

CABINET

Date: 20 February 2023

Subject: Financial Report 2022/23 – Period 9 December 2022

Lead officer: Roger Kershaw

Lead member: Councillor Billy Christie

Recommendations:

- A. That Cabinet note the financial reporting data for month 9, December 2022, relating to revenue budgetary control, showing a forecast net favourable variance at 31st December on service expenditure of £0.875m when corporate and funding items are included.
- B. That Cabinet note the contents of Section 5 and Appendix 5b of the report and approve the adjustments to the Capital Programme in the Table below:

	Budget 2022-23	Budget 2023-24	Budget 2024-25	Budget 2025-26	Narrative
	£	£	£	£	
<u>Corporate Services</u>					
Customer Contact- Customer Contact Programme	(144,190)	(516,910)			Virement in accordance with Projected Spend- Capitalised Salaries
Customer Contact- Active Directory	235,700				Virement in accordance with Projected Spend- Capitalised Salaries
Customer Contact- Data Security and Control	289,700				Virement in accordance with Projected Spend- Capitalised Salaries
Customer Contact- End Use Device	53,100				Virement in accordance with Projected Spend- Capitalised Salaries
Customer Contact- Virtual Desktop	82,600				Virement in accordance with Projected Spend- Capitalised Salaries
Invest to Save- De-Carbonisation Scheme	12,110				Funding from grant to include retention payments
<u>Children, Schools and Families</u>					
CSF Safeguarding - Children's Safeguarding	165,000				Contrib to House Purchase to stop child going into SEN Residential Placement
<u>Environment and Regeneration</u>					
Street Trees - Harris Academy & High Path Street Trees	50,000				New S106 Project
Highways and Footways - Accessibility Schemes	(5,000)	5,000			TfL Approved Slippage for TfL Funded Scheme
Highways and Footways - Casualty Reduction	(47,000)	34,000			TfL Approved Slippage for TfL Funded Scheme - £13k moved to Revenue
Cycle Route Improvements - Cycle access/parking	(114,000)	114,000			TfL Approved Slippage for TfL Funded Scheme
Cycle Route Improvements - Cycle Improve Residential Stre	(123,000)	116,000			TfL Approved Slippage for TfL Funded Scheme - £7k moved to Revenue
Mitcham Regeneration - SMCA Springboard		87,000			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Mitcham Regeneration - Mitcham Cricket Green		54,000			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Mitcham Regeneration - The Small Quarter Phase 2		22,000			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Mitcham Regeneration - Chapter House		33,000			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Wimbledon RegenerationParks Investment - Kenilworth Green Pocket Park		65,000			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24

Continued.....

	Budget 2022-23	Budget 2023-24	Budget 2024-25	Budget 2025-26	Narrative
Wimbledon Regeneration - Cannizaro Park Valley Path		82,500			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Wimbledon Regeneration - Survive to Thrive		115,600			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Borough Regeneration - Haydons Rd Shop Front Impr	80,000				Funded by Levelling Up Grant
Borough Regeneration - Community Retrofit Loan		280,000			Funded by the Climate Change Reserve Year 2 Allocation
Borough Regeneration - Business Retrofit Support Scheme			125,000	125,000	Funded by the Climate Change Reserve Year 2 Allocation
Property Management Enhancemen- Comm Centr Engy Sving Lighting	(35,000)	35,000			NCIL funded scheme reprofiled into 2023-24
Parks Investment - Morden Park Playground		75,530			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Parks Investment - Merton Saints BMX Club		130,000			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Parks Investment - Durnsford Road Recreation Ground		44,770			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Parks Investment - Garfield Recreation Ground MUGA		120,000			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Parks Investment - Green Gym for Moreton Green		35,000			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Total	500,020	931,490	125,000	125,000	

C. Approve the 8 Revenue Civic Pride – Investing in Neighbourhoods Bids below as contained in Appendix 5d – these are summarised below:

Proposed 8 Civic Pride – Investing in Neighbourhoods Revenue Allocations 2023-24

Bid ID	Project name	2023-24 Revenue £
2&3	Repairs to Grade II Listed Tudor Wall St. Mary's Merton Park Churchyard	20,000
4	Community Champions, more sustainable Merton	51,836
5	Merton Garden Streets 2023	35,373
6	Merton Sports Coaching Academy	144,275
8	Towards Employment	74,960
32	Uptown Youth Services	15,000
40	Vestry Hall - Mitcham Arts Collective	12,000
45	Ready Steady Cook CR4 Community Cooking Classes	42,750
46	The Wheel	63,615
Total		459,809

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This is the Period 9 monitoring report for 2022/23 presented in line with the financial reporting timetable.
- This financial monitoring report provides -
- 1.1.1 A full year forecast projection as at period .
 - 1.1.2 An update on the financial impact of Covid-19
 - 1.1.3 An update on the capital programme and detailed monitoring information;
 - 1.1.4 An update on Corporate Items in the budget 2022/23;
 - 1.1.5 Progress on the delivery of the 2022/23 revenue savings

2. THE FINANCIAL REPORTING PROCESS

- 2.1 The Council's services are still under pressure due to the need to support businesses and residents, particularly vulnerable groups in need of social care and there has been a major reduction in the Council's income which is expected to continue for some time. The detrimental impact of Covid-19 continues to be monitored closely given its impact on service delivery.
- 2.2 The Council is also facing significant inflationary pressures in the supply of goods and services to the Council, energy costs, cost of borrowing and potential wage increases against budget add to the Council's financial challenges in 2022/23 and future years. Whereas higher interest rates will have a positive impact on our investment returns these will be overshadowed by the inflationary pressures the Council faces together with the potential for increased demands for some of the Council's services due to the cost of living crisis.
- 2.3 There are also significant pressures on the Dedicated Schools Grant (DSG) which are being monitored. The cumulative deficit at the end of 2021/22 was £26.930m and the deficit is forecast to continue to increase to £36.930m by the end of 2022/23 after the second tranche of Safety Valve funding. The Safety Valve programme is starting to have a positive impact, but progress is currently behind the agreed target.
- 2.4 The Council is still dealing with the effects of a number of emergency incidents this financial year. We are looking to recover some of our outlay but this could take some time beyond the end of this financial year. The total net cost of these incidents is currently £3.5m. Until these matters are resolved the council will have to match the net spend from its reserves.
- 2.5 Chief Officers, together with budget managers with support from Service Financial Advisers are responsible for keeping budgets under scrutiny and ensuring that expenditure within areas which are above budget is being actively and vigorously controlled and where budgets have favourable variances, these are retained until year end. Any final overall adverse variance on the General Fund will result in a call on balances.

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

Executive Summary – At period 9 (to 31st December 2022), the year-end forecast is a net adverse variance of £7.871m on Net Service Expenditure; a favourable variance of £8.247m on Corporate Provisions; and a small favourable variance of £0.070m relating to Covid-19. With a favourable forecast variance of £0.429m in funding, the Net Forecast Variance at year end is a favourable variance of £0.875m. A summary is provided on the following details and more detailed analysis by Department is set out in Section 4 of the report.

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

Covid-19 Financial

Summary Position as at 31st December 2022

	Current Budget 2022/23 £000s	Year to Date Budget (Dec) £000s	Year to Date Actual (Dec) £000s	Full Year Forecast (Dec) £000s	Forecast Variance at year end (Dec) £000s	Forecast Variance at year end (Nov) £000s	Outturn Variance 2021/22 £000s
Department							
Corporate Services	32,049	24,509	28,204	33,169	1,121	1,472	645
Children, Schools and Families	62,112	37,892	37,765	63,094	982	1,117	2,426
Community and Housing	68,041	59,083	51,630	68,465	425	752	(699)
Public Health	(162)	(599)	(4,362)	(162)	0	0	
Environment & Regeneration	13,508	2,942	(3,359)	18,852	5,344	5,151	3,431
Overheads	(272)			(272)	0	0	
NET SERVICE EXPENDITURE	175,275	123,828	109,879	183,146	7,871	8,492	5,803
			6				
Corporate Items							
Impact of Capital on revenue budget	11,066	6,455	3,723	10,947	(119)	(119)	(235)
Other Central budgets	(20,548)	2,489	1,071	(28,677)	(8,128)	(8,215)	(17,298)
Levies	988	494	988	988	0	0	0
TOTAL CORPORATE PROVISIONS	(8,494)	9,439	5,783	(16,742)	(8,247)	(8,334)	(17,533)
Covid-19	0	0	(70)	(70)	(70)	89	176
TOTAL GENERAL FUND	166,781	133,267	115,592	166,334	(446)	246	(11,554)
FUNDING							
Revenue Support Grant	(5,350)	(2,675)	(4,066)	(5,350)	0	0	
Business Rates	(31,856)	0	(29,568)	(31,856)	0	0	
Other Grants	(25,602)	(12,801)	(21,017)	(26,031)	(429)	(429)	
Council Tax and Collection Fund	(103,973)	0	(103,973)	(103,973)	0	0	
COVID-19 emergency funding	0	0	(442)	0	0	0	710
Income compensation for SFC	0	0	0	0	0	0	
FUNDING	(166,781)	(15,476)	(159,066)	(167,210)	(429)	(429)	710
NET	0	117,791	(43,474)	(875)	(875)	(183)	(10,844)

Impact

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

Covid Expenditure

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

Income shortfall

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

Savings unachieved

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

Cashflow

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

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

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

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

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

4. DEPARTMENTAL SUMMARY OF CURRENT POSITION

Corporate Services

Division	Current Budget £000	Full year Forecast (December) £000	Full Year Forecast Variance (December) £000	Full Year Forecast Variance (November) £000	Outturn Variance 2021/22 £000
Customers, Policy & Improvement	5,669	5,777	107	188	(191)
Infrastructure & Technology	13,269	13,733	464	468	80
Corporate Governance	2,697	2,656	(42)	(41)	141
Resources	6,321	6,726	404	399	13
Human Resources	2,266	2,390	124	209	214
Corporate Other	1,825	1,889	64	248	388
Total (Controllable)	32,049	33,170	1,121	1,472	645

Overview

Corporate Services is currently forecasting an adverse variance of £1.121m at year end. This has moved favourably by (£351k) since period 8. The main changes are (£80k) within Customer Policy & Improvement, (£86k) within Human Resources and (£185k) within Corporate Other.

This favourable movement is as a result of efforts to reduce agency staff costs, particularly in the communications team and other operating costs.

Corporate Governance is forecasting a positive contribution towards the overall adverse variance with an underspend of (£42k). The main areas of adverse variances are Infrastructure & Technology; Resources; Human Resources; Customers, Policy & Improvement and Corporate other with agency staff costs being one of the key contributors. This is being addressed by aiming to recruit more permanent staff. Other contributing factors are unachievable income targets, increased inflationary costs for services, materials and equipment. Corporate Services are managing some of the budget pressures by holding vacancies open in the short term. We shall also continue to work on reducing our agency spend where practical.

Customers, Policy and Improvement - £107k adverse variance

The variance for CPI has moved favourably by (£80k) since period 8.

The main changes are:

- (£57k) decrease in Comms & Marketing agency costs
- (£12k) reduction in Community Engagement surveys cost

The net forecast variance for CPI division consists of the following Favourable forecast variances:

- (£129k) within the AD due to a vacancy being held pending recruitment.
- (£80k) Programme Office due to vacancies of which £51k will be used to fund a MIB funded post now that this funding has been exhausted.
- (£41k) Voluntary Sector Coordination - reduced grants expenditure
- (£28k) due to an over-achievement against the cash collection saving

- (£27k) in the Community Engagement team due to staffing and running costs underspends
- (£19k) in the Merton Link team

Adverse variances within the CPI division include:

- £259k within Press and Publications owing to use of agency staffing over establishment and unachievable income targets
- £46k increase in IT costs for Customer Contact
- £42k within the Marketing and Communications team due to staffing and printing costs
- £40k in Translations services due to under-achievement against the income budget and increased interpretation costs
- £21k increase in IT costs for a third party to assist with clearing the backlog within the Blue Badge service
- £18k Policy, Strategy and Partnerships overspend within its staffing budget lines - this will be funded by underspend in Programme Office
- £10k for Reg of Birth, Deaths & Marriages increased costs

Infrastructure & Technology - £464k adverse variance

Favourable variances within the division are:

- Microsoft EA (Enterprise Agreement) is forecasted less than budget by (£135k)
- (£112k) underspend for Postal Services. This offsets the forecast overspends on Printing and Photocopying where income targets are not expected to be achieved.
- A lag in recruitment has also resulted in a (£54k) favourable variance within Facilities.
- Transactional services have a (£37k) staffing underspend due to a part vacant post.
- (£34k) in Safety Services due to recruitment lag as well as contingency not expected to be spent in year

Many of the adverse variances within the division are due to reduced recharges resulting from the changes in working arrangements surrounding the covid-19 pandemic.

These adverse variances include:

- £179k on the Corporate Print Strategy.
- The FM External account is also forecasting a £124k adverse variance due to the lack of commissions since the pandemic began, though the forecast is significantly improved on the outturn position for 2021/22.
- £123k increased costs for Garth Road archive storage due to cancellation of unpaid income invoices to Veolia total £85k and NNDR internal recharge of £40k
- £125k on the PDC (Chaucer Centre). These are reviewed throughout the year and adjusted depending on the level of room bookings.
- There is an adverse variance of £69k on Corporate Contracts due to 2020/21 savings for reducing cleaning in corporate buildings remaining unachievable within the current circumstances.
- A further £47k adverse variance is within the Client Financial Affairs team, mainly relating to the unachieved saving (reference 2019-20 CS23) for the introduction of a charging scheme and the cost of agency cover for maternity leave.
- Printing and photocopying team is forecasting £51k overspend. This will be offset by underspend from Post services.
- Security Services is also forecasting an adverse variance of £36k due to the contract cost being higher than the budget.
- Buildings maintenance is forecasting to overspend by £27k due to increase in repairs and maintenance costs.
- Civic centre increased repairs and maintenance of £25k. This is likely to increase as Facilities have now almost exhausted the remaining budget for repairs and maintenance. Only very high priority repairs and maintenance is now being carried and each purchase order is being approved directly by the Assistant Director.
- IT Service Delivery £28k owing to the use of agency staff covering vacant posts.

