

Cabinet

Date: 10 November 2014

Subject: Financial Report 2014/15 – September 2014

Lead officer: Paul Dale

Lead member: Mark Allison

Recommendations:

- A. That Cabinet note the financial reporting data relating to revenue budgetary control, showing a forecast net overspend at year end of £4.37 million, 2.69% of the net budget, a decrease of £0.9m from last month.
- B. That Cabinet approve the virements in Appendix 5b:
- New Scheme:
Jan Malinowsky Centre (JMC) Extension £200,000
- Virement
Street Scene Enhancements (£235,000)
Restoration of South Park Gardens £40,000
Figges Marsh Changing Rooms £50,000
Machinery for Highways Grounds Maint. £25,000
Dilapidations £65,000
Rebuild Unsafe Wall (with “charge” placed on property) £55,000
Joseph Hood Primary Expansion (£136,480)
Poplar Primary Expansion £136,480
- C. That Cabinet approve the virement for the additional social work capacity required in CSF. The required virement of £127,900 from the corporate contingency.
- D. That Cabinet approve the virement of £216,000 over 2 years from OCPB reserves for temporary resources required for the Procurement Strategy to make procurement plans robust and deliver the council’s transformational needs and efficiency savings requirements.
- E. That Cabinet approves the virement of £200,000 over 2 years from OCPB reserves for the SLLP to provide the legal support for the above procurement activity.

PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 This is the regular financial monitoring report for 2014/15 presented to Cabinet(LSG) in line with the financial reporting timetable. It is based on expenditure and income as at 30th September 2014.

This financial monitoring report provides:-

- The latest budgetary control information on revenue expenditure and income, forecasting a year end overspend of £4.37m (last month £5.28m);
- An update on the capital programme and detailed monitoring information;
- An update on Corporate Items in the budget 2014/15;

2. 2014/15 FORECAST OUTTURN BASED UPON LATEST AVAILABLE DATA

2.1 **Executive summary** - As at the half year to 30th September 2014 the forecast is expected to be a net £4.37m overspend compared to the current budget.

Summary Position as at 30st September 2014

	Current Budget 2014/15 £000s	Full Year Forecast (Sep) £000s	Forecast Variance at year end (Sep) £000s	Forecast Variance at year end (Aug) £000s	Outurn variance 2013/14 £000s
Department					
3A. Corporate Services	13,286	12,799	(487)	(492)	(732)
3B. Children, Schools and Families	48,492	51,211	2,718	3,183	556
3C. Community and Housing	61,988	63,933	1,945	1,706	(1,122)
3D. Public Health	0	0	0	(0)	0
3E. Environment & Regeneration	24,212	25,545	1,333	1,875	(576)
Overheads	0	0	0	0	55
NET SERVICE EXPENDITURE	147,978	153,488	5,509	6,272	(1,820)
3E. Corporate Items					
Impact of Capital on revenue budget	14,103	14,103	0	0	0
Central budgets	(471)	(1,614)	(1,143)	(991)	2,429
Levies	931	931	0	0	0
TOTAL CORPORATE PROVISIONS	14,563	13,420	(1,143)	(991)	2,429
TOTAL GENERAL FUND	162,541	166,908	4,366	5,281	610
FUNDING					
Revenue Support Grant	(39,738)	(39,738)	0	0	(249)
Business Rates	(33,253)	(33,253)	0	0	0
Other Grants	(9,972)	(10,053)	(81)	(81)	(359)
Council Tax and Collection Fund	(79,578)	(79,578)	0	0	0
FUNDING	(162,543)	(162,622)	(81)	(81)	(610)

A detailed table is provided as Appendix 1.

It should be noted that C&H and CSF have netted down the forecast overspend by £915k of one-off Public Health money. This reduces the overall overspend from £5.3m to £4.37m reported.

Chart 1 below shows the forecast year end variance for departmental expenditure with a comparison against both 2013/14 and 2012/13.

