>	<b>63,587,260</b>
---------------------	--	----------	-------------------	-------------------	-------------------	------------------	------------------	------------------	----------------	------------------	------------------	-------------------

October 2022 Monitoring 29,650,380 39,383,100 23,084,010 41,995,920 23,955,000 11,921,500 10,604,000 20,219,000 10,609,000 10,094,000

October 2022 Monitoring with Bids 29,650,380 52,890,360 48,873,010 54,974,200 26,640,720 13,086,500 11,899,000 20,214,000 13,874,000 13,001,000

**Key**

Expected in year bidding - already in the programme
---

Outside the Business Planning Period of 2023-27
---

## Detailed Capital Programme 2023-27

## Appendix 7c

Cost Centre Narrative	Project Narrative	Revised Budget 2022-23 £000s	Revised Budget 2023-24 £000s	Revised Budget 2024-25 £000s	Revised Budget 2025-26 £000s	Proposed Budget 2026-27 £000s
<b>Business Improvement</b>						
Customer Contact Programme	Customer Contact Programme	304	1,000	0	1,000	1,000
Customer Contact Programme	Web Content Management System	54	0	100	0	0
Customer Contact Programme	Fix My Streets	50	0	0	0	0
Customer Contact Programme	Robotics Process Automation (RPA)	110	0	0	0	0
Business Systems	Ancilliary System	50	0	0	0	50
Business Systems	Youth Justice	0	0	0	100	0
Business Systems	School Admissions System	125	0	0	0	0
Business Systems	Regulatory Project	29	0	0	0	0
Business Systems	Parking System	0	270	400	0	0
Business Systems	Payroll System	156	0	0	0	160
Business Systems	Customer Portal Account	188	0	0	0	0
Business Systems	CRM&TK Amendments	28	0	0	0	0
Business Systems	CRM Workplan & Delivery	118	0	0	0	0
Business Systems	Office 365 Tools incl Power BI	168	0	0	0	0
Business Systems	Vehicle Route Mapping System	30	0	0	0	0
Business Systems	Invoice Scanning SCIS/FIS	0	150	0	0	0
Business Systems	Environmental Asset Management	0	240	250	0	0
Business Systems	Housing System (Capita Housing)	48	0	0	120	0
Business Systems	Revenue & Benefits	0	300	400	0	0
Business Systems	Payments project	0	0	150	0	0
Business Systems	GIS Mapping (Spectrum Spatial Ana	170	100	0	200	300
Business Systems	LLPG&LSG System ((Gazetteer Ma	75	0	0	0	100
Business Systems	Planning&Public Protection Sys	100	241	550	0	0
Business Systems	Exacom	0	0	40	0	0
Business Systems	Safer Merton Case Management	0	0	60	0	0
Business Systems	Transport Management System	150	0	0	150	0
Replacement SC System	Replacement SC System	0	819	1,000	0	0
Replacement SC System	EHCP Hub	64	0	0	0	0
Replacement SC System	SEN Case Management	0	0	0	0	170
Replacement SC System	ASC Mosiac System Updates	120	0	0	0	0
Replacement SC System	Mosiac Workflow & System Imps	27	0	0	0	0
Replacement SC System	Transitions Tracker	35	0	0	0	0
Replacement SC System	Insights to Intervention	15	0	0	0	0
Replacement SC System	SEN Transport Allocation	20	0	0	0	0
<b>Facilities Management</b>						
Works to Other Buildings	Repair and Maintenance	650	650	650	650	650
Works to Other Buildings	Morden Park House Courtyard	161	0	0	0	0
Works to Other Buildings	Replacement Boilers	12	367	0	0	0
Civic Centre	Civic Centre Cycle Parking	0	60	0	0	0
Civic Centre	Civic Centre Lighting Upgrade	300	0	0	0	0
Civic Centre	Electrical Incomer	0	20	177	0	0
Invest to Save	Project General	610	300	300	300	300
Invest to Save	Photovoltaics	50	0	0	0	0
Invest to Save	De-Carbonisation Scheme	195	0	0	0	0
<b>Information Technology</b>						
Disaster recovery	Disaster recovery	94	0	0	0	0
Planned Replacement Program	Project General	1,230	770	1,405	1,060	970
<b>Resources</b>						
Financial Systems	Improving Financial Systems	0	700	0	0	0
<b>Corporate Budgets</b>						
Multi-Functioning Device (MF	Multi-Functioning Device (MFD) - F	0	0	600	0	0
Acquisitions Budget	Project General	469	0	0	0	6,316
Capital Bidding Fund	Project General	0	0	0	0	1,000
Corporate Capital Contingency	Project General	0	0	0	0	1,681
Westminster Coroners Court	Westminster Coroners Court	589	379	0	0	0
Governance	New Election Booths	0	35	0	0	0
Housing Company - Loan	Project General	0	0	0	0	0
Housing Company - Equity	Project General	0	0	0	0	0
Compulsory Purchase Order	Clarion - CPO	0	13,934	0	0	0
<b>Total Corporate Services</b>		<b>6,592</b>	<b>20,335</b>	<b>6,082</b>	<b>3,580</b>	<b>12,697</b>