- IT Telecoms £14k
- £12k increase in Corporate services buildings costs

Corporate Governance – (£42k) favourable variance

- Members Allowances is projecting an underspend of (£42k)
- LBM Legal services is projecting a (£21k) favourable variance from external charges.
- Information Team underspend of (£20k) due to a lag in recruitment
- Local Election expenses is forecasting an overspend of £21K
- SLLP (South London Legal Partnership) is currently forecasting £251k deficit overall, £44k is forecasted to be LBM's Share.

Resources - £404k adverse variance

Favourable variances within Resources are:

- (£199k) in Benefits Administration services which is largely due to grant receipts from DWP.
- Revenues and Benefits Support team (£117k) favourable variance mainly against staffing costs. This is due to vacancies in the team, recruitment to some of the vacant posts will commence before the end of the year.
- (£59k) in Treasury & Insurance, (£30k) Insurance premiums and Funding.
- (£48k) for Director of Corporate Services time lag between the current director retiring and new director coming into post
- (£26k) Local Welfare Support
- (£19k) on purchase card project and
- (£10k) Business Rates bids.

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

- Enforcement Agents' service forecasted to overspend by £322k (inclusive of the shared service element) as a result of unachieved income which will continue to be monitored as the circumstances around the pandemic improve. The service has been able to operate more fully in the last 2 / 3 months.
- The Local Taxation Service has a £162k adverse variance due to staff overtime, anticipated under recovery action was suspended from April until the end of July 2022, as a result of administering the energy grant payments (as explained previously). The normal recovery timetable has been reinstated from October 2022 and this should result in an increase in costs collected including those costs related to enforcement agents' action.
- A further adverse variance of £179k within AD resources due to consultancy costs for e5 upgrade.
- £52k within the budget management team due to use of agency cover for existing vacancies.
- Corporate Accountancy is forecasting £86k overspend of which over £100k is an uplift in external audit fees
- Financial Systems Team is forecasting £14k adverse variance owing to salary budget pressure as well as revenue costs for upgrading the financial system planned for later this year.
- £100k Chief Exec overspend for interim director and recruitment costs. This will be covered by the internal review fund.

Human Resources – £124k adverse variance

HR's forecast variance has changed favourably since P8 by (£86k).

Favourable variances forecasted within HR are:

- (£48k) HR Transactions for the shared payroll system and iTrent client team charges from Kingston.
- (£20k) Business partnerships

- (£15k) Graduates & Apprentices

Adverse variances are primarily due to

- £64k within Learning & Development agency costs
- £129k against the AD budget

Corporate Items - £64k adverse variance

Corporate items forecast variance has moved favourably since P8 by (£185k).

This is primarily due to (£143k) Project Chaplin costs previously reported as revenue spend being capitalised and (£65k) reduction in internal legal recharge costs.

Favourable forecast variances within Corporate items are:

- (£270k) underspend in redundancy payments.
- Coroners Courts received a (£273k) reimbursement from the Westminster Bridge Inquest resulting in a (£277k) projected underspend
- (£110k) decrease in Corporately funded items
- (£25k) underspend Democratic Rep & Man and
- (£12k) underspend in Staff groups

Adverse variance:

- Housing Benefits Rent allowance subsidies £754.
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Environment & Regeneration

Division	Current Budget	Full year Forecast (December)	Full Year Forecast Variance (December)	Full Year Forecast Variance (November)	Outturn Variance 2021/22
	£000	£000	£000	£000	£'00
Public Protection	(15,094)	(11,750)	3,344	3,364	4,142
Public Space	17,797	18,936	1,138	1,117	157
Senior Management	1,319	1,373	54	62	(192)
Sustainable Communities	9,486	10,293	807	608	(675)
Total (Controllable)	13,508	18,852	5,344	5,151	3,432

Description	2022/23 Current Budget	Forecast Variance at year end (December)	Forecast Variance year at end (November)	2021/22 Variance at year end
	£000	£000	£000	£000
Regulatory Services	699	214	243	38
Parking Services	(17,175)	3,038	3,026	4,181
Safer Merton & CCTV	1,382	92	95	-77
Total for Public Protection	(15,094)	3,344	3,364	4142
Waste Services	15,344	478	478	390
Leisure & Culture	602	339	366	-210
Greenspaces	2,421	156	133	-93
Transport Services	(569)	165	139	70
Total for Public Space	17,797	1,138	1,117	157
Senior Management & Support	1,319	54	62	-192
Total for Senior Management	1,319	54	62	-192
Future Merton	12,022	305	451	-708
Building & Development Control	172	785	336	335
Property Management	(2,709)	(283)	(179)	-303
Total for Sustainable Communities	9,486	807	608	-676
Total Excluding Overheads	13,508	5,344	5,151	3,431

Overview

Environment & Regeneration is currently forecasting an adverse variance of £5.34m at year end. The forecast variance has changed adversely by a further £193k since period 8. The main areas of variances are Parking Services income, Development & Building Control, Waste, Leisure & Culture, Future Merton, Regulatory services, Transport, Greenspaces, and Safer Merton. The primary reasons are the reduced revenue within Parking Services of £2.647m, a projected utility budget overspend of approximately £1.236m and increased inflationary costs for services, materials and equipment.

Public Protection

Regulatory Services adverse variance of £214k

This Adverse variance is a combination of (£132k) net underspend within the Shared partnership services with Richmond and Wandsworth and an overspend of £346k for non partnership areas.

The section has cumulative income savings of £275k relating to historic savings targets the department has been unable to achieve to date. These have contributed to the Non RSP income under recovery of £379k.

Current forecasts of adverse variances are within

- Licensing team of £164k of which 151k is unachievable income target
- Environmental health pollution of £50k of which £41k is unachievable income target
- Health & Safety EH Commercial net overspend £49k which includes £41k unachievable income target
- Street Market net overspend £39k – includes £34k unachievable income and £14k increased electricity costs.
- Trading standards £67k of which £95k is unachievable income targets

The service is facing cost pressures resulting from the removal of LIP funding and insufficient funds for Air Quality.

Parking Services adverse variance of £3.038m

The parking services variance increased adversely by £12k from last month but is partly balanced by increases in permit income, and some cost reductions.

The in-depth review and analysis of all sources of parking income continues to indicate improvements since July, attributable to more robust and improved forecasting, increased parking PCN charges to the higher Band A level, the successful pilot to employ additional CEOs, and improvements to the management and efficiency of parking enforcement operations. Issuance of Parking PCNs is forecast to be apx. 79,000 this year, compared to an original forecast of just over 66,000.

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

It should be noted that there are unachieved income savings within this service that have contributed to the current adverse variance, such as £637k from a forecast made in 2020 that moving traffic, school street and LTN PCN issuance would not decline over time. The reality is that compliance has significantly

improved over time. In addition, there was a £360k income expectation of volume growth in permit income, which has not taken place.

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

Source of Income	Estimated 2022/23 Deficit (£...,000) P9
Car Parks and Season Tickets	936
Moving Traffic, School Street and SKC PCNs	950
Parking PCN yield	340
Resident and Visitor Parking Permits	764
On-Street bay income	96

Action is underway which could help to reduce this deficit over time:

- a) Capital investment in Peel House car park is being considered which could restore income to nearer the level expected in the Parking base budget. However, if the repayment of the capital works were to be funded from parking revenue there would be no improvement in the service's revenue position until repayment was completed.
- b) Consideration of the closure of St Mark's car park, which is a £35k p.a. loss-making facility. This would require a negotiated agreement on surrender of the lease, which is being led by Future Merton.
- c) Planned investment in car park infrastructure may increase demand and income, following completion of the review of leased and owned car parks
- d) Management control of essential expenditure whilst maintaining paid-for services
- e) Where moving traffic, school street or keep clear cameras are issuing less than 10 PCNs per month, relocation of these cameras to higher priority locations with more contraventions will be considered
- f) A review of vehicle provision for the service will examine the business case for moving to a much smaller, electric, fleet and eliminating the use of hire vehicles.

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

Longer term options could also be considered, for example an inflation- and efficiency-led increase in permit prices, and the introduction of a surcharge for the highest CO₂-emitting vehicles. The service also intends to review charges for bay suspensions to ensure that our costs are being covered.

Safer Merton is forecasting an adverse variance of £92k

Efforts have been made to reduce agency costs. Within the ASB team the manager will commence a 12-month fixed term contract at the end of January and two ASB officer posts, 6-month fixed term contracts. Apart from HoS, which has now been recruited to on a permanent basis. only one agency worker remains whose contract expires end March. This is also a grant funded post.

Safer Merton are waiting payment from Clarion for this year's SLA and waiting for confirmation on a longer-term SLA for up to 6 years. Upgrading the CCTV cameras in the New Year will be a priority and with that opportunities for further income generation. Examples include: The South- West Business

Partnership 12K and ongoing work with National Trust to link CCTV cameras to the CCTV control room. Following a request from the Home Office a Domestic Homicide Review has been commissioned via The Safer Stronger Executive Board anticipated costs 10-15K.

Public Space

Waste Services has an adverse variance of £478k

Favourable variances include (£57k) on the Council's Environmental Enforcement services in respect of the number of enforced cases and the issuing of Fix Penalty Notices for fly-tipping and littering, (£116k) on employee related spend and (£37k) reduction in building improvement costs.

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

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

There is an additional adverse variance of £141k being forecast against the SLWP management fee associated with consultants and advisor cost in year.

Waste and street cleansing (Phase C) budgets remain under pressure due to above contract services being implemented including the two additional fly-tipping crews, evening economy crew in the second half of the year. A growth bid has been submitted to cover this revenue cost in 2023/24. In addition the service covered the cost of two one off large-scale fly tipping clearances including Willow Lane and Commonsides East. The current forecast variance for Phase C is £750k.

Waste Services adverse variances are partly offset by favourable variance on disposal costs of (£380k) due to new favourable gate fees for food waste & green associated. Note the service has delivered in excess of £750k in disposal savings in recent years. The current forecast is at par with last year's actuals despite changes to our residents' working arrangements, where we have seen a greater increase in the number of households now working from home post pandemic resulting in an increase in overall domestic waste across all kerbside collection services. This section will continue to be closely monitored and the service is currently supporting SLWP in the planning of the re-procurement of both the Food and Garden waste processing services which currently expire this financial year. Further analysis is being done to establish how much of the overspend may be funded from Your Merton.

Leisure & Culture adverse variance of £338k

The adverse variance is partly offset by favourable variances on employees (£126k) and Leisure centre income (£76k).

The service is expecting the following adverse movements:

- A £45k under recovery in income from water sports at Wimbledon sailing base
 - The Watersport centre has under recovered mainly because of lake work causing an Easter closure, but also because some schools are budgeting cautiously
- An unprecedented increase in energy bills. The service is currently forecasting to spend double its leisure centre utilities budget resulting in a variance of £434k.
- Under recovery of £31k lettings income from Morden Assembly Hall. This is due to the hall being used exclusively as a covid vaccination centre and evening and weekend lets are not possible.
- £31k supplies and services costs

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

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

Greenspaces adverse variance of £156k

The adverse variance has moved adversely by £23k since November.

The change in variance are as follows:

- £12k increase in events costs – mostly staff
- £10k increase in premises costs

The net variance of £156k is made up of favourable variances in Events (£115k) and general income (£124k).

These are helping to offset the following adverse variances although the service is starting to recover from historical legacy issues.

- Phase C £39k
- Premises £140k
- Employees £82k
- Pay & Display income £45k
- Rental income £40k
- Tree works £17k
- Third party payments £18k

Sustainable Communities

Future Merton net adverse variance of £305k

Adverse variances are partly offset by the following favourable variances:

- CPZs = (£180k)
- CIL/s106 = (£123k)
- Income = (£100k)
- Streetworks/permitting = (£186k)
- Temp. traffic orders = (£190k)
- Winter maintenance = (£13k)
- Employees = (£164k)

The favourable movement in variance between November and December is a net decrease of (£145k) due to:

- (£61k) decrease in variance for staff costs due to increased budget for pay award along with TfL contribution to staff costs and funding from CIL income
- (£50k) increase in CIL/S106 income
- (£26k) increase in street works income
- (£14k) decrease in Vestry Hall staff costs

The net adverse variance consists of the following:

- Street lighting = £529k: due to the significant increase in energy costs, Facilities faced challenges when securing a new Street Lighting electricity supplier. We were therefore on an “out of contract rate” at the start of the financial year, which was triple the rate of last year. The rates on the new contract, which commenced in mid-May are twice as high as last year.
- Supplies and services = £254k. £150k of this is on Local Plan Fees. This to pay the Planning Inspectorate for their work on the Local Plan
- Highways & footways main. £204k (400890/400892). This is due to the Highways Maintenance contract inflation rate of 20% since the start of the contract in 2019.
- Bishopsford Bridge = £80k: we are still incurring legal costs for the litigation in relation to the bridge collapse, for which there is no budget.
- Merantun = £100k unachievable income target for staff recharges to Merantun Developments
- Vestry Hall = £19k due to the increase in utility costs and security services
- JC Decaux = £13k. This is a small under-achievement of the expected contract income due to historical legacy issues related delay of the digital installations.

Property Management favourable variance of (£283k)

The forecast has moved favourably by (£104k) since November. This is primarily due to decrease in NNDR costs of (£22k) and increase in rental income of (£122k).

The main reasons for the favourable variance are:

- An underspend of (£149k) salaries costs against a budget of £320k.
- Commercial rental income expectations by (£396k) due to rent reviews in line with the tenancy

agreements.

The above favourable variance are being offset by adverse variances as follows:

- £43k premises related expenditure- for example, building improvements, utilities, repairs & maintenance costs
- £97k supplies & services related expenditure - for example, employment of consultants to progress rent reviews due to lack of internal resource, and valuations to support asset valuations and potential disposals.
- £61k for Stouthall

Building Control (BC) and Building Control Enforcement (BCE) net adverse variance of £784k

- BC (£6k)
- BC enforcement £11k of which £10k is staffing

The BC variance is primarily due to:

£163k under achievement of income

£21k supplies and services (largely consultancy and marketing)

Offset by:

(£184k) savings on staff costs

Explanation for BC Adverse Variance

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

Development Control (DC) and Development Control Enforcement (DCE) adverse variance of £287k

DC = £660k and DCE = £116k

DC variance is made up of: £484k staff costs, (£21k) supplies and services (consultants) and £194k income.