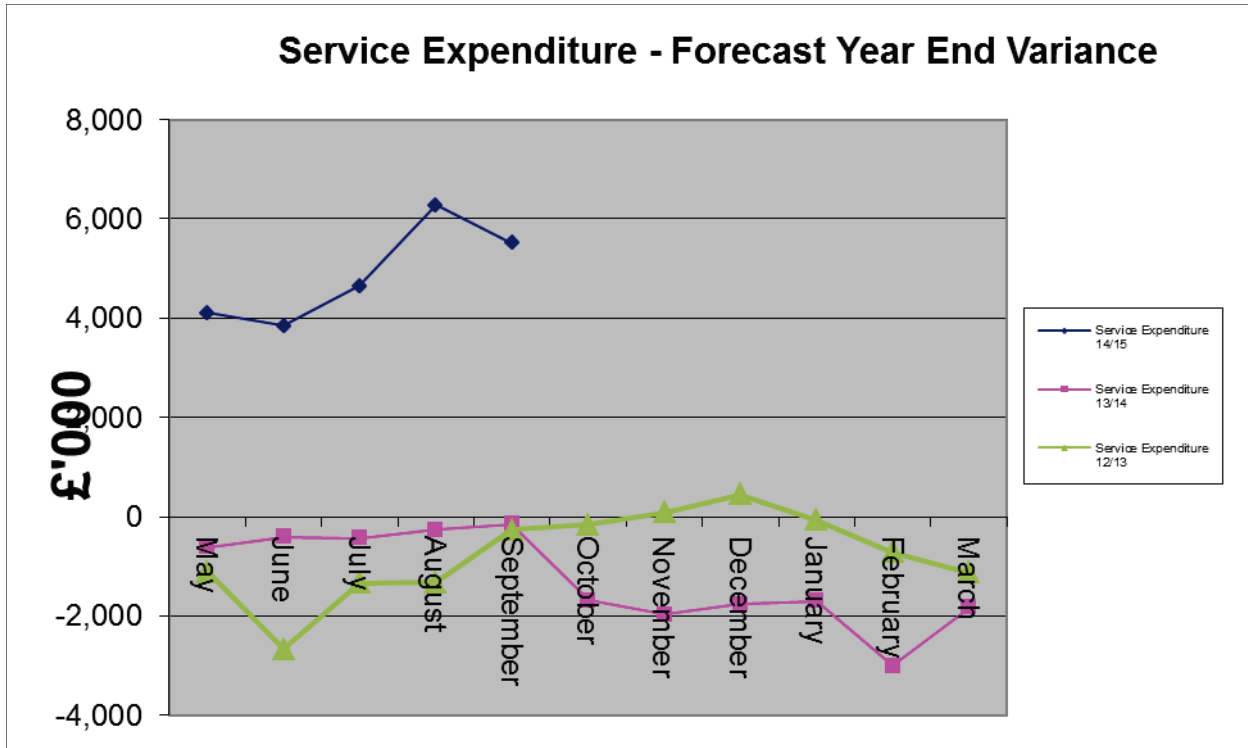
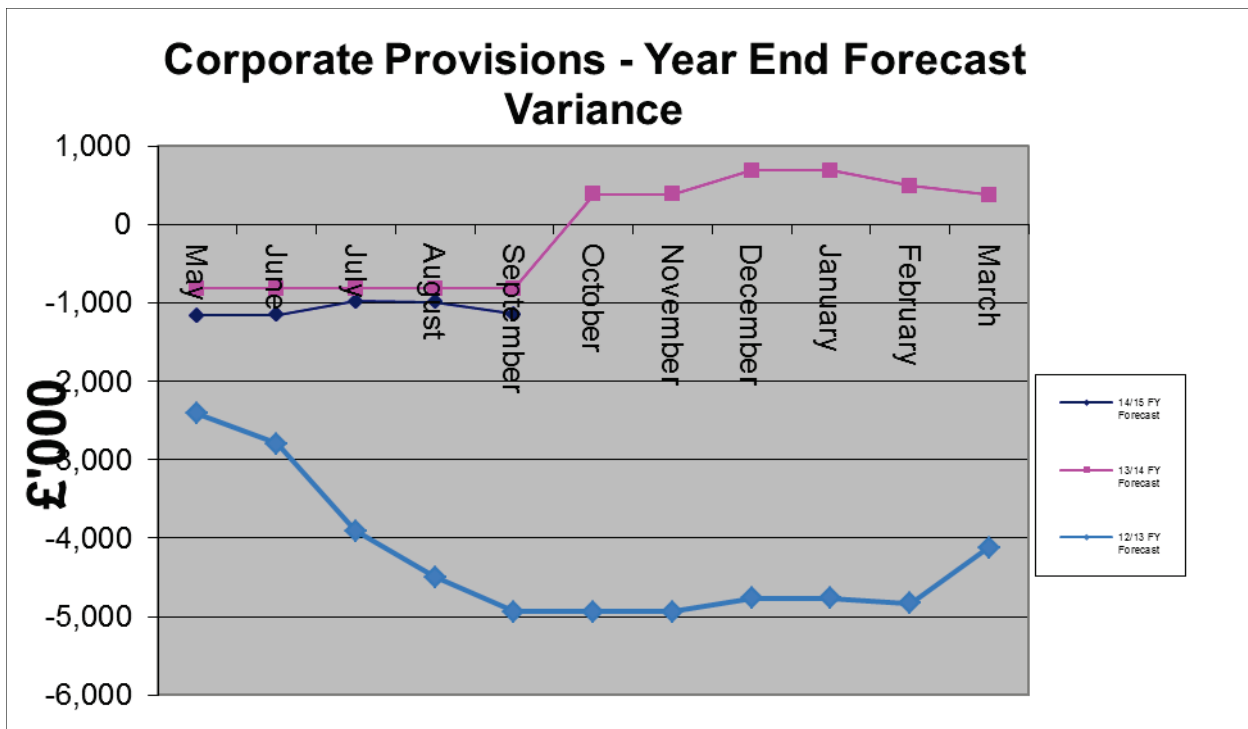


Chart 2 shows the forecast year end variance for corporate provisions with a comparison against both 2013/14 and 2012/13.



Subjective analysis at 30th September 2014

	Current Budget 2014/15	Full Year Forecast (Sep)	Forecast Variance at year end (Sep)	Forecast Variance at year end (Aug)	Outturn variance 2013/14
Expenditure	£000	£000	£000	£000	£000
Employees	94,122	95,998	1,876	2,172	275
Premises Related Expenditure	9,084	8,828	(255)	(285)	(891)
Transport Related Expenditure	13,259	14,629	1,370	1,233	20
Supplies and Services	167,581	167,256	(325)	370	1,933
Third Party Payments	85,132	90,426	5,293	4,564	(2,106)
Transfer Payments	108,346	104,363	(3,983)	(4,338)	6,442
Support Services	32,421	32,420	(1)	(1)	1,501
Depreciation and Impairment Losses	15,227	15,226	(1)	(1)	(0)
Corporate Provisions	14,563	13,420	(1,143)	(991)	2,429
GROSS EXPENDITURE	539,735	542,567	2,832	2,724	9,603
Income					
Government Grants	(263,758)	(260,236)	3,522	3,999	(6,425)
Other Grants, Reimbursements and Contribs	(24,412)	(25,447)	(1,035)	(854)	(2,361)
Customer and Client Receipts	(55,904)	(56,815)	(911)	(271)	(1,141)
Interest	(44)	(19)	25	25	25
Recharges	(33,020)	(33,019)	1	1	(1,446)
Balances	(55)	(123)	(68)	(343)	2,352
GROSS INCOME	(377,194)	(375,659)	1,534	2,557	(8,994)
NET EXPENDITURE	162,541	166,908	4,366	5,281	610

A movement on reserves table is attached as Appendix 8.

