

# CABINET

**15 January 2024**

**Agenda item:** Budget 2024/25 and MTFS 2024-28

**Lead officer:** Asad Mushtaq, Executive Director of Finance & Digital

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

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

**Contact officer:** Roger Kershaw

## Recommendations:

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1. That Cabinet agrees the proposed Council Tax Base for 2023/24 set out in paragraph 2.7 and Appendix 1.
  2. That Cabinet considers and agrees the second tranche of draft growth proposals for 2024/25 to 2027/28 (Appendix 5) put forward by officers and refers them to the Overview and Scrutiny panels and Commission in January 2024 for consideration and comment.
  3. That Cabinet considers and agrees the amendment to the savings 2024/25 with the removal of saving ECPC 2425 S02
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## 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report provides an update to Cabinet on the Budget setting process for 2024-28 and in particular on the progress made so far towards setting a balanced revenue budget for 2024/25 and over the MTFS period as a whole.
- 1.2 At the Cabinet meeting on 16 November an update report on the budget 2024/25 and MTFS 2024-28 presented the latest information available and set out a number of growth and savings proposals which were referred to overview and scrutiny panels and the Overview and Scrutiny Commission in the November 2023 committee cycle for comment.
- 1.3 The Provisional Local Government Finance Settlement 2024/25 was announced on 18 December 2023) and provides details on the grant funding for Councils together with information on how the Council Tax Referendum Principles will be applied. The Final Local Government Finance Settlement will be published late January/early February 2024.

- 1.4 The report provides a general update on all of the latest information relating to the budget setting process for 2024-28 and an assessment of the implications for the Medium Term Financial Strategy 2024-28.
- 1.5 The report also requests Cabinet to consider and agree the second tranche of draft growth proposals for 2024/25 to 2027/28 (Appendix 5) put forward by officers and refer them to the Overview and Scrutiny panels and Commission in January 2024 for consideration and comment
- 1.6 This report is one of the budget updates through the financial year and will be referred to the Overview and Scrutiny Panels and Commission in January 2024 alongside the Member's Information Pack which contains details of growth and savings agreed by Cabinet in November 2023 and which was subject to the scrutiny process in the November 2023 round of meetings.

## 2. DETAILS

### Introduction

- 2.1 A review of assumptions in the MTFS was undertaken and reported to Cabinet on 16 November 2023. In addition, in response to growing service demands in an increasingly pressurised environment, some directorate growth proposals were considered and agreed and referred to overview and scrutiny panels and the commission. The total growth proposals, net of short term (temporary) growth which could be funded from reserves, are summarised in the following table:-

<b>Growth - Priority Proposals Cabinet 16 November 2023</b>	<b>2024/25 £000</b>	<b>2025/26 £000</b>	<b>2026/27 £000</b>	<b>2027/28 £000</b>
Cumulative Growth 2024-28	2,839	4,995	4,500	4,438
Short term growth funded from reserves	803	638	100	0
Growth less funded from reserves	2,036	4,357	4,400	4,438

- 2.2 The funding of necessary growth will increase the funding gap in the MTFS and therefore in parallel with considering growth, it was also necessary to identify some savings proposals together with additional income generation from fees and charges.
- 2.3 Cabinet considered and agreed a package of savings and income proposals and these were referred to overview and scrutiny panels and the commission. The total savings and income proposals are summarised in the following table:-

<b>Savings and Income Proposals Cabinet 16 November 2023</b>	<b>2024/25 £000</b>	<b>2025/26 £000</b>	<b>2026/27 £000</b>	<b>2027/28 £000</b>
Savings (cumulative)	1,701	2,513	2,823	3,210
Fees and Charges ( cumulative)	458	585	585	585
Savings and Income (cumulative)	2,159	3,098	3,408	3,795

2.4 The overall MTFs budget gap reported to Cabinet in the November 2023 report was based on a repriced, standstill position and is as follows:-

(cumulative)	<b>2024/25 £000</b>	<b>2025/26 £000</b>	<b>2026/27 £000</b>	<b>2027/28 £000</b>
Revised MTFs Gap including Growth and savings	(80)	6,117	5,632	10,414

## 2.4 Review of Assumptions

Since Cabinet in November, work has been continuing to review assumptions and analyse and assess any financial implications of any new information that has been received since then.

### 2.4.1 Provision for Inflation

The financial implications of the significant increase in the level of inflation since mid-2021 has resulted in significant pressures on council budgets including those for pay and prices. Although inflation rates have started to fall they are expected to remain above the government's 2% target until at least the second quarter of 2025.

#### Pay

For 2023/24 the final pay award was agreed in November 2023 but was in excess of the provision of 3% included in the MTFs agreed by Council in March 2023. The agreed pay award for 2023/24 is:-

- A one year (1 April 2023 – 31 March 2024) pay increase of £1,925 (pro rata for part-time employees) to be paid as a consolidated, permanent addition on all NJC points 2-43 inclusive.
- An increase of 3.88% on all allowances (as listed in the 2022 NJC Pay Agreement Circular dated 1st November 2022).  
NB: Due to London weighting, workers in the inner London area would receive a flat rate increase of £2,352, with those in outer London receiving £2,226).

The cost of the pay award is c. 6% for non-schools and c.8.2% for schools non-teaching and provision has been included in the MTFs for the additional cost .

	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Additional Impact of 23/24 pay award	2,801	2,801	2,801	2,801

#### 2024/25 and future years:

In respect of pay inflation over the MTFS 2024-28 the provision included in the MTFS agreed by Cabinet in November for the 2024/25 pay award is 3% with 2% for subsequent years.

It is considered that 3% may be insufficient and put service budgets under pressure and therefore it is proposed to increase the 2024/25 provision to 4% as follows:-

(Cumulative)	2024/25	2025/26	2026/27	2027/28
Pay inflation (%)	4.0%	2.0%	2.0%	2.0%
Revised Estimate (cumulative £000)	4,231	6,347	8,463	10,579

Further details on the pay negotiations for 2024/25 and beyond, and the impact on the MTFS will be reported when they are known.

#### National Living Wage/London Living Wage

As announced in the Autumn Statement published in November 2023, from 1 April 2024, the National Living Wage will increase by 9.8% to £11.44 an hour with the age threshold lowered from 23 to 21 years old.

#### Prices

The draft MTFS 2024-28 reported to Cabinet in November 2023 included the following increases for price inflation and no changes are proposed at the current time:-

(Cumulative)	2024/25	2025/26	2026/27	2027/28
Price inflation (%)	3.0%	1.5%	1.5%	1.5%
Revised Estimate (cumulative £000)	4,443	6,665	8,886	11,108

The Consumer Prices Index (CPI) rose by 3.9% in the 12 months to November 2023, down from 4.6% in October. On a monthly basis, CPI fell by 0.2% in November 2023, compared with a rise of 0.4% in November 2022.

The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 4.2% in the 12 months to November 2023, down from 4.7% in October. On a monthly basis, CPIH fell by 0.1% in November 2023, compared with a rise of 0.4% in November 2022.

The largest downward contributions to the monthly change in both CPIH and CPI annual rates came from transport, recreation and culture, and food and non-alcoholic beverages.

Core CPI (excluding energy, food, alcohol and tobacco) rose by 5.1% in the 12 months to November 2023, down from 5.7% in October; the CPI goods annual rate slowed from 2.9% to 2.0%, while the CPI services annual rate eased from 6.6% to 6.3%.

Core CPIH (excluding energy, food, alcohol and tobacco) rose by 5.2% in the 12 months to November 2023, down from 5.6% in October; the CPIH goods annual rate slowed from 2.9% to 2.0%, while the CPIH services annual rate eased from 6.2% to 6.0%.

The RPI rate for November 2023 was 5.3%, which is down from 6.1% in October 2023.

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 (December 2023)			
	Lowest %	Highest %	Average %
2023 (Quarter 4)			
CPI	2.6	5.1	4.4
RPI	5.2	10.0	6.2
LFS Unemployment Rate	3.5	4.6	4.3
2024 (Quarter 4)			
CPI	1.2	3.9	2.6
RPI	1.2	6.1	3.7
LFS Unemployment Rate	2.8	5.4	4.7

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 2023)				
	2023	2024	2025	2026
	%	%	%	%
CPI	7.4	3.0	1.9	2.0
RPI	10.2	4.4	2.2	2.6
LFS Unemployment Rate	4.2	4.6	4.7	4.8

Outlook for inflation:

The Bank of England's Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target and in a way that helps to sustain growth and employment. At its meeting ending on 13 December 2023, the MPC voted by a majority of 6–3 to maintain Bank Rate at 5.25%. Three members preferred to increase Bank Rate by 0.25 percentage points, to 5.5%.

In the minutes to the December meeting, the MPC state that “Relative to the assumptions in the November Monetary Policy Report, the fiscal measures in the Autumn Statement are provisionally estimated to increase the level of GDP by around ¼% over coming years. ... There remain upside risks to the outlook for wage growth, including from the possible effects of the recently announced increase in the National Living Wage.”

There is some optimism that there will be an improvement on the projections in the November report although there may be an increase in services price inflation although the MPC believe that “much of the downside news relative to the November Report reflected movements in components that may not provide a good signal of underlying trends in services prices and of persistence in headline inflation. CPI inflation is expected to remain near to its current rate around the turn of the year. In particular, services price inflation is projected to increase temporarily in January, related to base effects from unusually weak price movements at the start of this year, before starting to fall back gradually thereafter. The near-term path for CPI inflation is somewhat lower than projected in the November Report, in part reflecting recent declines in energy prices.”

The MPC note that “key indicators of UK inflation persistence remain elevated. As anticipated, tighter monetary policy is leading to a looser labour market and is weighing on activity in the real economy more generally. Given the significant increase in Bank Rate since the start of this tightening cycle, the current monetary policy stance is restrictive.... The MPC will continue to monitor closely indications of persistent inflationary pressures and resilience in the economy as a whole, including a range of measures of the underlying tightness of labour market conditions, wage growth and services price inflation. Monetary policy will need to be sufficiently restrictive for sufficiently long to return inflation to the 2% target sustainably in the medium term, in line with the Committee's remit.”

In the November 2023 Monetary Policy report the MPC has used the following projections implied by current data trends:-

	Projections (Nov. 2023)			
	2023 Q.4	2024 Q.4	2025 Q.4	2026 Q.4
GDP	0.6	0.0	0.4	1.1
CPI Inflation(mean)	4.6	3.4	2.2	1.9
LFS Unemployment Rate	4.3	4.7	5.0	5.1
Excess Supply/Excess Demand	0.0	-0.75	-1.5	-1.5
Bank Rate	5.3	5.1	4.5	4.2

The conclusions that the MPC reach in the November 2023 Monetary Policy Report are supported by the following Key Judgements:-

Key judgement 1: GDP is expected to be broadly flat in the first half of the forecast period and growth is projected to remain well below historical averages in the medium term. That reflects the significant increase in Bank Rate since the start of this tightening cycle, subdued potential supply growth, and a waning boost from fiscal policy.

Key judgement 2: The margin of excess demand in the UK economy has diminished over recent quarters and an increasing degree of economic slack is expected to emerge from the start of next year. Unemployment is expected to rise further over the forecast period and exceed the Committee's upwardly revised estimate of the medium-term equilibrium rate from the end of next year.

Key judgement 3: Second-round effects in domestic prices and wages are expected to take longer to unwind than they did to emerge. In the modal forecast conditioned on the market implied path of market interest rates, an increasing degree of slack in the economy and declining external cost pressures lead CPI inflation to return to the 2% target by the end of 2025 and to fall below target thereafter. The Committee continues to judge that the risks are skewed to the upside. Taking account of this skew, mean CPI inflation is 2.2% and 1.9% at the two and three-year horizons respectively.

In its November 2023 report the MPC include forecast quarterly CPI inflation rates over the next three years as follows:-

2023	2024	2024	2024	2024	2025	2025	2025	2025	2026	2026	2026	2026
Qtr.4	Qtr.1	Qtr.2	Qtr.3	Qtr.4	Qtr.1	Qtr.2	Qtr.3	Qtr.4	Qtr. 1	Qtr.2	Qtr.3	Qtr.4
CPI %	CPI %	CPI %	CPI %	CPI %	CPI %	CPI %	CPI %	CPI %	CPI %	CPI %	CPI %	CPI %
4.6	4.4	3.6	3.3	3.1	2.5	2.1	2.1	1.9	1.9	1.7	1.6	1.5

#### Provision for Excess Inflation:

There is also a corporate provision which is held to assist services that may experience price increases greatly in excess of the budgeted inflation allowance provided when setting the budget. This will only be released for specific demonstrable demand. The provision was increased significantly in the budget agreed by the Council in March 2023 because of the cost of living crisis and persistently high level of inflation.

The provision has proved essential in supporting service directorate budgets during the current financial year 2023/24 and given the enormous pressures that services remain under, it is proposed to replenish the budget to provide cover for this.

The proposed provision in the MTFS will be as follows :-

	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Budget in MTFS 2023-27	3,808	3,808	3,808	3,808
Allocated to services in 2023/24	(3,735)	(3,735)	(3,735)	(3,735)
Replenish budget	3,960	3,960	3,960	3,960
Proposed Budget	4,033	4,033	4,033	4,033

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

Work is currently ongoing with Directorates to assess the impact, service by service of the prevailing levels of inflation. This will be fed into future MTFS updates.

Inflation is still a major risk and it is possible that further pressures will emerge during the year for both pay and general price inflation.

#### 2.4.2 Budgetary Control 2023/24

There may be issues identified from monthly monitoring, elsewhere on this agenda, that have on-going financial implications which need to be addressed in setting the budget for 2024-28.

##### Monitoring 2023/24

Based on expenditure and income to period 6, as at 30 September 2023, the year end forecast is a net £8.0m unfavourable variance compared to the current budget

	Current Budget 2023/24 £m	Full Year Forecast (Nov.) £m	Forecast Variance at year end (Nov.) £m
Innovation and Change	12.2	12.3	0.1
Finance and Digital	17.2	17.5	0.3
Housing and Sustainable Development	9.2	11.7	2.5
Environment, Civic Pride and Climate	20.0	22.8	2.8
Children, Lifelong Learning, and Families	65.6	67.6	2.0
Adult Social Care, Integrated Care, Public Health	67.4	69.9	2.6
<b>NET SERVICE EXPENDITURE</b>	<b>191.6</b>	<b>201.9</b>	<b>10.4</b>
Corporate	(9.5)	(11.9)	(2.4)
<b>Total Expenditure</b>	<b>182.1</b>	<b>190.1</b>	<b>8.0</b>
Funding	(182.1)	(182.1)	0
<b>Net Expenditure</b>	<b>0</b>	<b>8.0</b>	<b>8.0</b>



Based on September 2023 monitoring, an overall unfavourable variance is forecast, with the following service pressures (greater than £0.5m unfavourable variance) being flagged:-

- a) Housing and Sustainable Development:  
Building and Development Control, Housing – temporary accommodation, homelessness
- b) Environment, Civic Pride and Climate:  
Parking Services income
- c) Children, Lifelong Learning, and Families  
Children’s Social Care
- d) Adult Social Care, Integrated Care, and Public Health  
Adult Social Care Placements

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

Merton received accreditation as a Living Wage Employer in February 2023 and will introduce the Real Living Wage into Merton contracts - as and when the contracts come up for re-tendering

The MTFS 2023-27 currently includes provision for the additional cost of implementing the LLW for its contracts as follows:-

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Provision in MTFS 2023-27	711	2,382	2,382	2,382	2,382
Less:					
Allocated to Security & Services Contract	(68)	(68)	(68)	(68)	(68)
ASC Inflationary pressures due to LLW/NLW	(490)	(490)*	(490)*	(490)*	(490)*
Balance	153	1,824	1,824	1,824	1,824

\* Due to pressures on the Council’s budget it is proposed to fund the Adult Social Care pressure of £0.490m from Social Care Grant with effect from 2024/25 but maintain the reduction in this budget .

The provision needs to be reviewed and regularly updated to ensure that the MTFS reflects the latest forecast cost of renewing council contracts.

#### 2.4.4 Freedom Passes

Freedom Passes are administered by London Councils on behalf of London boroughs. The latest estimates for each London borough were reported to London Councils’ Transport and Environmental Committee on 7 December 2023 and Merton’s figures are summarised in the following tables.

The costs of Freedom Passes are driven by two key factors:-

- The estimated average number of journeys made by Freedom Pass holders over the past two years
- Previous work to calculate expected average fares per trip taking into account fare increases and decreases within a “basket of fares”

When forecasting demand, London Councils officers have attempted to establish a baseline, as well as lower range higher range scenarios. The latest estimates from London Councils are:-

	2024/25 £m	2025/26 £m	2026/27 £m
Baseline	7.764	8.703	9.936
Lower range	7.764	8.968	10.457
Higher range	7.764	9.233	10.978

The table below compares the current provision in the budget and MTFS for Freedom Passes with the latest worst case estimate:-

	MTFS 2024/25 £m	MTFS 2025/26 £m	MTFS 2026/27 £m	MTFS 2027/28 £m
Merton MTFS Current Provision	8.472	10.347	11.656	12.822
Latest forecast (Higher range for 2025-27)	7.764	9.233	10.978	12.076
Change	(0.708)	(1.114)	(0.678)	(0.746)

## 2.5 DSG Deficit and Safety Valve Agreement

- 2.5.1 The Dedicated Schools grant has four distinct blocks: The Schools block, the central School Services Block, the Early Years block the High needs block.
- 2.5.2 While the first 3 are not under cost pressure as the expenditure meets the government grant received (save for some timing lag issues) it is the High Needs block that is the issue and has been subject to previous specific reports.
- 2.5.3 The ‘High Needs’ block relates to children with Special Educational Needs (SEND) or receiving alternative provision. Due to a rising deficit in the budget in autumn 2021 the DfE invited Merton to participate in the second round of their ‘safety valve’ intervention programme with the aim of agreeing a package of reform to the high needs system that will bring the High Needs DSG in-year deficit under control, with additional financial contributions from the DfE dependent on the council undertaking these actions. The cumulative deficit at the end of the 2022/23 financial year was £34.465 million.

2.5.4 Merton's Safety Valve Agreement was signed in March 2022. It commits Merton to getting to a balanced budget by 2026/27. DfE expect Merton to remain in deficit until the final year. In return the DfE will provide deficit funding of £28.8m paid in instalments.

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m
DfE Funding	11.6	6.7	2.625	2.625	2.625	2.625	28.8

2.5.5 This agreement is between the Department for Education and Merton Local Authority, and covers the financial years from 2021-22 to 2026-27. Merton has agreed to implement the DSG management plan with terms set out in the Agreement. Merton is contributing significant resources to ensuring that the terms of the Safety Valve agreement are met. Budget provision has been made and credited to reserves to match the DSG Deficit that has been accumulated in an unusable reserve.

2.5.6 The medium term position will be far more challenging since, in line with other Local Authority's, the council's High Needs block allocation announced on 18 December is just 2.06% higher than in 2023/24. This considerably lower than inflationary costs and our previous expectations from informal liaison with the DfE.

2.5.7 Officers are currently reviewing the budget and forecast and will provide more details in the Cabinet report in February.

## 2.6 Contingency

2.6.1 The latest MTFS includes provision of £2.5m in 2023/24 as a contingency to meet unforeseen cost and demand pressures with £3m in years 2024/25 to 2026/27

2.6.2 Given the continuing pressure on services going in to 2024/25 and increased risk of overspending it is proposed to increase the corporate contingency by £1m to £4m over the MTFS period.

## 2.7 Appropriation to Reserves

2.7.1 The budget for 2023/24 and MTFS 2023-27 includes the following corporate contributions to the Reserve for Future Years Budgets:-

	MTFS 2024/25 £000	MTFS 2025/26 £000	MTFS 2026/27 £000	MTFS 2027/28 £000
Planned contribution to Reserves	1,449	29	0	0

2.7.2 Given the pressure on services and the requirement to produce a balanced budget it is proposed that these contributions are not made. These are one-off reductions to the years in question and do not have an ongoing impact.

### 3. Capital Programme for 2024-28

- 3.1 It is important to ensure that the revenue and capital budgets are integrated and not considered in isolation. The revenue implications of capital expenditure can quickly grow if the capital programme is not contained within the Council's capacity to fund it over the longer term. The report to Cabinet in November 2023 set out the current capital programme. Since then further revisions and re-profiling of budgets has been undertaken. The latest current capital programme is summarised in the Table below:-

Department	Revised Budget 2024-25 £000's	Revised Budget 2025-26 £000's	Revised Budget 2026-27 £000's	Revised Budget 2027-28 £000's
Finance & Digital	9,181	1,280	7,536	7,331
ASC, Integrated Care & Public Health	0	0	0	0
Children, Lifelong Learning & Families	16,921	3,479	3,400	2,500
Environment, Civic Pride & Climate	12,520	15,555	12,970	11,320
Innovation & Change	0	0	0	0
Housing & Sustainable Development	21,164	20,682	17,962	2,152
<b>Total</b>	<b>59,786</b>	<b>40,996</b>	<b>41,868</b>	<b>23,303</b>

The following tables summarise the change in proposed capital expenditure and associated capital financing costs from Cabinet in November 2023 to the latest information:-

Capital Expenditure	2024/25 Estimate £000's	2025/26 Estimate £000's	2026/27 Estimate £000's	2027/28 Estimate £000's
Capital Expenditure (Cabinet November 2023)	51,998	41,096	41,868	23,303
Capital Expenditure (Cabinet January 2024)	59,786	40,996	41,868	23,303
Change	7,788	(100)	0	0

Capital Financing Costs	2024/25 Estimate £000's	2025/26 Estimate £000's	2026/27 Estimate £000's	2027/28 Estimate £000's
Capital Financing costs (Cabinet November 2023)	7,944	8,806	9,587	10,733
Capital Financing costs (Cabinet January 2024 )	7,878	8,840	9,612	10,725
Change	(66)	34	25	(8)

3.2 Merton's Draft Capital Strategy is included as Appendix 4.

#### 4. **Forecast of Resources and Provisional Local Government Finance Settlement**

##### 4.1 Autumn Statement

On 22 November 2023, the Chancellor of the Exchequer delivered the Autumn Statement 2023. As usual it provided an update on the public finances and performance of the economy and on the same day the Office for Budget Responsibility (OBR) published its November 2023 Economic and fiscal outlook (EFO) which sets out its central forecast for the five years to 2028-29, taking account of recent data and government policies announced up to and including the Autumn Statement 2023.

The Autumn Statement gave details on Government taxation and spending plans. Whilst planned Government Departmental Expenditure Limits were announced for 2024-25, individual local authorities allocations were not known until the Provisional Local Government Finance Settlement 2023 was published on 18 December 2023).

##### 4.2 Provisional Local Government Finance Settlement

The Departmental Expenditure Limits set out in the Autumn Statement 2023 form the basis of the allocations included in the Provisional Local Government Finance Settlement 2024-25. The Provisional Settlement was announced on 18 December 2023.