DCE variance is made up of £120k employee costs

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

Furthermore, there is the unusual situation whereby a Principal Planner is solely working on one planning

application for the All England Lawn Tennis Club to extend into Wimbledon Park Golf Club. A Principal Planner would usually handle a mix of 50 major and difficult minor planning applications and would coach junior members of staff when signing their cases off. The tennis application has been registered since August 2021 and will not be presented to the Planning Applications Committee until at least February 2023, after which there will be much more work to do around the GLA referral process. The length of time taken is due to the complexity of the proposals and this has been beyond the Council's control. At an informal meeting of the Cabinet on Friday 11th November 2022 Members were very clear to Officers that this work needs to be properly resourced and Directors should be advised of the requirements. Additional Agency staff have been retained for longer than initially forecasted to handle the work that the dedicated Case Officer cannot pick up. This is contributing significantly to the overspend but it is essential and statutory work of huge importance to the organisation.

A piece of work has commenced around benchmarking with other London authorities such as Camden which appears to have a much more extensive and robust Planning staff structure. A report will be prepared on this. It is also difficult to attract external candidates to permanent positions as the salaries being offered are not as competitive as those provided by neighbouring Councils. Nevertheless other solutions are underway. The interim Head of Development Management and Building Control has converted from a temporary post to a permanent position which has created a significant saving, and conversations have also taken place with other Agency workers about this opportunity for them. This could save a further £47,000. Following the recent successful recruitment of a graduate Planner the team is keen to bring in more colleagues at that junior level.

Income targets are being increased via pre-application charges (an Equalities Impact Analysis has just been provided to the Cabinet Member for this), Planning Performance Agreement fees and other administrative services to mitigate against the overspend by approximately £200,000.

Children, Lifelong Learning and Education

Children, Schools and Families (£000's)	2022/23 Current Budget	Full Year Forecast	Forecast Variance December	Forecast Variance November	2021-22 Year Variance
Education					
Education Budgets	£ 19,532	£ 20,226	£ 694	£ 1,053	£ 394
Depreciation	£ 9,801	£ 9,801	£ -	£ -	£ -
Other Education Budgets	£ 135	£ 135	£ -	£ -	-£ (114)
Education Services Grant	-£ (1,062)	-£ (1,062)	£ -	£ -	-£ (12)
Education Sub-total	£ 28,406	£ 29,100	£ 694	£ 1,053	£ 268
Other CSF					
Child Social Care & Youth Inclusion	£ 22,756	£ 24,054	£ 1,256	£ 1,099	£ 2,009
Cross Department	£ 917	£ 725	-£ (192)	-£ (310)	£ -
PFI Unitary Costs	£ 8,409	£ 8,409	£ -	£ -	£ 766
Pension and Redundancy Costs	£ 1,624	£ 848	-£ (776)	-£ (724)	-£ (617)
Other CSF Sub-total	£ 33,706	£ 34,036	£ 288	£ 65	£ 2,158
Grand Total	£ 62,112	£ 63,136	£ 982	£ 1,118	£ 2,426

Director's' Summary

There are a number of challenges facing the department including a constantly changing national policy environment. The Government's response to the National Review of Children's Social Care and their implementation plan for the SEND Green Paper are expected soon. The Schools' Bill has been pulled from its parliamentary process and it is not yet clear which elements will still be taken forward, and in what way.

Demand for services post-Covid continues to remain high. We have seen an increased number of requests for service received into the Children and Families Hub, and as a result of this increase, December was a busy month requiring a higher number of assessments undertaken, when compared to previous months. Numbers of children with a Child in Need plan has reduced following focussed activity in the service and the number of children with child protection plans remains at pre-pandemic levels. Schools are reporting increasing numbers of children requiring additional support to stay in mainstream education. Inflation is affecting schools significantly as it is all services.

We are focused on reducing our use of agency staff. As at the end of December we had 72 agency workers (excluding grant funded and short term project posts), 11 fewer than the month before. Spend on agency staff in December was £44k less than in November.

Recruitment of social workers remains a major issue, which is reflected in the growth bid which is part of the proposed Business Plan for 2023/24, and in the focus on social work recruitment. We also struggle to recruit to other specialist roles such as Speech & Language Therapists and Data Analysts but we have fewer of these roles.

We have submitted our third quarterly Safety Valve monitoring report to DfE, which shows continued good progress against the nine conditions. The in-year deficit is £3.6m lower than then start of the year. The settlement for the High Needs Block contained additional funding, albeit with some additional requirements. However, combined with our sustained programme of work, we should be on or close to plan next year and on course to achieve balance ahead of the 2026/27 deadline.

Forecast Summary

The departmental has reduced by £136k. The forecast for Children's Social Care has increased by £158k but this is offset by reductions in education forecasts.

The department continues to work to reduce its dependence on agency staff. At the end of December, the department had 88 agency staff of whom 16 related to grant funded and short-term project roles, and 49 were social workers.

Home to School transport remains an issue, which is reflected in the growth bid included in the proposed business plan for 2023/24. We are working through the Safety Valve programme to reduce demand through increasing in-borough places and consistent application of the policy. However, the cost of journeys continues to rise, due to driver shortages and inflation.

Local Authority Services

Local Authority Funded Services (£000's)	Budget	December Variance	November Variance	202122 Outturn Variance
Child Social Care and Youth Inclusion				
Senior Management	£ 303	-£ (7)	-£ (12)	£ 429
Head of Help & Family Assessment	£ 3,070	-£ (452)	-£ (561)	-£ (676)
Head of Family Support & Safeguarding	£ 4,382	£ 893	£ 775	£ 2,019
Head of Corporate Parenting	£ 12,461	£ 1,353	£ 1,461	£ 809
Head of Adolescent and Safeguarding	£ 1,968	-£ (531)	-£ (565)	-£ (572)
CSC & Youth Incl Total	£ 22,184	£ 1,256	£ 1,098	£ 2,009
Education				
Contracts, Proc & School Org	£ 7,854	£ 1,505	£ 1,566	£ 409
Early Years & Children Centres	£ 4,191	-£ (312)	-£ (205)	-£ (311)
Education - School Improvement	£ 64	£ 52	£ 49	-£ (1)
Education Inclusion	£ 1,815	-£ (110)	£ 15	-£ (131)
Schools Delegated Budget	£ -	£ -	£ -	-£ (3)
SEN & Disability Integrat Serv	£ 2,622	£ 71	£ 10	£ 49
Senior Management	£ 1,400	-£ (438)	-£ (288)	£ 364
Policy, Planning & Performance	£ 749	-£ (20)	-£ (50)	£ 75
Departmental Business Support	£ 216	-£ (53)	-£ (43)	-£ (57)
Education Total	£ 18,911	£ 695	£ 1,054	£ 394
Other CSF				
Joint Commissioning & Partnrsh	£ 917	-£ (192)	-£ (310)	£ 0
PFI Unitary Charges	£ 8,409	£ -	£ -	£ 766
Depreciation	£ 9,801	£ -	£ -	-£ (0)
Other Education Budgets	£ 135	£ -	£ -	-£ (114)
Education Services Grant	-£ (1,062)	£ -	£ -	-£ (12)
Pension & Redundancy Costs	£ 1,624	-£ (776)	-£ (724)	-£ (617)
Education Total	£ 19,824	-£ (968)	-£ (1,034)	£ 23
LA Total	£ 60,919	£ 983	£ 1,118	£ 2,426

Child Social Care & Youth Inclusion

The forecast overspend has increased by £158k reflecting changes in forecasts across a number of cost centres, including care costs and costs relating to the increased number of assessments being carried out. Agency social work posts have reduced slightly from 53 to 49. Overall, the division has 66 agency workers, of which five are grant funded.

Permanent recruitment activity continues supported by a market supplement which was part of the 2023/24 growth bid in the proposed business plan. This is expected to aid recruitment to social work

posts and further reduce agency dependency. A focussed recruitment drive is planned for the Assessment teams and a senior management position in CSC this quarter which will aid in a positive medium-term budget forecast.

The London region of the Association of Directors of Children's Services (ADCS) report that use of agency social workers has increased in the past year in four of the five sub-regions. Southwest London is the only sub-region to have shown a decrease. It is the ADCS view that there are sufficient social worker in the market but too many are opting to work as interims rather than accept permanent roles. It seems unlikely that there will be much shift in this during the cost of living crisis.

Education

The forecast has reduced by £359k since last period. There are changes across a number of areas, including a reduced spend forecast in Early Year and grant income contributing towards management costs.

SEND transport costs remain an issue. We are managing demand through our new policy and the work done through the Safety Valve programme. However, where we have been forced to retender routes due to provider withdrawal, we have seen significant increases in the cost of journeys of around 30% due to driver shortages, fuel costs and general inflation. This cost is offsetting the reductions through demand management.

The service has 17 agency workers as at the end of December, a reduction of 7 on the previous month. Four of these posts related to grant funded and short term project costs. The main area of volatility is Lavender Nursery which has to maintain statutory staff ratios and therefore engage agency workers to cover staff absences, for example due to sickness.

The majority of others are covering posts which are currently hard to recruit to, and there is a rolling programme of recruitment underway to maximise the use of permanent staff. This includes seeking applicants from abroad for posts requiring particular specialisms, and where there is a national shortage, for example Speech and Language Therapists.

Other CSF

The forecast underspend in joint commissioning and partnerships has reduced by £118k following a detailed review of income and contract spend. A more prudent view of income has been taken, but the division is still forecasting an underspend.

There are ten agency workers in central and support services, of which seven are grant funded and project related posts. Three of these are due to leave by the end of January and a further three by March as their projects come to an end.

Dedicated Schools Budget (£000's)	Budget	December Variance	November Variance	2021/22 Outturn Variance
<u>Education</u>				
Contracts, Proc & School Org	£ 286	£ -	£ 14	-£ (16)
Early Years & Children Centres	£ 15,823	£ 404	£ 757	-£ (3,348)
Education - School Improvement	£ 1,120	-£ (146)	-£ (4)	-£ (41)
Education Inclusion	£ 1,464	-£ (17)	-£ (20)	£ 99
SEN & Disability Integrat Serv	£ 24,075	£ 8,729	£ 8,056	£ 13,899
Sub-total	£ 42,768	£ 8,970	£ 8,803	£ 10,593
<u>CSC & Youth Inclusion</u>				
DSG - Child Social Care & Youth Incl	£ 42	-£ (2)	£ -	-£ (7)
Sub-total	£ 42	-£ (2)	£ -	-£ (7)
<u>Schools Delegated Budget</u>				
DSG Reserve	£ -	-£ (1,200)	-£ (1,200)	-£ (2)
Retained Schools Budgets	£ 2,828	-£ (1,705)	-£ (1,549)	-£ (417)
Schools Delegated Budget	-£ (45,683)	£ 3,937	£ 3,910	£ 3,387
Sub-total	-£ (42,855)	£ 1,032	£ 1,161	£ 2,967
DSG Total	£ (45)	£ 10,000	£ 9,964	£ 13,553

Dedicated Schools Grant (DSG) and Safety Valve

We have submitted our third quarterly monitoring report to DfE. The report demonstrates good progress against all of the nine conditions. In particular, we are working better with schools on supporting children in mainstream settings. As a result, the number of Education Health & Care Plans (EHCP) is stable. Without the actions we have taken, we were forecast to increase the number of EHCPs by 313 per year.

Although the overall number of EHCPs is stable, we have undertaken 334 assessments and agreed to issue 229 new plans, but this is offset by plans ceased at review and net movement out of borough of 52 pupils.

The in-year deficit has come down by £3.6m since the start of the year as a result of the extensive actions taken to deliver the Safety Valve plan. The agreement with DfE requires us to bring the DSG back into balance by 2026/27. However, we are on course to balance a year earlier, in 2025/26. The settlement included additional growth to that set out in the plan, some of which has to be used to fund increases in funding to maintained special schools, additional resourced provisions (ARPs) and alternative provision.

In-borough capacity has been a significant factor in the deficit. In September we opened the Whatley Avenue Campus (part of Melrose School) with 40 pupils starting in September, with capacity to grow to 80 over the next couple of years. The site has been developed with the potential for a further 40 post-16 places. We expanded the Additionally Resourced Provision (ARPs) at West Wimbledon and Hatfield schools and opened the new ARP at Cranmer School.

We have plans for further expansion of in-borough capacity, including at Perseid School and plans to develop secondary ARPs. We also have a proposal for a new Special Free School. DfE have confirmed that they are satisfied that our application meets their criteria. We are currently working to identify potential sites for the school.

Community and Housing Summary Position

Overview

Community and Housing (C&H) is forecasting £425k unfavourable variance as of December 2022. This is an overall reduction of £327k since November.

Favourable positions on other budget lines within Community and Housing such as employee budget lines relating to recruitment lag/delays are assisting with the overall position. Client contribution income increased by £175k and winter pressures fund.

Table A Community & Housing Summary Position

Community & Housing	2022/23 Current Budget	2022/23 Full Year Forecast	2022/23 Full Year Variance	2022/23 Full Year Variance	2022/23 Outturn Variance
	£ 'm	£ 'm	£ 'm	£ 'm	£ 'm
		(Dec'22)	(Dec'22)	(Nov'22)	(Mar'22)
Adult Social Care	61,819	61,893	74	424	(881)
Libraries and Heritage	2,589	2,587	2	31	105
Merton Adult Learning	18	18	0	0	0
Housing General Fund	3,614	3,967	353	297	77
Public Health	(162)	(162)	0	0	0
Total Favourable/ Unfavourable	67,878	68,303	425	752	(699)

Director's Summary

The overall position of Community & Housing (C&H) for December was an adverse variance of £425; with a favourable reduction of £327k in comparison to November 2022. This is in the context of when the department is experiencing inflationary pressures due to the cost-of-living crisis as well as rising demand on statutory services.

C&H comprises of Adult Social Care, Libraries, Merton Adult Learning, Housing and Public Health. The service areas with the most challenges at present are Adult Social Care and Housing. This is due to increasing demand on both areas as well as clients presenting with increasing levels of complexity in adult social care.

In terms of Adult Social Care, the challenges are in increasing placements (domiciliary care packages at home as well as 24 hr care in residential or nursing provision). Adult social care has also seen an increase in complexity of need which has resulted in an increase in cost of care packages as well as a shift from domiciliary care (where we keep people independent in their own homes with a care package) to a need for 24 hr nursing or residential care. Adult social care is also seeing an increase in clients with mental health problems requiring specialist supported living.

It should be noted that there is usually a 'spike' in placements between November and January as this is the busy winter period and there tends to be a greater number of community referrals and hospital admissions and discharges with residents requiring access to services. In December 2022, 69 new clients began to receive a service at an annual cost of £438k a year compared to the average of 49 new clients each month.