A breakdown of customer and client receipts is attached as Appendix 10.

3. DEPARTMENTAL SUMMARY OF CURRENT POSITION

3A Corporate Services Department

	2014/15 Current Budget	Full year Forecast September	Forecast variance at year end September	Forecast variance at year end August	2013/14 Variance
	£000	£000	£000	£000	£000
Business Improvement	3,177	3,192	15	4	-32
Infrastructure & Transactions	9,314	9,209	-105	-70	-130
Resources	7,403	7,305	-98	-9	-284
Human Resources	2,458	2,471	13	-25	-46
Corporate Governance	3,498	3,280	-218	-287	-185
Customer Services	2,305	2,211	-94	-105	-752
Corporate Items including redundancy costs	1,272	1,272	0	0	696
Total (controllable)	29,427	28,940	-487	-492	-733

Overview

At period 6 (September) the Corporate Services department is forecasting an underspend of £487k. This is a small reduction in forecast underspend from last month of £5k.

Business Improvement – forecast overspend £15k

There is a forecast overspend of approx. £55k on support and maintenance contracts. Contracts are being reviewed in line with the development of a procurement plan to identify whether there is scope for reduction in these costs. This overspend is partly being offset by an overachievement of street naming income.

The restructure of the systems and development team within Business Improvement is now complete and was implemented on 1st October 2014. Recruitment to vacant posts is underway to ensure business continuity, with interim resources in place. Vacant posts will be held where possible to offset salary protection but there is pressure on achieving the full savings target of £50k this financial year.

As salary protection applies for 3 years this may cause budget pressures on future years.

Infrastructure and Transactions – forecast underspend £105k

There is a forecast underspend of £105k due to some vacant posts and future year savings captured early.

Resources – forecast underspend £98k

The division is forecasting an underspend of £98k due to future year savings being achieved in the current year.

Human Resources – forecast overspend £13k

The division is now forecasting an overspend of £13k as the cost of resources to address the recruitment process issues are being included. The WCN system was intended to be a user friendly self service system but has been problematic and resulted in delays in the recruitment process. Feedback sessions and training has been provided but have failed to address the on-going problems. The most cost effective solution is to engage additional resource to assist managers in the recruitment process until the expiry of the contract.

As reported previously there is a forecast underachievement of schools SLA income of £25k due to the pressure from external providers. There is also pressure in achieving the saving to increase the CRB income target. The shortfall projected is £15k. These are being offset by underspends within the division.

There is a transfer from reserves of £260k to cover the annual costs of apprenticeships.

Corporate Governance – forecast underspend £218k

The Benefits Investigation team currently has 8 posts investigating both welfare and non welfare benefits. From November 2014, the posts within this team will be transferred to the DWP under the Single Fraud Investigation Service. An anti- fraud team of 3 posts will then be set up within the Audit & Investigation service to cover corporate fraud investigations. The budget for this service will therefore be under spent by approximately £98k in 2014/15. The budget for 2015/16 will need to be reduced to reflect these changes, include agreed savings and reflect a reduction in Housing benefits admin grant.

There is a projected underspend of approx. £80k on various non salary budgets which are being held as future year savings.

The SLLP is forecasting salary costs including agency cover for vacant posts within budget. However, an income shortfall of £138k is being forecast at period 6 on the Sutton and Kingston structure. This does not affect the Merton budget but as host borough needs to be communicated to partnership boroughs and investigated.

The saving of a FOI/ complaints officer post within the Data Protection team will not be achieved in the current year due to a very high demand on the service. An alternate saving has being identified from various non-salary budgets within the division.

The £165k from the Corporate Contingency, previously approved by Cabinet to cover the cost of the local elections has been allocated in period 6.

Customer Services – forecast underspend £105k

The Local Welfare Support discretionary scheme continues to underspend in 2014/15. The forecast underspend is £250k. This underspend will be transferred to the local welfare support reserves. A paper will be presented to CMT in due course with a proposal to increase the uptake of this scheme.

The forecast underspend on vacant posts are approx. £115k.

The Corporate Communications sponsorship, advertising and filming income target remains an on-going issue and budget pressure with a forecast overspend of £85k.

The Sutton shared bailiffs income target is also a pressure in 14/15 and expected to underachieve. The forecast underachievement of income is £110k.

Management Action

Finance staff will continue to work closely with budget managers to continue to make forecasting more robust.

3B. Children Schools and Families

Children, Schools and Families	2014/15 Current Budget £000	Full year Forecast (Sep) £000	Forecast Variance at year end (Sep) £000	Forecast Variance at year end (Aug) £000	2013/14 Variance at year end £000
Commissioning, Strategy and Performance	7,062	8,043	981	1,229	449
Education	16,223	17,408	1,185	998	370
Social Care and Youth Inclusion	10,840	11,803	963	1,366	(268)
Public Health contribution	0	(415)	(415)	(415)	0
PFI	7,724	7,729	5	5	29
Redundancy costs	2,073	2,073	0	0	(24)
Total (controllable)	43,922	46,641	2,719	3,183	556

Overview

At the end of September Children Schools and Families is forecasting a net overspend of £2.719m on local authority funded services a reduction of £464k since August. There are a considerable number of duties placed on the Local Authority which have not been fully funded or not funded at all. These include remand costs, no recourse to public funds (NRPF) and the new requirement to support care leavers. This was compounded by the Children and Families Act requirements from September 2014. This has been netted down by one off Public Health money of £415k making the underlying overspend £3.134m (£3.598m last month).