##### 4.3 Headline Implications for Merton in the Provisional Settlement

- Merton's Settlement Funding Assessment (Revenue Support Grant and Business Rates) increased by 5.3% in 2024/25 (National increase 5.2%, London average 5.3%)
- Merton's Core Spending Power (CSP) increased by 5.8% in 2024/25 (National increase 6.5%, London average 6.4%). As CSP includes several assumptions, it is unlikely to be an accurate reflection of the actual resources available to local authorities.
- The Council Tax Referendum threshold is 5% (3% core, 2% ASC precept)
- The small business rate multiplier will be frozen for 2024-25 at 49.9p while the standard multiplier will increase to 54.6p. Local authorities will be compensated for the shortfall in income for under indexation of the multiplier for the small business rate multiplier via the under-indexation section 31 grant.
- RSG will be increased in line with September CPI inflation (6.7%).

A more detailed analysis of the potential financial impact of the provisional Settlement is included in Appendix 2.

## 4.4 Merton's Settlement Funding Assessment (SFA) is detailed in the following table:-

	2023-24 £m	2024-25 £m	Change £m	Change %
MERTON Settlement Funding Assessment	43.415	45.727	2.312	5.3
of which:				
Revenue Support Grant (RSG)	6.108	6.513		
Baseline Funding Level (BFL)	37.307	39.214		
(Tariff)/Top-Up (Included in BFL)	43.415	45.727		
	6.679	6.997		

It should be noted that this is based on the DCLG's assumptions included within Core Spending Power calculations. Merton's actual Business Rates forecast will be used in the final funding forecast on which the Budget 2024/25 and MTFs 2024-28 will be agreed. It will not be possible to finalise this until the government return NNDR1 is completed (deadline 31 January 2024).

4.5 Government grants in Core Spending Power

The majority of grant in CSP is ringfenced to spend on social care services

	<b>Provisional 2024/25 £m</b>
Improved Better Care Fund	5.01
Social Care Grant	12.189
ASC Market Sustainability and Improvement Fund	3.272
ASC Discharge Fund	1.171
<b>Ringfenced to Social Care</b>	<b>21.642</b>
New Homes Bonus	0.152
Services Grant	0.229
<b>Unringfenced</b>	<b>0.381</b>
<b>Total</b>	<b>22.023</b>

4.6 A more detailed analysis of the potential financial impact of the provisional Settlement is included in Appendix 2.

5. **London Business Rates 2024-25**

5.1 The London Business pool was discontinued for 2021/22 and, as for the past two years will not be resurrected for 2024/25.

5.2 There were a number of announcements affecting Business Rates in the Autumn Statement published on 22 November 2023 and confirmed in the Provisional Settlement:-

- The standard business rate multiplier will be increased by September CPI (6.7%) and the small business rate multiplier will be frozen for a fourth consecutive year.
- The 75% Retail, Hospitality and Leisure relief will be extended for 2024-25.

Local authorities will be fully compensated for the loss of income because of these two measures and will receive new burdens funding for administrative and IT costs.

## 6. Council Tax Strategy – Council Tax Base and Council Tax 2024/25

6.1 The Council Tax Base is a key factor which is required by levying bodies and the Council for setting the levies and Council Tax for 2024/25. The council tax base is the measure of the number of dwellings to which council tax is chargeable in an area or part of an area. The Council Tax Base is calculated using the properties from the Valuation List together with information held within Council Tax records. The properties are adjusted to reflect the number of properties within different bands in order to produce the Council Tax Base (Band D equivalent). This will be used to set the Council Tax at Band D for 2024/25. The Council is required to determine its Council Tax Base by 31 January 2024.

6.2 Regulations set out in the Local Authorities (Calculation of council Tax Base) Regulations 2012 (SI 2012:2914) ensure that new local council tax support schemes, implemented under the Local Government Finance Act 2012, are fully reflected in the council tax base for all authorities.

6.3 The Council Tax Base Return to central Government takes into account reductions in Council Tax Base due to the Council Tax Support Scheme and also reflects the latest criteria set for discounts and exemptions. The CTB Return for October 2023 is the basis for the calculation of the Council Tax Base for 2024/25.

6.4 Details of how the Council Tax Base is calculated are set out in Appendix 1. A summary of the Council Tax Bases for the Merton general area and the addition for properties within the Wimbledon and Putney Commons Conservators area for 2024/25 compared to 2023/24 is set out in the following table:-

<b>Council Tax Base</b>	<b>2023/24</b>	<b>2024/25</b>	<b>Change</b>
Whole Area	77,694.3	78,257.8	0.7%
Wimbledon & Putney Common Conservators	11,761.2	11,782.4	0.2%

6.5 The Localism Act 2011 amended the legislation regarding the calculation of council tax. It also provides for a council tax referendum to be held if an authority increases its relevant basis amount of council tax in excess of principles determined by the Secretary of State.

## 6.6 Council Tax Referendum Principles

6.6.1 The Provisional Local Government Finance Settlement announced the following referendum principles will apply for 2024-25 for authorities such as Merton:

- For 2024-25, the relevant basic amount of council tax of an authority which belongs to the category including London boroughs is excessive if the authority's relevant basic amount of council tax for 2024-25 is 5% (comprising 2% for expenditure on adult social care, and 3% for other expenditure), or more than 5%, greater than its relevant basic amount of council tax for 2023- 24.

6.6.2 For Merton, a Council Tax increase of 5% (3% core + 2% Adult Social Care) would be regarded as excessive but, for example, a core principle of 2.999% core plus an Adult Social Care (ASC) precept of 2% on top of the core principle (i.e. 4.999%) would be in accordance with the thresholds set.

6.6.3 The MTFs 2024-28 approved by Cabinet in November 2023 included a council tax increase of 4% (2% core plus 2% Adult Social Care precept).

6.6.4 An increase in council tax represents an ongoing income which increases the council's funding base. Given the pressures that the Council's services are currently under the council will be foregoing an ongoing funding source if it does not increase council tax to the maximum permitted. It is therefore proposed to increase council tax by 4.99% consisting of 2.99% core council tax and 2% Adult Social Care precept.

	2024/25	2025/26	2026/27	2027/28
Core Council Tax increase	2.99%	2%	2%	2%
Adult Social Care Precept increase	2.00%	0%	0%	0%
Council Tax increase	4.99%	2%	2%	2%

The estimated council tax yield from these proposed increases are as follows:-

	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Core Council Tax increase	3,392	5,689	8,010	10,353
Adult Social Care Precept	2,269	2,280	2,292	2,303
Council Tax increase	5,661	7,969	10302	12,656

The Adult Social Care precept is passported to fund the Adult Social Care service.



## 7. GROWTH – ADDITIONAL PROPOSALS

7.1 Details of a second tranche of growth proposals are set out in Appendix 5 and are summarised in the following table:-

<b>Growth - Cabinet 15 January 2024</b>	<b>2024/25 £000</b>	<b>2025/26 £000</b>	<b>2026/27 £000</b>	<b>2027/28 £000</b>	<b>Total £000</b>
Innovation and Change	71	0	0	0	71
Finance and Digital	250	0	0	0	250
Housing and Sustainable Development	505	0	0	0	505
Environment, Civic Pride and Climate	1,501	0	0	0	1,501
Children, Lifelong Learning, and Families	0	0	0	0	0
Adult Social Care, Integrated Care, and Public Health	0	0	0	0	0
<b>Total Growth 2024-28</b>	<b>2,327</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,327</b>
<b>Cumulative Total</b>	<b>2,327</b>	<b>2,327</b>	<b>2,327</b>	<b>2,327</b>	

## 8. REVIEW OF SAVINGS 2024/25 AND REVISED MTFS GAP

8.1 Following feedback from scrutiny panels and feedback from the budget engagement , as well as the opportunity afforded through the review of MTFS assumptions, after further consideration, it is proposed to delete the following saving included in the package of savings previously put forward to Cabinet in November 2023:-

(Cumulative)	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Highways verge cutting - change from an outcome-based requirement to a cyclical programme (Saving ECPC 2425-S02)	60	60	60	60

## 9. BUDGET STRATEGY AND UPDATE TO MTFS 2024-28

9.1 The council has a statutory duty to set a balanced budget. Since the Cabinet report in November the government has published the Provisional Local Government Settlement 2024-25 and in particular officers have undertaken a thorough review of budgets and updated a wide range of the information .

9.2 Over the past three years we have all experienced unprecedented pressures, firstly with the pandemic and then double-digit inflation leading to the cost of living crisis. The council has provided significant support during this particularly to those with the greatest need.

In the current financial year some council services are under severe pressure from both the effects of inflation and increased demand. In particular, housing costs due to temporary accommodation and, homelessness and both children's and adult's social care placements have increased greatly. At the same time the council's income was devastated during the pandemic and has never fully recovered.

On 18 December the government announced council funding for 2024/25. Merton's core spending power, the government's measure of additional resources next year, increases by £10.7m (5.8%) to c. £195m. Of the £10.7m year on year increase, £6.7m is due to the government's estimate of council tax raised, leaving c. £4m which is mostly grants that are required to be spent on social care. There is very little grant that is at the discretion of the council on which service it is used to support. It is clear that given the cost of living crisis, growing demand pressures of vulnerable groups and persistently high inflation over the past two years that the funding provided via the Provisional Settlement does not meet growing needs.

- 9.3 There is still a lot to do to achieve a balanced budget for 2024/25. The government has set a council tax threshold of 5% for authorities such as Merton and it is intended to increase Merton's council tax by 4.99% (2.99% general, 2% adult social care). Increasing council tax by this level will provide an opportunity to address some of the ongoing service pressures that continue to arise.
- 9.4 Social care costs, both in children's and adult's services continue to grow. In the Provisional Settlement Merton has received an additional c £1.8m grant to be shared between both services of which c.£0.7m has been allocated to Children's and c. £0.5m to Adult's. The remaining £0.6m will be allocated during 2024/25 following discussion between both services and taking into account any national guidelines and needs of each service. It is clear that this level of government funding is well below the level of the increasing needs of both services.
- 9.5 Adult social care has also received additional grant funding from the Provisional Settlement, above 2023/24 levels, of £469k Discharge Grant and £1.521m Market Sustainability and Improvement but this is more than matched by the Council Tax contribution via the Adult Social Care precept of 2% which amounts to c. £2.3m
- 9.6 Taking into account the changes set out in this report, the latest budget gap forecast is:-

<b>DRAFT MTFS 2024-28:</b>				
	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>GAP Cabinet 16 November 2023</b>	<b>(80)</b>	<b>6,117</b>	<b>5,632</b>	<b>10,414</b>
Extra 1% Council Tax	(1,123)	(1,129)	(1,135)	(1,140)
Pay Award 2023/24 - Revised allocation based on directorates	(1,608)	(1,608)	(1,608)	(1,608)
Remove planned contribution to reserves - Council March 2023	(1,449)	(29)	0	0
Increase contingency from £3m to £4m	1,000	1,000	1,000	1,000
Extra unhypothecated grants from provisional Settlement	(381)	0	0	0
Capital Programme - latest version	(66)	34	25	(8)
Latest concessionary fares forecast	(708)	(1,114)	(678)	(746)
Extra 1% provision for 2024/25 Pay Award to 4%	1,058	1,058	1,058	1,058
Fund ASC LLW/NMW uplift from Social Care Grant	(490)	(490)	(490)	(490)
Reduce/Remove Corporate Provision for National Minimum Wage	(1,500)	(1,500)	(1,500)	(1,500)
Latest investment income projection	(1,000)	(1,000)	(1,000)	(1,000)
Replenish Provision for Excess Inflation	3,960	3,960	3,960	3,960
Growth – Additional Proposals	2,327	2,327	2,327	2,327
Amendment to savings proposals	60	60	60	60
<b>REVISED GAP</b>	<b>0</b>	<b>7,686</b>	<b>7,651</b>	<b>12,327</b>

9.7 A more detailed analysis of the movement in the MTFS from Council in March 2023 to Cabinet in January 2024 is included in Appendix 3.

## 10. GLA BUDGET AND PRECEPT SETTING 2024-254 – PROVISIONAL TIMETABLE

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

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

19 December 2024	Following the publication of the provisional Local Government, Fire and Police Settlements, issue the Mayor's Consultation Budget.
25 January 2024	Assembly to consider Draft Consolidated Budget.
22 February 2024	Assembly to consider Final Draft Consolidated Budget.
22 February 2024	Final precept amounts and approved supporting text for the Mayor's communication to council taxpayers issued to billing authorities.

- 10.3 NNDR1 returns will be required to be submitted to the DLUHC by 31 January 2024. It is essential that all authorities meet this deadline for the GLA to be able to achieve its timetable. It is anticipated that the percentage shares for 2024/25 used for the returns for London authorities will be 37% GLA, 33% central government and 30% London boroughs. This is expected to be confirmed in the provisional local government finance settlement.
- 10.4 The Mayor of London published his draft consolidated budget, capital spending plan and proposed council tax precept for 2024-25 on 19 December 2023 for consultation. The consultation on the budget proposals closes on Wednesday 10 January 2024.
- 10.5 The proposed 2024/25 Band D precept for council taxpayers in the 32 London boroughs is £471.40 – a £37.26 or 8.6% increase compared to 2023/24. This increase comprises £20 for TfL, £13 for the Met Police and £4.26 for the London Fire Brigade. This is in line with the maximum increase permitted under the GLA's referendum limit – which is a monetary one – confirmed in the provisional settlement on 18 December 2023. The provisional precept for council taxpayers in the City of London is £166.27 (an increase of £24.26 which excludes the £13 relating to the Met Police).
- 10.6 Indicative overall Council Tax increase

<b>Council Tax at Band D</b>	<b>2023/24 £</b>	<b>2024/25 £</b>	<b>% change from 2024/25</b>
Merton (exc. WPC)	1,449.68	1,522.01	5.0%
GLA Precept (Provisional)	434.14	471.40	8.6%
<b>Implied Council Tax at Band D</b>	<b>1,883.82</b>	<b>1,993.41</b>	<b>5.8%</b>

## 11. CONSULTATION UNDERTAKEN OR PROPOSED

- 11.1 Engagement on the council's budget priorities is an important part of the budget setting process and essential in informing the development of the council's Medium Term Financial Strategy. During November and December 2023 we have encouraged residents, businesses and community organisations to have their say on what the priorities should be in the council's budget for the 2024/25 financial year via a short online survey or by attending one of the council's engagement events .
- 11.2 Initial findings have been considered in preparing this report but more detailed feedback will be provided in the February report to Cabinet.
- 11.3 In accordance with statute, consultation is taking place with business ratepayers and a meeting will be arranged for February 2024.

11.4 A Member's information pack has been prepared and was distributed to all councillors at the end of December 2023 so that it can be taken to all Scrutiny and Cabinet meetings from 24 January 2024 onwards and to Budget Council. As for recent years, this should be an improvement for both councillors and officers - more manageable for councillors and it will ensure that only one version of those documents is available so referring to page numbers at meetings will be easier. It will also keep printing costs down and reduce the amount of printing that needs to take place immediately prior to Budget Council.

11.5 The pack includes:

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

## 12. STILL TO DO

12.1 There are still a number of key pieces of information that were not available in compiling this budget and MTFS update and these will need to be incorporated into the report to Cabinet in February prior to the budget setting council meeting in March. These include:-

- Business Rates forecast for 2024/25 requires data that will not be available until the government NNDR1 return is completed by 31 January.
- Levies – there are a number of levies on the council that need to be incorporated into the council's budget. This includes the Wimbledon and Putney Commons Conservators levy which can have an impact on the councils average council tax
- Incorporating any changes to the budget arising from the Final Local Government Finance Settlement.

## 13. TIMETABLE

13.1 The key deadlines are as follows:-

18 December 2023	Provisional Local Government Finance Settlement
End of December	Member's Information Pack circulated
15 January 2024	Cabinet
24 January 2024	Healthier Communities Overview & Scrutiny Panel
25 January 2024	Children and Young People Overview & Scrutiny Panel
30 January 2024	Sustainable Communities Overview & Scrutiny Panel
31 January 2024	Overview and Scrutiny Commission
End Jan. /Early Feb.	Final Local Government Finance Settlement
20 February 2024	Cabinet
6 March 2024	Council approves Council Tax 2024/25 and MTFS 2024-28

**14. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

14.1 All relevant implications have been addressed in the report.

**15. LEGAL AND STATUTORY IMPLICATIONS**

15.1 All relevant implications have been addressed in the report.

**16. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

16.1 Draft Equalities assessments of the savings proposals are provided as part of the Member's Information Pack which has been prepared and is available to all Members.

**17. CRIME AND DISORDER IMPLICATIONS**

17.1 Not applicable.

**18. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

18.1 Not applicable.

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

**Appendix 1:** Council Tax Base 2024/25

**Appendix 2:** Summary of Provisional Local Government Finance Settlement 2024/25

**Appendix 3:** Transition of MTFS gap from Council 2023 to Cabinet 15 January 2024

**Appendix 4:** Merton's Draft Capital Strategy 2024-28

**Appendix 5:** Growth Proposals 2024-28 – Second tranche

**BACKGROUND PAPERS**

None.

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## Council Tax Base 2024/25

### 1. INTRODUCTION

- 1.1 The council tax base is the measure of the number of dwellings to which council tax is chargeable in an area or part of an area. The Council Tax base is calculated using the properties from the Valuation List together with information held within Council Tax records. The properties are adjusted to reflect the number of properties within different bands in order to produce the Council Tax Base (Band D equivalent).
- 1.2 Since 2013/14 the Council Tax Base calculation has been affected by the introduction of the new local council tax support scheme and technical reforms to council tax. On 30 November 2012, new regulations set out in the Local Authorities (Calculation of council Tax Base) Regulations 2012 (SI 2012:2914) came into force. These regulations ensure that new local council tax support schemes, implemented under the Local Government Finance Act 2012, are fully reflected in the council tax base for all authorities.
- 1.3 Under the regulations, the council tax base is the aggregate of the relevant amounts calculated for each valuation band multiplied by the authority's estimated collection rate for the year.
- 1.4 The relevant amounts are calculated as
  - number of chargeable dwellings in each band shown on the valuation list on a specified day of the previous year,
  - adjusted for the number of discounts, and reductions for disability, that apply to those Dwellings
- 1.5 All authorities notify the DLUHC of their unadjusted Council Tax Base using a CTB Form using valuation list information as at 11 September 2023.
- 1.6 The CTB form for 2023 includes the latest details about the Council Tax Support Scheme and the technical reforms which impacted on discounts and exemptions.
- 1.7 There is a separate council tax base for those properties within the area covered by Wimbledon and Putney Commons Conservators. The Conservators use this, together with the Council Tax bases from RB Kingston, and Wandsworth to calculate the levy which is charged each year.

## 2. UNADJUSTED COUNCIL TAX BASE 2024/25

### 2.1 Information from the October 2023 Council Tax Base Return

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

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

<b>Unadjusted Council Tax Base</b>	<b>2024/25</b>
Merton – General	79,248.3
Wimbledon & Putney Common Conservators	11,931.5

## 3. ASSUMPTIONS IN THE MTFS

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

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

3.2 The MTFS approved by Council in March 2023 assumed that the Council Tax Base increases by 0.5% per year and that the collection rate will be 98.75% in 2023/24 and in future years.

3.3 Based on these assumptions the revised estimated Council Tax Base used in the MTFS 2024-28 is as set out in the following table:-

<b>Council Tax Base - Revised Calculation 2024/25 to 2027/28</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
Council Tax Base	79,248.3	79,248.3	79,644.5	80,042.7
Assumed Annual increase	-	396.2	398.2	400.2
<b>Estimated Council Tax Base before collection rate adjustment</b>	79,248.3	79,644.5	80,042.7	80,442.9
Collection Rate	98.75%	98.75%	98.75%	98.75%
<b>Estimated Council Tax Base after collection rate adjustment</b>	<b>78,257.8</b>	<b>78,649.0</b>	<b>79,042.3</b>	<b>79,437.4</b>



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

#### 4. IMPLICATIONS FOR COUNCIL TAX YIELD 2024-28

- 4.1 Based on a collection rate of 98.75% (paragraph 3.2 refers), on a like for like basis (i.e. assuming council tax charges do not change) the estimated income in 2024/25 compared to 2023/24 is summarised in the following table:-

<b>Council Tax: Whole area</b>	<b>2023/24</b>	<b>2024/25</b>
Tax Base	77,694.3	78,257.8
Band D Council Tax	£1,449.68	£1,449.68
<b>Estimated Yield</b>	<b>£112.632m</b>	<b>£113.449m</b>
Change: 2023/24 to 2024/25 (£m)		£0.817m
Change: 2023/24 to 2024/25 (%)		0.7%

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

a) Number of Chargeable Dwellings and Exempt Dwellings

Between years the number of properties increased by 455 from 87,099 to 87,554 and the number of exempt dwellings increased by 132 from 998 to 1,130. This means that the number of chargeable dwellings increased by 323 between years. Based on a full charge, this equates to additional council tax of £0.468m.

b) Amount of Council Tax Support Reduction

Based on October 2022 there was a reduction of 7,441.2 to the Council Tax Base for local council tax support. This has reduced to 7,220.0 in based on October 2023 which is a change of 221.2 and equates to an increase in council tax of about £0.321m.

c) Changes in Discounts, Exemptions and Premiums

Overall, the number of properties subject to discounts or exemption increased by 424 and those subject to premiums increased by 53 between October 2022 and October 2023.

Summary

The following puts the individual elements together to show how the potential council tax yield changes between 2023/24 and 2024/25:-

	<b>Approx. Change in Council Tax Base</b>	<b>Approx. Change in Council Tax yield</b>
		£m
Increase in number of chargeable dwellings	323.0	0.468
Change in Council Tax Support Reductions	221.2	0.321
Change in discounts, exemptions, premiums and distribution	19.3	0.028
<b>Total</b>	<b>563.5</b>	<b>0.817</b>

### 4.3 Council Tax Yield 2024/25

4.3.1 The draft MTFS assumes a Council Tax increase of 4.99% in 2024/25. Assuming this the estimated Council Tax yield for 2024/25 is:-

<b>Council Tax: Whole area</b>	<b>Tax Base</b>	<b>Band D 2024/25</b>	<b>Council Tax Yield 2024/25</b>	<b>Council Tax Yield 2023/24</b>
Merton	78,257.8	1,522.01	£119.1m	£112.6m

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

4.3.3 The updated MTFS is based on the following assumptions, subject to announcement in the Local Government Finance Settlement 2024/25 of the Referendum Principles for 2024/25:-

	2024/25	2025/26	2026/27	2027/28
Increase in CT Base	0.5%	0.5%	0.5%	0.5%
Collection Rate	98.75%	98.75%	98.75%	98.75%
Council Tax – General	2.99%	2%	2%	2%
Council Tax – Adult Social Care†	2%	0%	0%	0%

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

Council Tax (Band D) b/f from previous year	2024/25 £1,449.68	2025/26 £1,522.01	2026/27 £1,552.45	2027/28 £1,583.49
2.99% increase 24/25, 2% after - General	£43.34	£30.44	£31.04	£31.66
2% for Adult Social Care 24/25, nil thereafter	£28.99	0	0	0
Revised Council Tax (Band D)	£1,522.01	£1,552.45	£1,583.49	£1,615.15
	£m	£m	£m	£m
Estimated Council Tax Yield	119.1	121.5	123.9	126.4

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

	2024/25 £m	2025/26 £m	2026/27 £m	2027/28 £m
MTFS (Cabinet 16 November 2023)	118.0	120.8	123.5	126.8
Revised Estimated Council Tax Yield	119.1	121.5	123.9	126.4
Change	1.1	0.7	0.4	(0.4)

## 5. SUMMARY

5.1 Based on the information discussed, the council tax bases for 2024/25 and compared to 2023/24 are summarised in the following table:-

Council Tax Base	2023/24	2024/25	Change
Whole Area	77,694.3	78,257.8	0.7%
Wimbledon & Putney Common Conservators	11,761.2	11,782.4	0.2%

**PROVISIONAL LOCAL GOVERNMENT FINANCE SETTLEMENT 2024/25**Background

The Chancellor of the Exchequer published an Autumn Statement 2024/25 on 22 November 2023. The Office for Budget Responsibility (OBR) also published its November 2023 Economic and Fiscal Outlook on the same day. The figures included in these documents underlie the allocations to local authorities announced in the Provisional Local Government Finance Settlement 2024/25 on 18 December 2023. Details on the Provisional Local Government Finance Settlement 2024/25 are provided in this Appendix.