## Detailed Capital Programme 2022-27 October 2022 Monitoring with bids

## Appendix 7c

Cost Centre Narrative	Project Narrative	Revised Budget 2022-23 £000s	Revised Budget 2023-24 £000s	Revised Budget 2024-25 £000s	Revised Budget 2025-26 £000s	Proposed Budget 2026-27 £000s
<b>Housing</b>						
Disabled Facilities Grant	Project General	873	827	827	827	0
Major Projects Affordable Hou	Empty Homes Strategy	0	125	375	375	375
Major Projects Affordable Hou	Affordable Housing Delivery Projec	0	10,000	10,000	9,000	0
Major Projects Social Care H	LD Supported Living	0	0	4,900	4,900	0
<b>Libraries</b>						
Library Enhancement Works	West Barnes Re-Fit	0	0	200	0	0
Library Enhancement Works	Library Re-Furbishment	0	0	0	0	0
Libraries IT	Library Management System	24	0	140	0	0
Library Major Projects	Library Self Service	5	0	0	350	0
<b>Total Community and Housing</b>		<b>914</b>	<b>10,952</b>	<b>16,442</b>	<b>15,452</b>	<b>375</b>

Cost Centre Narrative	Project Narrative	Revised Budget 2022-23 £000s	Revised Budget 2023-24 £000s	Revised Budget 2024-25 £000s	Revised Budget 2025-26 £000s	Proposed Budget 2026-27 £000s
<b>Primary Schools</b>						
Joseph Hood School	School Capital Maintenance	53	66	0	0	0
Unlocated Primary School Proj	School Capital Maintenance	0	2,864	2,500	2,500	2,500
<b>Special Schools</b>						
Perseid School	Perseid School Expansion	9	0	0	0	0
Perseid School	School Capital Maintenance	290	0	0	0	0
Cricket Green	School Capital Maintenance	7	0	0	0	0
Cricket Green	Cricket Green School Expansion	39	0	0	0	0
Whatley Avenue	School Capital Maintenance	50	0	0	0	0
Melrose	Melrose School Expansion	422	0	0	0	0
Melrose	School Capital Maintenance	167	0	0	0	0
Unlocated SEN	Medical PRU	432	30	0	0	0
Unlocated SEN	Whatley Avenue	2,973	0	0	0	0
Melbury College – Smart Centr	School Capital Maintenance	155	0	0	0	0
Mainstream SEN (ARP)	West Wimbledon Primary ARP expa	190	235	0	0	0
Mainstream SEN (ARP)	Hatfeild Primary School ARP expans	188	0	0	0	0
Mainstream SEN (ARP)	Cranmer Primary School New ARP	40	623	0	0	0
Mainstream SEN (ARP)	Further Primary School ARP expans	0	200	216	0	0
Mainstream SEN (ARP)	Raynes Park school ARP expansion	5	1,015	1,019	0	0
Mainstream SEN (ARP)	Secondary School ARP Expansion 2	0	300	576	0	0
Mainstream SEN (ARP)	Secondary School ARP Expansion 3	0	500	1,209	0	0
Mainstream SEN (ARP)	Secondary School ARP Expansion 4	0	30	700	979	0
Mainstream SEN (ARP)	Safety Valve - New ARP	0	0	0	0	900
Perseid Lower School	Perseid School Expansion	50	1,550	2,517	0	0
<b>Other</b>						
Youth Provision	Pollards Hill Digital Divide	28	276	0	0	0
<b>Total Children, Schools &amp; Families</b>		<b>8,612</b>	<b>7,755</b>	<b>8,737</b>	<b>3,479</b>	<b>3,400</b>