Local Authority Funded Services

There are a number of volatile budgets, which require continuous and careful demand management. Significant cost pressures and underspends identified to date are detailed below:

Description	Budget £000	Sep £000	Aug £000
Fostering and residential placements (ART)	4,169	884	772
Supported lodgings/housing	627	303	335
Un-accompanied asylum seeking children (UASC)	346	142	142
Procurement & School organisation	953	(134)	0
Other small over and underspends	967	(214)	(20)
Subtotal Commissioning, Strategy and Performance	7,062	981	1,229
SEN Transport	2,816	796	695
No Recourse to Public Funds (NRPF)	0	58	58
Children with disabilities team (CWD) staffing	505	191	218
Other small over and underspends	13,902	140	27
Subtotal Education	16,223	1,185	998
Social work staffing costs	2,581	612	721
No Recourse to Public Funds (NRPF)	20	238	225
Supported lodgings/housing	0	147	133
Special guardianship orders (SGO)	442	114	258
Family & Adolescent Services	178	(93)	0
Other small over and underspends	7,619	(55)	29
Subtotal Children's Social Care and Youth Inclusion	10,840	963	1,366
Public Health contribution	0	(415)	(415)
Subtotal PFI	7,724	5	5
Subtotal Redundancy cost	2,073	0	0
Grand total Children, Schools and Families	43,922	2,719	3,183

Commissioning, Strategy and Performance Division

- While the numbers of Looked After Children (LAC) are relatively stable, the complexity of a significant proportion of cases is causing the net estimated overspend of £884k. This includes on-going pressures in independent agency fostering of £122k, in-house fostering of £343k and residential placement of £586k which is offset by underspends forecast in mother and baby placements of £167k while secure accommodation costs including remands is expected to spend to budget. The increase is due to a combination of new placements and movements to more expensive placements due to assessed need.
- The budget for semi-independent and supported lodgings/housing placements is estimated to overspend by £303k. This budget is used to finance placements for young people aged 16/17 who require semi-independent provision and for Care Leavers through to independence or, in some cases, through to the age of 21. There has been an increase in forecast expenditure since April 2014 due to increase in caseload as some young people have now reached 18 and funding for their placement has transferred from the LAC placement into this budget. Because of their specific needs, some young people have also needed to move placements and this has resulted in increased expenditure on those placements.

- The UASC payments are expected to overspend by £142k this year due to an increase in the number of claimants turning 18 which is when central government contribution towards these cases ceases.
- Procurement and school organisation budgets are expected to underspend by £134k as a result of not recruiting to vacancies and a lower spend forecast on revenue budgets.
- There are various other small over and underspends predicted across the division netting to a 214k underspend. These combine with the items described above to arrive at the total reported divisional overspend forecast of £981k.

Education Division

SEN and FE transport cost are expected to overspend by £796k due to the failure to deliver savings taken in recent year's budgets, the increased number of service users and higher than anticipated charges from the service provider. This is due to more children with challenging behaviour requiring individual transport with accompanying escorts as well as the additional costs of providing cover for transport escorts who are off sick. Work continues to ensure the most cost effective routing for individual young people.

- The No Recourse to Public Funds (NRPF) budgets are forecast to overspend in total by £296k for the current financial year. These overspends are expected across education (£58k) and CSC (£238k). This increase in cost is in response to case law regarding housing families with no recourse to public funds (Zambrano & Clue cases).
- The CWD team is expected to overspend by £191k. As highlighted in the budget reports to Cabinet and Council, additional capacity is being kept under regular review and funded quarterly from the corporate contingency. This amount equates to two additional social workers. On top of the additional staff, the team also has to cover vacancies with agency staff.
- There are various other small over and underspends predicted across the division netting to a £140k overspend. These combine with the item described above to arrive at the total reported divisional overspend forecast of £1.185m.

Children's Social Care and Youth Inclusion Division

- The green and purple central social work teams and MASH team staffing budgets are expected to overspend by £612k. The teams are in a similar position to the CWD team with regards to six additional social workers kept under review and funded quarterly from corporate contingency. On top of the additional staff, the teams are also required to cover vacancies with agency staff due to difficulty in recruiting permanent members of staff. This cost could fluctuate during the course of the year depending on our ability to recruit permanent members of staff to our vacancies.
- The NRPF budgets are forecast to overspend by £238k in CSC for the current financial year. See second bullet point under education division for details.
- The budget for semi-independent and supported lodgings/housing placements in the 14+ team is expected to overspend by £147k. This is due to a combination of one-off overspend as a result of CareFirst packages that was not accrued for in the previous financial year, and on-going support cost increasing.

- Special guardianship orders (SGOs), adoption allowances and residence orders are estimated to overspend by £114k during the current financial year due to an increase in caseload as well as increased fees resulting from case law.
- We have been able to fund some elements of core salaries from specific one-off grants which will result in a £93k underspend on the service expenditure for the current year.
- There are various other small over and underspends predicted across the division netting to a £55k underspend. These combine with the item described above to arrive at the total reported divisional overspend forecast of £963k.

Dedicated Schools Grant

DSG funded services are expected to overspend by an estimated £858k (£1.361m reported last month) in 2014/15. These budgets are not within the council's general fund and any over or underspends cannot be offset against the local authority funded budgets. Any movement at year-end will be added to the DSG reserve and applied after consultation with Schools Forum. Variances between individual subjectives have been shown in the overall departmental subjective analyses.