The Housing team is experiencing an increase in numbers of people presenting requiring temporary accommodation. They are also having greater difficulties sourcing suitable accommodation in Merton due to a lack of suitable supply to meet the needs of these people.

There are plans in progress to provide additional capacity in the team to expedite the move on process from temporary accommodation to permanent housing to address this and we have also sourced 'capital letters' to help us locate suitable housing within Merton.

The recent announcement of additional funding for Adult Social Care for 2023/24 could alleviate some of the Adult Social Care pressures but it is not guaranteed as the conditions of these grants are unknown and whether there will be new statutory duties for adult social care.

Adult Social Care

Adult Social Care is currently forecasting an unfavourable variance at year end of £74k. In December there were new placements additional client contribution and winter fund which resulted in a reduction of the services position.

This is due in part to the ongoing impact of an increase in overall demand and, more significantly, the increasing complexity of needs being assessed and the resulting need for larger packages of care. Inflation pressures in relation to third-party provider costs remain significant. Also, between October and November underspend on equipment reduced by £86k which is to be investigated, additionally salary forecasts increased. The overall numbers of packages appear to be stabilising over the last two months because of the actions reported in previous monitoring reports. This change, assuming it is maintained, will have a positive impact on the overall budgetary position but it will take time to return to a balanced position. The placement forecast is based on Mosaic expenditure data to November 2022 and income is based on current available data.

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

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

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

Merton has a high rate of emergency hospital admissions for people aged 65+ diagnosed with dementia compared with London and England. The overarching message is that most older people are healthy and an asset; however, an aging population leads to increasing complexity of need due to several long-term conditions (co-morbidities) and dementia, sensory impairment, frailty, and loneliness/isolation. The Merton Story 2021 highlighted the issues of multi-morbidity and increased complexity as people age.

Table C Description of Pathways: -

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

Comparison of Discharge Activities to December 2021

Discharge Activities April to December 2021/22

Week Commencing	Pathway 1	Pathway 2	Pathway 3	Grand Total
Grand Total	1368	305	114	1787
Average	35	8	3	46

Discharge Activities April to December 2022/23

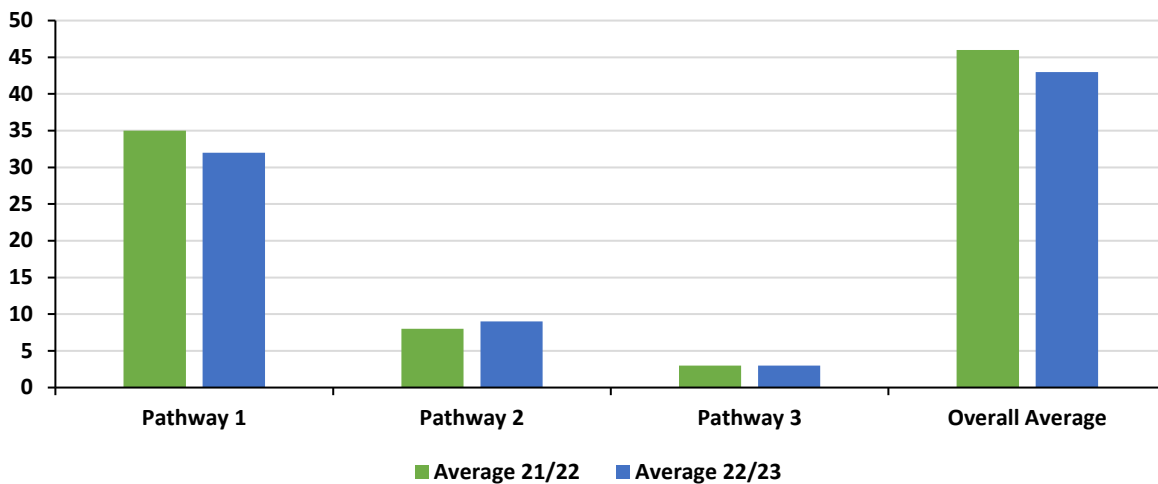
Week Commencing	Pathway 1	Pathway 2	Pathway 3	Grand Total
Grand Total	1229	351	97	1 677
Average	32	9	3	43

NB: No information on pathway 0 for both years

The above tables shows that although the overall average has reduced pathway 2 has increased by 15% as compared to 2021/22 which is reflected in the number of short-term placements coming through the system since April 2022.

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

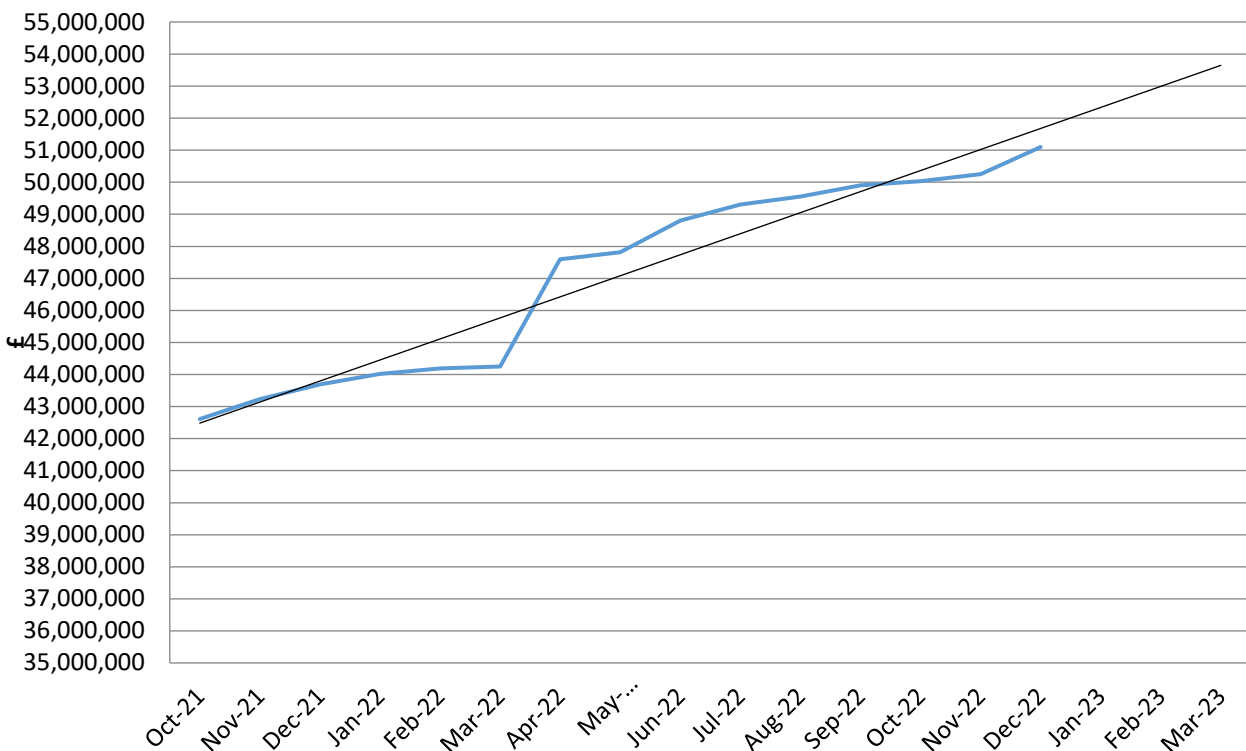
Comparison of Discharge Activities for April and December



The above bar chart shows that discharge to December for 2021/22 and 2022/23.

The graph below shows placements expenditure from March 2022 to December 2022

Placements Forecast over rolling year - Oct 2021 to Dec 2022



The above graph shows an increase from March to April then a rise from June to

October a decrease in November but an increase in December and seems and seems to be increasing at a slower rate.

Adult Social Care Internal Provision –favourable Variance - £305k

Direct Provision unfavourable forecast was reduced further due to a revised forecast on supply & services, and salaries. The service is keeping several posts vacant in readiness for future for the division.

The service continues to deal with a small number of long - term sickness cases in key areas, exacerbated by a shortage of available bank staff to cover some of the 24/7 shifts, which has led to staff working overtime to ensure safe staffing levels. A recent recruitment campaign is seeking to add more bank staff and therefore reduce overtime expenditure. All rotas are reviewed on a weekly basis to maximise efficiency.

There is additional spending in the Merton Employment Team to support the Employment Pilot, and this will be balanced by the additional funding which has been agreed.

Most areas of DP have continued to make reductions in non-pay forecasts during December, helping to reduce the overall forecast.

Library & Heritage Service- favourable Variance - £2k

This service is forecasting a favourable variance of £2k in December 2022, which is a decrease of £33k since November. This is mainly due to an improved income outlook.

A recent Customer Survey showed that customers have very high satisfaction rates with library services with 100% overall satisfaction for the service. New services have recently been launched and the service has extended opening hours at 4 libraries following the introduction of new Library Plus technology at these sites.

Adult Learning- Breakeven position

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

New funding streams are being allocated to enhance curriculum provision around mathematics (Multiply government initiative) and green skills.

Housing General Fund- unfavourable variance - £353k

This service is currently forecasting an unfavourable variance of £353k which is an increase of £56k since November. The current increase due to reduction of housing benefit income, increase in legal costs, office expenses and provisions.

The service has seen a further significant increase in TA numbers to December a rise of 9 between November and December.

In the long-term there is also the added issues regarding the uncertainty surrounding the current Home for the Ukraine project and expectations about move on accommodation. There has also been an increase in the number of asylum seekers and refugees from Afghanistan and other countries granted settled status from the home office and being asked to leave the accommodation provided which results in a homeless application. In these cases, it is far more difficult to take preventative steps as notice period are likely to be short.

There is also likely to be pressure on nightly rates in the months ahead for new and existing cases because of inflationary pressures from providers. This is a London wide issue and is being tackled at a

regional and sub-regional level in terms of a strategic response to managing this issue.

The service is continuing to work on data to ascertain outstanding from Housing Benefit which could affect the forecast positively. two meetings with colleagues in benefits have already taken place in January 2023 and work is ongoing.

Table D Analysis of Housing and Temporary Accommodation Expenditure to December 2022

Housing	Total Budget 2022/23 £000	Forecast Expenditure (Dec'22) £'000	Forecast Variance (Dec'22) £'000	Forecast Variance (Nov'22) £'000	Outturn Variance (March'22) £000
Temporary Accommodation-Expenditure	2,544	4,456	1,912	1,912	1,346
Temporary Accommodation-Client Contribution	(140)	(241)	(101)	(100)	(177)
Temporary Accommodation-Housing Benefit Income	(2,087)	(3,450)	(1,363)	(1,463)	(465)
Temporary Accommodation-Subsidy Shortfall	322	1,535	1,213	1,241	838
Temporary Accommodation-Grant	0	(1,205)	(1,205)	(1,185)	(1,514)
Subtotal Temporary Accommodation	639	1,095	456	405	28
Housing Other Budgets	2,975	2,872	(103)	(108)	49
Total Controllable (Favourable)/Unfavourable Variance	3,614	3,967	353	297	77

Table E Number of Households in Temporary Accommodation in Previous years

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

Table F Net Movement to date In Temporary Accommodation

The numbers in (TA) continues to increase since March as demonstrated below. TA numbers to December were 333 which is an increase of 31% since March 2022.

Current Financial Years (Month' Year)	Numbers In	Numbers Out	Net Movement
Apr'22	18	15	233
May'22	28	7	254
June'22	21	16	259
July'22	19	8	270
Aug'22	26	12	284
Sept'22	20	19	285
Oct'22	23	15	293
Nov'22	40	9	324
Dec'22	16	7	333

Table F above shows the total numbers in temporary accommodation (TA) to December 2022. This is a net increase of 100 since April 2022.

Table G Numbers in Temporary Accommodation as of June 2022 in neighbouring boroughs: -

Boroughs	Numbers in TA- March'22	Numbers in TA- June'22	Increase/(Decrease)
Sutton	844	846	2
Kingston	837	Not Provided	N/A
Richmond	314	349	35
Croydon	1988	1951	37
Bromley	1653	1598	(55)
Wandsworth	2894	2985	91

Statistical Data from Department of Levelling up, Housing and Communities (Extract- March and June22)

Feedback from other boroughs is that this situation is London wide since January and in some cases, there has been a doubling of homelessness applications. Other authorities are reporting heavy use of expensive hotel accommodation which has not been necessary in Merton. In Merton there have been a notably increases in applications since June as demonstrated by the figures. Merton is working with other local authorities and London Council's to make the case that London is experiencing a considerable increase in demand

Government data from the Ministry of Justice shows that during the period from June 22 to September 22 there was an 89% increase in private sector evictions across the UK compared to same quarter the previous year with 25,000 evictions up from 13,000.

Public Health –Breakeven position

The service is forecasting a breakeven position to December 2022.

Potential Cost pressures

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

Covid-19 Related Programmes

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

Substance Misuse

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

CORPORATE ITEMS

The details comparing actual expenditure up to 31 December 2022 against budget are contained in Appendix 1. COVID-19 corporate expenditure is again shown on a separate line but it is intended that in future all covid related expenditure will be charged to the appropriate service:-

Corporate Items	Current Budget 2022/23 £000s	Full Year Forecast (Dec.) £000s	Forecast Variance at year end (Dec.) £000s	Forecast Variance at year end (Nov.) £000s	Outturn Variance 2021/22 £000s
Impact of Capital on revenue budget	11,066	10,947	(119)	(119)	(235)
Investment Income	(396)	(3,306)	(2,910)	(947)	(143)
Pension Fund	503	503	0	0	0
Pay and Price Inflation	1,550	10	(1,540)	(290)	(1,945)
Contingencies and provisions	19,482	15,909	(3,573)	(6,873)	(17,212)
Income Items	(4,223)	(4,223)	0	0	10
Appropriations/Transfers	(11,870)	(11,976)	(106)	(106)	1,972
Central Items	5,045	(3,084)	(8,129)	(8,216)	(17,318)
Levies	988	988	0	0	0
Depreciation and Impairment	(25,593)	(25,593)	0	0	20
TOTAL CORPORATE PROVISIONS	(8,494)	(16,742)	(8,248)	(8,335)	(17,533)
COVID-19 Emergency expenditure	0	(70)	(70)	89	235
TOTAL CORPORATE EXPENDITURE inc. COVID-19	(8,494)	(16,812)	(8,318)	(8,246)	(17,298)

Based on expenditure to 31 December 2022, a favourable variance of £8.318m including Covid (£8.248m excluding covid) is forecast for corporate expenditure items. This is a favourable movement of £0.072m including Covid (unfavourable movement of £0.087m excluding Covid) on the November forecast and the reasons for this are:-

- The forecast amount of investment income for 2022/23 has increased to £3.306m which means that the forecast favourable variance has increased by £1.963m to £2.910m since November. The forecast for general investment income is expected to improve by £0.488m in the remainder of 2022/23 because of the rise in interest rates. In addition, the proceeds from the sale of CHAS have been invested and are forecast to generate interest of £1.475m by the end of 2022/23.
- The corporate provision for the costs of the National Living Wage is not expected to be required and a further £0.250m favourable variance is forecast.
- The remaining provision for excess inflation of £1m will be available as a favourable variance to offset the adverse service department variance.
- The balance of £0.2m on the provision for loss of income from P3/P4 is not expected to be required and will result in a favourable variance.
- There has been a favourable movement of £0.159m in Covid-19 costs.