Overview of the Provisional Local Government Settlement 2024/25

Details of the provisional Local Government Settlement were published on 18 December 2023. Unfortunately it is only a one-year settlement so it does not facilitate long-term planning.

This is a summary of the main details included in the Provisional Settlement, with particular emphasis on the implications for Merton.

**1. Provisional Local Government Settlement****1.1 Settlement Funding Assessment (SFA)**

This section sets out the main details included in the Provisional Settlement and assesses the implications for Merton's finances as set out in the Medium Term Financial Strategy (MTFS).

The Settlement outlined core funding allocations (Settlement Funding Assessment)

The Settlement Funding Assessment is the total of Revenue Support Grant (RSG) and Baseline Funding (BF) from Business Rates. There has been an increase of 5.2% in SFA nationally in 2024/25. Details of changes in SFA for England, London boroughs and in Merton are summarised in the following table:-

	2020/21 Final £m	2021/22 Final £m	2022/23 Final £m	2023/24 Final £m	2024/25 Final £m
Merton (£m)	41.120	41.148	41.311	43.415	45.727
Annual % Change		0.1%	0.4%	5.1%	5.3%
Cumulative % change		0.1%	0.5%	5.6%	11.2%
England (£m)	16,208.5	16,206.7	16,348.2	17,144.8	18,039.4
Annual % Change		0.0%	0.9%	4.9%	5.2%
Cumulative % change		0.0%	0.9%	5.8%	11.3%
London Boroughs (£m)	2,757.7	2,760.7	2,777.7	2,931.6	3,086.5
Annual % Change		0.1%	0.6%	5.5%	5.3%
Cumulative % change		0.1%	0.7%	6.3%	11.9%

The Provisional Settlement broadly reflects the details set out in the Autumn Statement 2023 The main details are:-

- a) Settlement Funding Assessment (RSG + Business Rates) allocations have increased by 5.2% nationally and by 5.3% in London. The details for Merton are:-

MERTON	2023-24 £m	2024-25 £m	Change £m	Change %
Settlement Funding Assessment	43.415	45.727	2.312	5.3
of which:				
Revenue Support Grant (RSG)	6.108	6.513		
Baseline Funding Level (BFL)	37.307	39.214		
	43.415	45.727		
(Tariff)/Top-Up (Included in BFL)	6.679	6.997		

## 1.2 Core Spending Power

Core Spending Power is the Government's measure of the resources available to local authorities to fund service delivery.

Core Spending Power in 2024-25 is made up of:

- Settlement Funding Assessment
- Estimated Council Tax Requirement excluding Parish Precepts
- Compensation via Section 31 grant for under-indexing the business rates multiplier
- Additional Council Tax revenue from referendum principle for social care
- Potential additional Council Tax revenue from referendum principle for all districts.
- Improved Better Care Fund inc. Winter Pressures Grant
- New Homes Bonus;
- Rural Services Delivery Grant
- Social Care Grant rolling in previous allocations of the Independent Living fund
- Funding Guarantee grant - it ensures all local authorities receive a minimum 3% Core Spending Power increase from 2023-24
- Adult Social Care Market Sustainability and Improvement Fund
- Adult Social Care Discharge Fund
- Services Grant to support all services delivered by councils

As Core Spending Power includes a number of assumptions, this is unlikely to be an accurate reflection of the actual resources available to local authorities. In particular it assumes:-

- All authorities that are eligible raise the social care precept to its maximum of 2% in 2024-25

- All authorities increase overall council tax by the maximum amount (5% in 2024-25, comprising 3% general and 2% ASC council tax)
- Tax base increases in 2024-25 at the same average rate for each authority as between 2019-20 to 2023-24
- New Homes Bonus allocations are based on a share of total national NHB of £291m.

In England the level of assumed spending power will increase by £3.9 bn (6.5%) in 2024-25 . In London boroughs the assumed increase is £563.7m (6.4%) in 2024-25

Core Spending Power	2020/21 Final	2021/22 Final	2022/23 Final	2023/24 Final	2024/25 Provisional	2024/25 Change
	£m	£m	£m	£m	£m	%
England	49,337.0	50,718.3	54,647.4	60,196.7	64,099.8	6.5
London Boroughs	7,257.4	7,440.7	7,977.7	8,805.5	9,369.2	6.4
Merton	150.8	153.7	165.7	184.0	194.8	5.8

A summary of Merton's assumed Core Spending Power from 2020/21 to 2024/25 is included in the following table:-

#### Detailed Breakdown of Core Spending Power – Merton

	Final	Final	Final	Final	Provisional	Annual Change (23-24 to 24-25)	Cumulative Change (20-21 to 24-25)
	2020/21	2021/22	2022/23	2023/24	2024/25		
	£m	£m	£m	£m	£m	%	%
Council Tax	97.386	99.862	104.984	113.055	119.779	5.9%	23.0%
SFA	41.12	41.148	41.311	43.415	45.727	5.3%	11.2%
S.31 grant Compensation for business rates	1.441	1.874	3.675	6.355	7.238	13.9%	402.3%
Improved Better Care Fund	4.862	4.862	5.01	5.01	5.01	0.0%	3.0%
New Homes Bonus	1.438	0.612	0.482	0.732	0.152	-79.2%	-89.4%
Social Care Grant	4.058	4.466	6.282	10.43	12.189	16.9%	200.4%
Market Sustainability and Fair Cost of Care Fund	0	0	0.505	0	0	-100.0%	-
ASC Market Sustainability and Improvement Fund	0	0	0	1.751	3.272	86.9%	-
Lower Tier Services Grant	0	0.399	0.429	0	0	-100.0%	-
ASC Discharge Fund	0	0	0	0.702	1.171	66.8%	-
Services Grant	0	0	2.479	1.454	0.229	-84.3%	-
Grants rolled in	0.499	0.522	0.516	1.137	0	-100.0%	-100.0%
Funding Guarantee	0	0	0	0	0	-	-
<b>Core Spending Power</b>	<b>150.804</b>	<b>153.745</b>	<b>165.672</b>	<b>184.042</b>	<b>194.766</b>	<b>5.8%</b>	<b>29.2%</b>

### 1.3 Settlement Funding Assessment

One of the main changes to distributing core settlement resources in 2024-25 includes:

- Business Rates Retention: The small business rate multiplier will be frozen for 2024-25 at 49.9p while the standard multiplier will increase to 54.6p. Local authorities will be compensated for the shortfall in income for under indexation of the multiplier for the small business rate multiplier via the under-indexation section 31 grant.
- Revenue Support Grant: RSG will be increased in line with September CPI inflation (6.7%).
- Negative RSG: The Government will continue to eliminate negative RSG in 2024-25 (via adjustments to tariffs and top-ups rather than a separate grant).

### 1.4 Council tax referendum principles for principal local authorities

In terms of controlling the level of council tax increases that local authorities can set in 2024-25, without the need for a local referendum, the Government has decided that the core principles to be applied to authorities with social care responsibilities including London boroughs such as Merton are:-

- For 2024-25, the relevant basic amount of council tax is excessive if the authority's relevant basic amount of council tax for 2024-25 is 5% comprising 2% for expenditure on adult social care and 3% for other expenditure), or more than 5%, greater than its relevant basic amount of council tax for 2023-24.

Police and Crime Commissioners (PCCs) including the GLA charge for the Metropolitan Police will be allowed increases of £13.

### 1.5 GLA Council Tax Precept

The Mayor of London published his draft consolidated budget, capital spending plan and proposed council tax precept for 2024-25 on 19 December 2023 for consultation. The consultation on the budget proposals closes on Wednesday 10 January 2024.

The proposed 2024/25 Band D precept for council taxpayers in the 32 London boroughs is £471.40 – a £37.26 or 8.6% increase compared to 2023/24. This increase comprises £20 for TfL, £13 for the Met Police and £4.26 for the London Fire Brigade. This is in line with the maximum increase permitted under the GLA's referendum limit – which is a monetary one – confirmed in the provisional settlement on 18 December 2023. The provisional precept for council taxpayers in the City of London is £166.27 (an increase of £24.26 which excludes the £13 relating to the Met Police).

## 1.6 Business Rates

### 1.6.1 Business Rates Retention Compensation for under-indexing the business rates multiplier

The compensation for under-indexing of the business rates multiplier will increase nationally by £377m (17.1%) to £2.6bn in 2024-25, mainly due to the Government freezing the small business multiplier and extending the Retail, Hospitality and Leisure relief for 2024-25. For London boroughs, this grant will increase by £59m (up 15.2%) to £450m.

### 1.6.2 Business rates multipliers

The standard business rate multiplier will be increased by September CPI (6.7%) and the small business rate multiplier will be frozen.

### 1.6.3 Business rates pool

London Councils' Leaders' Committee agreed in September 2023 not to reconstitute the pan-London business rates pool for 2024- 25 as it was unlikely to provide any financial benefit.

### 1.6.4 NNDR1

Although the Provisional Settlement includes amounts for business rates and compensation for the under-indexing of the multiplier, these are based on the government's assumptions and may differ greatly from Merton's actual business rates profile.

The figures used in the Council's budget for 2024/25 will be based on the latest business rates information available for Merton which will be included in the government's NNDR1 Return which, as for all local authorities, has to be submitted by 31 January 2024.

The NNDR1 form for 2024/25 has now been received from Government.

## 1.7 Social Care Funding

### 1.7.1 Improved Better Care Fund

The Improved Better Care Fund (iBCF) will continue at the same level as in 2023/24 (£2.1bn), with London Boroughs receiving £346m (16.3%). The grant will continue to be required to be pooled as part of the Better Care Fund.

The MTFs assumes that this level of funding continues over the four year period. This is summarised in the following table:-

<b>Adult Social Care (iBCF)</b>	<b>2024/25 £000</b>	<b>2025/26 £000</b>	<b>2026/27 £000</b>	<b>2027/28 £000</b>
<b>Improved Better Care Fund</b>	<b>5.010</b>	<b>5.010</b>	<b>5.010</b>	<b>5.010</b>



### 1.7.2 Adult Social Care Discharge Grant

The Discharge Fund (originally introduced in the 2022 Autumn Statement) has been increased by £200m to £500m nationally. London will receive £81m. This is a new grant totalling £300m nationally and part of the £600m new funding announced in the Autumn statement 2022. The Discharge Funding grant is provided to upper tier authorities to ensure those people who need to draw on social care when they are discharged from hospital can leave as soon as possible. The Discharge Funding must be pooled as part of the Better Care Fund.

Merton's grant is:-

	2023/24 £000	2024/25 £000
<b>Adult Social Care Discharge Fund</b>	<b>702</b>	<b>1,171</b>

### 1.7.3 Adult Social Care Market Sustainability and Improvement Fund

A total of £1.1bn will be distributed for adult social care through the Market Sustainability and Improvement Fund, which includes £162m of Fair Cost of Care funding. It also includes £205m Market Sustainability and Improvement Fund - Workforce Funding, which was a two-year fund announced in July 2023, and will be rolled into the existing Market Sustainability and Improvement Fund. This is a £488m increase, and London will receive £162.6m from the Market Sustainability and Improvement Fund. As with the additional iBCF funding, there will be reporting requirements placed this grant.

	2023/24 £000	2024/25 £000
<b>ASC Market Sustainability and Improvement Fund</b>	<b>1,751</b>	<b>3,272</b>

### 1.7.4 Social Care Grant

The Social Care Grant is a grant provided to upper tier authorities for social care expenditure, on both adult and children's social care.

Social Care Grant will total £4.5bn in 2024-25: an increase of £0.692bn of which £114m will be distributed to London increasing its funding to £726m (16% of the total).

Social Care Grant is to be shared between Children's and Adults Social Care services on a basis determined at the discretion of each local authority.

The grant received up to 2023/24 has been allocated as follows:-

<b>Social Care Grant (cumulative)</b>	<b>2023/24</b>	<b>2024/25</b>
	<b>£000</b>	<b>£000</b>
<b>Children's allocation (in Base budget)</b>	<b>4,635</b>	<b>4,635</b>
<b>Adult's allocation (in Base budget)</b>	<b>1,647</b>	<b>1,647</b>
<b>Children's FYE previous growth</b>	<b>390</b>	<b>390</b>
<b>Children's new growth</b>	<b>545</b>	<b>545</b>
<b>Children's 2023/24</b>	<b>600</b>	<b>600</b>
<b>Adult's 2023/24</b>	<b>2,312</b>	<b>2,312</b>
<b>Replacement funding for Independent Living Fund</b>	<b>301</b>	<b>301</b>
<b>Allocation to be determined</b>		<b>1,759</b>
<b>Social Care Grant</b>	<b>10,430</b>	<b>12,189</b>

Potential demands on additional 2024/25 grant:

Childrens Social Care - Placements pressure £662k

ASC placements pressures due to LLW &NLW £490k

Balance £607k to be determined

1.8 Special and specific grants

The distribution of a number of grants was published alongside the Provisional Settlement. Within core spending power these include:-

- New Homes Bonus
- Services Grant
- Funding Guarantee
- Rural Services Delivery Grant (not applicable to London)

1.8.1 New Homes Bonus

The New Homes Bonus was introduced in 2011 and is a grant paid by central government to local councils to reflect and incentivise housing growth in their areas. It is based on the amount of extra Council Tax revenue raised for new-build homes, conversions and long-term empty homes brought back into use. There is also an extra payment for providing affordable homes.

The Government is proposing to roll over last year's policy on New Homes Bonus for a new round of payments in 2024-25, which will attract no new legacy payments as in 2023-24. The 2024-25 allocation totals £291m, funded through a top slice of Revenue Support Grant. The calculation methodology remains unchanged, with authorities needing to achieve tax base growth of greater than 0.4 per cent before they receive any New Homes Bonus funding.

Provisional New Homes Bonus allocations total £291m nationally (no change from 2023-24) and London borough provisional allocations total £50m.

Merton's allocation as announced in the Provisional settlement is:-

	<b>2023-24 £m</b>	<b>2024-25 £m</b>
<b>New homes bonus</b>		
Merton	0.732	0.152

### 1.8.2 Services Grant

This is intended to provide funding to all tiers of local government in recognition of the vital services delivered at every level of local government. This was intended to be a one-off grant in 2022-23 and nationally has reduced from £822m in 2022-23 to £464m in 2023-24 and down further to £77m for 2024-25. London boroughs will receive £14m (18%). It is assumed that, as for 2023-24, the grant will not be ring-fenced and conditions on reporting requirements will not be attached

Merton's allocation as announced in the Provisional settlement is:-

	<b>2023-24 £m</b>	<b>2024-25 £m</b>
<b>Services Grant</b>		
Merton	1.397	0.229

### 1.8.3 Funding Guarantee

This guarantee will ensure that all councils will see at least a 3% increase in their core spending power, adjusted for actual council tax take-up and base growth and their actual increase in CSP before any increases to council tax levels.

Seven London Boroughs are expected to receive funding via the funding guarantee in 2024-25 ( No London boroughs received this funding in 2023-24).

### 1.9 Finance Reforms

The Government postponed any plans to reform its assessment of need and resources or to reset the business rates retention scheme until the next parliament (i.e. 2025-26 at the earliest).

Additionally, the Government has launched a data collection exercise seeking to consult on the potential of using financial levers in future settlements to disincentivise the practice of implementing a four-day working week.

## 2. Schools funding

2.1 The allocations for the Dedicated Schools Grant (DSG) have been published for financial year 2024-25. The DSG continues to be funded via four blocks as previously: the schools block, the central schools block (CSSB), the high needs block and the early years block.

2.2 The DSG allocations for 2024 to 2025 are made up of:

1. the schools block is based on the primary units of funding (PUF), and secondary units of funding (SUF), and premises funding announced in October 2023 and growth funding
2. the central school services block (CSSB) is based on the units of funding and total historic commitments funding announced in July 2023
3. the high needs block is based on the allocations announced in July 2023 with the basic entitlement element of the national funding formula (NFF) updated for the number of pupils in the October 2023 school census
4. the early years block is based on the early years funding rates published in November 2023 and made up of items 5 to 12 below
5. funding for the universal 15 hours entitlement for all 3 and 4-year-olds
6. funding for the additional 15 hours for 3 and 4-year-old children of eligible working parents
7. funding for the 15 hours entitlement for disadvantaged 2-year-olds
8. funding for the 15 hours entitlement for 2-year-old children of eligible working parents
9. funding for the 15 hours entitlement for 9-month-old up to 2-year-old children of eligible working parents
10. funding for the early years pupil premium (EYPP) for 3 and 4-year-olds, 2-year-olds and under 2s
11. funding for the disability access fund (DAF) for 3 and 4-year-olds, 2-year-olds and under 2s
12. supplementary funding for maintained nursery schools (MNS) for 3 and 4-year-olds

Dedicated schools grant (DSG): 2024 to 2025 allocations local authority summary	2024 to 2025 DSG allocations, before recoupment and deductions for national non-domestic rates, and for direct funding of high needs places by Education and Skills Funding Agency (ESFA)				
	Schools block (£s)	Central school services block (£s)	High needs block (£s)	Early years block (£s)	Total DSG allocation (£s)
<b>315 Merton</b>	156,218,099	1,146,726	50,208,828	24,168,693	231,742,346

Dedicated schools grant (DSG): 2024 to 2025 allocations local authority summary	2024 to 2025 DSG allocations, after deductions for national non-domestic rates, and direct funding of high needs places by ESFA				
	Schools block (£s)	Central school services block allocation (£s)	High needs block allocation (£s)	Early years block (£s)	Total DSG allocation (£s)
<b>315 Merton</b>	155,994,834	1,146,726	49,988,828	24,168,693	231,299,081

2.3 A more detailed analysis of Schools Funding will be provided to Cabinet in February 2024.

### Summarised Transition from Council March 2023 to Cabinet 15 January 2024

<b>Budget Forecast 2024/25 to 2027/28</b>				
	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Budget Gap Council March 2023</b>	<b>0</b>	<b>2,296</b>	<b>3,836</b>	<b>13,534</b>
Inflation - Pay and Prices	5,210	5,083	5,287	5,653
Savings - New 2024/25	(2,099)	(3,038)	(3,348)	(3,735)
Transfer to services from corporate inflation and contingency budgets	4,659	4,659	4,659	4,659
External Borrowing Costs	(3,339)	(2,238)	(3,346)	(7,303)
C&H: Taxicard and Concessionary Fares	(905)	(1,610)	(2,039)	(3,115)
Proposed Growth - Services	4,363	6,684	6,727	6,765
Investment Income	(2,000)	(2,000)	(2,000)	(2,000)
Provision for Corporate Contract increases due to London Living Wage	(490)	(490)	(490)	(490)
Collection Fund - t/f of Ctax surplus(-)/deficit	(278)	0	0	0
Collection Fund - t/f of BRates surplus(-)/deficit	(1,667)	0	0	0
Council Tax income	(1,624)	(1,630)	(1,635)	(1,641)
Additional unringfenced grant	(381)	0	0	0
Reduced contribution to Reserves	(1,449)	(29)	0	0
<b>Cabinet 15 January 2024</b>	<b>0</b>	<b>7,686</b>	<b>7,651</b>	<b>12,327</b>

# Merton's Capital Strategy 2024-28



December 2023 – 2nd Draft (November 2023 Monitoring)

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## Delivering Building a Better Merton Together

Merton as a borough has a huge amount to offer those who live, work or visit here. It is one of the greenest boroughs in London and has plenty of parks, green spaces and rivers offering easy access to nature. It is extremely well connected to central London, as well as neighbouring boroughs and the Surrey Hills. Each year, 500,000 visitors come to our borough to enjoy the Wimbledon Championships, which have been held since 1877 at the All-England Club. Merton is also proud to be the home once more of AFC Wimbledon in the Plough Lane stadium.

We are a growing and diverse borough – Merton is home to 215,187 people, an increase of 7% over the last 10 years, and the population is made up of a broad range of ethnicities. One third of residents were born outside the UK and the most common languages spoken after English are Polish, Tamil, Portuguese and Urdu, which reflects the Polish, European, South American and Asian communities across Merton.

We have always strived for Merton to be a great place to raise a family. There is excellent support for children and young people and all our secondary schools are rated either good or outstanding. We are one of the safest boroughs in London, and we have worked hard to prevent homelessness and maintain the lowest number of households in temporary accommodation of all London's boroughs. However, we know there is more to do to meet the expectations of our residents and make Merton a better place to live for everyone.

If we want to achieve the goal of building pride in Merton, this must be truly felt and experienced by all communities across the borough. Parts of Merton have higher levels of overcrowding, poorer health, deprivation and poverty and a greater proportion of lower-income households that are more affected by the cost-of-living emergency. We will target our delivery to address these disparities and to make sure that investment, support, and action goes to the right places and makes a difference.

We have shown that we work best when we work together and that will become even more important in the years ahead. The council cannot achieve these ambitions alone but will need to work closely and collaboratively with communities, businesses, and partners on a local and London-wide level to build a better Merton together.



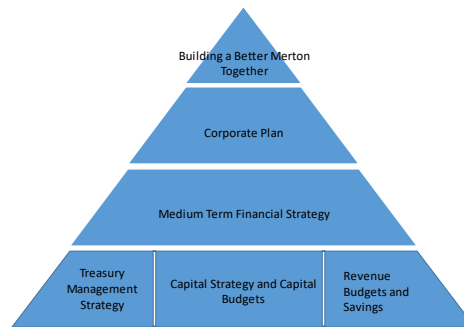
Councillor Ross Garrod, Leader, Merton Council



Councillor Billy Christie, Lead Member Finance & Corporate Services

## Strategic Planning Framework

The Capital Strategy is an integral part of the Council’s Strategic and Financial Planning Framework:



The Corporate Plan is specific to Merton Council and sets out the council’s vision and ambitions for improvement over the next four years and how this will be achieved. Corporate Planning and financial planning frameworks are closely aligned and integrated.

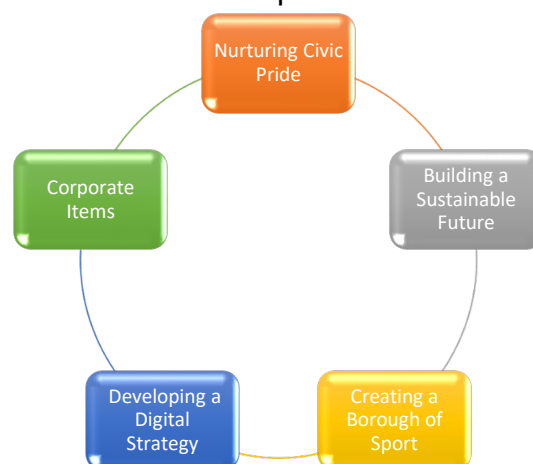
The Medium Term Financial Strategy (MTFS) is a 4 year plan which sets out our commitment to provide services that meet the needs of people locally, and represents good value for money. It links our council vision and priorities with forecasted resources and budgets. This shows how our finances will be structured and managed to ensure they support our priorities, and those of our partners. It incorporates the medium term impact on rate payers of activity within both the Capital Strategy and the Treasury Management Strategy.