The main reason for the expected overspend relates to post 16 SEN provision. The responsibility of these payments transferred to Authorities in 2013/14. The cost of Further Education (FE) colleges and Independent Specialist Providers (ISP) are expected to be £953k over budget as the DfE has not provided sufficient funding.

Management Action

Of the £500k public health underspend allocated to CSF, £415k will be used to offset Early Years costs which enabled us to use existing general fund money to offset overspends on LAC placements.

Transport: a review of the costs of the provision involves all departments is taking place as part of our Transformation work. Issues regarding the costing methodology are being resolved and departments are working closely together to ensure the buses and taxis are used most cost efficiently. E&R are working hard to reduce staff sickness levels to reduce the costs of agency cover. The issue of savings taken in previous years will need to be resolved.

As previously mentioned, there are a considerable number of duties placed on the Local Authority which have not been fully funded or not funded at all. The table below highlights the estimated overspends relating to these duties:

Description	Budget £000	Sep overspend forecast £000	Aug overspend forecast £000
Supported lodgings/housing	627	303	335
Un-accompanied asylum seeking children (UASC)	346	142	142
No Recourse to Public Funds (NRPF)	20	286	283
Special guardianship orders (SGO) & residence orders	200	114	258
Fostering	0	15	15
Total	1,193	860	1,033

Young people aged between 18 and 21 now have the right to stay in their foster placements beyond 18 including whilst attending university. This means their fostering placement has to remain open to them and the in-house foster carer or IFA will have to continue to be paid.

Young People on remand are classed as being LAC and also have access to care leavers' services across a range of budgets. These are in excess of the figures in the table above but included within the overall projections for the department. As the system does not separately identify costs relating to remand cases, it is not possible to identify this separately.

Unaccompanied Asylum Seeking Young People are also required to receive these leaving care services and we have 11 over 18s which is putting pressure on the UASC budget.

NRPF: The majority of families presenting needs are housing. Meetings are on-going to discuss options to reduce cost and strengthen processes and procedures. The expansion of the Merton Action for Single Homeless Hostel agreed at Cabinet will assist with housing supply, but much greater local supply is required. Discussions are on-going regarding the most economic way of procuring housing for families with no recourse to public funds.

Supported lodgings/housing placements: smarter commissioning practices through working with providers to negotiate reductions on placement costs and cost avoidance on proposed fee increases are being explored. The implementation of a "Staying Put" policy as required by new legislation which enables young people to remain in their foster placements post 18 is likely to be a cheaper option for those young people who request it rather than moving into semi-independent provision. We are also maximising the uptake of Housing Benefit for young people aged 18+.

Staff agency cover: The department has developed a scheme for newly qualified social workers (NQSW) with the aim to employ ten to twelve additional members of staff supported and quality assured by a practice assessment manager. We have also engaged an external organisation with the help of the recruitment section to source permanent social worker staff to reduce agency cover.

Of the £860k savings identified for 2014/15, it is expected that SEN transport and LAC and SEN placements will be partly delivered. Current estimates indicate that £768k will be achieved.

Additional social worker capacity

As highlighted in the budget reports to Cabinet and Council, additional capacity is being kept under regular reviewed and funded quarterly from the corporate contingency. CMT / Cabinet are asked to approve the virement £127,900 from the corporate contingency.

C) Community and Housing

As at the end of period 6 (September), C&H is forecast to over-spend by £1.945m an increase of £249k since the August forecast

Community and Housing	2014/15 Current Budget	Full Year Forecast (Sep)	Forecast Variance (Sep)	Forecast Variance (Aug)	2013/14 Variance at year end
	£000	£000	£000	£000	£000
Access and Assessment	42,396	44,030	1,634	1,354	(1,256)
Commissioning	5,072	5,019	(53)	(49)	(116)
Direct Provision	4,174	4,949	775	788	214
Directorate	893	836	(57)	(20)	70
Contribution from Public Health	0	(500)	(500)	(500)	0
Adult Social Care	52,535	54,334	1,799	1,573	(1,088)
Libraries and Heritage	2,494	2,473	(21)	0	27
Merton Adult Education	(282)	(125)	157	158	(29)
Housing General Fund	2,003	2,013	10	(35)	(32)
Total (controllable)	56,750	58,696	1,945	1,696	(1,122)

This overspending for adult social care has been netted down by one off Public Health money of £500k & £290k of ASC reserves for DOLs meaning that the underlying over-spending is £2.589m. Less than 25% of the Savings agreed for the department have been delivered. The £1.9m shortfall is the main cause of the overspend.

Access and Assessment - £1,634k over-spend

Access and Assessment	Forecast Variance (Sep)	Forecast Variance (Aug)
	£000	£000
Miles –Reablement over-spend	317	306
Other A&A under-spend	(669)	(617)
Gross Placements overspend	2,923	2,697
Sub-total Net over-spend	2,571	2,386
Over achievement of Client Contribution	(553)	(585)
Over achievement of CCG Contribution	(384)	(384)
Sub-Total over-achievement of Income	(937)	(969)
Total A&A Forecast over-spend	1,634	1,417

Placements Overspend £2.9m

The total gross placement budget for 2014-15 is £37.6m and forecast total commitment is £40.5m

This includes £2.3m net growth allocated in setting the budget to deal with volume increases and savings of £1.916m through improved efficiency, procurement, service changes, and managing demand..

This is based on the latest data but is subject to wide potential variation.

The impact of the savings on the budget position for 2014-15 is being monitored.