- f) As reported in paragraph 2.4, the Council has currently incurred net expenditure of £3.5m on a number of emergency incidents during this financial year and this will be included in corporate items pending the outcome of any claims that the Council submit for recoupment of costs.

5 Capital Programme 2022-26

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

Depts	Current Budget 22/23	Variance	Revised Budget 22/23	Current Budget 2023-24	Variance	Revised Budget 23/24	Current Budget 2024-25	Variance	Revised Budget 24/25	Current Budget 2025-26	Variance	Revised Budget 25/26
Corporate Services	7,015	529	7,544	20,330	(517)	19,813	5,155		5,155	12,427		12,427
Community & Housing	1,095		1,095	827		827	2,895		2,895	1,177		1,177
Children Schools & Families	9,092	165	9,257	7,967		7,967	8,737		8,737	3,479		3,479
Environment and Regeneration	12,772	(194)	12,578	11,395	1,448	12,843	6,297	125	6,422	24,913	125	25,038
Total	29,974	500	30,474	40,519	931	41,450	23,084	125	23,209	41,996	125	42,121

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

Capital Budget Monitoring - December 2022

Department	Actuals	Year to Date Budget	Variance	Final Budget 2022-23	Budget Managers Forecast Outturn 2022-23	Forecast Variance 2022-23
Corporate Services	2,155,220	2,682,438	(527,218)	7,543,780	7,543,780	0
Community and Housing	644,664	747,400	(102,736)	1,095,330	1,095,330	0
Children Schools & Families	5,530,308	4,952,481	577,828	9,257,470	9,231,870	(25,600)
Environment and Regeneration	6,015,699	7,229,946	(1,214,247)	12,577,610	12,382,104	(195,506)
Total	14,345,891	15,612,264	(1,266,373)	30,474,190	30,253,084	(221,106)

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

<u>Corporate Services</u>		Budget 2022-23	Budget 2023-24	Narrative
		£	£	
Customer Contact- Customer Contact Programme	(1)	(144,190)	(516,910)	In accordance with Projected Spend
Customer Contact- Active Directory	(1)	235,700		In accordance with Projected Spend
Customer Contact- Data Security and Control	(1)	289,700		In accordance with Projected Spend
Customer Contact- End Use Device	(1)	53,100		In accordance with Projected Spend
Customer Contact- Virtual Desktop	(1)	82,600		In accordance with Projected Spend
Invest to Save- De-Carbonisation Scheme	(1)	12,110		Funding from grant to include retention payments
Total of all schemes being adjusted		529,020	(516,910)	

- (1) Requires Cabinet approval

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

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

<u>Children, Schools and Families</u>		Budget 2022-23	Narrative
		£	
CSF Safeguarding - Children's Safeguarding	(1)	165,000	Contrib to House Purchase to stop child going into SEN Residential Placement

- (1) Requires Cabinet approval

The council utilises the 'School Condition Allocation' grant from the DfE to enable the council to provide a rolling programme of capital maintenance schemes in schools. A number of movements between schemes (but within the overall programme are requested this month to reflect updated scheme costs.

There are two major completed schemes that are still subject to final account agreement, at Melrose School and the Harris Academy Wimbledon new school facilitation project (Merton Hall). Once there is agreement any further costs will require further budget approval.

Spend on Pollards Hill Digital Divide is likely to be less than budget. Spend on Family Hubs is likely to be less than budget, as likely spend is only to be on fees.

- d. Environment and Regeneration – After the adjustments in the Table below budget managers are forecasting a negative variance of £196k on their budgets. This forecast represents one over-spend and one under-spend.

	Budget 2022-23	Budget 2023-24	Budget 2024-25	Budget 2025-26	Narrative
<u>Environment and Regeneration</u>	£	£	£	£	
Street Trees - Harris Academy & High Path Street Trees	165,000				Contrib to House Purchase to stop child going into SEN Residential Placement
Highways and Footways - Accessibility Schemes	(5,000)	5,000			TfL Approved Slippage for TfL Funded Scheme
Highways and Footways - Casualty Reduction	(47,000)	34,000			TfL Approved Slippage for TfL Funded Scheme - £13k moved to Revenue
Cycle Route Improvements - Cycle access/parking	(114,000)	114,000			TfL Approved Slippage for TfL Funded Scheme
Cycle Route Improvements - Cycle Improve Residential Stre	(123,000)	116,000			TfL Approved Slippage for TfL Funded Scheme - £7k moved to Revenue
Mitcham Regeneration - SMCA Springboard		87,000			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Mitcham Regeneration - Mitcham Cricket Green		54,000			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Mitcham Regeneration - The Small Quarter Phase 2		22,000			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Mitcham Regeneration - Chapter House		33,000			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Wimbledon Regeneration Parks Investment - Kenilworth Green Pocket Park		65,000			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Wimbledon Regeneration - Cannizaro Park Valley Path		82,500			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Wimbledon Regeneration - Survive to Thrive		115,600			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Borough Regeneration - Haydons Rd Shop Front Impr	80,000				Funded by Levelling Up Grant
Borough Regeneration - Community Retrofit Loan		280,000			Funded by the Climate Change Reserve Year 2 Allocation
Borough Regeneration - Business Retrofit Support Scheme			125,000	125,000	Funded by the Climate Change Reserve Year 2 Allocation
Property Management Enhancemen- Comm Centr Engy Sving Lighting	(35,000)	35,000			NCIL funded scheme reprofiled into 2023-24
Parks Investment - Morden Park Playground		75,530			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Parks Investment - Merton Saints BMX Club		130,000			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Parks Investment - Durnsford Road Recreation Ground		44,770			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Parks Investment - Garfield Recreation Ground MUGA		120,000			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Parks Investment - Green Gym for Moreton Green		35,000			Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Total	(194,000)	1,448,400	125,000	125,000	

All these adjustments require Cabinet approval

The forecast over-spend of £79k is caused by the project below:

- Highways & Footways- This is due to inflation of approx. 20% under the terms of the highways maintenance contract. It is expected that the overspend will be funded from 2023-24 block budgets within the highways area

The forecast underspend of £275k is caused by the project below:

- Mitcham Area Regeneration (Canons- Park for the People) - we are forecasting an underspend, however work needs to be done to reconcile the HLF and SCIL funding to confirm this underspend. The final accounts with both contractors has now been agreed.

Final accounts are still outstanding with some contractors on Bishopsford (Mitcham) Bridge.

5.3 During December 2022 officers spent over £1.84 million, to achieve year end spend officers would need to spend approximately £4.7 million each month to year end. Finance officers will continue to review in detail the projected outturn with budget managers, as it is currently too high. Based on expenditure patterns in previous financial years, they predict an outturn of around 24m.

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

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

Depts.	Original Budget 22/23	Net Slippage from 2021/22	Adjustments	New External Funding	New Internal Funding	Re-profiling to future years	Revised Budget 22/23
Corporate Services	8,522	5,454		622	161	(7,215)	7,544
Community & Housing	2,530	87		181	50	(1,753)	1,096
Children Schools & Families	6,441	888	422	3,230	165	(1,869)	9,277
Environment and Regeneration	15,118	3,489	(310)	1,731	1,225	(8,695)	12,557
Total	32,611	9,919	112	5,764	1,600	(19,532)	30,474

5.6 The table below compares capital expenditure (£000s) to December 2022 to that in previous years’:

Depts.	Spend To December 2019	Spend To December 2020	Spend to December 2021	Spend to December 2022	Variance 2019 to 2022	Variance 2020 to 2022	Variance 2021 to 2022
CS	1,982	1,289	1,202	2,155	173	866	954
C&H	645	298	943	645	(1)	347	(299)
CSF	6,843	1,257	5,063	5,530	(1,313)	4,273	467
E&R	5,856	6,614	7,332	6,016	160	(598)	(1,317)
Total Capital	15,327	9,458	14,541	14,346	(981)	4,888	(195)

Outturn £000s	23,161	16,930	21,776	
Budget £000s				30,474
Projected Spend December 2022 £000s				30,253
Percentage Spend to Budget				47.08%
% Spend to Outturn/Projection	66.18%	55.86%	66.77%	47.42%
Monthly Spend to Achieve Projected Outturn £000s				4,736

5.7 December is three quarters of the way through the financial year and departments have spent just over 47% of the budget. Spend to date is higher than one of the three previous financial years. Finance officers currently project that outturn will be just under £24m.

Department	Spend To November 2022 £	Spend To December 2022 £	Increase £
CS	1,442,571	2,155,220	712,649
C&H	556,294	644,664	88,371
CSF	4,990,998	5,530,308	539,310
E&R	5,519,647	6,015,699	496,052
Total Capital	12,509,510	14,345,891	1,836,381

5.8 Appendix 5d summarises the 21 proposed Neighbourhood CIL allocations from this year’s bidding process totalling £1,324,209. Bids have been split between revenue and capital allocations and anticipated financial years. Capital allocations have been added to the programme as part of this monitoring. Cabinet is being requested to approve the 9 revenue bids totalling £459,809, they will be added to revenue budgets appropriately.

5. DELIVERY OF 2022/23 SAVINGS

Department	Target Savings 2022/23	Projected Savings 2022/23	2022/23 Expected Shortfall
	£000	£000	£000
Corporate Services	465	380	85
Children Schools and Families	378	178	200
Community and Housing	1,659	405	1,254
Environment and Regeneration	523	393	130
Total	3,025	1,356	1,669

Appendix 6 provides a breakdown on Directorate savings.

1) CONSULTATION UNDERTAKEN OR PROPOSED

- All relevant bodies have been consulted.

2) TIMETABLE

- Following current financial reporting timetables.

3) FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- All relevant implications have been addressed in the report.

4) LEGAL AND STATUTORY IMPLICATIONS

- All relevant implications have been addressed in the report.

5) HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- Not applicable

6) CRIME AND DISORDER IMPLICATIONS

- Not applicable

7) RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

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

- **APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS**

REPORT AND FORM PART OF THE REPORT

Appendix 1-	Detailed Corporate Items table
Appendix 2 –	Pay and Price Inflation
Appendix 3 –	Treasury Management: Outlook
Appendix 4 -	Miscellaneous Debt
Appendix 5a –	Current Capital Programme
Appendix 5b -	Detail of Virements
Appendix 5c -	Summary of Capital Programme Funding
Appendix 5d	Summary of Proposed Neighbourhood CIL Allocations 2023-24 Bidding
Appendix 6-	Progress on Savings 2022/23 (revised and simplified format)

8) BACKGROUND PAPERS

- Budgetary Control files held in the Corporate Services department.

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APPENDIX 1

3E. Corporate Items	Council 2022/23 £000s	Current Budget 2022/23 £000s	Year to Date Budget (Dec.) £000s	Year to Date Actual (Dec.) £000s	Full Year Forecast (Dec.) £000s	Forecast Variance at year end (Dec.) £000s	Forecast Variance at year end (Nov.) £000s	Outturn Variance 2021/22 £000s
Cost of Borrowing	11,066	11,066	6,455	3,723	10,947	(119)	(119)	(235)
Impact of Capital on revenue budget	11,066	11,066	6,455	3,723	10,947	(119)	(119)	(235)
Investment Income	(396)	(396)	(231)	(1,035)	(3,306)	(2,910)	(947)	(143)
Pension Fund	503	503	251	0	503	0	0	0
Corporate Provision for Pay Award	3,468	(2,450)	(1,225)	0	(490)	1,960	1,960	(195)
Corporate Provision for National Minimum Wage	1,500	1,500	750	0	0	(1,500)	(1,250)	(1,500)
Provision for excess inflation	2,500	2,500	1,250	0	500	(2,000)	(1,000)	(250)
Pay and Price Inflation	7,468	1,550	775	0	10	(1,540)	(290)	(1,945)
Contingency	1,500	958	479	0	418	(540)	(540)	(488)
Bad Debt Provision	1,500	1,500	750	0	1,500	0	0	(2,397)
Loss of income arising from P3/P4	400	400	200	0	0	(400)	(200)	(200)
Loss of HB Admin grant	23	23	11	0	23	0	0	(23)
Apprenticeship Levy	450	450	225	90	450	0	0	(69)
Revenuisation and miscellaneous	6,028	5,608	2,804	3,912	5,715	107	(3,393)	(3,153)
Growth - Provision against DSG	10,543	10,543	5,272	0	7,803	(2,740)	(2,740)	(10,882)
Contingencies and provisions	20,444	19,482	9,741	4,003	15,909	(3,573)	(6,873)	(17,212)
Other income	0	0	0	(14)	0	0		10
CHAS IP/Dividend	(2,223)	(4,223)	(2,112)	(2,240)	(4,223)	0		0
Income items	(2,223)	(4,223)	(2,112)	(2,254)	(4,223)	0	0	10
Appropriations: CS Reserves	(2,167)	(3,200)	(1,600)	(1,032)	(3,200)	0	0	0
Appropriations: E&R Reserves	(1,314)	(1,496)	(748)	(46)	(1,496)	0	0	0
Appropriations: CSF Reserves	(300)	(340)	(170)	(40)	(340)	0		0
Appropriations: C&H Reserves	(104)	(104)	(52)	0	(104)		0	0
Appropriations: Public Health	(93)	(93)	(47)	0	(93)	0	0	0
Appropriations: Corporate Reserves	(8,636)	(6,636)	(3,318)	1,476	(6,742)	(106)	(106)	1,972
Appropriations/Transfers	(12,615)	(11,870)	(5,935)	357	(11,976)	(106)	(106)	1,972
Depreciation and Impairment	(25,593)	(25,593)	0	0	(25,593)	0	0	20
Central Items	(1,347)	(9,482)	8,945	4,795	(17,730)	(8,248)	(8,335)	(17,533)
Levies	988	988	494	988	988	0	0	0
TOTAL CORPORATE PROVISIONS	(359)	(8,494)	9,439	5,783	(16,742)	(8,248)	(8,335)	(17,533)
COVID-19 Emergency expenditure	0	0	0	(70)	(70)	(70)	89	235
TOTAL CORPORATE EXPENDITURE inc. COVID-19	(359)	(8,494)	9,439	5,713	(16,812)	(8,318)	(8,246)	(17,298)

Pay and Price Inflation as at December 2022 Monitoring

In 2022/23, the budget includes 2% for increases in pay and 2.5% for increases in general prices, with an additional amount of £2.5m which will be held to assist services that may experience price increases greatly in excess of the inflation allowance provided when setting the budget. With CPI inflation currently at 10.7% and RPI at 14.0% and the Council's overall revenue budget under extreme pressure, this budget will be retained as cover and only released in exceptional circumstances.