Capital Strategy - The importance of having a meaningful and comprehensive Capital Strategy is recognized by the Chartered Institute of Public Finance and Accountancy’s (CIPFA) in both its Prudential Code (2021) and Capital Strategy Guidance. It provides a high level overview of how capital expenditure, capital financing and treasury management activity contributes to the provision of services, along with an overview of how associated risk is managed and what the implications might be for future financial sustainability.

Treasury Management Strategy (TMS) summarises the management of the council’s cash flows, its banking, money market and capital market transactions and the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks.

## Strategic Themes

The Corporate Plan sets out the key themes, for analysing the capital programme two further areas have been added modernisation themes and corporate items:



Underneath these five Themes sit a set of priorities which we would work with our partners to develop and deliver on. As a Council we continue to respond to these challenges making sure we position ourselves to recover as quickly as possible from its effects. Strong financial management is at the heart of the Capital Strategy enabling it to play a key role in the Council's response.

### Capital Strategy

The Council recognises the vital contribution its Capital Strategy plays in the economic growth of the borough. The significant and strategically planned investment shows that Merton is an ambitious borough looking to invest in improvements of placemaking to create an economic resilience which allows both local business and communities to thrive. It also welcomes the opportunity to work with the private sector to deliver its priorities and for the private sector to see Merton as a place it wants to invest in. The Council recognises that it needs to leverage private investment to create a resilient local economy and deliver the best outcomes for residents and businesses.

In developing the Capital Strategy, clear linkages have also been identified with not only the Corporate Plan, MTFs and TMS but departmental service and commissioning plans beneath this. It reflects the capital investment implications of the approved objectives of those plans, which themselves reflect the council's proposals set out in service based strategies such as the Primary Places Strategy, Local Implementation Plan (Transport), and Asset Management Plans.



## Evidence of Need

Merton is an outer London borough with a current population in 2021 of 215,187 (source census 2021), projected to increase to 218,005 in 2040 (GLA Estimates).

Over the next 20 years it is projected that the number of residents aged over 65 across Merton as a percentage of the population will increase from 12.9% to 19.2%. The population aged 85 and over is projected to increase by an even greater proportion, 52% (BPO March 2021). Local research supports the increasing need identified in the London Plan for housing designed for older people, including sheltered and extra-care.

The Local Plan sets out that the council will plan for 11,732 new homes over the 15 year plan period from 2021 to 2036. Delivery of this housing is required to meet the needs of the increase in population and growth; projected to be an overall increase of approximately 16,600 people.

The Infrastructure Delivery Plan identifies the anticipated strategic requirements for the provision of a range of different infrastructure types across the borough. These include transport, health, education, green and blue infrastructure, sport and leisure, community, utilities, climate change, economic development and emergency services.

The council must ensure that the necessary infrastructure required to support new residential and commercial development throughout the borough can be delivered at the right time, therefore addressing any existing shortfalls in provision.

We have co-designed a methodology with our partners to improve how we work with our local communities and use local, council and partner assets and resources. This work was undertaken with Collaborate CIC, one of the leaders in the field of collaboratively designed public services and produced 'Working Better with Communities' framework. This model takes what we learned from how we worked differently with partners during the pandemic, feedback from community groups and best practice from Merton and elsewhere to offer a guide to how we can work differently with communities.

The commissioning of our new multi-million-pound Civic Pride Fund: Supporting the Voluntary and Community Sector has provided a valuable opportunity to put this framework into practice. The fund invests in social infrastructure at a neighbourhood level and supports our voluntary groups.



Health and Wellbeing - Merton Health and Wellbeing Strategy 2019-2024 focuses on the influence that the wider determinants – the air we breathe, our schools, workplaces, homes, food, transport and relationships with friends and family – have on our health. This is in line with the report on Health Equity in England: Marmot Review 10 Years On published in 2020, and is focused on tackling health inequalities so that all residents can: Start Well, Live Well and Age Well in a Healthy Place.

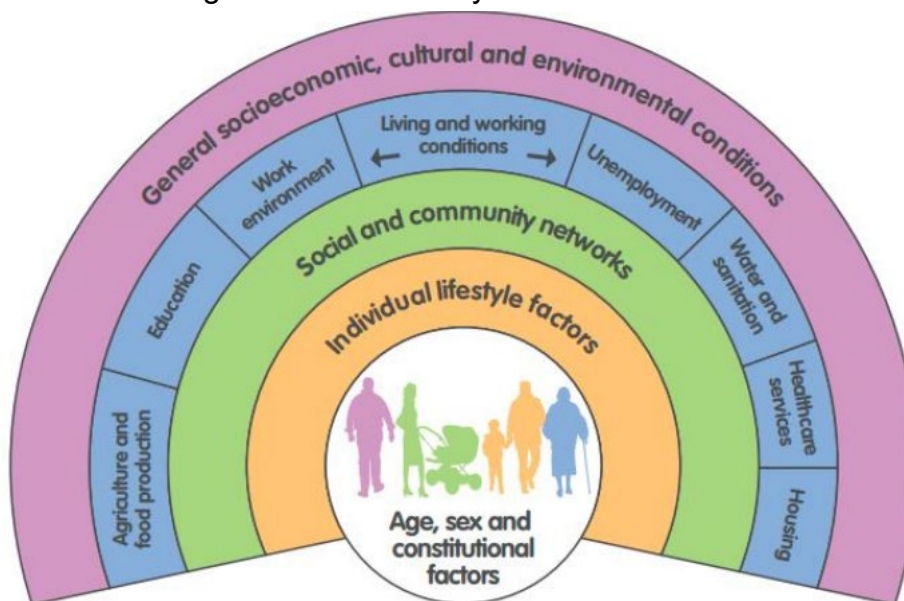


Diagram 1 – Wider determinants of health

Source: Dahlgren & Whitehead, 1991

*The Merton Story (2022/23) is Merton's Joint Strategic Needs Assessment (JSNA), which sets out the population health and wellbeing needs for the Health and Wellbeing Board. It identifies the following key themes and challenges:*

- Start well priorities: 1) Emotional health and wellbeing for Children and Young People; 2) Integrated children's services and 3) Developing pathways into adulthood
- Live well priorities: 4) East Merton model of health and wellbeing, 5) Diabetes, 6) Primary care at scale, 7) Primary mental healthcare
- Age well priority: 8) Integrated health and social care

*The plan focused on the collaborative action that communities, health, social care and the voluntary sector could take together to deliver quality health and care services that support local people.*

*The Merton Story identifies that the main causes of ill health and premature deaths in Merton are cancer and circulatory disease such as coronary heart disease and stroke. Unhealthy behaviours, such as smoking, lack of physical activity, an unhealthy diet and using drugs and alcohol, can all contribute to these types of deaths. The Health and Wellbeing Strategy aims to make healthy choices easier and more preferred, particularly for people in areas with lower socio-economic conditions.*

*The mental health of residents is just as important as their physical wellbeing. Public Health England figures indicate that in 2017, it was estimated that 25,300 adults in Merton were suffering depression and anxiety. While this is lower than the London and England average, it suggests that not all adults who experience mental health issues visit a GP.*

*The number of people in Merton with dementia is predicted to increase from 2,050 to 3,300 by 2035. The new Local Plan policies incorporate how dementia-friendly design through housing, transport and public realm can help to make communities more dementia-friendly.*

### Projections

*The London Healthy Urban Development Unit (HUDU) has provided a spatial analysis of the population projections for Merton, to illustrate the interactions between the different types of health services in the borough and how the changes in future population may impact on these services:*

- *Overall healthcare provision; health centres, primary care networks, GPs and hospitals;*
- *Primary care floorspace;*
- *Mental health care floorspace; and*
- *Acute health care floorspace.*

*A new Merton Borough Health and Care Estates Strategy 2021 (MBES) has been prepared in partnership with Merton Borough Estates Group. The MBES reviews the needs of local health providers against the borough's housing and population growth and supports the delivery of Merton's Local Health and Care Plans. The MBES also takes into account some of the implications of Covid-19 on the healthcare system, although it is acknowledged that this is ongoing work and further information may be provided to the council as it comes forward.*

*Merton is unique to its neighbouring boroughs as there is no acute hospital within the borough. This results in residents travelling to the most convenient hospital close to where they live, either St George's University Hospital in Wandsworth, Epsom and St Helier Hospital in Sutton or Kingston Hospital in Kingston. The MBES 2021 identifies the key healthcare needs for the borough, setting out the areas and the projects that are considered to be a priority in meeting the health needs of the Merton population.*



## Strategic Theme 1 - Nurturing Civic Pride

Civic pride is about the relationship that people and communities have with a place – not only their physical surroundings but also their feelings of identity and belonging. By nurturing civic pride, we want people to be proud of their local area, feel more connected to their community, and get more involved in making Merton a great place to live, work and visit. That means getting the basics right so that all residents across the borough can benefit from cleaner streets, vibrant high streets, good schools, and safe neighbourhoods. It is also about everyone taking pride in their borough, which means becoming a fairer, more equal and inclusive place.

There are 8 established priorities in this area which detailed below, capital investment is being utilised to deliver them where necessary

1. **We will put residents at the heart of everything we do, and be responsive and resident-centric in our approach to customer service, communication, and engagement**
2. **Residents, businesses and visitors will enjoy clean, safe and welcoming places across the borough** - the proposed capital programme includes £6 million investment in a new waste transfer station and £15 million for the replacement of the bulk of the waste and cleansing fleet with a carbon neutral alternative.
3. **Existing businesses are supported, and new businesses, talent and investment will be attracted to the borough** - the proposed programme provides £4 million match funding for Morden town centre regeneration.
4. **More residents will be able to access secure and well-paid employment in a local economy that is fairer and more inclusive** - the approved programme 2024-28 contains £10.2 million of regeneration schemes spread throughout the borough.
5. **Merton will be a thriving place for voluntary and community organisations where giving back is valued and encouraged**
6. **Fantastic educational provision and support gives children the best start and equips residents of all ages with the skills and qualifications to succeed** – the approved capital programme 2024-28 includes £26 million for the expansion of Special Educational Needs Places in the borough.
7. **Residents across Merton will be supported through the cost-of-living emergency**
8. **We will continue to embrace diversity across the Borough**

## Strategic Theme 2 - Building a Sustainable Future

Working towards a greener, more sustainable, and resilient future for the borough means better housing, action on climate change, and support for the health and wellbeing of our communities. Accelerating the supply of affordable and sustainable homes is a top priority for the council. Alongside this priority, we will push for better standards in private and social housing and work with Integrated Care partners to make sure that local health provision meets the needs of communities across Merton.

There are 7 established priorities in this area which detailed below, capital investment is being utilised to deliver them where necessary:

1. **New developments deliver more affordable housing and exhibit design excellence -** Like other London boroughs, Merton faces a housing crisis with increasing numbers of households in temporary accommodation and too many people living with high housing costs and poor-quality accommodation. The approved capital programme 2024-28 includes £28 million for the provision of affordable housing and £9.8 million for the provision of learning disability housing
2. **A borough where residents can live in good quality housing**
3. **Our environment and parks will be protected, restored, and well managed -** the approved capital programme 2022-28 includes £3.5 million for Parks and Trees Funding.
4. **The council will aim to reach net zero by 2030**
5. **Take-up of alternative and sustainable modes of transport increases**
6. **Air quality across the borough will improve**
7. **Equal access to local health services in Merton -** the Authority will be looking to utilise grant funding to develop the electric vehicle infrastructure within the borough.



### Strategic Theme 3 - Creating a Borough of Sport

As the home of the Wimbledon Tennis Championships, AFC Wimbledon, the oldest cricket club in the world, and a rugby club that was one of the founding members of the RFU, our borough has a great sporting heritage on which to build. Today, we have an array of parks, tennis courts, sports pitches, leisure centres and a wealth of grassroots clubs and sporting organisations.

We are perfectly placed to establish Merton as a borough of sport and promote healthy, active lives for all our residents. Increasing participation in sport and exercise not only supports better health and wellbeing but can also bring wider social benefits such as greater connectedness and engage young people. By supporting residents of all ages to be active and incorporate more movement into their lives, we can help people to lead more healthier lives and become more independent, particularly those who are older or disabled.



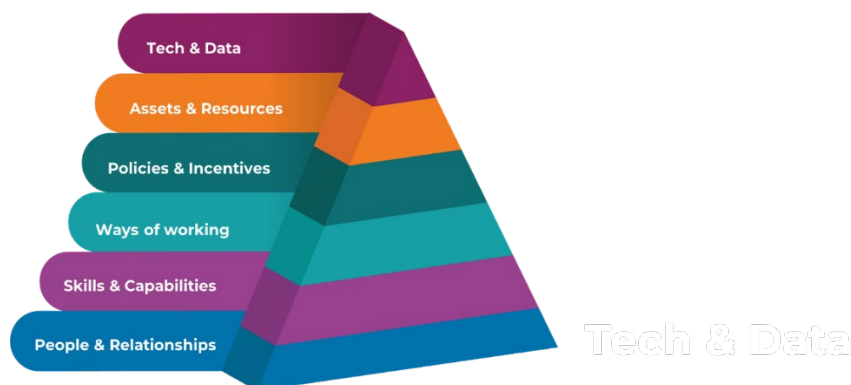
There are four established priorities in this area which detailed below, capital investment is being utilised to deliver them where necessary

1. **Merton's sporting heritage will receive national recognition Increasing participation in sport and physical activity amongst all residents**
2. **All 4- to 16-year-olds and over 65s will have access to weekly sporting and wellbeing activities** - The approved capital programme includes just under £10 million investment in sports and green spaces.
3. **More residents will take part in sport and physical activities**
4. **Investment in sporting infrastructure and promoting healthy activities**

### Developing a Digital Strategy (4)

Our vision is to develop inclusive, connected and engaged communities and develop digitally-optimised and innovate services. Digital strategy focuses on using innovation, data and technology to improve business performance by improved utilisation of the resources and capabilities available to it. Compiling and implementing this strategy is a key priority for the organisation.

#### Hierarchy of Public Sector Innovation



By empowering our staff with the capabilities needed in the digital-era, we can, in turn, help our less confident residents benefit from digital services and technologies.

Our priority is to improve people's lives and we can only do this if we ensure our services are designed with people's needs truly at their heart. Tackling digital exclusion and ensuring our residents have the tools, skills, and technology to participate in today's society. Providing fast, reliable internet availability throughout the Borough, and the skills to enable our residents to use it.

We recognise that redesigning or building new services requires the collaborative efforts of people across the organisation and out in our communities, and that our data holds valuable information which isn't always immediately visible. By working collaboratively, sharing data appropriately and engaging our communities, we can get the insights and understanding that we need in order to design services which improve people's lives.

The Authority will be reviewing business needs, determining required outcomes, developing a delivery plan and identifying the resources required to deliver those developments. A strategic engagement plan will need to be developed which includes engagement with both internal and external stakeholders. The newly established Transformation Team will manage the consultation and manage the impact across the organisation. The Table over the page provides a summary overview of the work to be undertaken.

## Digital Strategy

Services	Data & Insight	Workforce	Digital Inclusion	Technology Estate	Digital Place
User-centred digital services	Data usage	Recruitment and retention	Needs identification	Technology Governance	Smart City
Improve digital presence	IG & data ethics	Agile working methods	Digital inclusion for staff	Interoperability and data access	Digital Economy
Service design capabilities	Data culture	Staff training in digital and data methods	Digital inclusion for residents	Procurement	Digital Infrastructure
Digital democracy	Data quality	Tools for staff	Local Partnerships	Cyber security	
Emerging tools and practice	Advanced data methods	Effective hybrid working		Emerging Tech	

Residents have told us they want to be involved in decisions that affect the things that matter most to them, such as their high streets, parks and local services. They want to maintain and build on the community spirit that saw us through the pandemic where thousands of residents, businesses and local organisations helped support some of our most vulnerable residents. We want to harness this collaborative spirit to work with residents, businesses and local organisations and build a better Merton together.

Our new Community Engagement strategy will change our approach to engaging with residents and enable us to engage more directly. We will be expanding the use of new and existing digital channels to engage with residents on a regular basis and seek their views on a range of topics. We will also bring in new ways for residents to talk with us and each other, including an annual Question Time for the Leader and Cabinet in each town centre and more support for community groups that hold consultations with residents.

### Corporate Items (5)

The authority retains three corporate budgets to maximise its flexibility and agility these are:

1. Acquisitions Budget £2.0 million for the purchase of land and buildings to aid the delivery of capital schemes
2. Capital Bidding Fund £1.0 million to provide match funding to lever in external funding for capital schemes
3. Capital Contingency £1.7 million to offset funding shortfalls in capital schemes



## Climate Emergency

On 10th July 2019, Merton Council passed a motion to declare a Climate Emergency and set an ambitious carbon reduction target to make the London Borough of Merton carbon neutral by 2050. In order to lead by example, Merton Council has also set a target to decarbonise its own buildings and services by 2030

The capital investment required to achieve the carbon reduction target can be divided into four main areas:

1. Buildings – the number of operational buildings needs to be rationalised, and the Authority needs to invest in the remaining buildings to make them carbon neutral – surveys are currently being undertaken on Merton owned property the results will inform the rationalisation process
2. Vehicles – the approved capital programme includes £15 million to decarbonise the waste and street cleansing fleet – and officer are reviewing the options for decarbonisation the whole fleet including the required infrastructure
3. Infrastructure – will consider the changes required to the infrastructure for the devised decarbonisation programme in 1 and 2 above.
4. Other Items not covered in the items above – the approved capital programme includes two small schemes related to climate change for £504k (Community Retrofit Loan £254k and Business Retrofit Support £250k)



## External and Partner Influences

The Council's capital investment plans are influenced by a number of external parties and factors: central government and its agencies, legislation requiring capital works, partner organisations, businesses developers and by the needs and views of other interested parties, particularly those of Borough residents

Government sponsored initiatives and programmes will influence the projects which the Council will include in its capital investment plans. In particular, its Housing Investment Programme in which the Council participates with regard to Disabled Facilities Grants, this is a major area of investment where the majority of funding is provided by Government.

Transport for London works closely with all London boroughs and community groups to integrate transport planning and operations across the Capital. This results in the provision of ring-fenced funding for work to be undertaken by Merton.

The Authority is working closely with the Department of Education to deliver plans to reduce and contain the increasing revenue pressure from independent sector SEN placements, this is resulting in the provision of additional SEN places within the capital programme.

Where required by legislation to carry out works of a capital nature, such as to comply with the Disablement Disability Act or Health and Safety requirements, or anti-pollution regulations, the Council will consider the most effective way to discharge its obligations and appropriate provision will be made in its Capital Programme once it has determined the necessary work and what can be capitalised.

The Council works with a wide range of partners from the public, private, voluntary and community sectors, all of which have an influence over its spending priorities. Wherever possible the Council will seek to work in partnership with others to deliver its capital investment programme in order to provide facilities which meet its own and partners' needs. When working with the private sector, the objective will be to maximise the benefits to the Council and the community from any projects, both in terms of outputs and in relation to obtaining funding for the project.

Regard will be given to the Council's obligations under Disabled Access requirements in putting forward proposals for capital investment and in the design of any facilities which are proposed. Wherever possible the principles of financial and environmental sustainability will be incorporated into any capital projects.



## Property as a Corporate Resource

The Asset Management Strategy provides the overarching aims and framework for managing the Council's property portfolio within the context of the council's corporate priorities.

The Council also works closely with a wide range of partners, such as the health sector, police and education services. The Property Strategy acknowledges the importance of joint working with these organisations and the need to be consistent with the Community Plan and planning framework.

The Council's aim is to maximise the contribution of property assets to the delivery of the councils objectives, with the flexibility to continually adapt to changing demands.

The Financial Aims are to:

- Maximise capital receipts.
- Maximise revenue income.
- Reduce revenue cost.
- Reduce capital expenditure.

The Service aims are to:

- Minimise the amount of office accommodation.
- Improve quality and suitability of property assets.
- Match property to approved service requirements.

It ensures that its properties are fit for purpose by making proper provision and action for maintenance and repair. The organisation makes investment and disposal decisions based on thorough option appraisal. The capital programme gives priority to potential capital projects based on a formal objective approval process.

Whole life project costing is used at the design stage for significant projects where appropriate, incorporating future periodic capital replacement costs, projected maintenance and decommissioning costs.

The Asset Management Plan/Strategy is being reviewed and will include greater emphasis on the use of the council's property assets to support the council's Transformation Programme, regeneration and increased income/revenue generation.

The Authority use the CIPFA Fixed Asset IT System to manage, maintain and account for its fixed assets, Property Management, Facilities Management and Capital Finance utilise the system.

Under the requirements of the Localism Act 2011 parish councils and local voluntary and community organisations have the right to nominate local land or buildings they would like to see included in a list of assets of community value which is maintained by the Local Authority. Once listed the owner must allow community interest groups up to six months to make an offer before the property can be sold to another. It is envisaged that this may lengthen the disposal time for some properties if they are listed as assets of community value by the council.