The table below identifies the movement in care package numbers:

Activity Data – Care Package Numbers	No of Care Packages as at October 2013 (budget setting)	No of Care Packages as at Sep 2014	Increase/ (decrease) since Budget Setting	Total Yearly Commitment @ Sep 14 £000
Service Area				
Mental Health	157	147	(10)	£1,583
Physical and Sensory	289	279	(10)	£3,959
Learning Disabilities	369	404	35	£12,888
Older People	1,631	1,707	76	£21,251
Substance Misuse	8	13	7	£223
No recourse to public funds	12	12	0	£200
Transport				£319
Other Placement Expenditure				£121
TOTAL Gross placement expenditure	2,466	2,562	96	£40,544

Placement Pressures :-

Gross expenditure in the placements budget is complex to monitor and depends on CareFirst records and care packages always being up to date. It is essential to monitor that this continues.

Although there is evidence of success in managing demand and making specific savings, there are pressures in this area which are making it difficult to realise all savings. These include:

- Transitions costs, from children coming through to adult services with greater and more complex needs. For example for those young people attending college, there is an increasing demand for accommodation and support to be arranged for them in holidays rather than their being with their families. This reflects the increased level of disability and challenging behaviour.
- A higher rate of dependency among those being discharged from hospital. One indicator for this is the number of people requiring two members of staff for transfers (e.g. between bed and chair), commonly referred to as “double ups”. The number requiring this has grown considerably over the past year

- Demography (e.g. increase in dementia in customers over 65 and corresponding increase in support needs)
- Greater challenge from the NHS in some cases where they have been funding or co-funding individuals
- The local provider market for social care. Merton has for some time had the benefit of lower than average unit costs and fees, partly through some long standing block contracts. As these block contracts are coming to an end the providers are demanding what they can get on the open market, and are comparing what Merton will pay with the rates they get from other neighbouring local authorities. This is in some cases causing cost increases.
- The Cheshire West judgement for Deprivation of Liberty Safeguards (DOLS). This Supreme Court interpretation of the Mental Capacity Act legislation has led to a much larger number of people in hospitals, care homes and community settings to require assessment as to whether they have the capacity to consent to where they are and, if they don't, whether the arrangement is in their best interests.

Placements Income

The income budget was re-aligned as part of budget setting. However based on latest data, income is currently forecast to over-achieve by £937k. This needs to be adjusted with the expenditure budget to more closely align both to the real situation. The monitoring of income is a key budget area where enhancement of the monitoring is being further developed.

The effective overspend on net placements costs is therefore c. £2m

Commissioning under -spend £55k

Salaries budget is £127k under-spend due to vacancies across the commissioning team.

Supporting People grant is forecast to under-spend by £110k; however the Underspend is not guaranteed due to on-going contract negotiation and subsidy movements.

It has been agreed the affected Voluntary organisations currently receiving transitions payments will not receive any funding in 2015/16.

Direct Provision over-spend £775k

The main cause of the adverse variances is due to a over-spend on the Transport SLA (Core-route) charges. This budget is forecast to over-spend by £600k. Operational measures have been taken to reduce volumes within the SLA, but this volume reduction has not been matched by a reduction in re-charges as the reduction proposed was not based upon actual variable costs.

Adult Social Care Management Action

A range of actions are being progressed to help reduce the projected over-spend, as follows:-

- **Staffing** - vacancies across Access and Assessment and Commissioning are being held to help offset the over spend, where such vacancies do not prohibit the delivery of our statutory duties. There is a continued reduction in agency staff usage.
- **Strengthened resource panel arrangements** - the panels now sit twice a week and there is representation from both the Brokerage and occupational therapy teams. Fully costed alternatives are required to be presented for every case in order to ensure the best value alternative.
- **Customer reviews** – the programme of customer review will intensify from November. The objective of the reviews is to ensure that customer’s packages are appropriate to need and reduce any services that are not absolutely needed. This programme is contributing to 2014-15 savings and will also continue into 2015-16.
- **Improved performance information** - the quality of performance data has been adjusted over the past few months in order to ensure we can use more of the data to meet business needs. Team managers now get weekly updates on the volumes of support being authorised from the teams, which can in turn drive immediate discussions and decisions about bringing this into line with the budget. The data is now showing a reduction overall in home care hours and in care home admissions.
- **Third party contract re-negotiation** - following a nine month period of intense negotiations with Eltandia, commissioners have succeeded in securing a rate that though higher than that of our previous block contract, is below the going market rate. Such re-negotiations are on-going with other third party providers. Commissioners have taken a collaborative approach to convince providers to continue to work with them.
- **Reablement restructure** - as previously indicated the restructure of the reablement service is underway, and the team are looking for additional opportunities to take costs out.
- **ASC Redesign programme** - There is continuous scanning of best practice across the country in order to look for further savings. A recent example is the report from the Local Government Association.
- **Working with front line staff** – a conference with social workers has taken place and one for occupational therapists is taking place in November. A major component of these conferences is “promoting independence” and what professional practice needs to be in order to work to this principle.

Libraries- £21k under-spend

Libraries is reporting an under spend on the media fund and some short term vacancies.

MAE - £157k over-spend

Over-spend is mainly due to forecast under-achievement of Income due to changes in the SFA funding regime made after budget setting in previous years and the non delivery of savings

Although currently showing an overspend expenditure, the budget manager expects to contain expenditure within budget by the end of the financial year. This should happen once budget is realigned due to class closures. A detailed management action to demonstrate this is required

Strategic options for the service from 2015 onwards are being explored.

Housing - £10k overspend

There are various other small over and underspends predicted across Housing netting to a £10k overspend.

The main budget pressure is on the Homelessness Prevention budget is currently forecast to over-spend by £67k based on the current spend to date. This budget cannot be viewed in isolation as if spending was restricted on rent deposits there would be a corresponding increase in the use of temporary accommodation.

In addition, updated housing benefits information is not available to enable good forecast on bed and breakfast.