## Detailed Capital Programme 2022-27 October 2022 Monitoring with bids continued..... Appendix 7c

Cost Centre Narrative	Project Narrative	Revised Budget 2022-23 £000s	Revised Budget 2023-24 £000s	Revised Budget 2024-25 £000s	Revised Budget 2025-26 £000s	Proposed Budget 2026-27 £000s
<b>Public Protection and Development</b>						
On Street Parking - P&D	Pay and Display Machines/emissions	300	107	0	0	0
On Street Parking - P&D	Replacement ANPR cameras with ai	0	300	300	300	300
Off Street Parking - P&D	Car Park Upgrades	230	545	0	0	0
Off Street Parking - P&D	Peel House Car Park	0	700	0	0	0
CCTV Investment	CCTV cameras and infrastructure up	698	554	0	0	0
CCTV Investment	CCTV business continuity and resili	0	173	0	0	0
CCTV Investment	Rapid deployment cameras	54	0	0	45	45
CCTV Investment	5 new permanent cameras per year, a	0	135	100	100	100
CCTV Investment	Designing out crime for ASB, violen	50	35	20	20	0
CCTV Investment	Brangwyn Crescent / Commonside Ea	52	0	0	0	0
CCTV Investment	Willow Lane Bridge BID - Improver	39	0	0	0	0
Public Protection and Developpr	Upgrade and Replace the Boroughs	0	250	0	0	0
Public Protection and Developpr	Noise Monitoring Equipment	0	70	0	0	0
Public Protection and Developpr	Project General	0	0	0	0	35
<b>Street Scene and Waste</b>						
Fleet Vehicles	Replacement of Fleet Vehicles	0	300	0	1,212	0
Alley Gating Scheme	Project General	46	24	24	24	24
Waste SLWP	Project General	0	0	0	42	0
Waste SLWP	Replacement of Fleet Vehicles	340	0	0	15,000	0
Waste SLWP	Waste Transfer Station	0	0	1,000	4,500	500
Waste SLWP	Electricity Sub Station	0	0	4,000	0	0
<b>Sustainable Communities</b>						
Street Trees	Street Tree Programme	60	60	60	60	60
Street Trees	New street tree planting programme	44	0	0	0	0
Raynes Park Area Roads	Raynes Park Stn Public Realm Imp	44	0	0	0	0
Highways & Footways	Street Lighting Replacement Pr	290	290	290	290	290
Highways & Footways	Accessibility Program TfL	151	0	0	0	0
Highways & Footways	Casualty Reduction & Schools	216	0	0	0	0
Highways & Footways	Traffic Schemes	150	150	150	150	150
Highways & Footways	Lamp Column Chargers	760	0	0	0	0
Highways & Footways	Surface Water Drainage	100	100	100	100	60
Highways & Footways	Repairs to Footways	966	1,300	1,300	1,300	1,300
Highways & Footways	Maintain AntiSkid and Coloured	60	60	60	60	60
Highways & Footways	Borough Roads Maintenance	1,200	2,200	2,200	2,200	1,800
Highways & Footways	Highways bridges & structures	600	626	260	260	260
Highways & Footways	Motspur Park Station Access for All	190	500	0	0	0
Highways & Footways	Haydons Road Access for All	0	100	0	0	0
Highways & Footways	ZZ3233 - High Path School Harris	14	0	0	0	0
Highways & Footways	Various Culverts Strengthening & U	300	208	0	0	0
Highways & Footways	ANPR Cameras Supporting Enforce	219	0	0	0	0
Highways & Footways	Street Lighting Wimbledon	322	0	0	0	0
Highways & Footways	Bishopsford Rd Bridge	291	0	0	0	0
Highways & Footways	Cycle Lane & Roadway Bishopsford	6	0	0	0	0
Highways & Footways	Residential Secure Cycle Storage	0	26	0	0	0
Highways & Footways	S Wimb Bus Area Wayfinding	135	0	0	0	0
Highways & Footways	Milner Rd Improvements	140	0	0	0	0
Highways & Footways	Vivacity Monitors	39	0	0	0	0
Cycle Route Improvements	Cycle Lane Works Plough Lane	204	0	0	0	0
Cycle Route Improvements	Cycle Access/Parking TfL	114	45	0	0	0
Cycle Route Improvements	Morden Park Cycle Path	160	0	0	0	0
Cycle Route Improvements	Cycle Improvements Residential Stre	360	0	0	0	0
Cycle Route Improvements	Haydons Rd Bridge cycle lane	0	135	0	0	0
Mitcham Area Regeneration	Canons Parks for People Dev (2) -H	515	0	0	0	0
Mitcham Area Regeneration	New Horion Centre	69	0	0	0	0