## Capital Investment Mapping

The Authority has the following identified priorities:

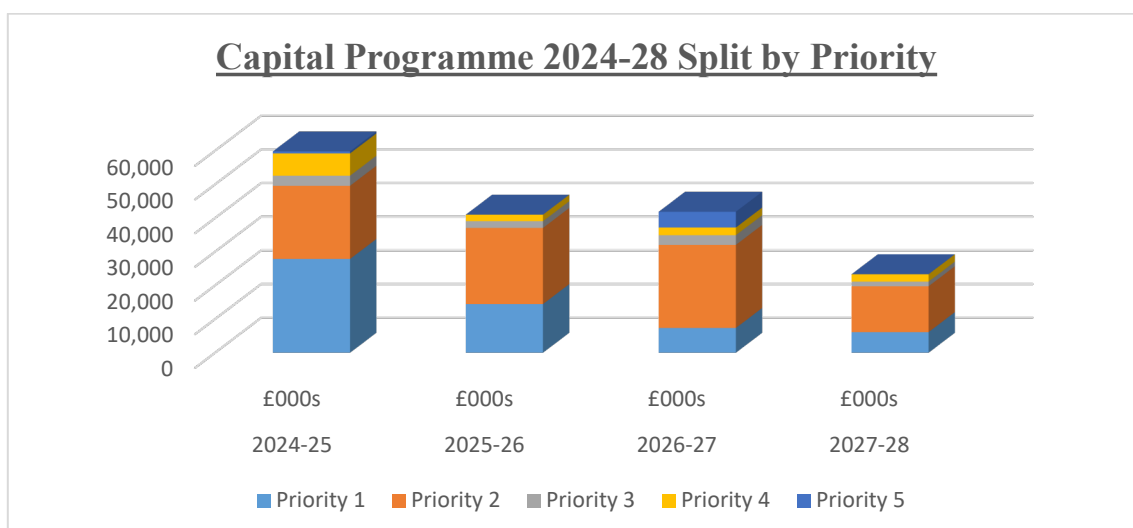
1. Nurturing Civic Pride – is about the relationship that people and communities have with a place this includes their physical surroundings and feelings of identity and belonging.
2. Building a Sustainable Future - Working towards a greener, more sustainable, and resilient future for the borough means better housing, action on climate change and supporting the health and wellbeing of our local communities.
3. Creating a Borough of Sport - From internationally renowned organisations like the All-England Club to grassroots clubs and organisations like Tooting and Mitcham FC, we want to strengthen our partnerships with sports clubs, organisations and businesses across the borough and promote increased participation in sports and activity.
4. Digital Strategy - To develop inclusive, connected and engaged communities and develop digitally-optimised and innovate.
5. Corporate Budgets

The table analyses the priority information contained in Annex 3, showing the investment in each priority:

**Capital Programme 2024-28 Split by Priority**

Priority	2024-25	2025-26	2026-27	2027-28
	£000s	£000s	£000s	£000s
1	27,848	14,454	7,355	6,130
2	21,738	22,612	24,677	13,613
3	2,987	2,000	2,880	1,380
4	6,613	1,930	2,275	2,180
5	600	0	4,681	0
<b>Total</b>	<b>59,786</b>	<b>40,996</b>	<b>41,868</b>	<b>23,303</b>

The chart below reflects this budget over the five strategic priorities of the organisation:



# The Detail ...

## Capital Investment Planning

### Capital resources 2024-28

Capital expenditure is funded from a variety of sources:-

- Grants which are not ring-fenced to be spent on a specific project or service
- Specific grants - earmarked for a specific project or purpose
- Capital receipts from the disposal of surplus and under-utilised land and property and repayment of principal
- Other contributions such as Section 106/CIL
- Council Funding – through revenue funding, use of reserves or borrowing.

### Capital receipts

Capital receipts generated from the disposal of surplus and under-utilised land, property and other assets are a major source of funding and the potential available capital resources are under constant review and revision. The forecast of capital receipts included in this report are based on a forecast of planned land and property disposals. In addition, after the transfer of the housing stock to Merton Priory Homes, the council continues to receive a share of the receipts from Right to Buy applications and through future sharing arrangements, receipts from the sales of void properties, sales of development land and VAT saving on expenditure on stock enhancements.

### Projected Capital Receipts

Much of the anticipated capital receipts are as a result of the VAT shelter agreement entered into with Merton Priory Homes as part of the housing stock transfer. There are current proposals for some of the properties under this agreement to be redeveloped which could result in a reduction in receipts from the VAT shelter agreement (ends in the financial year 2024/25), however a Development and Disposals Clawback Agreement was entered into as part of the same transfer and this could result in a significant capital receipt should these development plans go ahead.

The following table represents an estimate of an anticipated cash flow and therefore these future capital receipts have been utilised to fund the capital programme:-

<b>Anticipated Capital Receipts</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Sale of Assets	0	0	0	0
Right to buy/VAT Shelter*	1,059	545	0	0
<b>Total</b>	<b>1,059</b>	<b>545</b>	<b>0</b>	<b>0</b>

\* Umbrella VAT agreement with Clarion ceases March 2025

As there is currently no need to enter into external borrowing, investment balances will rise with the addition of capital receipts until utilised to fund the capital programme. Average expected interest rates on investments across the years of the capital programme are approximately 2.8%, as such an increase in receipts of £1m would be expected to generate a £28,000 increase in interest in a full year.



## Grant Funding

The Table below summarises the allocated grants being utilised to fund the budgeted proposed capital programme over the planning period:

Grants	2023/24	2024/25	2025/26	2026/27	2027/28
	£000s	£000s	£000s	£000s	£000s
Transport for London LIP/Department for Transport (earmarked) Capital	1,659	0	0	0	0
ORCS Grant	425	0	0	0	0
Digital Maker Space	73	0	0	0	0
LibraryOn	25				
GLA Grant for New Green Flag Parks	12				
<b>TOTAL: E,CP&amp;C</b>	<b>2,194</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
School Condition 2022-23 (semi-ringfenced)	1,044	0	0	0	0
School Condition 2023-24 (semi-ringfenced)	1,994	387	0	0	0
Estimated School Condition Future Years (semi-ringfenced)*	0	2,500	2,500	2,500	2,500
High Needs (ringfenced)	1,620	9,308	0	0	0
Estimated High Needs (ringfenced)	0	0	0	0	0
Family Hubs	10	187	0	0	0
Devolved Formula Capital (Earmarked)	353	TBA	TBA	TBA	TBA
Childcare Expansion	0	312.985	0	0	0
Sixth Form Expansion Grant	0	3,236	0	0	0
<b>TOTAL: C,LL&amp;F</b>	<b>5,021</b>	<b>15,931</b>	<b>2,500</b>	<b>2,500</b>	<b>2,500</b>
Salix Grant	1,100	2,037	0	0	0
Agran Resettlement/Homelessness	2,480	0	0	0	0
Disabled Facilities Grant Allocation 2021-22	880	512	0	0	0
Disabled Facilities Grant Allocation 2022-23 Onwards	0	315	827	310	0
Disabled Facilities Grant Allocation 2023-24 Onwards				517	827
Grant for the Demolition of Farm Rd Church	130	0	0	0	0
GLA Affordable Housing Grant			4,950	9,000	
<b>TOTAL: H&amp;SD</b>	<b>4,590</b>	<b>2,864</b>	<b>5,777</b>	<b>9,827</b>	<b>827</b>
<b>TOTAL GRANT FUNDING</b>	<b>11,804</b>	<b>18,794</b>	<b>8,277</b>	<b>12,327</b>	<b>3,327</b>



## Contributions

The Table below summarises the budgeted contributions being utilised to fund the proposed capital programme over the planning period:

Capital Contributions	2023/24	2024/25	2025/26	2026/27	2027/28
	£000s	£000s	£000s	£000s	£000s
Strategic Community Infrastructure Levy	5,229	7,934	8,274	3,700	800
Neighbourhood Community Infrastructure Levy	1,165	350	0	0	0
Section 106 Agreements	242	4,522	1,728	0	0
Hercules	15	0	0	0	0
Friendship Clubs	25	0	0	0	0
Lawn Tennis Association	709	0	0	0	0
South London Partnership	417	0	0	0	0
School Contributions	397	314	0	0	0
Clarion Contributions to fund CPOs	0	3,058	0	0	0
<b>Total Used to Fund the Programme</b>	<b>8,198</b>	<b>16,178</b>	<b>10,002</b>	<b>3,700</b>	<b>800</b>

In accordance with the Community Infrastructure Levy (CIL) Regulations the Authority is required to provide an Annual Infrastructure Funding Statement which provides analysis of income and expenditure in relation to CIL and Section 106

It is envisaged that the budgeted capital programme will slip, the table below shows the expected outturn position and the summary funding position. Balances held by the authority will generate interest until utilised to fund the capital programme (detail in Annex 2).

Capital Expenditure	2023/24 Estimate £000's	2024/25 Estimate £000's	2025/26 Estimate £000's	2026/27 Estimate £000's	2027/28 Estimate £000's
Capital Expenditure	33,917	59,786	40,996	41,868	23,303
Slippage and Underspends	(9,444)	(24,393)	(13,237)	(11,230)	8,171
Total Capital Expenditure *	24,473	35,392	27,759	30,638	31,473
<b>Financed by:</b>					
Capital Receipts *	1,059	479	33	17	10
Capital Grants & Contributions	15,479	25,418	18,270	15,472	11,746
Revenue Provisions	768	680	842	687	163
<b>Net financing need for the year</b>	<b>7,167</b>	<b>8,815</b>	<b>8,614</b>	<b>14,463</b>	<b>19,555</b>

\* Includes Multi-Function Devices finance lease

The total anticipated resourcing of the capital programme after allowing for slippage is summarised in the following table:-

	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s
Grant & Contributions *	25,418	18,270	15,472	11,746
Council Funding	9,974	9,488	15,167	19,728
<b>Total</b>	<b>35,392</b>	<b>27,759</b>	<b>30,638</b>	<b>31,473</b>

\* This table shows the grants and contributions applied to fund the programme after allowing for slippage.

## Impact of the Capital Programme on Revenue

The capital strategy recognises that the prudential framework provides the council with flexibility, subject to the constraints of the council's revenue budget. This flexible ability to borrow, either from internal cash resources or by external borrowing, coupled with the revised treatment of finance leases with effect from 1 April 2010, means that prudential borrowing is used for the acquisition of equipment, where it is prudent, affordable and sustainable. Since 2006/07 it has been possible to borrow from internal cash resources rather than external borrowing and it is forecast that this will continue to be the case until 2029/30. Over the period 2023-28 the Authority is scheduled to repay £18.2 million (16%) of long term debt. This will be kept under review as part of general Treasury Management.

The revenue effects of the capital programme are from capital financing charges and from additional revenue costs such as annual maintenance charges. The capital financing charges are made up of interest payable on loans to finance the expenditure and of principal repayments on those loans. The principal repayments commence in the year after the expenditure is incurred and are calculated by the application of the statutory Minimum Revenue Provision. The interest commences immediately the expenditure is incurred. The revenue effects of the capital programme are fully taken account of in the MTFS, with appropriate adjustments for slippage, timing of capital payments and the use of internal investment funds.

### Annual Minimum Revenue Provision (MRP) Statement

Under guidance from the Department for Communities and Local Government, authorities are required to prepare an annual statement on their policy on making MRP. This mirrors the existing requirements to report to the council on the Prudential borrowing limit and investment policy. The statement is set out in Section 3 of the Treasury Management Strategy.

The revenue effects of the capital programme are built into the MTFS and are summarised below:

MTFS March 2023	2023/24 £000s	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s
MRP	4,841	5,197	6,129	7,861	11,499
Interest on Borrowing	6,041	6,020	4,949	5,097	6,528
<b>Total Borrowing Costs</b>	<b>10,882</b>	<b>11,217</b>	<b>11,078</b>	<b>12,958</b>	<b>18,028</b>
Interest on Investments	(1,430)	(722)	(181)	0	0
CCLA Investment Two Loans @ £10m	(323)	(323)	(323)	(323)	(323)
<b>Total Borrowing Costs Net of Investment interest</b>	<b>9,129</b>	<b>10,172</b>	<b>10,574</b>	<b>12,635</b>	<b>17,705</b>

Proposed Programme Business Plan 2024-28	2023/24 £000s	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s
MRP	4,965	4,501	5,463	6,235	7,536
Interest on Borrowing	4,272	3,377	3,377	3,377	3,189
<b>Total Borrowing Costs</b>	<b>9,237</b>	<b>7,878</b>	<b>8,840</b>	<b>9,612</b>	<b>10,725</b>
Interest on Investments	(10,441)	(8,280)	(7,759)	(7,836)	(7,325)
CCLA Investment Two Loans @ £10m	(1,349)	(1,000)	(1,000)	(323)	(323)
<b>Total Borrowing Costs Net of Investment interest</b>	<b>(2,554)</b>	<b>(1,402)</b>	<b>81</b>	<b>1,453</b>	<b>3,077</b>

<b>Movement in Projected Costs</b>	<b>2023/24 £000s</b>	<b>2024/25 £000s</b>	<b>2025/26 £000s</b>	<b>2026/27 £000s</b>	<b>2027/28 £000s</b>
MRP	124	(697)	(666)	(1,627)	(3,963)
Interest on Borrowing	(1,769)	(2,643)	(1,572)	(1,720)	(3,340)
<b>Total Borrowing Costs</b>	<b>(1,646)</b>	<b>(3,340)</b>	<b>(2,238)</b>	<b>(3,346)</b>	<b>(7,303)</b>
Interest on Investments	(9,011)	(7,558)	(7,578)	(7,836)	(7,325)
CCLA Investment Two Loans @ £10m	(1,026)	(677)	(677)	0	0
<b>Total Borrowing Costs Net of Investment interest</b>	<b>(11,683)</b>	<b>(11,575)</b>	<b>(10,492)</b>	<b>(11,182)</b>	<b>(14,628)</b>

## Debt repayment

The council has had a strategy to reduce its level of debt when opportunity arises in the market. The average interest payable on outstanding debt is 6.1%. For the period 2024-28, capital receipts may continue to be used to pay the premiums on the repayment of those authority debts which have high fixed interest charges, if the terms offered will result in appropriate revenue savings. Any decision to repay debt early will be considered alongside the funding however, this is unlikely to be the case in the short to medium term requirement of the programme.

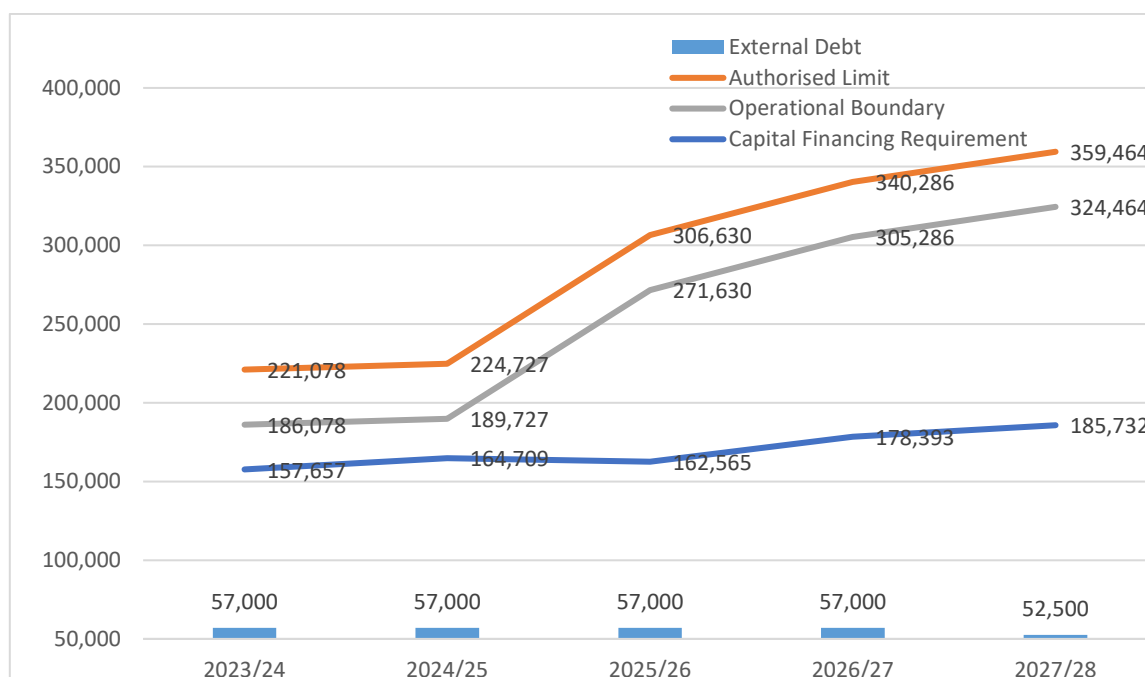
The Table below shows the maturity structure of current external debt

<b>Maturity Structure of Borrowing</b>		
<b>Length of Time</b>	<b>Actual November 2022</b>	<b>Value £'000</b>
less than 1 year	19.38%	13,700
1 to 2 years	0.00%	0
2 years to 5 years	6.36%	4,500
5 years to 10 years	0.00%	0
10 years to 20 years	31.82%	22,500
20 years to 30 years	0.00%	0
30 years to 40 years	42.43%	30,000
40 years to 50 years	0.00%	0
<b>Total</b>	<b>100.00%</b>	<b>70,700</b>

Internal borrowing to fund unsupported capital expenditure will reduce the balances available to invest under the treasury management strategy. In contrast, external borrowing will provide additional balance to invest under the Treasury Management Strategy until utilised.

The chart below shows the debt related treasury activity limits discussed in detail in 4.4 of the Treasury Management Strategy and incorporates the proposed capital programme and funding strategy contained in this document.

### Treasury Management Limits on Activity



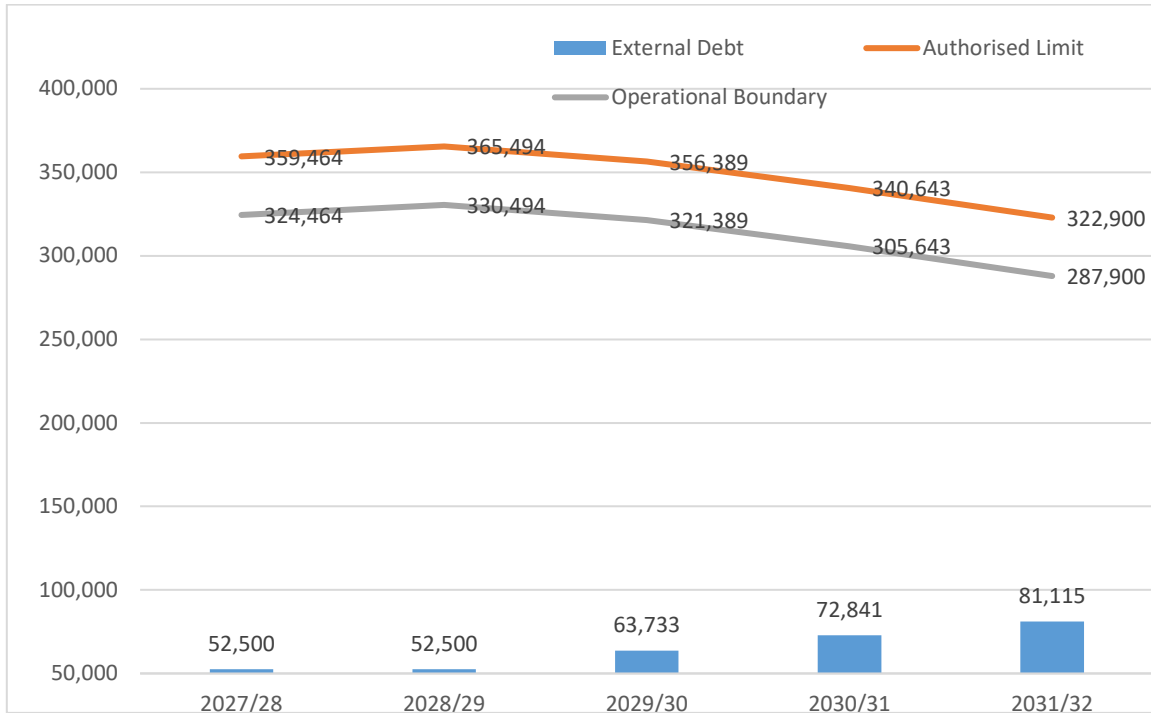
The Table below summarises the Indicative Capital Programme for 2028 to 2033. Additional detail is provided as Annex 5:

Department	Indicative Budget 2028-29 £000s	Indicative Budget 2029-30 £000s	Indicative Budget 2030-31 £000s	Indicative Budget 2031-32 £000s	Indicative Budget 2032-33 £000s
Finance & Digital	2,620	3,215	3,410	2,930	1,955
ASC, Integrated Care & Public Health	0	0	0	0	0
Children, Lifelong Learning & Families	2,500	2,500	2,500	2,500	2,500
Environment, Civic Pride & Climate	5,040	6,120	4,360	4,310	4,340
Innovation & Change	0	0	0	0	0
Housing & Sustainable Development	1,560	1,325	1,325	1,325	1,325
<b>Total</b>	<b>11,720</b>	<b>13,160</b>	<b>11,595</b>	<b>11,065</b>	<b>10,120</b>

Please note these figures do not include any allowance of grant funding or expenditure for Transport for London and Disabled Facilities.

For every £1 million capital expenditure that is funded by external borrowing it is estimated that there will be annual revenue debt charges of between £228k for assets with a life of 5 years to £48k for an asset life of 50 years.

The Table below shows the impact of the indicative programme 2027-32 on the Authority's debt:



## Capital Investment Strategy for Non-Core Activity

This section of the strategy details the approach adopted in non-core investment activity and sets out how this will help the Authority to deliver its core functions. The definition of Investment covers all financial assets of a local authority as well as non-financial assets that the organisation holds primarily to generate financial returns, such as investment property portfolios.

During the period 2024-28 the Authority is planning the following investment activity:

- i) Section 5 of the Treasury Management Strategy sets out the Authority's short to medium term Investment Strategy. This strategy focusses on short to medium term low risk investments.
- ii) Having sold the financial interest in CHAS the Authority is considering balancing the activity in (i) with debt redemption and legacy asset investment.

From 1 April 2018 (financial year 2018/19) the International Financial Reporting Standard 9 (Financial Instruments) came into force. Its purpose was to make accounting for financial instruments more transparent.

**Security** - The activity in relation to non-core investment will result in:

- i) Short to Medium Term investment of available cash resources in low risk low return investment.

### Liquidity

- i) Short to medium term cash investments can be liquidated easily and will boost the interest generated.
- ii) Debt redemption will reduce the MRP annual charge and reduce the annual interest due on loans easing the financial pressure on revenue budgets:

The authority has also loaned money to MSJCB and should the Authority need to liquidate this loan it could be sold.

**Yield** - Expected yield:

- i) Section 5 of the Treasury Management Strategy details the yield expected from short to medium term cash investments

In assessing whether investment assets retain sufficient value to provide security of investment officers will be mindful of the fair value model in the International Accounting Standard 40: Investment Property.

### Borrowing in Advance of Need

Section 4.2 of the Treasury Management Strategy details the current and future level of under borrowing by the Authority and sets out the Authority's borrowing strategy linked to this and internal borrowing.

Current indications are that interest rates are likely to rise making it more expensive to borrow, but will start to reduce in around 2 years. Consideration will be given to the timing of required borrowing to minimise the cost to the Authority and with regard to the current debt portfolio (detailed in Section 4.5 of the Treasury Management Strategy)

### Capacity, Skills and Culture

The Authority will where appropriate, buy in expertise to progress loan and investment activity. It is also appropriate in some cases to develop expertise internally.

## Flexible Use of Capital Receipts Strategy

Capital receipts can only be used for specific purposes and these are set out in Regulation 23 of the Local Authorities (Capital Finance and Accounting) (England) regulations 2003 made under section 11 of the Local Government Act 2003. The main permitted purpose is to fund capital expenditure. The use of capital receipts to support revenue expenditure is not permitted by the regulations.

However, the Secretary of State is empowered to issue Directions allowing expenditure incurred by local authorities to be treated as capital expenditure. Where such a Direction is made, the specified expenditure can then be funded from capital receipts under the Regulations.

In December 2017, the Secretary of State announced the continuation of the capital receipts flexibility programme, which provides Local Authorities the freedom to use capital receipts generated from the sale of assets (except for Right to Buy disposals) to fund revenue costs arising from transformational revenue projects that deliver savings or service improvements. With extensions since, the current flexibility direction runs until 31 March 2025.

The Statutory Guidance issued by the Secretary of State requires authorities to prepare, publish and maintain a 'Flexible Use of Capital Receipts Strategy'. The guidance also requires that each authority should disclose the individual projects that will be funded or part funded through capital receipts flexibility to full Council or the equivalent - this requirement can be satisfied as part of the annual budget setting process.

There is no prescribed format for the Strategy, the underlying principle is to support local authorities to deliver more efficient and sustainable services by extending the use of capital receipts to support the revenue costs of reform projects.