Public Health

Public Health is forecast to underspend by £790k

Public Health	2014/15 Current Budget	Full Year Forecast (Sep)	Forecast Variance (Sep)	Forecast Variance (Aug)	2013/14 Final Out- turn
	£000	£000	£000	£000	£000
PH - Directorate	1,055	1,030	(25)	113	631
PH- Contraception	706	717	11	11	589
PH - STI Testing and Treatment (GUM)	2,060	2,344	284	284	2,275
PH - SH Advice, Prevent and Promotion	360	267	(93)	(93)	301
PH - NHS Health check	232	227	(5)	(5)	172
PH - Falls Prevention	66	59	(7)	(6)	55
PH - Obesity	348	344	(4)	(6)	357
PH – Live well (including smoking cessation)	355	316	(39)	(39)	346
PH - Substance Misuse (drugs and alcohol)	2,057	1,717	(340)	(385)	1,837
PH - School Nursing (including National Child Measurement programme)	628	603	(25)	(19)	570
PH - Surveillance and Control of Infectious Diseases	65	2	(63)	(64)	0
PH - Community Services Contract Estates	191	282	91	91	188
PH - New Investments	1,003	428	(575)	(660)	0
Total Public Health (controllable)	9,126	8,336	(790)	(778)	7321

The main causes of the forecast underspend on Public Health are as a result of delay to projects due to the need for Council to make savings and reconfigure services and capacity in Public Health team. There are also challenges to Public Health budget from MCCG of £900k.

3D) Environment & Regeneration

Environment & Regeneration	2014/15 Current Budget £000	Full year Forecast (Sept) £000	Forecast Variance at year end (Sept) £000	Forecast Variance at year end (Aug) £000	2013/14 Final Out- turn £000
Public Protection	(6,921)	(6,778)	143	176	243
Sustainable Communities (Excl. T&H)	2,936	3,131	195	403	(54)
Traffic & Highways (T&H)	8,129	8,364	235	551	(122)
Waste Services	14,159	15,158	999	899	(1,116)
Safer Merton	1,043	922	(121)	(72)	(63)
Other	(759)	(877)	(118)	(83)	537
Total (Controllable)	18,587	19,920	1,333	1,874	-575

Description	2014/15 Current Budget £000	Forecast Variance at year end (Sept) £000	Forecast Variance at year end (Aug) £000
Employee overspend in Parking Services	2,476	59	53
Underachievement of income in Parking Services	(12,228)	76	177
Other	2,831	8	(54)
Total for Public Protection	(6,921)	143	176
Employee overspend within B&DC	1,580	298	259
General Supplies & Services underspend within B&DC	232	(120)	(95)
Shortfall in Building & Development Control (B&DC) income	(1,859)	64	213
Employee related underspend within Traffic & Highways	1,783	(240)	(166)
Reduction in ability to Capitalise expenditure	(464)	464	464
Underspend on third party payments within Traffic & Highways	2,379	(100)	83
Underachievement of Customer & Client Receipts in Traffic & Highways	(1,453)	183	209
Overachievement of rental income in Property Management	(4,042)	(115)	(41)
Employee overspend within Greenspaces	2,252	140	144
Overachievement of Other Grants & Contributions within Greenspaces	(97)	(99)	(99)
Underachievement of Customer & Client Receipts within Greenspaces	(1,792)	111	111
Employee overspend within Future Merton	1,398	89	35
Employee underspend within Senior Mgmt & Support	758	(74)	(36)
Other	10,390	(171)	127
Total for Sustainable Communities	11,065	430	954
Employee overspend within Waste Services	7,181	198	339
Transport related underspend within Waste Services	1,980	(162)	(310)
General Supplies & Services underspend within Waste Services	1,114	(178)	(175)
Overspend on 3 rd Party Payments – principally SLWP	6,354	808	575
Shortfall in Waste Services income – principally Commercial Waste	(2,846)	347	448
Other	376	(14)	22
Total for Waste Services	14,159	999	899
Transport Services	(759)	(118)	(83)
Total for Street Scene & Waste (Excl. Waste Services)	(759)	(118)	(83)
Employee underspend Safer Merton	840	(118)	(65)
Other	203	(3)	(7)
Total for Safer Merton	1,043	(121)	(72)
Total Excluding Overheads	18,587	1,333	1,874

Overview

The department is currently forecasting an overspend of £1,333k at year end. The main areas of variance are Waste Services, Traffic & Highways, Parking Services, Greenspaces, and Building & Development Control.

Pressures

Public Protection

Parking Services

The section is currently forecasting an overspend of £124k. Contributing to this is a £59k staff overspend, which is the result of employing additional agency CEOs to enforce areas not routinely enforced within the existing staff rotas, and to mitigate the effect of staff sickness on enforcement. A further £76k is due to an overall underachievement of income.

Sustainable Communities

Greenspaces

The section is forecasting an overspend of £175k. An employee overspend of £140k is being forecast, as a result of overtime payments to cover for absences, such as annual leave and sickness, in order to maintain service standards (£60k), staffing the paddling pools (£40k), Wimbledon fortnight (£15k), and staffing of the firework displays (£15k). These are areas that need to be contained within normal base budget activity and cannot become a routine overspend. Management proposals are required to fund these on a permanent basis. An underachievement of income totalling £111k is expected relating mainly to sports bookings (£45k), and the hiring of open spaces e.g. Wimbledon Park athletics track (£48k). These overspends are being partially reduced by the reversal of a prior year corporate write-off totalling £90k. This means that the underlying overspend is c.£365,000 and these needs to be resolved before the 2015/16 financial year.

Building & Development Control

The section is currently forecasting an overspend of £174k mainly due to an employee overspend of £298k, and a shortfall in Customer & Client receipts of £64k. This is partially offset by an underspend of £120k in supplies and services. The employee overspend is largely the result of the additional temporary staff for the agreed 2-year fixed term enhancement of the service.