Pay:

As reported to Cabinet in December 2022, for 2022/23 the final pay award has now been agreed based on the National Employers' one-year (1 April 2022 to 31 March 2023), final offer. Although 2% was included in the approved budget 2022/23, it was clear that this would be insufficient given the current cost of living and high inflation rates and the agreed pay award of c.6% is estimated to cost an additional £3.960m

Prices:

The Consumer Prices Index (CPI) rose by 10.5% in the 12 months to December 2022, down from 10.7% in November. CPI rose by 0.4% in December 2022, compared with a rise of 0.5% in December 2021. The largest downward contribution to the change in both the CPIH and CPI annual inflation rates between November and December 2022 came from transport (particularly motor fuels), clothing and footwear, and recreation and culture, with rising prices in restaurants and hotels, and food and non-alcoholic beverages making the largest partially offsetting upward contributions. The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 9.2% in the 12 months to December 2022, down from 9.3% in November. The largest upward contributions to the annual CPIH inflation rate in December 2022 came from housing and household services (principally from electricity, gas, and other fuels), and food and non-alcoholic beverages. The RPI rate for December 2022 was 13.4%, down from 14.0% in November 2022.

Outlook for inflation:

The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target and in a way that helps to sustain growth and employment. The MPC currently uses two main monetary policy tools. First, they set the interest rate that banks and building societies earn on deposits, or 'reserves', placed with the Bank of England – this is Bank Rate. Second, the MPC can buy government and corporate bonds, financed by the issuance of central bank reserves – this is asset purchases or quantitative easing.

At its meeting ending on 14 December 2022, the MPC voted by a majority of 6-3 to increase Bank Rate by 0.5 percentage points, to 3.5%. Two members preferred to maintain Bank Rate at 3%, and one member preferred to increase Bank Rate by 0.75 percentage points, to 3.75%.

In the minutes to the meeting, the MPC state that In the "November Monetary Policy Report projections, conditioned on the elevated path of market interest rates at that time, the UK economy was expected to be in recession for a prolonged period and CPI inflation was expected to remain very high in the near term. Inflation was expected to fall sharply from mid-2023, to some way below the 2% target in years two and three of the projection. This reflected 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 were judged to be to the upside. Domestic wage and price pressures are elevated. There has been limited news in other domestic and global economic data relative to the November Report projections.

The MPC has concerns about domestic wage and price pressures which it describes as elevated. In underlining their decision to increase the Base Rate by 0.5% the MPC say that “both services price inflation and private sector regular wage growth had increased significantly over the second half of the year, with the latter continuing to surprise on the upside since the November Report. There remained a risk that, following a protracted period of high inflation, inflation expectations could be slow to adjust downwards to target-consistent levels once external cost pressures had passed. Although activity in the economy was clearly weakening, there were some signs that it was more resilient than had been expected and it was therefore uncertain how quickly the labour market would loosen.”

The next MPC decision on the Bank Base Rate will be on 2 February 2023.

In its November 2022 Monetary Policy Report the MPC has provided the following forecast for CPI inflation up to the end of 2025 based on its latest assessment of the economic outlook:-

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

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

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

Table: Forecasts for the UK Economy

Source: HM Treasury - Forecasts for the UK Economy (January 2023)

	Lowest %	Highest %	Average %
2022 (Quarter 4)			
CPI	8.9	11.2	10.7
RPI	11.6	18.6	13.7
LFS Unemployment Rate	3.5	4.1	3.7
2023 (Quarter 4)			
CPI	2.3	7.4	5.0
RPI	4.1	11.0	6.8
LFS Unemployment Rate	3.2	5.5	4.5

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

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

Source: HM Treasury - Forecasts for the UK Economy (November 2022)					
	2022	2023	2024	2025	2026
	%	%	%	%	%
CPI	9.0	7.4	3.2	2.6	2.7
RPI	10.4	9.0	4.1	4.0	3.9
LFS Unemployment Rate	3.7	4.2	4.3	4.1	4.2

Treasury Management: Outlook

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

The MPC currently uses two main monetary policy tools.

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

As previously reported, at its meeting ending on 14 December 2022, the MPC increased Bank Rate by 0.5 percentage points, to 3.5%.

The next Bank of England MPC base rate decision is on 2 February 2023.

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

In terms of the outlook the MPC's view is that "most indicators of global supply chain bottlenecks have eased, but global inflationary pressures remain elevated. Advanced-economy government bond yields have fallen, particularly at longer maturities. The sterling effective exchange rate has appreciated by around 2¾%. There has been some reduction in UK fixed-term mortgage rates since the Committee's previous meeting, but rates remain materially higher than in the summer."

The MPC will continue to use interest rates as its key weapon in their efforts to return inflation to its target of 2% and state that "

In the November 2022 Monetary Policy Report, 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.

The next Monetary Policy report will be in February 2023.

The Chancellor of the Exchequer has announced that the Spring Budget 2023 will take place on Wednesday 15 March. The Office for Budget Responsibility will also release the latest outlook for the economy and public finances on the same day.

Appendix 4 Miscellaneous Debt Report

Subject: Miscellaneous Debt Update December 2022

1. LATEST ARREARS POSITION – MERTON’S AGED DEBTORS REPORT

- 1.1 A breakdown of departmental net miscellaneous debt arrears, as at 31 December 2022, is shown in column F of the table below.

Sundry Debtors aged balance – 31 December 2022 – (not including debt that is less than 30 days old)

Department A	30 days to 6 months B	6 months to 1 year C	1 to 2 years D	Over 2 years E	Dec 22 arrears F	Sept 22 arrears	Direction of travel
	£	£	£	£	£	£	
Env & Regeneration	£6,084,963	£1,204,229	£628,702	£562,503	£8,480,397	£11,565,943	↓
Corporate Services	£590,406	£94,099	£158,569	£159,160	£1,002,234*	£522,422	↑
Housing Benefits	£175,710	£193,243	£560,546	£3,086,159	£4,015,658	£4,116,703	↓
Children, Schools & Families	£1,170,314	£83,916	£117,867	£394,153	£1,766,250	£1,278,460	↑
Community & Housing	£1,009,016	£1,124,171	£947,583	£1,188,870	£4,269,640	£4,280,096	↓
Total	£9,030,409	£2,699,658	£2,413,267	£5,390,845	£18,531,945	£21,763,624	↓

- 1.2 Since the position was last reported on 30 September 2022, the net level of arrears, i.e. invoices over 30 days old, has reduced by £2.230m.
- 1.3 This decrease is mainly due to the reduction in Community Infrastructure Levy (CIL) debt, which has reduced by £3.1m. This is shown in the overall reduction in arrears for Environment and Regeneration department.
- 1.4 The debt recovery team continue to proactively pursue all outstanding sundry debt, working with service departments and this has resulted in a reduction in arrears in Environment and Regeneration and Community and Housing, from September to December 2022.
- 1.5 There has been an increase in Corporate Services debt due to some larger invoices coming through in Legal Services which are showing as over 30 days old.
* NB. Payment of over £400,000 has been received as at 23 January 2023, so the overall figure has reduced.

2. OTHER CORPORATE DEBTS

- 2.1 Recovery action for unpaid council tax and business rates has returned to the normal timetable following the necessary suspension of action whilst we administered the Government’s energy rebate payments. Housing benefit overpayments continue to be

reviewed according to the age of debt. The collection of parking PCN's is continuing as normal including enforcement action.

2.2 Council Tax

- 2.3 At the end of December 2022 the in-year collection rate is 82.60%. This is down by 1.16% from December 2021. The net collectable debt for 2022/23 is £140 million, 1.16% equates to £1,62m shortfall in council tax income. Merton's share of this shortfall is £1.16m.
- 2.4 It was not possible to undertake the normal recovery action this financial year until the end of July 2022. This was due to the way the energy rebate scheme has been implemented, via a credit or refund on council tax accounts. Every property in bands A to D had a credit of £150 allocated to the council tax account, which was identified as a payment until the resident applied for a refund. At the end of June 2022, there were over 10,000 accounts where the credit had not been refunded, and we could not proceed with recovery action until these amounts were offset against council tax liability and a new bill issued. This was completed by the middle of July 2022.
- 2.5 The normal recovery process then resumed with the issue of reminders for the current year, and final notices for arrears from previous years. Although recovery of arrears and current year debt has recommenced there has been a backlog of cases to deal with and we have had to limit the number of summonses issued for each court hearing in accordance with the Magistrates' court instructions. We have 3 more court hearings scheduled in January, February and March 2023, and expect the collection rate to improve by the end of the year.
- 2.6 There has been a reduction in council tax arrears from previous years. This has been achieved by targeting of arrears and entering into arrangements to pay with residents. The enforcement agents have also been more successful now that restrictions due to COVID-19 have been lifted fully.
- 2.7 On 31 December 2022, out of 22 London boroughs who took part in a survey, Merton was ranked sixth for current year council tax collection. 1.94% behind Sutton and 1.59% ahead of Wandsworth.

2.8 Business Rates

- 2.9 The net collectable debt for 2022/23 is £87.4 million. At the end of December 2022, the in-year collection rate is 82.42% which is 7.69% up on the position as at December 2021.
- 2.10 Collection of arrears from previous years has improved following the COVID-19 pandemic. We had allowed businesses to defer payments of debts from 2020/21 and 2021/22, and a large amount of this has been collected by extended instalment arrangements. Some debts from 2020/21 are on longer term arrangements where businesses are still recovering.
- 2.11 Businesses that are eligible for the extended retail and hospitality rate relief continue to benefit from a 50% reduction in their rates up to a cap £110,000. (This is being increased to 75% for 2023/24 with the same cap amount.)
- 2.12 Normal recovery action has taken place, although where businesses are contacting us for help, we are continuing to defer some payments for both this year and last year. Reminders

and summonses have been issued and we have obtained Liability Orders for non-payment against some businesses. Selected cases have been passed to the enforcement team for collection throughout the year, and this will continue during the final quarter.

2.13 As at 31 December 2022, out of 22 London boroughs who took part in the survey, Merton was ranked eleventh for business rates collection. 3.03% behind Sutton and 0.45% behind Wandsworth.

2.14 **Sundry Debt**

2.15 As detailed in the table above in 1.2, the debts older than 30 days for all departments has decreased by £2.2m.

2.16 Adult Social Care debt has decreased from £3.61m at the end of September 2022, to £3.48m at the end of December 2022. A decrease of £1.30 m.

2.17 The overall trend is that Adult Social Care debt has reduced over the past two years. In September 2020, the debt was £4.255 million, and the current debt is £4.106 million. The improvements to working processes, targeted collection, increased legal action and ongoing monitoring has contributed to the improvement.

2.18 **Housing Benefit Overpayments**

2.19 Housing Benefit overpayment debt has reduced from £6.540 million in September 2022 to £6.476 million at the end of December 2022. See table 3 below.

£1.5m of this is being recovered from ongoing benefit, and £898k is subject to possible appeal or a further benefit claim is pending.

The remaining £4.037 m is broken down by age of debt as follows:

0-30 days	£78,393
31-60 days	£64,581
61-90 days	£17,885
91-180 days	£93,243
181-365 days	£192,244
1-2 years	£560,546
2-7 years	£2,027,597
Over 7 years	£1,005,525

Of this debt, £2.061m is being collected by instalments over varying periods of time. These instalment arrangements are monitored regularly with regards to increasing the payments and shortening the length of the arrangement duration.

2.20 A large proportion of the debts not being paid by instalments over seven years old. These debts are being reviewed to establish where collection may be possible, however it is likely that some will have to be written off as uncollectable.

3. TOTAL DEBT DUE TO MERTON

The total amount due to Merton as of 31 December 2022 is detailed in the table below.

Total debt outstanding as of 31 December 2022 and compared with previous periods over the past 15 months

	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22
	£	£	£	£	£	£
Miscellaneous sundry debt Note 1	19,775,064	17,859,937	16,386,203	14,612,811	20,781,587	22,299,172
Housing Benefit debt	6,995,264	6,784,811	6,735,283	6,619,790	6,540,457	6,476,520
Parking Services	4,724,415	4,975,404	4,852,027	4,812,642	5,462,965	5,406,717
Council Tax	8,579,459	7,858,125	11,789,747	10,541,078	9,704,541	8,734,348
Business Rates	5,258,727	3,003,815	5,615,872	4,327,340	3,956,959	2,555,828
Total	45,332,929	40,482,092	45,379,132	40,913,661	46,446,509	45,472,585

(Note 1 The amount shown against miscellaneous sundry debt above differs from the amount shown in table 1 as it shows all debt, including debt which is less than 30 days old.)