It is a required condition of the direction that authorities must send details setting out their planned use of the flexibility to the Secretary of State, in advance of its use for each financial year. This is to make sure that the government is adequately sighted on the use of the flexibility and can monitor how it is used - it is not a process of approval.

## Flexible Use of Capital Receipts Strategy

Government has provided a definition of expenditure which qualifies to be funded from capital receipts. This is:

*“Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. Within this definition, it is for individual local authorities to decide whether or not a project qualifies for the flexibility.”*



The Council has not used Capital Receipt under flexibility arrangements in the past. Further Information on each of the programmes is provided below.

**Housing Development and Regeneration: Up to 6 posts for housing development, regeneration and engagement and their associated costs. These posts will be focussing on the delivery of the first 93 units of affordable housing, developing a delivery programme for further housing and Morden town centre and other regeneration. It is envisaged that medium to long term schemes will provide revenue savings through the provision of affordable housing.**

The extension is only currently available to the end of the financial year 2024-25. Utilising borrowing instead of capital receipts will increase the Council's borrowing requirement. This is affordable and will remain within prudential indicators. Allowance for these proposals has been built into the Capital Strategy and the Treasury Management Strategy (including the Prudential indicators).

In 2024-25, £0.4m capital receipts received and will be available to provide funding for transformation (Housing Development and Regeneration). As this is only a small sum officers have not attempted to separately identify their impact within the above documents and the Medium Term Financial Strategy.

## Capital Planning Process

### Capital Bids and Prioritisation Criteria

The authority has an annual bidding process for capital resources, in keeping with corporate priorities and identified service priorities. Submitted bids are reviewed and challenged as part of the process. Proposed capital bids are subject to scrutiny in the autumn and January. There was no bidding process during 2023-24. The table below summarises the movement in the capital programme from this year's process (detail in Annex 4):

Department	Revised Budget 2023-24 £000's	Revised Budget 2024-25 £000's	Revised Budget 2025-26 £000's	Revised Budget 2026-27 £000's	Indicative Budget 2027-28 £000's
Finance & Digital	(13,130)	4,226	(1,350)	(4,211)	5,051
ASC, Integrated Care & Public Health	0	0	0	0	0
Children, Lifelong Learning & Families	(2,034)	8,184	0	0	0
Environment, Civic Pride & Climate	164	1,993	(14,448)	4,801	4,339
Innovation & Change	0	0	0	0	0
Housing & Sustainable Development	(3,823)	1,782	(330)	5,327	827
<b>Total</b>	<b>(18,823)</b>	<b>16,185</b>	<b>(16,128)</b>	<b>5,917</b>	<b>10,216</b>

Given the scarcity of financial resources the Authority has dovetailed the CIL annual bidding processes with the capital bidding process.

## Corporate Governance

### Accounting Definitions and Practices

The council's approach to Capital Accounting follows the Code of Practice on Local Authority Accounting, which itself is based on the International Financial Reporting Standards (IFRS) and guidance issued by CIPFA and professional accounting networks.

As in previous years, there has been continual review of the Capital Programme to ensure that expenditure meets the strict definition of capital expenditure and to identify any items which would be more appropriate to be charged to revenue. This has not resulted in any major changes to the future programme.

The de-minimis level of capital expenditure for the authority is set at £10,000 per project. This applies to all schemes within our capital programme, however, in exceptional circumstances thresholds below this may be considered where specific items of expenditure are below this de-minimis level but meet proper accounting definitions of capital expenditure.

Individual schools may choose to adopt the above de-minimis limit or use the limit of £2,000 as mentioned in some Department for Education and HMRC guidance for various types of school.

IFRS 9 requires that investment in risk capital will need to be valued annually at fair value with any loss or gain being written through the profit and loss account in the year it occurs.

IFRS 16 will require all but short-term de-minimis leasing rental/leasing arrangements appear on the Authority's balance sheet from the financial year 2024/25.

### Capital Programme Board

Merton's Capital Strategy is coordinated by the Capital Programme Board. The board, is effectively a sub-group of the Corporate Management Team (CMT). It comprises the Executive Directors of Environment, Civic Pride and Climate, Housing and Sustainable Development and Finance and Digital with selected key managers from each service department.

The Terms of Reference of the Board are:

- Lead on the development and maintenance of the capital investment strategy and ensure it is consistent with the council's strategic objectives, TOMs and service plans.
- Ensure that the capital investment strategy informs and is informed by the asset management plan.
- Ensure there is a transparent and clearly communicated process for allocation of capital funds with clear and well documented criteria and decision making process.
- Monitor progress of capital funded schemes and any other critical schemes as determined by CMT. Receive joint reports from Finance/departmental staff on progress against deliverables, milestones and budget forecasts.
- In conjunction with other governing bodies, consider/approve business cases that involve capital investment.
- Monitor issues arising as a result of changes in accounting treatment of capital expenditure and ensure the organisation responds accordingly.
- Assess capital schemes in the context of the Medium Term Financial Strategy to ensure they are affordable in revenue terms.
- Receive reports from the Property Management and Review Manager relating to capital funds coming from the disposal of property, in collaboration with the Property and Asset Management Board.

- Receive benefits reports from Programme/Project Managers when capital projects/programmes are closed. Monitor key benefits to ensure they are realised for large capital schemes.

The role of the Board is to:

- Set framework and guidelines for capital bids;
- Draft the capital programme for consideration by CMT and Cabinet;
- Review capital bids and prioritise in accordance with the council's strategic objectives;
- Identify and allocate capital funds;
- Monitor progress of capital programmes/projects and key variances between plans and performance;
- Monitor budgets of capital programmes/projects against forecasts;
- Monitor benefits and ensure they are realised. Monitor capital receipts
- Develop and share good practice

The Board is accountable to the Corporate Management Team who will receive reports and escalated matters from the Board on a regular basis. CMT will set the strategy and direction, the Capital Programme Board will operationalise this and escalate concerns and ideas. The Board will refer to, and take advice from, the Procurement Board on any proposals and/or decisions that have a procurement dimension. The Board will work closely with the Property and Asset Management Board on any property/asset related proposals.

The Board will make agendas and minutes available to the other Governance Boards within 5 working days of the meeting.

During the budget process the Executive Director Finance and Digital recommends to Cabinet an initial view as to how the Capital Programme should be funded. However, this recommendation will be informed by the Capital Programme Board's consideration of the capital receipts available and the forecast of future property disposals and the final funding during the closure of accounts will depend on the precise financial position. At this stage it is intended to utilise internal borrowing, capital grant, direct revenue financing, capital receipts and earmarked reserves. Any capital loans given out by the authority, dependent on the size, will normally be funded from capital receipts as the repayments will be received as capital receipts. It will be reported to Members in advance when it is proposed to use external borrowing.

The council has had a robust policy for many years of reviewing its property holding and disposing of surplus property, this is detailed in the Asset Management Plan/Strategy (AMP/S) which also includes policy and procedures for land and property acquisition. All capital receipts are pooled, unless earmarked by Cabinet, and are used either to finance further capital investment or for the payment of premiums on repayment of higher interest loans.

### Capital Programme Approval and Amendment

The Capital Programme is approved by Council each year. Any change which substantially alters the programme (and therefore the Prudential Indicators) requires full Council approval. Rules for changes to the Capital Programme are detailed in the council's Constitution within Financial Regulations and Financial Procedures and the key points are summarised here.

For virements which do not substantially alter the programme the below approval limits apply:

- Virements up to £5k can be signed off by the budget manager and the Chief Financial Officer (CFO) is informed of these changes as part of the monthly financial monitoring
- Virements £5k up to £100k must be approved by the Chief Officer of the area or areas affected along with the Chief Financial Officer, typically this will be as part of the monthly financial monitoring report to CMT however approval can be sought from these officers at any time if necessary
- Virements £100k and upwards go to Cabinet for approval
- Any virement which diverts resources from a scheme not started, resulting in a delay to that scheme, will be reported to Cabinet  
(Please note virement rules are cumulative i.e. two virements of £5,000 from one project; the latter would require the approval of Chief Officers)

For increases to the programme for existing schemes up to £100,000 must be approved by the Executive Director Finance and Digital. Increases above this threshold must be approved by Cabinet. In accordance with the Prudential Code if the increase in the Capital Programme will substantially change prudential indicators it must be approved by Council.

For new schemes, the source of funding and any other financial or non-financial impacts must be reported and the limits below apply:

- Budgets of up to £50k can be approved by the Chief Financial Officer in consultation with the relevant Chief Officer
- Budgets of £50k up £500k will be submitted to Cabinet for approval
- Budgets over £500k will be submitted to full Council for approval

Approval thresholds are kept under review.

### Capital Monitoring

The Council approves the four-year Capital Programme in March each financial year. Amendments to the programme are approved appropriately by CMT, Cabinet and Council. Budget managers are required to monitor their budget monthly, key reviews are undertaken in September and November. November monitoring provides the final opportunity for budget managers to re-profile budgets into future financial years and January monitoring provides the final opportunity for budget managers to vire their budgets within the current financial year.

December monitoring information feeds into the Authority's Medium Term Financial Strategy (MTFS) and is used to assess the revenue impact over the period of the strategy with minor amendments in the later months. November monitoring is also used to measure the accuracy of year-end projections.

Councillors receive regular monitoring reports on the overall position of capital expenditure in relation to the budget. They also receive separate progress reports on key spend areas.

### Capacity, Skills and Culture

Team planning and staff appraisals highlight staff developmental requirements and monitor their progression. Qualified financial staff meet the continual professional development requirements of their relevant CCAB organisation.

Member induction and development is led corporately by the Authority's Human Resources division, this is supplemented, where appropriate, with additional financial briefings.

## Risk Management and Assessment

The management of risk is strategically driven by the Corporate Risk Management group. The group collates on a quarterly basis the headline departmental risks and planned mitigation activity from each department, project and partnership. From this information a Key Strategic Risk Register is compiled and presented to CMT quarterly for discussion and onto Cabinet and Standards and General Purposes Committee annually. The Authority's Risk Management Strategy is reviewed and updated annually and presented to CMT, Cabinet and Council.

Risk Appetite - The council recognises that its risk appetite to achieve the corporate priorities identified within its corporate plan could be described in general as an "informed and cautious" approach. Where significant risk arises, we will take effective control action to reduce these risks to an acceptable level.

It is also recognised that a higher level of risk may need to be accepted, for example, to generate higher returns from loans and investment. To offset this there are areas where the council will maintain a very cautious approach for example in matters of compliance with the law, and public confidence in the council, supporting the overall "informed and cautious" position on risk.

Within its portfolio of risk Merton is developing a balance between financial and non-financial investments



Capital Investment Programme - Schemes for Approval 2023-28Annex 1

Department	Revised Budget 2023-24 £000's	Revised Budget 2024-25 £000's	Revised Budget 2025-26 £000's	Revised Budget 2026-27 £000's	Revised Budget 2027-28 £000's
<b>Finance &amp; Digital</b>					
Business Improvement	4,010	3,688	220	580	525
Information Technology	633	1,835	1,060	970	1,005
Resources	125	0	0	75	0
Corporate Budgets	489	3,658	0	5,911	5,801
<b>Total Finance &amp; Digital</b>	<b>5,256</b>	<b>9,181</b>	<b>1,280</b>	<b>7,536</b>	<b>7,331</b>
<b>ASC, Integrated Care &amp; Public Health</b>					
Adult Social Care	0	0	0	0	0
<b>Total ASC, Integrated Care &amp; Public Health</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Children, Lifelong Learning &amp; Families</b>					
Primary School	2,515	2,624	2,500	2,500	2,500
Secondary Schools	429	3,550	0	0	0
SEN Schools and ARPs	2,586	10,082	979	900	0
Other	469	665	0	0	0
<b>Total Children, Lifelong Learning &amp; Families</b>	<b>5,999</b>	<b>16,921</b>	<b>3,479</b>	<b>3,400</b>	<b>2,500</b>
<b>Environmental, Civic Pride &amp; Climate</b>					
Public Protection and Development	1,356	1,307	45	45	0
Street Scene and Waste	36	1,600	7,500	6,500	6,000
Sustainable Communities	7,934	6,110	5,580	3,390	3,940
Borough of Sport	3,732	3,078	2,190	2,960	1,380
Libraries	122	350	140	0	0
Climate Change	254	75	100	75	0
<b>Total Environmental, Civic Pride &amp; Climate</b>	<b>13,434</b>	<b>12,520</b>	<b>15,555</b>	<b>12,970</b>	<b>11,320</b>
<b>Innovation and Change</b>					
Governance	45	0	0	0	0
<b>Total ASC, Integrated Care &amp; Public Health</b>	<b>45</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Housing &amp; Sustainable Development</b>					
Housing	4,181	10,698	16,102	14,952	1,202
Regeneration	1,829	4,562	3,630	2,000	0
Property Management	451	134	0	0	0
Facilities Management	2,722	5,770	950	1,010	950
<b>Total Housing &amp; Sustainable Development</b>	<b>9,183</b>	<b>21,164</b>	<b>20,682</b>	<b>17,962</b>	<b>2,152</b>
<b>Total Capital</b>	<b>33,917</b>	<b>59,786</b>	<b>40,996</b>	<b>41,868</b>	<b>23,303</b>

**Please Note:**

1. Excludes budget relating to future year announcements of Better Care Fund
  2. Excludes indicative budgets relating to future year announcements for Transport for London and Schools Condition Grant
- OSC = Overview and Scrutiny, CYP = Children and Young People, HCOP = Healthier Communities and Older People and SC - Sustainable Communities

FUNDING THE CAPITAL PROGRAMME 2022-27Annex2

Merton	Capital Programme £000s	Funded by Merton £000s	Funded by grant and capital contributions £000s
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<b>2023/24 Current Budget</b>	<b>33,917</b>	<b>13,916</b>	<b>20,001</b>
Potential Slippage b/f	0	0	0
<b>2023/24 Revised Budget</b>	<b>33,917</b>	<b>13,916</b>	<b>20,001</b>
Potential Slippage c/f	(7,343)	(3,076)	(4,267)
Potential Underspend not slipped into next year	(2,100)	(1,846)	(255)
<b>Total Spend 2023/24</b>	<b>24,473</b>	<b>8,994</b>	<b>15,479</b>

<b>2024/25 Current Budget</b>	<b>59,786</b>	<b>24,813</b>	<b>34,973</b>
Potential Slippage b/f	7,343	3,076	4,267
<b>2024/25 Revised Budget</b>	<b>67,129</b>	<b>27,890</b>	<b>39,240</b>
Potential Slippage c/f	(25,956)	(13,556)	(12,399)
Potential Underspend not slipped into next year	(5,781)	(4,358)	(1,422)
<b>Total Spend 2024/25</b>	<b>35,392</b>	<b>9,974</b>	<b>25,418</b>

<b>2025/26 Current Budget</b>	<b>40,996</b>	<b>22,718</b>	<b>18,279</b>
Potential Slippage b/f	25,956	13,556	12,399
<b>2025/26 Revised Budget</b>	<b>66,952</b>	<b>36,274</b>	<b>30,678</b>
Potential Slippage c/f	(32,968)	(22,506)	(10,462)
Potential Underspend not slipped into next year	(6,225)	(4,279)	(1,946)
<b>Total Spend 2025/26</b>	<b>27,759</b>	<b>9,488</b>	<b>18,270</b>

<b>2026/27 Current Budget</b>	<b>41,868</b>	<b>24,611</b>	<b>17,257</b>
Potential Slippage b/f	32,968	22,506	10,462
<b>2026/27 Revised Budget</b>	<b>74,836</b>	<b>47,118</b>	<b>27,719</b>
Potential Slippage c/f	(38,692)	(28,192)	(10,501)
Potential Underspend not slipped into next year	(5,505)	(3,759)	(1,746)
<b>Total Spend 2026/27</b>	<b>30,638</b>	<b>15,167</b>	<b>15,472</b>

<b>2027/28 Current Budget</b>	<b>23,303</b>	<b>13,375</b>	<b>9,928</b>
Potential Slippage b/f	38,692	28,192	10,501
<b>2027/28 Revised Budget</b>	<b>61,995</b>	<b>41,567</b>	<b>20,428</b>
Potential Slippage c/f	(25,808)	(18,538)	(7,269)
Potential Underspend not slipped into next year	(4,714)	(3,300)	(1,414)
<b>Total Spend 2027/28</b>	<b>31,473</b>	<b>19,728</b>	<b>11,746</b>

## Detailed Capital Programme 2024-28

## Annex 3

Cost Centre Narrative	Project Narrative	Priority	Scrutiny	Revised Budget 2024-25 £000s	Revised Budget 2025-26 £000s	Revised Budget 2026-27 £000s	Indicative Budget 2027-28 £000s
<b>Business Improvement</b>	<b>Business Improvement</b>						
Customer Contact Programme	Digital Strategy	4	OSC	579	0	0	0
Customer Contact Programme	CRM&TK Amendments	4	OSC	171	0	0	0
Customer Contact Programme	Dynamics 365 CRM	4	OSC	85	0	0	0
Customer Contact Programme	Transport Management System	4	OSC	46	0	0	0
Business Systems	Ancillary System	4	OSC	29	0	50	0
Business Systems	Youth Justice	4	OSC	0	100	0	0
Business Systems	Children's Safeguarding	4	OSC	125	0	0	125
Business Systems	Parking System	4	OSC	512	0	0	0
Business Systems	Payroll System	4	OSC	0	0	160	0
Business Systems	Invoice Scanning SCIS/FIS	4	OSC	50	0	0	0
Business Systems	Environmental Asset Management	4	OSC	327	0	0	0
Business Systems	Housing System (Capita Housing)	4	OSC	0	120	0	0
Business Systems	Revenue & Benefits	4	OSC	75	0	0	0
Business Systems	Payments project	4	OSC	150	0	0	0
Business Systems	GIS Mapping (Spectrum Spatial Ana	4	OSC	0	0	200	300
Business Systems	LLPG&LSG System ((Gazetteer Mar	4	OSC	0	0	0	100
Business Systems	Planning&Public Protection Sys	4	OSC	666	0	0	0
Business Systems	E Form Replacement	4	OSC	101	0	0	0
Business Systems	Exacom	4	OSC	40	0	0	0
Business Systems	Safer Merton Case Management	4	OSC	60	0	0	0
Replacement SC System	Replacement SC System	4	OSC	637	0	0	0
Replacement SC System	EHCP Hub	4	OSC	34	0	0	0
Replacement SC System	SEN Case Management	4	OSC	0	0	170	0
<b>Information Technology</b>	<b>Information Technology</b>						
Planned Replacement Program	Project General	4	OSC	1,835	1,060	970	1,005
<b>Resources</b>	<b>Resources</b>						
Financial Systems	Implementing New Financial System	4	OSC	0	0	75	0
<b>Corporate Budgets</b>	<b>Corporate Budgets</b>						
Multi-Functioning Device (MF	Multi-Functioning Device (MFD) - F	5	OSC	600	0	0	0
Acquisitions Budget	Acquisitions Budget	5	OSC	0	0	2,000	0
Capital Bidding Fund	Capital Bidding Fund	5	OSC	0	0	1,000	0
Corporate Capital Contingency	Corporate Capital Contingency	5	OSC	0	0	1,681	0
Compulsory Purchase Order	Clarion - CPO	2	OSC	3,058	0	1,230	5,801
<b>Total Finance &amp; Digital</b>	<b>Total Finance &amp; Digital</b>			<b>9,181</b>	<b>1,280</b>	<b>7,536</b>	<b>7,331</b>

**Priority**

1. Nurturing Civic Pride – is about the relationship that people and communities have with a place this includes their physical surroundings and feelings of identity and belonging.
2. Building a Sustainable Future - Working towards a greener, more sustainable, and resilient future for the borough means better housing, action on climate change and supporting the health and wellbeing of our local communities.
3. Creating a Borough of Sport - From internationally renowned organisations like the All-England Club to grassroots clubs and organisations like Tooting and Mitcham FC, we want to strengthen our partnerships with sports clubs, organisations and businesses across the borough and promote increased participation in sports and activity.
4. Digital Strategy - To develop inclusive, connected and engaged communities and develop digitally-optimised and innovate.
5. Corporate Budgets

**Please Note:**

1. Excludes budget relating to future year announcements of Better Care Fund
  2. Excludes indicative budgets relating to future year announcements for Transport for London and Schools Condition Grant
- OSC = Overview and Scrutiny, CYP = Children and Young People, HCOP = Healthier Communities and Older People and SC - Sustainable Communities



## Detailed Capital Programme 2024-28 continued.....

## Annex 3

Cost Centre Narrative	Project Narrative	Priority	Scrutiny	Revised Budget 2024-25	Revised Budget 2025-26	Revised Budget 2026-27	Indicative Budget 2027-28
<b>Primary Schools</b>	<b>Primary Schools</b>						
Malmesbury	School Capital Maintenance	1	CYP	58	0	0	0
Bond	School Capital Maintenance	1	CYP	44	0	0	0
Unlocated Primary School Pro	School Capital Maintenance	1	CYP	2,522	2,500	2,500	2,500
<b>Secondary Schools</b>	<b>Secondary Schools</b>						
Harris Wimbledon School	6th Form Expansion	1	CYP	3,550	0	0	0
<b>Special Schools</b>	<b>Special Schools</b>						
Perseid School	Perseid School Expansion	1	CYP	125	0	0	0
Melrose	School Capital Maintenance	1	CYP	13	0	0	0
Melbury College – Smart Cent	School Capital Maintenance	1	CYP	125	0	0	0
Mainstream SEN (ARP)	Further Primary School ARP expansi	1	CYP	451	0	0	0
Mainstream SEN (ARP)	Raynes Park school ARP expansion	1	CYP	2,039	0	0	0
Mainstream SEN (ARP)	Secondary School ARP Expansion 2	1	CYP	876	0	0	0
Mainstream SEN (ARP)	Secondary School ARP Expansion 3	1	CYP	1,709	0	0	0
Mainstream SEN (ARP)	Secondary School ARP Expansion 4	1	CYP	730	979	0	0
Mainstream SEN (ARP)	Safety Valve - New ARP	1	CYP	0	0	900	0
Perseid Lower School	Perseid School Expansion	1	CYP	4,014	0	0	0
<b>Other</b>	<b>Other</b>						
Children's Centres	Family Hubs	1	CYP	187	0	0	0
Childcare	Childcare Expansion	1	CYP	313	0	0	0
Other	Children's Safeguarding	1	CYP	165	0	0	0
<b>Total Children, Lifelong Lea</b>	<b>Total Children, Lifelong Learning &amp; Families</b>			<b>16,921</b>	<b>3,479</b>	<b>3,400</b>	<b>2,500</b>
Cost Centre Narrative	Project Narrative	Priority	Scrutiny	Revised Budget 2024-25	Revised Budget 2025-26	Revised Budget 2026-27	Indicative Budget 2027-28
<b>Public Protection and Develo</b>	<b>Public Protection and Development</b>						
Off Street Parking - P&D	Car Park Upgrades	4	SC	50	0	0	0
Off Street Parking - P&D	Peel House Car Park	4	SC	390	0	0	0
CCTV Investment	CCTV cameras and infrastructure up	1	SC	790	0	0	0
CCTV Investment	Rapid deployment cameras	1	SC	0	45	45	0
CCTV Investment	Brangwyn Cresent / Commonsia Ea	1	SC	51	0	0	0
CCTV Investment	Willow Lane Bridge BID - Improver	1	SC	26	0	0	0
<b>Street Scene and Waste</b>	<b>Street Scene and Waste</b>						
Fleet Vehicles	Replacement of Fleet Vehicles	2	SC	300	0	0	0
Fleet Vehicles	Fleet De-carbonisation Infrastructure	2	SC	300	0	0	0
Waste SLWP	Replacement of Fleet Vehicles	2	SC	0	3,000	6,000	6,000
Waste SLWP	Waste Transfer Station	1	SC	1,000	4,500	500	0
<b>Sustainable Communities</b>	<b>Sustainable Communities</b>						
Street Trees	Street Tree Programme	2	SC	60	60	60	60
Highways & Footways	Street Lighting Replacement Pr	1	SC	290	0	0	0
Highways & Footways	Traffic Schemes	1	SC	150	150	150	150
Highways & Footways	Surface Water Drainage	1	SC	100	100	60	60
Highways & Footways	Repairs to Footways	1	SC	1,300	1,600	1,000	1,300
Highways & Footways	Maintain AntiSkid and Coloured	1	SC	60	60	60	60
Highways & Footways	Borough Roads Maintenance	1	SC	2,000	2,000	1,800	1,800
Highways & Footways	Highways bridges & structures	1	SC	597	560	260	260
Highways & Footways	Haydons Road Access for All	2	SC	100	0	0	0
Highways & Footways	Various Culverts Strengthening & Up	2	SC	303	0	0	0
Highways & Footways	ANPR Cameras Supporting Enforce	1	SC	200	200	0	0
Highways & Footways	Raynes Park Station Step Free Acces	2	SC	0	0	0	250
Highways & Footways	Walking & Cycling Strategy Delivery	2	SC	950	850	0	0