## Detailed Capital Programme 2022-27 October 2022 Monitoring with bids continued..... Appendix 7c

Cost Centre Narrative	Project Narrative	Revised Budget 2022-23 £000s	Revised Budget 2023-24 £000s	Revised Budget 2024-25 £000s	Revised Budget 2025-26 £000s	Proposed Budget 2026-27 £000s
Mitcham Area Regeneration	Rowan Park Community Facility Ma	0	150	0	0	0
Mitcham Area Regeneration	Elmwood Centre Hub	65	0	0	0	0
Mitcham Area Regeneration	Pollards Hill Bus Shelter/Toilets Ref	50	200	0	0	0
Wimbledon Area Regeneration	Polka Green Retrofit	20	0	0	0	0
Wimbledon Area Regeneration	Haydons Road Public Realm Improv	393	0	0	0	0
Wimbledon Area Regeneration	Crowded Places/Hostile Vehicle Mit	0	180	0	0	0
Wimbledon Area Regeneration	Wimbledon Public Realm Implemen	170	475	0	0	0
Wimbledon Area Regeneration	Wimblon Hill Rd	453	0	0	0	0
Wimbledon Area Regeneration	Wimbledon Village - Heritage Led P	0	800	0	0	0
Morden Area Regeneration	Crown Creative Knowledge Exchang	150	0	0	0	0
Morden Area Regeneration	Morden Town Centre Improvements	0	200	0	0	0
Morden Area Regeneration	Morden TC Regen Match Funding	0	0	2,000	2,000	2,000
Borough Regeneration	Wandle Project (Colliers Wood Cha	69	0	0	0	0
Borough Regeneration	Lost Rivers Repairs	0	300	0	0	0
Borough Regeneration	Haydons RoadShop Front Improvem	323	0	0	0	0
Borough Regeneration	42 Graham Rd Mitcham	0	50	0	0	0
Borough Regeneration	Capital Spend on Refurbishment of	15	0	0	0	0
Borough Regeneration	Civic Pride Public Realm Improvem	0	50	1,500	1,500	0
Borough Regeneration	Shopping Parade Improvements	0	260	800	460	0
Borough Regeneration	Carbon Offset Funding	100	50	0	0	0
Property Management	Community Ctre Energy Saving Ligh	35	0	0	0	0
Morden Leisure Centre	New Running Track	0	400	1,500	850	0
Wimbledon Park	Wimbledon Pk Lake Safety	520	0	0	0	0
Wimbledon Park	Watersport Fleet	10	0	0	0	0
Wimbledon Park	New Wimbledon Park lakeview buil	0	0	0	500	2,000
Sports Facilities	Leisure Centre Plant & Machine	315	250	250	250	280
Sports Facilities	Canons New Sports Hall Equipment	0	25	200	25	0
Parks Investment	Parks Investment	271	300	300	300	300
Parks Investment	Canons Parks for People Dev (2) -H	65	0	0	0	0
Parks Investment	Sports Drainage	150	150	0	0	0
Parks Investment	Refurbishment of Mertons Multi Use	181	175	0	0	0
Parks Investment	Tennis Court Refurbishments	0	150	75	75	75
Parks Investment	Morely Park Enhancements	19	0	0	0	0
Parks Investment	Wimbledon Park	13	0	0	0	0
Parks Investment	Resurface Tennis Courts	150	0	0	0	0
Parks Investment	Figges Marsh Ward Allocation - Fig	10	0	0	0	0
Parks Investment	Graveney Ward Allocation - Edenva	10	0	0	0	0
Parks Investment	Lavender Fields Ward Alloc - Laven	10	0	0	0	0
Parks Investment	Longthornton Ward Alloc - Long Bo	10	0	0	0	0
Parks Investment	ColliersWood Rec	69	0	0	0	0
Parks Investment	Abbey Rec	48	0	0	0	0
Parks Investment	Myrna Close Public Realm	49	0	0	0	0
Parks Investment	New interactive water play feature at	43	0	183	0	0
Parks Investment	22. Bridges and Structures	0	36	80	80	80
Parks Investment	23. Existing Green Flag Improvement	0	50	150	100	0
Parks Investment	24. New Green Flag Improvement Pr	0	50	150	100	0
Parks Investment	28. Parks Security Measures & Trave	0	75	50	50	0
Parks Investment	29. Playground Priority Upgrades Pr	0	350	350	350	350
Parks Investment	30. Wandle Tree Trail Safety & Man	0	60	60	60	0
Parks Investment	Paddling Pools (borough wide) OPT	200	70	0	0	0
Parks Investment	Wandle Nature Park Flood Defence	14	0	0	0	0
Mortuary Provision	Project General	0	0	100	100	100
<b>Total Environment &amp; Regeneration</b>		<b>13,532</b>	<b>13,848</b>	<b>17,612</b>	<b>32,463</b>	<b>10,169</b>
<b>Total Capital</b>		<b>29,650</b>	<b>52,890</b>	<b>48,873</b>	<b>54,974</b>	<b>26,641</b>