- 3.1 The overall debt outstanding reduced by almost £1m since last reported at the end of September 2022, due to a reduction in Environment and Regeneration debt (community infrastructure levy).
- 3.2 Detailed breakdowns of the Council Car Parking figures as at 31 December 2022 are shown in the table below:

Age of Debt

Age of Debt	Outstanding £	Number of PCNs	Average Value £
0-3 months	£1,209,356	11656	£105
3-6 months	£954,363	5483	£175
6-9 months	£825,259	4327	£190
9-12 months	£602,539	3143	£190
12-15 months	£616,924	3272	£190
Older than 15 months	£1,198,275	6453	£190
Total December 2022	£5,406,717	34334	£175

Total at 30 September 2022	£5,462,965	35013
Decrease	£56,248	679

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Capital Budget Monitoring – December 2022

Description	Actuals	Year to Date Budget	Variance	Current Budget 2022-23	Forecast Outturn 2022-23	Forecast Variance 2022-23
Capital	14,345,891	15,612,264	(1,266,373)	30,474,190	30,253,084	(221,106)
Corporate Services	2,155,220	2,682,438	(527,218)	7,543,780	7,543,780	0
Customer Contact Programme	296,268	0	296,268	1,885,910	1,885,910	0
Works to other buildings	443,179	623,591	(180,412)	822,570	775,706	(46,864)
Civic Centre	28,497	210,000	(181,503)	773,000	819,864	46,864
Invest to Save schemes	296,449	596,393	(299,944)	816,670	816,670	0
Business Systems	63,934	297,500	(233,566)	582,940	582,940	0
Social Care IT System	98,710	0	98,710	281,000	281,000	0
Disaster recovery site	82,226	94,080	(11,854)	94,080	94,080	0
Planned Replacement Programme	376,096	860,874	(484,778)	1,229,820	1,229,820	0
Acquisitions Budget	469,860	0	469,860	469,050	469,050	0
Westminster Ccl Coroners Court	0	0	0	588,740	588,740	0
Community and Housing	644,664	747,400	(102,736)	1,095,330	1,095,330	0
Disabled Facilities Grant	644,664	737,800	(93,136)	1,066,330	1,066,330	0
Major Library Projects	0	0	0	5,000	5,000	0
Libraries IT	0	9,600	(9,600)	24,000	24,000	0

Capital Budget Monitoring – December 2022

Description	Actuals	Year to Date Budget	Variance	Current Budget 2022-23	Forecast Outturn 2022-23	Forecast Variance 2022-23
Children Schools & Families	5,530,308	4,952,481	577,828	9,237,970	9,212,370	(25,600)
Primary Schools	1,361,441	1,907,395	(545,954)	2,602,210	2,602,210	0
Hollymount	565	55,000	(54,435)	55,000	55,000	0
West Wimbledon	114,990	110,360	4,630	140,000	140,000	0
Hatfeild	69,126	118,840	(49,714)	120,090	120,090	0
Hillcross	108,606	110,500	(1,894)	186,000	186,000	0
Joseph Hood	3,116	53,000	(49,884)	53,000	53,000	0
Dundonald	7,548	1,000	6,548	10,000	10,000	0
Merton Park	(809)	0	(809)	0	0	0
Pelham	90,147	89,055	1,092	110,000	110,000	0
Poplar	3,055	30,000	(26,945)	40,000	40,000	0
Wimbledon Chase	99,740	102,000	(2,260)	210,000	210,000	0
Wimbledon Park	48,034	106,280	(58,246)	130,030	130,030	0
Abbotsbury	103,778	94,208	9,570	127,000	127,000	0
Malmesbury	39,904	36,383	3,521	47,000	47,000	0
Morden	13,117	56,250	(43,133)	75,000	75,000	0
Bond	42,239	31,970	10,269	46,000	46,000	0
Cranmer	80,468	184,080	(103,612)	250,830	250,830	0
Gorringe Park	55,801	40,500	15,301	55,500	55,500	0
Haslemere	119,925	239,040	(119,115)	304,040	304,040	0
Liberty	(487)	0	(487)	80,490	80,490	0
Links	90,480	62,750	27,730	98,000	98,000	0
Singlegate	103,235	95,000	8,235	105,000	105,000	0
St Marks	10,603	13,760	(3,157)	45,060	45,060	0
Lonesome	143,938	139,000	4,938	171,000	171,000	0
Sherwood	17,491	106,400	(88,909)	110,150	110,150	0
William Morris	(3,170)	32,020	(35,190)	33,020	33,020	0

Capital Budget Monitoring – December 2022

Description	Actuals	Year to Date Budget	Variance	Current Budget 2022-23	Forecast Outturn 2022-23	Forecast Variance 2022-23
Secondary	100,081	178,550	(78,469)	288,510	288,510	0
Harris Academy Morden	0	50,000	(50,000)	135,000	135,000	0
Harris Academy Merton	0	34,170	(34,170)	34,170	34,170	0
Raynes Park	70,358	34,750	35,608	74,000	74,000	0
Ricards Lodge	14,040	21,610	(7,570)	15,200	15,200	0
Rutlish	13,964	23,080	(9,116)	15,200	15,200	0
Harris Academy Wimbledon	1,720	14,940	(13,220)	14,940	14,940	0
SEN	3,798,864	2,574,106	1,224,758	4,986,160	4,986,160	0
Perseid	149,898	222,610	(72,712)	249,490	249,490	0
Cricket Green	(15,000)	39,040	(54,040)	39,040	39,040	0
Melrose	368,918	72,750	296,168	589,000	589,000	0
Melrose Whatley Ave SEN	2,505,362	50,000	(47,884)	3,079,020	3,079,020	0
Unlocated SEN	26,322	1,525,073	1,004,495	0	0	0
Melbury College - Smart Centre	138,521	124,500	14,021	155,000	155,000	0
Medical PRU	340,864	201,700	139,164	431,700	431,700	0
Mainstream SEN (ARP)	283,979	318,433	(34,454)	422,910	422,910	0
Perseid Lower School	0	20,000	(20,000)	20,000	20,000	0
Other	269,922	292,430	(22,508)	1,380,590	1,354,990	(25,600)
CSF Safeguarding	295	14,000	(13,705)	231,000	231,000	0
Devolved Formula Capital	265,293	235,830	29,463	1,081,990	1,081,990	0
Children's Centres	279	25,000	(24,721)	40,000	30,000	(10,000)
Youth Provision	4,055	17,600	(13,545)	27,600	12,000	(15,600)

Capital Budget Monitoring – December 2022

Description	Actuals	Year to Date Budget	Variance	Current Budget 2022-23	Forecast Outturn 2022-23	Forecast Variance 2022-23
Environment and Regeneration	6,015,699	7,229,946	(1,214,247)	12,577,610	12,382,104	(195,506)
On Street Parking - P&D	183,349	216,000	(32,651)	386,000	386,000	(0)
Off Street Parking - P&D	53,171	99,775	(46,604)	100,000	100,000	0
CCTV Investment	106,180	181,000	(74,820)	265,860	265,860	0
Public Protection and Developm	0	25,000	(25,000)	50,000	50,000	0
Fleet Vehicles	0	0	0	0	0	0
Alley Gating Scheme	0	20,000	(20,000)	46,000	46,000	0
Waste SLWP	219,259	238,000	(18,741)	340,000	340,000	0
Street Trees	33,273	0	33,273	153,990	153,990	0
Raynes Park Area Roads	6,666	0	6,666	43,500	43,500	0
Highways & Footways	3,288,081	3,599,898	(311,817)	6,060,010	6,139,922	79,912
Cycle Route Improvements	345,065	275,583	69,482	600,640	600,640	0
Mitcham Area Regeneration	221,445	454,265	(232,820)	648,950	373,500	(275,450)
Wimbledon Area Regeneration	398,347	678,741	(280,394)	1,035,870	1,035,870	0
Morden Area Regeneration	0	0	0	150,000	150,000	0
Borough Regeneration	393,629	256,298	137,331	587,140	587,140	0
Property Management Enhancemen	0	20,000	(20,000)	0	0	0
Wimbledon Park Lake and Waters	402,745	364,147	38,598	530,210	530,210	0
Sports Facilities	34,482	185,654	(151,172)	265,220	265,220	0
Parks	330,006	615,585	(285,579)	1,314,220	1,314,252	32

Virement, Re-profiling and New Funding - December 2022

Appendix 5b

		2022/23 Budget	Virements	Funding Adjustments	Reprofiling	Revised 2022/23 Budget	2023/24 Budget	Movement	Revised 2023/24 Budget	Narrative
		£	£		£	£	£		£	
Corporate Services										
Customer Contact- Customer Contact Programme		144,190	(144,190)			0	1,000,000	(516,910)	483,090	Virement in accordance with Projected Spend- Capitalised Salaries
Customer Contact- Active Directory		0	144,190		91,510	235,700	0		0	Virement in accordance with Projected Spend- Capitalised Salaries
Customer Contact- Data Security and Control		0			289,700	289,700	0		0	Virement in accordance with Projected Spend- Capitalised Salaries
Customer Contact- End Use Device		0			53,100	53,100	0		0	Virement in accordance with Projected Spend- Capitalised Salaries
Customer Contact- Virtual Desktop		0			82,600	82,600	0		0	Virement in accordance with Projected Spend- Capitalised Salaries
Invest to Save- De-Carbonisation Scheme	(1)	194,810		12,110		206,920				Funding from grant to include retention payments
Children, Schools and Families										
CSF Safeguarding - Children's Safeguarding	(1)	0		165,000		165,000			0	Contrib to House Purchase to stop child going into SEN Residential Placement
Environment and Regeneration										
Street Trees - Harris Academy & High Path Street Trees	(1)	0		50,000		50,000			0	New S106 Project
Highways and Footways - Accessibility Schemes	(1)	151,380			(5,000)	146,380	0	5,000	5,000	TfL Approved Slippage for TfL Funded Scheme
Highways and Footways - Casualty Reduction	(1)	216,000		(13,000)	(34,000)	169,000	0	34,000	34,000	TfL Approved Slippage for TfL Funded Scheme - £13k moved to Revenue
Cycle Route Improvements - Cycle access/parking	(1)	114,000			(114,000)	0	45,000	114,000	159,000	TfL Approved Slippage for TfL Funded Scheme
Cycle Route Improvements - Cycle Improve Residential Stre	(1)	203,970		(7,000)	(116,000)	80,970	0	116,000	116,000	TfL Approved Slippage for TfL Funded Scheme - £7k moved to Revenue
Mitcham Regeneration - SMCA Springboard	(1)	0				0	0	87,000	87,000	Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Mitcham Regeneration - Mitcham Cricket Green	(1)	0				0	0	54,000	54,000	Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Mitcham Regeneration - The Small Quarter Phase 2	(1)	0				0	0	22,000	22,000	Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Mitcham Regeneration - Chapter House	(1)	0				0	0	33,000	33,000	Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Wimbledon Regeneration - Kenilworth Green Pocket Park	(1)	0				0	0	65,000	65,000	Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Wimbledon Regeneration - Cannizaro Park Valley Path	(1)	0				0	0	82,500	82,500	Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Wimbledon Regeneration - Survive to Thrive	(1)	0				0	0	115,600	115,600	Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Borough Regeneration - Haydons Rd Shop Front Impr	(1)	323,130		80,000		403,130	0		0	Funded by Levelling Up Grant
Borough Regeneration - Community Retrofit Loan	(1)	0				0	0	280,000	280,000	Funded by the Climate Change Reserve Year 2 Allocation
Property Management Enhancemen- Comm Centr Engy Svin	(1)	35,000			(35,000)	0	0	35,000	35,000	NCIL funded scheme reprofiled into 2023-24
Parks Investment - Morden Park Playground	(1)	0				0	0	75,530	75,530	Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Parks Investment - Merton Saints BMX Club	(1)	0				0	0	130,000	130,000	Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Parks Investment - Durnsford Road Recreation Ground	(1)	0				0	0	44,770	44,770	Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Parks Investment - Garfield Recreation Ground MUGA	(1)	0				0	0	120,000	120,000	Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Parks Investment - Green Gym for Moreton Green	(1)	0				0	0	35,000	35,000	Successful Bid for Civic Pride - Investing in Neighbourhoods in 2023-24
Total		1,382,480	0	287,110	212,910	1,882,500	1,045,000	931,490	1,976,490	

(1) Requires Cabinet approval

(2) Requires Council Approval

Virement, Re-profiling and New Funding - December 2022

		2024/25 Budget	Movement	Revised 2024/25 Budget	2025/26 Budget	Movement	Revised 2025/26 Budget	Narrative
		£	£	£	£		£	
Environment and Regeneration								
Borough Regeneration - Business Retrofit Support Scheme	(1)	0	125,000	125,000	0	125,000	125,000	Funded by the Climate Change Reserve Year 2 Allocation
Total		0	125,000	125,000	0	125,000	125,000	

(1) Requires Cabinet approval

(2) Requires Council Approval

Capital Programme Funding Summary 2022/23

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Proposed November Monitoring	10,847	19,127	29,974
<u>Corporate Services</u>			
Customer Contact- Active Directory	92	0	92
Customer Contact- Data Security and Control	290	0	290
Customer Contact- End Use Device	53	0	53
Customer Contact- Virtual Desktop	83	0	83
Invest to Save- De-Carbonisation Scheme	0	12	12
<u>Children, Schools and Families</u>			
CSF Safeguarding - Children's Safeguarding	165	0	165
<u>Environment and Regeneration</u>			
Street Trees - Harris Academy & High Path Street Trees	50	0	50
Highways and Footways - Accessibility Schemes	0	(5)	(5)
Highways and Footways - Casualty Reduction	0	(47)	(47)
Cycle Route Improvements - Cycle access/parking	0	(114)	(114)
Cycle Route Improvements - Cycle Improve Residential Stre	0	(123)	(123)
Borough Regeneration - Haydons Rd Shop Front Impr	0	80	80
Property Management Enhancemen- Comm Centr Engy Sving Lighting	(35)	0	(35)
Proposed December Monitoring	11,544	18,930	30,474

Capital Programme Funding Summary 2023/24

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Proposed November Monitoring	14,248	26,271	40,519
<u>Corporate Services</u>			
Customer Contact- Customer Contact Programme	(517)	0	(517)
<u>Environment and Regeneration</u>			
Highways and Footways - Accessibility Schemes	0	5	5
Highways and Footways - Casualty Reduction	0	34	34
Cycle Route Improvements - Cycle access/parking	0	114	114
Cycle Route Improvements - Cycle Improve Residential Stre	0	116	116
Mitcham Regeneration - SMCA Springboard	87	0	87
Mitcham Regeneration - Mitcham Cricket Green	54	0	54
Mitcham Regeneration - The Small Quarter Phase 2	22	0	22
Mitcham Regeneration - Chapter House	33	0	33
Wimbledon Regeneration - Kenilworth Green Pocket Park	65	0	65
Wimbledon Regeneration - Cannizaro Park Valley Path	83	0	83
Wimbledon Regeneration - Survive to Thrive	116	0	116
Borough Regeneration - Community Retrofit Loan	280	0	280
Property Management Enhancemen- Comm Centr Engy Sving Lighting	35	0	35
Parks Investment - Morden Park Playground	76	0	76
Parks Investment - Merton Saints BMX Club	130	0	130
Parks Investment - Durnsford Road Recreation Ground	45	0	45
Parks Investment - Garfield Recreation Ground MUGA	120	0	120
Parks Investment - Green Gym for Moreton Green	35	0	35
Proposed December Monitoring	14,910	26,540	41,450