## Detailed Capital Programme 2024-28 continued.....

## Annex 3

Cost Centre Narrative	Project Narrative	Priority	Scrutiny	Revised Budget 2024-25	Revised Budget 2025-26	Revised Budget 2026-27	Indicative Budget 2027-28
<b>Borough of Sport</b>	<b>Borough of Sport</b>						
Sports Facilities	Borough of Sport Infrastructure Fund	3	SC	1,500	500	0	0
Wimbledon Park	New Wimbledon Park lakeview buil	3	SC	0	500	2,000	500
Sports Facilities	Leisure Centre Plant & Machine	3	SC	400	250	280	280
Sports Facilities	Sporting Big Screens	3	SC	60	0	0	0
Parks Investment	Parks Investment	3	SC	300	300	300	300
Parks Investment	Sports Drainage	3	SC	222	0	0	0
Parks Investment	Bridges and Structures	1	SC	1	80	80	0
Parks Investment	Existing Green Flag Improvement Pr	3	SC	75	50	0	0
Parks Investment	New Green Flag Improvement Progr	3	SC	130	100	0	0
Parks Investment	Parks Security Measures & Travelle	1	SC	30	50	0	0
Parks Investment	Playground Priority Upgrades Progra	3	SC	300	300	300	300
Parks Investment	Wandle Tree Trail Safety & Manage	2	SC	60	60	0	0
<b>Libraries</b>	<b>Libraries</b>						
Libraries IT	Library Management System	2	SC	0	140	0	0
Libraries IT	Library Self Service	2	SC	350	0	0	0
<b>Climate Change</b>	<b>Climate Change</b>						
Climate Change	Business Retrofit Support Scheme	2	SC	75	100	75	0
<b>Total Environment, Civic Pri</b>	<b>Total Environment, Civic Pride &amp; Climate</b>			<b>12,520</b>	<b>15,555</b>	<b>12,970</b>	<b>11,320</b>

**Priority**

1. Nurturing Civic Pride – is about the relationship that people and communities have with a place this includes their physical surroundings and feelings of identity and belonging.
2. Building a Sustainable Future - Working towards a greener, more sustainable, and resilient future for the borough means better housing, action on climate change and supporting the health and wellbeing of our local communities.
3. Creating a Borough of Sport - From internationally renowned organisations like the All-England Club to grassroots clubs and organisations like Tooting and Mitcham FC, we want to strengthen our partnerships with sports clubs, organisations and businesses across the borough and promote increased participation in sports and activity.
4. Digital Strategy - To develop inclusive, connected and engaged communities and develop digitally-optimised and innovate.
5. Corporate Budgets

**Please Note:**

1. Excludes budget relating to future year announcements of Better Care Fund
2. Excludes indicative budgets relating to future year announcements for Transport for London and Schools Condition Grant  
OSC = Overview and Scrutiny, CYP = Children and Young People, HCOP = Healthier Communities and Older People and SC - Sustainable Communities

## Detailed Capital Programme 2024-28 continued...

## Annex 3

Cost Centre Narrative	Project Narrative	Priority	Scrutiny	Revised Budget 2024-25	Revised Budget 2025-26	Revised Budget 2026-27	Indicative Budget 2027-28
<b>Housing</b>	<b>Housing</b>						
Disabled Facilities Grant	Project General	2	SC/HCOP	827	827	827	827
Major Projects Affordable Ho	Affordable Housing Fund	2	SC/HCOP	9,346	10,000	9,000	0
Major Projects Affordable Ho	Empty Homes Strategy	2	SC/HCOP	375	375	375	375
Major Projects Social Care H	LD Supported Living	2	SC/HCOP	150	4,900	4,750	0
<b>Regeneration</b>	<b>Regeneration</b>						
Mitcham Area Regeneration	Rowan Park Community Facility Ma	1	SC	150	0	0	0
Mitcham Area Regeneration	Pollards Hill Bus Shelter/Toilets Re	1	SC	400	50	0	0
Wimbledon Area Regeneration	Haydons Road Public Realm Improv	1	SC	327	0	0	0
Wimbledon Area Regeneration	Crowded Places/Hostile Vehicle Mi	1	SC	100	0	0	0
Wimbledon Area Regeneration	Wimbledon Public Realm Implement	1	SC	305	0	0	0
Wimbledon Area Regeneration	Wimbledon Village - Heritage Led P	1	SC	650	0	0	0
Morden Area Regeneration	Morden Town Centre Improvements	1	SC	200	0	0	0
Morden Area Regeneration	Morden TC Regen Match Funding	2	SC	0	2,000	2,000	0
Borough Regeneration	Lost Rivers Repairs	2	SC	230	0	0	0
Borough Regeneration	Civic Pride Public Realm Improvem	1	SC	1,450	930	0	0
Borough Regeneration	Shopping Parade Improvements	1	SC	750	650	0	0
<b>Property Management</b>	<b>Property Management</b>						
Property Management	Stouthall	2	SC	134	0	0	0
<b>Facilities Management</b>	<b>Facilities Management</b>						
Works to Other Buildings	Repair and Maintenance	4	OSC	650	650	650	650
Civic Centre	Civic Centre Cycle Parking	2	OSC	0	0	60	0
Civic Centre	Civic Centre Roof and Shops	2	OSC	282	0	0	0
Civic Centre	Civic Centre Boilers	2	OSC	3,803	0	0	0
Civic Centre	Workplace Design	2	OSC	530	0	0	0
Invest to Save	Project General	2	OSC	300	300	300	300
<b>Total Housing &amp; Sustainable</b>	<b>Total Housing &amp; Sustainable Development</b>			<b>21,164</b>	<b>20,682</b>	<b>17,962</b>	<b>2,152</b>
<b>Total Capital</b>	<b>Total Capital</b>			<b>59,786</b>	<b>40,996</b>	<b>41,868</b>	<b>23,303</b>

**Priority**

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- OSC = Overview and Scrutiny, CYP = Children and Young People, HCOP = Healthier Communities and Older People and SC - Sustainable Communities

## Detailed Capital Programme 2023-28 continued...

## Annex 3

Cost Centre Narrative	Project Narrative	Priority	Scrutiny	Revised Budget 2023-24	Revised Budget 2024-25	Revised Budget 2025-26	Revised Budget 2026-27	Indicative Budget 2027-28
<b>Housing</b>	<b>Housing</b>							
Disabled Facilities Grant	Project General	2	SC/HCOP	880	827	827	827	827
Major Projects Affordable Ho	Affordable Housing Fund	2	SC/HCOP	784	9,346	10,000	9,000	0
Works to Other Buildings	Afgan Resettlement	2	SC/HCOP	2,480	0	0	0	0
Major Projects Affordable Ho	Empty Homes Strategy	2	SC/HCOP	38	375	375	375	375
Major Projects Social Care H	LD Supported Living	2	SC/HCOP	0	150	4,900	4,750	0
<b>Regeneration</b>	<b>Regeneration</b>							
Mitcham Area Regeneration	New Horion Centre	1	SC	6	0	0	0	0
Mitcham Area Regeneration	Rowan Park Community Facility Ma	1	SC	0	150	0	0	0
Mitcham Area Regeneration	Pollards Hill Bus Shelter/Toilets Re	1	SC	0	400	50	0	0
Mitcham Area Regeneration	Knowledge Exchange Mitcham	1	SC	267	0	0	0	0
Mitcham Area Regeneration	SMCA Springboard	1	SC	86	0	0	0	0
Mitcham Area Regeneration	Mitcham Cricket Green	1	SC	54	0	0	0	0
Mitcham Area Regeneration	The Small Quarter Phase 2	1	SC	22	0	0	0	0
Mitcham Area Regeneration	Chapter House	1	SC	33	0	0	0	0
Wimbledon Area Regeneration	Haydons Road Public Realm Improv	1	SC	350	327	0	0	0
Wimbledon Area Regeneration	Crowded Places/Hostile Vehicle Mi	1	SC	0	100	0	0	0
Wimbledon Area Regeneration	Wimbledon Public Realm Implement	1	SC	58	305	0	0	0
Wimbledon Area Regeneration	Wimblon Hill Rd	1	SC	92	0	0	0	0
Wimbledon Area Regeneration	Wimbledon Village - Heritage Led P	1	SC	50	650	0	0	0
Wimbledon Area Regeneration	Kenilworth Green Pocket Park	2	SC	65	0	0	0	0
Wimbledon Area Regeneration	Cannizaro Park Valley Path	2	SC	0	0	0	0	0
Wimbledon Area Regeneration	Survive to Thrive	1	SC	116	0	0	0	0
Morden Area Regeneration	Crown Creative Knowledge Exchang	1	SC	417	0	0	0	0
Morden Area Regeneration	Morden Town Centre Improvements	1	SC	0	200	0	0	0
Morden Area Regeneration	Morden TC Regen Match Funding	2	SC	0	0	2,000	2,000	0
Borough Regeneration	Wandle Project (Colliers Wood Cha	1	SC	69	0	0	0	0
Borough Regeneration	Lost Rivers Repairs	2	SC	300	0	0	0	0
Borough Regeneration	Civic Pride Public Realm Improvem	1	SC	20	1,450	930	0	0
Borough Regeneration	Shopping Parade Improvements	1	SC	0	750	650	0	0
<b>Property Management</b>	<b>Property Management</b>							
Property Management	Community Ctre Energy Saving Light	2	SC	35	0	0	0	0
Property Management	Stouthall	2	SC	416	134	0	0	0
<b>Facilities Management</b>	<b>Facilities Management</b>							
Works to Other Buildings	Repair and Maintenance	4	OSC	675	650	650	650	650
Civic Centre	Civic Centre Cycle Parking	2	OSC	0	0	0	60	0
Civic Centre	Civic Centre Boilers	2	OSC	1,100	3,803	0	0	0
Civic Centre	Workplace Design	2	OSC	759	530	0	0	0
Invest to Save	Project General	2	OSC	330	300	300	300	300
Invest to Save	Photovoltaics	2	OSC	50	0	0	0	0
<b>Total Housing &amp; Sustainable</b>	<b>Total Housing &amp; Sustainable Development</b>			<b>9,640</b>	<b>20,652</b>	<b>20,682</b>	<b>17,962</b>	<b>2,152</b>
<b>Total Capital</b>	<b>Total Capital</b>			<b>37,140</b>	<b>56,400</b>	<b>40,996</b>	<b>41,868</b>	<b>23,303</b>

## Growth/(Reductions) proposed Programme 2023-27 Compared to March 2022 MTFS Annex 4

Department	Revised Budget 2023-24 £000's	Revised Budget 2024-25 £000's	Revised Budget 2025-26 £000's	Revised Budget 2026-27 £000's	Revised Budget 2027-28 £000's
<b>Finance &amp; Digital</b>					
Business Improvement	1,407	738	(1,350)	(1,200)	(750)
Information Technology	(137)	430	0	0	0
Resources	(575)	0	0	75	0
Corporate Budgets	(13,824)	3,058	0	(3,086)	5,801
<b>Total Finance &amp; Digital</b>	<b>(13,130)</b>	<b>4,226</b>	<b>(1,350)</b>	<b>(4,211)</b>	<b>5,051</b>
<b>ASC, Integrated Care &amp; Public Health</b>					
Adult Social Care	0	0	0	0	0
<b>Total ASC, Integrated Care &amp; Public Health</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Children, Lifelong Learning &amp; Families</b>					
Primary School	(569)	124	0	0	0
Secondary Schools	429	3,550	0	0	0
SEN Schools and ARPs	(1,976)	3,845	0	0	0
Other	82	665	0	0	0
<b>Total Children, Lifelong Learning &amp; Families</b>	<b>(2,034)</b>	<b>8,184</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Environmental, Civic Pride &amp; Climate</b>					
Public Protection and Development	(2,220)	887	(420)	(435)	(473)
Street Scene and Waste	(288)	576	(13,278)	5,976	5,401
Sustainable Communities	(1,106)	(2,508)	(2,705)	(3,775)	(290)
Borough of Sport	3,732	2,738	1,840	2,960	(160)
Libraries	122	350	140	0	(140)
Climate Change	(76)	(50)	(25)	75	0
<b>Total Environmental, Civic Pride &amp; Climate</b>	<b>164</b>	<b>1,993</b>	<b>(14,448)</b>	<b>4,801</b>	<b>4,339</b>
<b>Innovation and Change</b>					
Governance	0	0	0	0	0
<b>Total ASC, Integrated Care &amp; Public Health</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Housing &amp; Sustainable Development</b>					
Housing	(1,771)	(404)	0	5,267	827
Regeneration	(1,345)	262	(330)	0	0
Property Management	416	134	0	0	0
Facilities Management	(1,068)	1,790	0	60	0
<b>Total Housing &amp; Sustainable Development</b>	<b>(3,768)</b>	<b>1,782</b>	<b>(330)</b>	<b>5,327</b>	<b>827</b>
<b>Total Capital</b>	<b>(18,768)</b>	<b>16,185</b>	<b>(16,128)</b>	<b>5,917</b>	<b>10,216</b>

**Indicative Capital Programme 2028-33****Annex 5**

Cost Centre Narrative	Project Narrative	Priority	Scrutiny	Indicative Budget 2028-29 £000s	Indicative Budget 2029-30 £000s	Indicative Budget 2030-31 £000s	Indicative Budget 2031-32 £000s	Indicative Budget 2032-33 £000s
<b>Business Improvement</b>	<b>Business Improvement</b>							
Customer Contact Programme	Customer Contact Programme	4	OSC	0	0	1,000	1,000	0
Customer Contact Programme	Transport Management System	4	OSC	0	0	0	150	0
Business Systems	Ancillary System	4	OSC	0	50	0	0	50
Business Systems	Parking System	4	OSC	0	0	600	0	0
Business Systems	Payroll System	4	OSC	0	0	0	160	0
Business Systems	Invoice Scanning SCIS/FIS	4	OSC	0	0	0	150	0
Business Systems	Environmental Asset Management	4	OSC	0	0	0	500	0
Business Systems	Revenue & Benefits	4	OSC	0	0	750	0	0
Business Systems	Payments project	4	OSC	150	0	0	0	200
Business Systems	Planning&Public Protection Sys	4	OSC	0	0	0	0	550
Business Systems	E Form Replacement	4	OSC	0	0	0	0	150
Business Systems	Safer Merton Case Management	4	OSC	0	60	0	0	0
Replacement SC System	Replacement SC System	4	OSC	1,100	1,000	0	0	0
<b>Information Technology</b>	<b>Information Technology</b>							
Planned Replacement Program	Project General	4	OSC	770	1,405	1,060	970	1,005
<b>Resources</b>	<b>Resources</b>							
Financial Systems	Implementing New Financial System	4	OSC	0	700	0	0	0
<b>Corporate Budgets</b>	<b>Corporate Budgets</b>							
Multi-Functioning Device (MFD)	Multi-Functioning Device (MFD) - F	5	OSC	600	0	0	0	0
<b>Total Finance &amp; Digital</b>				<b>2,620</b>	<b>3,215</b>	<b>3,410</b>	<b>2,930</b>	<b>1,955</b>

Cost Centre Narrative	Project Narrative	Priority	Scrutiny	Indicative Budget 2028-29 £000s	Indicative Budget 2029-30 £000s	Indicative Budget 2030-31 £000s	Indicative Budget 2031-32 £000s	Indicative Budget 2032-33 £000s
<b>Total ASC, Integrated Care &amp; Public Health</b>				<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Cost Centre Narrative	Project Narrative	Priority	Scrutiny	Indicative Budget 2028-29 £000s	Indicative Budget 2029-30 £000s	Indicative Budget 2030-31 £000s	Indicative Budget 2031-32 £000s	Indicative Budget 2032-33 £000s
<b>Primary Schools</b>	<b>Primary Schools</b>							
Unlocated Primary School Pro	School Capital Maintenance	1	CYP	2,500	2,500	2,500	2,500	2,500
<b>Total Children, Lifelong Learning &amp; Families</b>				<b>2,500</b>	<b>2,500</b>	<b>2,500</b>	<b>2,500</b>	<b>2,500</b>

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## Indicative Capital Programme 2028-33 continued....

## Annex 5

Cost Centre Narrative	Project Narrative	Priority	Scrutiny	Indicative Budget 2028-29 £000s	Indicative Budget 2029-30 £000s	Indicative Budget 2030-31 £000s	Indicative Budget 2031-32 £000s	Indicative Budget 2032-33 £000s
<b>Public Protection and Development</b>	<b>Public Protection and Development</b>							
CCTV Investment	Rapid deployment cameras	1	SC	0	50	50	0	0
<b>Street Scene and Waste</b>	<b>Street Scene and Waste</b>							
Waste SLWP	Replacement of Fleet Vehicles	2	SC	0	1,290	0	0	0
<b>Sustainable Communities</b>	<b>Sustainable Communities</b>							
Street Trees	Street Tree Programme	2	SC	60	60	60	60	60
Highways & Footways	Traffic Schemes	1	SC	150	150	150	150	150
Highways & Footways	Surface Water Drainage	1	SC	60	60	60	60	60
Highways & Footways	Repairs to Footways	1	SC	1,300	1,300	1,300	1,300	1,300
Highways & Footways	Maintain AntiSkid and Coloured	1	SC	60	60	60	60	60
Highways & Footways	Borough Roads Maintenance	1	SC	1,800	1,800	1,800	1,800	1,800
Highways & Footways	Highways bridges & structures	1	SC	260	260	260	260	260
Highways & Footways	Raynes Park Station Step Free Access	2	SC	250	0	0	0	0
<b>Borough of Sport</b>	<b>Borough of Sport</b>							
Wimbledon Park	New Wimbledon Park lakeview building	3	SC	500	0	0	0	0
Sports Facilities	Leisure Centre Plant & Machine	3	SC	300	300	320	320	350
Parks Investment	Parks Investment	3	SC	300	300	300	300	300
<b>Libraries</b>	<b>Libraries</b>							
Libraries IT	Library Management System	2	SC	0	140	0	0	0
Libraries IT	Library Self Service	2	SC	0	350	0	0	0
<b>Total Environment, Civic Pride &amp; Climate</b>				<b>5,040</b>	<b>6,120</b>	<b>4,360</b>	<b>4,310</b>	<b>4,340</b>
Cost Centre Narrative	Project Narrative	Priority	Scrutiny	Indicative Budget 2028-29 £000s	Indicative Budget 2029-30 £000s	Indicative Budget 2030-31 £000s	Indicative Budget 2031-32 £000s	Indicative Budget 2032-33 £000s
<b>Total Innovation &amp; Change</b>				<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Cost Centre Narrative	Project Narrative	Priority	Scrutiny	Indicative Budget 2028-29 £000s	Indicative Budget 2029-30 £000s	Indicative Budget 2030-31 £000s	Indicative Budget 2031-32 £000s	Indicative Budget 2032-33 £000s
<b>Housing</b>	<b>Housing</b>							
Major Projects Affordable Housing	Empty Homes Strategy	2	SC/HCOP	375	375	375	375	375
<b>Facilities Management</b>	<b>Facilities Management</b>							
Works to Other Buildings	Repair and Maintenance	4	OSC	650	650	650	650	650
Invest to Save	Project General	2	OSC	300	300	300	300	300
<b>Total Housing &amp; Sustainable Development</b>				<b>1,560</b>	<b>1,325</b>	<b>1,325</b>	<b>1,325</b>	<b>1,325</b>
<b>Total Capital</b>				<b>11,720</b>	<b>13,160</b>	<b>11,595</b>	<b>11,065</b>	<b>10,120</b>

## Glossary of Terms

**Asset Management Plan/Strategy (AMP/S)** - An Asset Management Plan (AMP) is a tactical plan for managing an organisation's infrastructure and other assets to deliver an agreed standard of service. The plan is reviewed annually as part of the budget cycle.

**Budget** - Statement of the spending plans for the year.

**Capital Expenditure** - Expenditure on the acquisition of a fixed asset or expenditure, which adds to, and not merely maintains, the value of an existing fixed asset.

**Capital Financing Requirement (CFR)** - The total historical outstanding capital expenditure which has not yet been paid for from either revenue or capital resources i.e. a measure of the underlying borrowing need. (See Minimum Revenue Provision)

**Capital Programme** - Documentation which summarises the outcome of priority allocations contained in the capital strategy and details individual schemes for approval by Council / Cabinet.

**Capital Programme Board** - The Capital Programme Board ensures:

- that the overall capital investment strategy is consistent with strategic objectives, is affordable within the revenue budget strategy, and examines potential funding options
- that bids are submitted in accordance with the set framework and guidelines (including business cases, value for money and options appraisal) and prioritised in accordance of agreed criteria
- compiles and manages a multi-year capital programme for consideration by CMT and approval by Cabinet

**Capital Projects/Schemes** - Capital Projects / Schemes is the level at which Member approval is obtained.

**Capital Receipts** - Proceeds from the sale of fixed assets and repayments of capital grants and loans. These are divided into reserved and usable parts.

**Capital Monitoring** - The monthly comparison of actual spend against the anticipated spend (profiled budget) and the revision of projected year end spend where necessary. Periodically budget managers will be required to review their in year budget requirement and re-profile their projected expenditure over subsequent financial years.

**Capital Strategy** - A Capital Strategy is a core planning document designed to dovetail with the MTFS and Treasury Strategy to ensure that limited capital resources are deployed in accordance with corporate priorities / achieving our vision. The document will also detail how the proposed capital programme will be funded.

**Chartered Institute of Public Finance and Accountancy (CIPFA)** - The Institute produces standards and codes of practice that must be followed in preparing the Council's financial statements.

**Corporate Governance** - Corporate Governance is the system by which local authorities direct and control their functions and communicate to their communities.