Capital Programme Funding Summary 2024/25

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Budget	11,342	11,742	23,084
<u>Environment and Regeneration</u>			
Borough Regeneration - Business Retrofit Support Scheme	125	0	125
December 2022 Monitoring	11,467	11,742	23,209

Capital Programme Funding Summary 2025/26

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Approved Budget	36,830	5,166	41,996
<u>Environment and Regeneration</u>			
Borough Regeneration - Business Retrofit Support Scheme	125	0	125
Proposed December 2022 Monitoring	36,955	5,166	42,121

Proposed Civic Pride - Investing in Neighbourhoods Allocations 2023-24

Appendix 5D

Bid ID	Project name	Neighbourhood Zone	Primary Priority	Recommended allocation amount	2023-24 Capital £	2023-24 Revenue £
2&3	Repairs to Grade II Listed Tudor Wall St. Mary's Merton Park Churchyard	Morden	1	20,000		20,000
4	Community Champions, more sustainable Merton	all	2	51,836		51,836
5	Merton Garden Streets 2023	all	1	35,373		35,373
6	Merton Sports Coaching Academy	all	3	144,275		144,275
7	Springboard – SMCA working for the community	Mitcham	1	87,000	87,000	
8	Towards Employment	all	1	74,960		74,960
10	Kenilworth Green SuDS and Pocket Park Improvement	Wimbledon	2	65,000	65,000	
11	Restoring Pride in Mitcham Cricket Green	Mitcham	1	54,000	54,000	
28	Morden Park Playground	Morden	3	75,522	75,530	
30	Merton Saints BMX Club - New Start Hill and LED Lighting	Mitcham	3	130,000	130,000	
31	Cannizaro Park Valley Path safety, accessibility and sustainability project	Wimbledon	2	82,500	82,500	
32	Uptown Youth Services	all	1	15,000		15,000
33	Future proofing the Durnsford Road Recreation Ground	Wimbledon	3	44,769	44,770	
37	Garfield Rec MUGA refurb	Wimbledon	3	120,000	120,000	
40	Vestry Hall - Mitcham Arts Collective	Mitcham	1	12,000		12,000
42	Green Gym for Moreton Green	Morden	3	35,000	35,000	
43	Survive to Thrive - Workshop 305	Wimbledon	1	115,600	115,600	
44	The Small Quarter Phase 2: Accessibility Improvements	Mitcham	1	22,000	22,000	
45	Ready Steady Cook CR4 Community Cooking Classes	Mitcham	1	42,750		42,750
46	The Wheel	all	2	63,615		63,615
53	Anima Una bid to equip Chapter House for youth theatre and community events	Colliers Wood	1	33,000	33,000	

Total	1,324,200	864,400	459,809
Number of bid recommended for approval	21	12	9
Total Budget			<u>1,324,209</u>

Appendix 6 Progress on Savings 2022/23

Department	Target Savings 2022/23	Projected Savings 2022/23	2022/23 Expected Shortfall
	£000	£000	£000
Corporate Services	465	380	85
Children Schools and Families	378	178	200
Community and Housing	1,659	405	1,254
Environment and Regeneration	523	393	130
Total	3,025	1,356	1,669

PROGRESS ON SAVINGS IN THE MTFS

DEPARTMENT: CORPORATE SERVICES SAVINGS PROGRESS 2022/23

Ref	Description of Saving	2022/23 Savings Required £000	2022/23 Savings Forecast £000	Shortfall	RAG	2023/24 Savings Required £000	2023/24 Savings Forecast £000	Shortfall	RAG	Comments
Savings due in 22/23										
2019-20 CS04	Reduce strategic partner grant by 10%	78	78	0	G				G	
2019-20 CS28	Cash collection reduction	13	13	0	G				G	
2020-21 CS7	Staff reductions	75	75	0	G				G	
2022-23 CS5	Customer, Policy & Improvement – Registrars Service	32	32	0	G				G	
2022-23 CS6	Customer, Policy & Improvement – Cash Collection	20	20	0	G				G	
2022-23 CS8	Customer, Policy & Improvement – Customer Contact	15	15	0	G				G	
2020-21 CS11	Commercial Services - restructure	50	0	50	R				R	This saving will not be achieved and is being written out of the MTFS as included in the Business Plan report.
2018-19 CS08	Increase in income from Enforcement Service	20	0	20	R	20	20	0	G	Deferred to 2023/24. Not achievable in year due to covid.
2022-23 CS1	Resources - AD budget	10	10	0	G				G	
2022-23 CS2	Resources - AD budget	15	15	0	G				G	
2022-23 CS3	Resources - Insurance	25	25	0	G				G	
2022-23 CS4	HR - Payroll	15	0	15	R				R	The payroll savings won't be achieved this year as we have been unable to get the last remaining staff that receive paper payslips onto e-payslips. This is because they are typically passenger transport employees who do not have e-mail addresses and we are finding it difficult to find an electronic solution for them.
2022-23 CS9	Corporate Governance - AD Budget	3	3	0	G				G	
2022-23 CS10	Corporate Governance - Electoral Services and Democratic services	15	15	0	G				G	
2022-23 CS12	Corporate Governance - Information Team	29	29	0	G				G	
2022-23 CS13	Corporate items	50	50	0	G				G	
Total CS Savings for 2022/23		465	380	85		20	20	0		
Ref	Description of Saving	2022/23 Savings Required £000	2022/23 Savings Forecast £000	Shortfall	RAG	2023/24 Savings Required £000	2023/24 Savings Forecast £000	Shortfall	RAG	Comments
2019-20 CS18	Facilities Management			0		69		69	G	
2019-20 CS17	Facilities Management			0		77		77	G	
2018-19 CS15	Business Improvement, P & P			0		50		50	G	
Total Corporate Services Deferred Savings Cabinet January 2020		0	0	0		196	0	196		
2020-21 CS10	Infrastructure & Technology Division - Transactional Services			0		100		100	G	
Total Corporate Services Deferred Savings Cabinet November 2020		0	0	0		100	0	100		
2022-23 CS7	Customer, Policy & Improvement – Merton link			0		20		20	G	
2022-23 CS11	Corporate Governance - Legal			0		5		5	G	
Total Corporate Services New Savings 2022-23		0	0	0		25	0	25		
TOTAL		465	380	85		341	20	321		

PROGRESS ON SAVINGS IN THE MTFs

CHILDREN, LIFELONG LEARNING AND EDUCATION SAVINGS PROGRESS: 2022-23

Ref	Description of Saving	2022/23 Savings Required £000	2022/23 Savings Achieved/ Expected £000	Shortfall	RAG	2023/24 Savings Required £000	2023/24 Savings Forecast £000	Shortfall	RAG
Savings due in 22/23									
CSF1-22/23	School Meals PFI	100	100	0	G				G
CSF2-22/23	Education - Office Efficiencies	50	50	0	G				G
CSF3-22/23	Education Inclusion - Streamlined Activities	28	28	0	G				G
CSF4-22/23	CSC Placements - Demand Management and Commissioning			0	n/a				
Prior Year savings not delivered in 2021/22									
2021-22 CSF02	rationalisation of Children's Centres	200	0	200	G				G
Total Children, Schools and Families Savings 2022/23		378	178	200		0	0	0	
2022/23 New Savings									
		2022/23 Savings Required £000	2022/23 Savings Achieved/ Expected £000	Shortfall	RAG	2023/24 Savings Required £000	2023/24 Savings Forecast £000	Shortfall	RAG
CSF4-22/23	Children's Social Care Placements - demand management and commissioning					340		340	G
Total Children, Schools & Families New Savings 2022-23		0	0	0		340	0	340	
TOTAL		378	178	200		340	0	340	

PROGRESS ON SAVINGS IN THE MTFs

Updated Dec'22 (P9)

DEPARTMENT: Community & Housing Savings Progress 2022/23

Ref	Description of Saving	Division	2022/23 Savings Required £000	2022/23 Savings Forecasted £000	Shortfall	RAG	2023/24 Savings Required £000	2023/24 Savings Forecast £000	Shortfall	RAG	Comments
(Nov'20)CH100	Review of in-house day care provision	Adult Social Care	700	0	700	R			0	R	Saving deferred to 2023/24 as additional time required to finalise proposals and stakeholder consultation
(Nov'20)CH101	Review of in-house LD Residential provision	Adult Social Care	544	0	544	R			0	R	
(Nov'20)CH102	Dementia hub re-commissioning	Adult Social Care	55	55	0	G			0	G	Future budgetary requirement being reviewed in context of proposed closure of Eastways.
(Oct'21) CH105	Commissioning and Market Development – Increasing take up of Direct Payments	Adult Social Care	100	100	0	G	150		150	G	Closer collaboration with operational teams to promote uptake is delivering increased number of Direct Payments.
(Oct'21) CH106	Community & Housing - Housekeeping – review of ancillary budget lines	Adult Social Care	50	50	0	G			0	G	Achieved
(Oct'21)CH109	Adult Social Care - Placements	Adult Social Care	100	100	0	G			0	G	Achieved by means of budget being removed at start of year. Continued pressure on budget as a result of rising demand and work ongoing to mitigate.
(Oct'21) CH110	Commissioning and Market Development – Commissioning efficiencies arising from re-procuring a high cost service	Adult Social Care	50	40	10	A			0	A	Provider has been asked to reprice based on LLW applying. Likely to reduce level of saving delivered.
	Subtotal Adult Social Care		1,599	345	1,254		150	0	150		
(Jan'20) CH97	Increase income and better use of technology	Libraries	60	60	0	G				G	Achieved through increased income
	Subtotal Libraries		60	60	0		0	0	0		
	Total C & H Savings for 2022/23		1,659	405	1,254		150	0	150		
		Division	2022/23 Savings Required £000	2022/23 Savings Forecasted £000	Shortfall	RAG	2023/24 Savings Required £000	2023/24 Savings Forecast £000	Shortfall	RAG	
CH104	Adult Social Care - Discharge to Assess				0		500		500	G	
CH107	Library & Heritage Service - Increase income collection				0		60		60	G	
CH108	Commissioning and Market Development – Self-Funder Brokerage Offer				0		25		25	G	
CH111	Commissioning and Market Development – Commissioning staffing efficiencies				0		65		65	G	
	Total Community & Housing New Savings 2022-23		0	0	0		650	0	650		
	Total Community & Housing Savings		1,659	405	1,254		800	0	800		

PROGRESS ON SAVINGS IN THE MTFS

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DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2022-23

Ref	Description of Saving	2022/23 Savings Required £000	2022/23 Savings Achieved £000	Shortfall	RAG	2023/24 Savings Required £000	2023/24 Savings Forecast £000	Shortfall	RAG	2024/25 Savings Required £000	2024/25 Savings Forecast £000	Shortfall	RAG	2025/26 Savings Required £000	2024/25 Savings Forecast £000	Shortfall	RAG	Comments	
Savings due in 22/23																			
ENV2021-07	Property Management - Increase residential (former Service tenancies) rent (increased income)	100	100	0	G			0											
ENV2021-10	Development Control/Building Control - Savings as a result of the 'Assure' M3 upgrade	15	0	15	R			0											The "Assure" M3 upgrade may now not take place. Terraquest has been appointed to review this as there may be more suitable alternative systems available.
ENV2022-23 05	Highways; Increased income from street permitting through enforcement of utility works.	40	40	0	G			0											
ENV2022-23 07	Future Merton, Policy team: Additional income from planning performance agreements (PPA)	50	0	50	R			0											This income is dependent on the pre-app and PPA fees which are set by Development Control; the additional income won't be met until the fees and charges are reviewed and income spread across the teams.
ENV1819-04	Parking: Reduction in the number of pay & display machines required.	14	14	0	G			0											
ENV2021-08	Parking - Activity to improve On Street parking compliance.	100	100	0	G			0											
E1	Regulatory Services: Investigate potential commercial opportunities	65	0	65	R			0											This saving target will not be met in 2022/23. Continued service uplift has been observed across key service areas within the RSP. The service forecasts a total overspend of £225k owing chiefly to unsupported legacy income targets (totaling £275k) loaded into RSP cost centres. A management structure is now in place following key departures over the last 12 months and will be investigating new commercial opportunities to be developed in the new financial year.
ENV2022-23 01	Public Space - Waste services: Disposal processing savings (Food Waste Recyclate)	104	104	0	G			0											
ENV2022-23 02	Public Space – Greenspaces: Raynes Park Sports Ground - new lease arrangement	35	35	0	G	35		35	G										
Total Environment and Regeneration Savings 2022/23		523	393	130		35	0	35		0	0	0		0	0	0			
Ref	Description of Saving	2022/23 Savings Required £000	2022/23 Savings Achieved £000	Shortfall	RAG	2023/24 Savings Required £000	2023/24 Savings Forecast £000	Shortfall	RAG	2024/25 Savings Required £000	2024/25 Savings Forecast £000	Shortfall	RAG	2025/26 Savings Required £000	2024/25 Savings Forecast £000	Shortfall	RAG	Comments	
ENV2021-03	Parking - Review of back office processes and efficiencies					100		100	G	50	0	50	G						
E1	Regulatory Services Partnership-Investigate potential commercial opportunities to generate income from provision of business advice.					75		75	G			0							
ENV2022-23 03	Public Space – Greenspaces: Deen City Farm- Reduction in grant by 50%					8		8	G	9		9		8		8		G	
ENV2022-23 04	Parking: Continue to enforce School Street locations through ANPR camera enforcement.					489		489	G	(111)		(111)		(111)		(111)		G	
ENV2022-23 06	Highways: Advertising - Increased Income					10		10	G			0							
ENV2022-23 08	Property Management & Review: Rent Review Income					40		40	G			0							
Total - Future Years		0	0	0		722	0	722		(52)	0	(52)		(103)	0	(103)			
TOTAL		523	393	130		757	0	757		(52)	0	(52)		(103)	0	(103)			

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