**Council's Borrowing Requirement** - Based on projected spend, this is the amount of money a local authority will need to borrow to finance this projected spend.

**Debt Rescheduling** - Where certain debt may be redeemed and a further loan obtained. This may be undertaken to provide an even spread of debt redemption date and terms, It may also be used to optimise beneficial borrowing rates in the market while maintaining activity within acceptable risk levels.

**Depreciation** - Depreciation is a charge to the revenue account to reflect the reduction in the useful economic life of a fixed asset, reducing the value of the fixed asset in the balance sheet. It is not a charge to the General Fund as it is reversed in the Movement in Reserves Statement and replaced with the Minimum Revenue Provision.



## Glossary of Terms continued...

**Earmarked Capital Resources/Grants** - Money received by the Authority which has certain conditions / restrictions (loose terminology) over its use limiting the type of expenditure that it may be applied against. IFRS refers to Stipulations and sub divides them into Conditions and Restrictions. Earmarked grants (revenue or capital) are grants which are subject to restrictions.

**Finance Lease** - A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Situations that would normally lead to a lease being classified as a finance lease include the following:

- the lease transfers ownership of the asset to the lessee by the end of the lease term
- the lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than fair value at the date the option becomes exercisable and that, at the inception of the lease, it is reasonably certain that the option will be exercised
- the lease term is for the major part of the economic life of the asset, even if title is not transferred
- at the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset
- the leased assets are of a specialised nature such that only the lessee can use them without major modifications being made

**Financial Year** - The financial year runs from 1 April to the following 31 March.

**Fixed Assets** - Assets that yield benefits to the local authority and the services it provides for a period of more than one year. These assets can be tangible or intangible.

**General Fund** - The main fund of the Council, from which all expenditure is met and all income is paid, with the exception of those items, which by statute have to be taken to some other account.

**Government Grants** - Financial assistance by government and other bodies, in the form of cash transfers to an authority, issued in return for compliance with certain conditions relating to the activities of the authority.

**Impairment** - The loss of value in a fixed asset arising from physical damage, deterioration in the quality of service provided by the asset or from a general fall in prices. When this occurs the asset must be written down to the recoverable value. The charge is then reversed out from the General Fund in the Movement in Reserves Statement and replaced with the Minimum Revenue Provision.

**International Financial Reporting Standard (IFRS)** - International Financial Reporting Standards are a single set of accounting standards, developed and maintained by the IASB (International Accounting Standards Board) for the purposes of being applied on a globally consistent basis by developed, emerging and developing economies. The Code of Practice on Local Authority Accounting is based on IFRSs

**Investment Strategy** - The investment of the Authority's cash balances to optimise its strategic and operational needs.

**Localism Act 2011** - It sets out a series of proposals with the potential to achieve a substantial and lasting shift in power away from central government and towards local people. They include: new freedoms and flexibilities for local government; new rights and powers for communities and individuals; reform to make the planning system more democratic and more effective

**Minimum Revenue Provision** - A provision, via a revenue charge, in respect of historical capital expenditure which has been financed by borrowing, as required by the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008

**Operational Boundary** - The operational boundary is a prudential indicator for monitoring the total external debt, gross of investments, and separately identifying borrowing from other long term liabilities.

## Glossary of Terms continued...

**Operating Lease** - A contract that allows for the use of an asset, but does not convey rights of ownership of the asset. An operating lease is not capitalised; it is accounted for as a rental expense in what is known as "off balance sheet financing." For the lessor, the asset being leased is accounted for as an asset and is depreciated as such.

**Private Finance Initiative (PFI)** - PFI contracts are agreements with private sector organisations to refurbish, maintain and operate fixed assets on behalf of public sector organisations such as local authorities.

**Prudential Code** - The Local Government Act 2003 requires the Council to have regard to the CIPFA Prudential Code for Capital Finance in Local Authorities. In doing so, the Council is required to set and monitor a series of Prudential Indicators, the key objectives of which are to ensure that, within a clear framework, the capital investment and borrowing plans of the council are affordable, prudent and sustainable.

**Prudential Indicators** – Are a set of performance indicators for treasury management.

**Revenue Expenditure** - Expenditure incurred on day to day running costs and confined to accounts within one financial year.

**Reserves** - This is a council's accumulated surplus income (in excess of expenditure) which can be used to finance future spending. Reserves can be either capital or revenue

**Ringfenced Grant** - A grant paid to councils which has conditions attached to it, which restrict the purposes for which it may be spent.

**Risk Management** - A risk is a threat, obstacle or, barrier, that will stop the Authority from achieving its ambitions, aims and objectives. Risk management is the process of managing the risks that may prevent delivery of desired outcomes so that the organisation can anticipate and respond positively to change. Merton's approach to risk management is to raise awareness, integrate it into day to day operations and establish a robust framework and procedures to identify, analyse, assess and manage risk.

**Treasury Management** - The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

**Useful Life** - This is the period over which the local authority derives benefit from the use of a fixed asset.





## MEDIUM TERM FINANCIAL STRATEGY 2024-28

<b>Growth - Cabinet 15 January 2024</b>	<b>2024/25 £000</b>	<b>2025/26 £000</b>	<b>2026/27 £000</b>	<b>2027/28 £000</b>	<b>Total £000</b>
Innovation and Change	71	0	0	0	71
Finance and Digital	250	0	0	0	250
Housing and Sustainable Development	505	0	0	0	505
Environment, Civic Pride and Climate	1,501	0	0	0	1,501
Children, Lifelong Learning, and Families	0	0	0	0	0
Adult Social Care, Integrated Care, and Public Health	0	0	0	0	0
<b>Total Growth 2024-28</b>	<b>2,327</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,327</b>
<b>Cumulative Total</b>	<b>2,327</b>	<b>2,327</b>	<b>2,327</b>	<b>2,327</b>	

## MEDIUM TERM FINANCIAL STRATEGY 2024-28

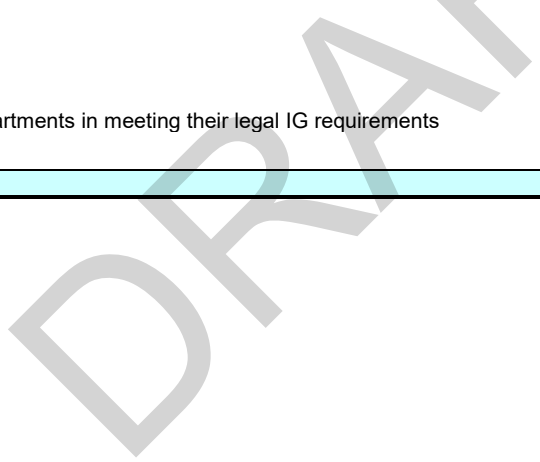
## INNOVATION AND CHANGE: GROWTH 2024-28

	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Information Governance Increasing establishment of team and attaching a market supplement to an existing post	71	0	0	0
<b>Total : INNOVATION AND CHANGE Growth 2024-28</b>	<b>71</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cumulative Total</b>	<b>71</b>	<b>71</b>	<b>71</b>	<b>71</b>

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GROWTH PROPOSALS 2024-28  
DEPARTMENT: Innovation and Change

Panel	Ref	Description of growth		2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Type of Growth (see key)
OSC	2024-25 ICG4	<b>Service/Section</b>	Legal and Governance					
		<b>Description</b>	Information Governance					
		<b>Service Implication</b>	Good Information Governance is a core requirement for all public bodies, and failure to discharge this responsibility effectively presents legal, financial, and reputational risk. Merton's IG function currently only has one post, which in order to fill it at the required level is subject to a market supplement, which is currently unbudgeted. This post provides growth in the Information Governance team to cover market factor pay, as well as an additional officer. Currently, the team only has one officer, which presents significant corporate risk around a key legal responsibility and a potential single point of failure. The new manager has made significant progress in clearing the backlogs of FOIs and SARS, and improving the overall performance of the organisation in creating a strong IG culture, however an additional officer is required to ensure progress is maintained, and to manage the risk of a single point of failure. The Council is under close scrutiny from the Information Commissioner's Office and risks fines if this area of work is not properly resourced.	71				
		<b>Staffing Implications</b>	Plus one FTE					
		<b>Strategic Priorities implications</b>	None					
		<b>Impact on other departments</b>	supports all departments in meeting their legal IG requirements					
		<b>Equalities Implications</b>	None					
		<b>Total</b>		71	0	0	0	



MEDIUM TERM FINANCIAL STRATEGY 2024-28

FINANCE AND DIGITAL: GROWTH 2024-28

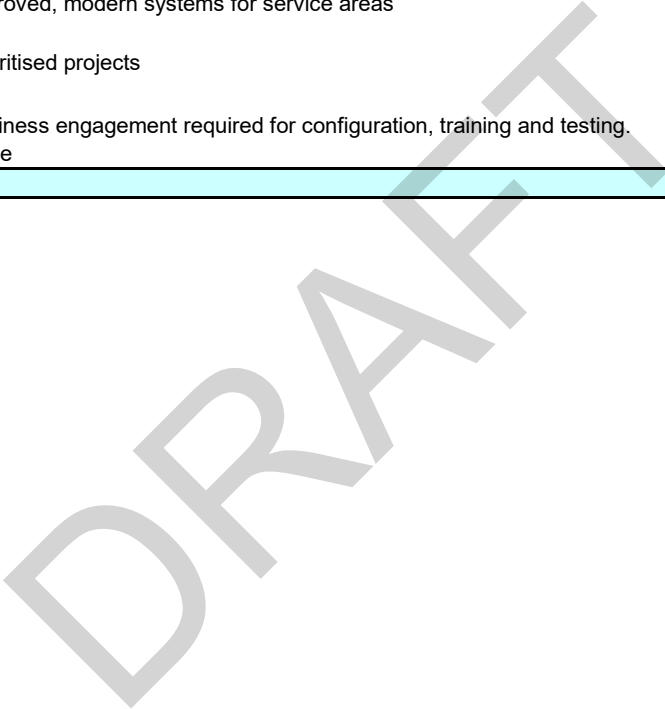
	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
IT Business Systems: Key systems re-procurement	250	0	0	0
<b>Total : FINANCE AND DIGITAL Growth 2024-28</b>	<b>250</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cumulative Total</b>	<b>250</b>	<b>250</b>	<b>250</b>	<b>250</b>

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GROWTH PROPOSALS 2024-28  
 DEPARTMENT: Finance and Digital

Panel	Ref	Description of growth		2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Type of Growth (see key)
OSC	2024-25 FDG4	<b>Service/Section Description</b>	<b>Business Systems Team</b> Key systems re-procurement, new annual support & maintenance contracts costs likely to be greater than existing budget given the significantly inflated market prices	250				GNS1
		<b>Service Implication</b>	Improved, modern systems for service areas					
		<b>Staffing Implications</b>	N/A					
		<b>Strategic Priorities implications</b>	Prioritised projects					
		<b>Impact on other departments</b>	Business engagement required for configuration, training and testing.					
		<b>Equalities Implications</b>	None					
<b>Total</b>				250	0	0	0	



## MEDIUM TERM FINANCIAL STRATEGY 2024-28

## HOUSING AND SUSTAINABLE DEVELOPMENT: GROWTH 2024-28

	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Facilities Management - Additional funding required in order to cover the cost of unachievable income targets	65	0	0	0
Housing Needs & Strategy - additional temporary accommodation visiting officer and upgrade existing officer	50	0	0	0
Development Management & Building Control - Planning Enforcement Restructure and recruitment	190	0	0	0
Development Management & Building Control - Development Management Recruitment and retention	200	0	0	0
<b>Total : HOUSING AND SUSTAINABLE DEVELOPMENT Growth 2024-28</b>	<b>505</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cumulative Total</b>	<b>505</b>	<b>505</b>	<b>505</b>	<b>505</b>

GROWTH PROPOSALS 2024-28

DEPARTMENT: Housing and Sustainable Development

Panel	Ref	Description of growth		2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Type of Growth (see key)
OSC	I&T 02	<b>Service/Section Description</b>	<b>Facilities Management</b> Additional funding is required in order to cover the cost of unachievable income targets set in the facilities management team. The £65,000 is to cover unachievable income from the facilities management trading account, specifically income for printing, which has not been achievable since the pandemic and changes to usage. This will rectify ongoing structural overspends, and allow the time for a comprehensive, evidence based review of our printing services to be put in place over the coming year which will look to bring forward some efficiencies in future years.	65				GI1
		<b>Strategic Priorities implications</b>	None					
		<b>Impact on other departments</b>	None					
		<b>Equalities Implications</b>	None					
SC	HSD 2024-25 01	<b>Service/Section Description</b>	<b>Housing Needs &amp; strategy</b> additional temporary accommodation visiting officer and increase existing officer to team leader	50				GS1
		<b>Service Implication</b>	The temporary accommodation team is currently 1FTE temporary accommodation visiting officer at ME10 and one ME7 admin officer. This staffing compliment has been in place since 2010. Since 2010 the number of households in temporary accommodation has increased from 76 to 391 (June 23) with a 52% increase in the last year. As a result it is increasingly difficult to visit all temporary properties to confirm they are in use, but also to check that property safety standards are met. The addition of an additional officer and increase of the existing visiting officer to team leader will increase the capacity of the team to inspect properties, improve standards and provide greater focus on efficient temporary accommodation. Both posts do have a role in accommodation cost recovery and this will increase the ability of the team to tackle non-payment.					
		<b>Staffing Implications</b>	1FTE at ME10, increase existing visiting officer to team leader from ME10 to ME11					
		<b>Strategic Priorities implications</b>	improving the quality and safety of temporary accommodation, increasing income and reducing non-use. Current trends suggest continuing rises in the use of temporary accommodation across London and these points will reduce risks for the Council					
		<b>Impact on other departments</b>	none					
		<b>Equalities Implications</b>	none					

GROWTH PROPOSALS 2024-28

DEPARTMENT: Housing and Sustainable Development

Panel	Ref	Description of growth		2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Type of Growth (see key)
SC	HSD 2024-25 02	<b>Service/Section</b>	<b>Development Management &amp; Building Control - Planning Enforcement</b>	190				GS1
		<b>Description</b>	Restructure and recruitment drive for the Planning Enforcement, following a Full Council motion to improve the service. The 22/23 staffing budget provision was £180,860. This needs to increase to £370,836 for a full year to maintain a level of service without significant backlogs, which requires a £190,000 growth bid. This level of staffing is already in place with temporary staff as an establishment overspend to provide the required levels of service.					
		<b>Service Implication</b>	A reduction in the high dependency on agency staff, the establishment of a more stabilised team and continuous improvement in the performance and responsiveness of the service.					
		<b>Staffing Implications</b>	1 new permanent Planning Enforcement Team Manager; Replacement of Deputy Team Leader with 1 new permanent Principal Enforcement Officer; 2 new permanent Enforcement Officer; 1 new permanent Principal Tree and Landscape Officer, and loss of 3 current Agency posts. All of these new posts are currently in place and occupied, taking the service over budget.					
		<b>Strategic Priorities implications</b>	Merton Council has previously stated that it recognises the importance of good town planning and understands local residents want planning applications which are approved to be adhered to and properly enforced. The enforcement of planning control is a key area of priority for the Council and its stakeholders.					
		<b>Impact on other departments</b>	Potential greater support and stronger working with Greenspaces/Street Trees					
		<b>Equalities Implications</b>						

GROWTH PROPOSALS 2024-28

DEPARTMENT: Housing and Sustainable Development

Panel	Ref	Description of growth	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Type of Growth (see key)	
SC	HSD 2024-25 03	<b>Service/Section</b>	<b>Development Management &amp; Building Control - Development Management</b>					<b>GS1</b>
		<b>Description</b> <b>Service Implication</b>  <b>Staffing Implications</b>  <b>Strategic Priorities implications</b>  <b>Impact on other departments</b> <b>Equalities Implications</b>	<p>Recruitment and retention of planning officers and admin staff.</p> <p>To enable staff to process planning submissions to meet statutory targets and to ensure there is a high performing service in response to pre-application enquiries and to meet Planning Performance Agreements. Creation of a more stabilised team with reduced costs. The current service is over budget and establishment, using agency staff in order to provide the levels of service required in terms of statutory deadlines</p> <p>3 new permanent planning officer roles, plus market supplements to principal planners, which have to be and are already being paid to ensure retention and competition with other local authorities. This growth can mostly be paid for through an increase in pre application and PPA fees, but without the resources this income cannot be achieved (especially in PPA fees as if service levels are not met, then income will not be paid).</p> <p>To meet the statutory requirements of the Local Planning Authority and secure the sustainable growth of the Borough.</p>					
		Total Housing and Sustainable Development Growth Proposals	<b>505</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

## MEDIUM TERM FINANCIAL STRATEGY 2024-28

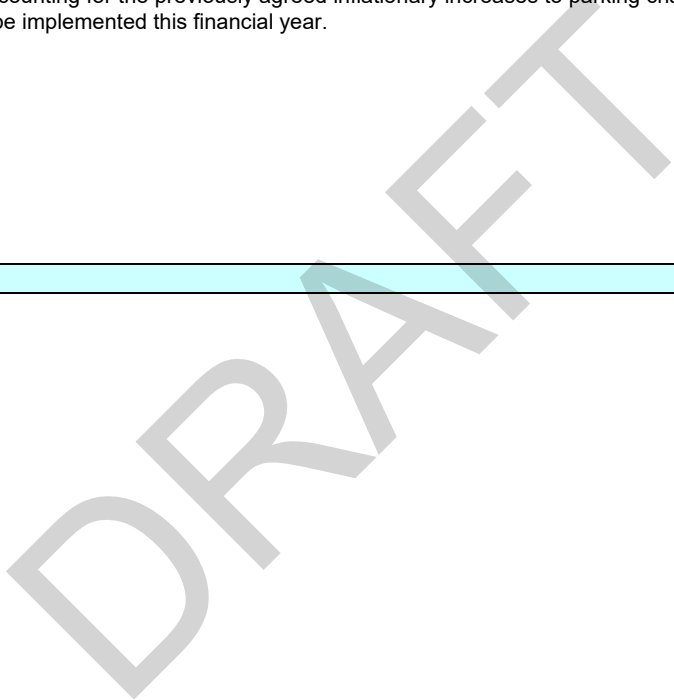
## ENVIRONMENT, CIVIC PRIDE AND CLIMATE: GROWTH 2024-28

	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Parking Income - to right size budget following sustained fall in parking income	800	0	0	0
Public Space: Removal of Transport Revenue Income Budget for additional Community Transport activities	336	0	0	0
Public Protection: Safer Merton- CCTV team	365	0	0	0
<b>Total : ENVIRONMENT, CIVIC PRIDE AND CLIMATE Growth 2024-28</b>	<b>1,501</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cumulative Total</b>	<b>1,501</b>	<b>1,501</b>	<b>1,501</b>	<b>1,501</b>

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GROWTH PROPOSALS 2024-28  
 DIRECTORATE: Environment, Civic Pride & Climate

Panel	Ref		Description of growth	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Type of Growth (see key)
SC	2024-25 ECPC G04	<b>Service/Section</b>	Parking Income	800				G11
		<b>Description</b>	Whilst efforts have been made to achieve additional income it has become apparent that the budgeted parking income targets are unrealistic and unachievable, even after accounting for the previously agreed inflationary increases to parking charges due to be implemented this financial year.					
		<b>Service Implication</b>	None					
		<b>Staffing Implications</b>	None					
		<b>Strategic Priorities implications</b> <b>Impact on other departments</b> <b>Equalities Implications</b>	None None None					
		<b>Total</b>		800	0	0	0	



REVENUE GROWTH PROPOSALS 2024-28

DIRECTORATE: Environment, Civic Pride & Climate.

DIVISION: Public Space

Panel	Ref	Description of growth		2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Type of Growth (see key)
SC	2024-25 ECPC G07	<b>Service/Section</b>	<b>Public Space Passenger Transport</b>					
		<b>Description</b>	<p><b>Removal of Transport Revenue Income Budget for additional Community Transport activities:</b> Prior to covid, the Transport Section ran a "paid for" community transport service for mid day and excursions outside of the provision for schools. This service has never recovered post-covid. With the ageing fleet, it is not possible to continue with this service sustainably and to be able to meet the current projected income targets (current shortfall of £336K per annum). The service is running under resourced from a staffing perspective, and has been since the pandemic. Due to the part-time nature of the role, the service is struggling to recruit new staff and the staff we currently have are aging and nearing retirement. The service is currently in no position to be able to provide any additional work at this point in time. This bid is to request the reduction in the revenue income budget to allow the service to run core services sustainably.</p>	336				G12
		<b>Service Implication</b>	This will remove the pressure to provide an unsustainable service with an aging fleet. It will mean that focus can be placed on core service delivery to improve the customer experience and meet targets while focussing on the sustainable replacement of fleet within achievable timescales.					
		<b>Staffing Implications</b>	None					
		<b>Strategic Priorities implications</b>	Creating a Sustainable Future, Improving the Customer Experience					
		<b>Impact on other departments</b>	The proposal will have no impact on the local community and voluntary groups - the services have not run since before the Covid-19 pandemic. It will benefit core service users by freeing up resource to support the sustainable replacement of the current fleet as well as improving customer service.					
		<b>Equalities Implications</b>	Possible perceived negative impacts across the community & voluntary sectors due to the removal of an additional day time service, however, this has not run since the covid-19 pandemic, and the current fleet does not allow for the service to be re-introduced.					
<b>TOTAL</b>				<b>336</b>	<b>0</b>	<b>0</b>	<b>0</b>	



GROWTH PROPOSALS 2024-28  
 DIRECTORATE: Environment, Civic Pride and Climate

Panel	Ref	Description of growth		2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Type of Growth (see key)
SC	2024-25 ECPC G08	<b>Service/section</b>	<b>Safer Merton- CCTV team</b>					GS1
		<b>Description</b>	Strengthen the funding for critical and essential services by increasing core funding to enable us to grow our permanent staff levels to maintain a 24hr service. This will provide resilience in the team and reducing the reliance on overtime. The current budget funds 7 operators and there needs to be 8, and there is no middle management. This would also allow us to have a more robust staffing and management structure to enable the service to operate at a high standard, work closely with partners and build on the good work and outcomes the service has had. It will allow for focus on the CCTV upgrade and generating income opportunities with wider partners, using the SLA we have with Clarion as a good example of the benefits of a 24/7 CCTV service. The council is investing in a significant upgrade of the CCTV cameras which will provide one of the best for London and provides opportunities for income if the service maintains 24/7. Without growth the service will struggle to 24/7 coverage and hours will need to be reduced with a focus on providing out of hours coverage during busier times such as Thurs-Saturday nights.	365	0	0	0	
		<b>Service Implication</b>	There are not enough operators or effective management structure within the service which is impacting on core delivery and there have been regular occasions where we are relying on overtime to fill gaps and had to procure an external provider to provide additional staff.					
		<b>Staffing Implications</b>	Additional staff.					
		<b>Strategic Priorities implications Impact on other departments Equalities Implications</b>	The council have invested in upgrading the CCTV cameras and keeping Merton safe is a strategic priority CCTV supports and works with a range of internal teams and monitors those cameras. without the necessary none.					
<b>Total</b>				<b>365</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Cumulative Total</b>				<b>365</b>	<b>365</b>	<b>365</b>	<b>365</b>	

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