Traffic & Highways

The section is forecasting an overspend of £235k, mainly as a result of a clearer understanding of guidelines and actual patterns of expenditure meaning that the section charges a lower level of highways maintenance spend to Capital than previously and, as a result, incurs increased revenue costs. A permanent solution to this issue will be required before the 2015/16 budget is set.

The section also has a forecast income shortfall of £183k, mainly relating to the London Permitting Scheme (LoPS) and street work activities, due to greater compliance.

These forecast overspends are being partially offset by an employee underspend of about £240k arising from charging staff cost to TfL funded works, charging more staff to Capital and deferring recruitment of an Engineer and Permit Officer.-

Street Scene & Waste

Waste Services

The section is currently forecasting an overspend of £999k, mainly due to a forecast shortfall in Customer & Client receipts, specifically on Commercial activities (including Commercial Waste, clinical waste and bulky waste collection) which is forecasting an income shortfall of around £600k.

This compares to a shortfall of £389k in 2013/14. This effectively means that an agreed saving of £250k implemented in 2014/15 for Commercial Waste is not being fully achieved

In addition, the section is currently projecting an employee related overspend of about £198k. There is an element of non-contractual overtime and agency cover for sick leave absences. Some actions are being taken to reduce this overspend, including an action plan to reduce the level of sick leave absence, and not covering absences with agency staff where this does not impact on service delivery.

The section is also projecting an overspend of £207k relating to the operational and disposal costs associated with the management of the HRRC and transfer station.

The forecast overspend also includes some one-off costs. Firstly, two Household Reuse and Recycling Centre (HRRC) invoices relating to the previous financial year were not accrued for (£229k). Secondly, a sundry debtor balance whereby the income relating to the food waste rebate as a result of the contract renegotiations was over-estimated (£309k).

Transport Services

Work continues with analysing the varying forecasts seen within E&R and the client departments, so that a permanent solution can be achieved for 2015/16.

Management Action

The department is implementing actions to mitigate the budget pressures, and all managers are aware of the need to contain expenditure and maximise income wherever possible. Corporate guidance regarding the filling of vacant posts will be strictly adhered to.

(E) Corporate Items

The details comparing actual expenditure up to 30 September 2014 against budget are contained in Appendix 2. The main areas of variance as at 30 September 2014 are:-

Corporate Items	Current Budget 2014/15 £000s	Full Year Forecast (Sep.) £000s	Forecast Variance at year end (Sep.) £000s	Forecast Variance at year end (Aug) £000s	2013/14 Year end Variance £000s
Cost of borrowing	14,103	14,032	-71	-71	-166
Use for Capital Programme	0	71	71	71	512
Impact of Capital on revenue budget	14,103	14,103	0	0	346
Investment Income	-522	-676	-154	0	-346
Pension Fund	13,434	13,434	0	0	21
Pay and Price Inflation	1,619	1,619	0	0	-314
Contingencies and provisions	4,110	3,121	-989	-991	845
Income Items	0	0	0	0	-177
Appropriations/Transfers	-3,885	-3,885	0	0	2,051
Central Items	14,756	13,613	-1,143	-991	2,080
Levies	931	931	0	0	0
Depreciation and Impairment	-15,227	-15,227	0	0	3
TOTAL CORPORATE PROVISIONS	14,563	13,420	-1,143	-991	2,429

There has been a change in the forecast since August as it is estimated that investment income will exceed the budget anticipated by £154,000 by year end. It is still anticipated that the contingencies and provisions budgets will be underutilised by c. £1m.

There are no other significant variations in the corporate expenditure forecast against budget in September.

4. CAPITAL PROGRAMME 2014-18 – September Monitoring

4.1 Capital Expenditure

4.1.1 Over the past three financial years considerable work has been undertaken to reduce the Capital Programme to levels that can be delivered with our current staffing complement. Historically this has been shown to be around £40 million per annum, in 2013/14 this reduced to £30 million. The October Cabinet approved capital programme was just under £50 million, the proposed programme is £46.5 million.

Comparison of Spend to September between 2012/13, 2013/14 and 2014/15

Department	Spend To Sept 2012	Spend To Sept 2013	Spend To Sept 2014	Variance 2012 to 2014	Variance 2013 to 2014
Children Schools and Families	16,320	4,724	7,979	(8,341)	3,255
Corporate Services	1,083	1,372	480	(603)	(892)
Community and Housing	365	786	182	(183)	(604)
Environment and Regeneration	4,124	4,140	1,685	(2,439)	(2,455)
Total Capital	21,892	11,022	10,326	(11,566)	(695)

Outturn £000s	40,487	31,564		
Budget £000s			46,541	
Projected Spend October 2013 £000s			43,554	
Percentage Spend to Budget			22.19%	5,538
Percentage Spend to Outturn/Projection	54.07%	34.92%	23.71%	

4.1.2 September is half way through the financial year however departments have only spent 22.2% of their budget or 23.7% of their forecast, in the last two years spend was in the region of 45% of the final outturn by this point. To achieve a projected spend of £43.6m officers will need to spend just over £5.5m per month for each of the remaining 6 months. The table below shows that in July 2014 departments have managed to spend just over £2.7 million.

Department	Spend To Aug 2014	Spend To Sept 2014	Variance
Children Schools and Families	5,854	7,979	2,125
Corporate Services	216	480	264
Community and Housing	109	182	73
Environment and Regeneration	1,396	1,685	289
Total Capital	7,575	10,326	2,751

4.2 Capital Programme 2014/15

4.2.1 The table below summarises the position in respect of the Capital Programme as at July 2014 the detail is shown in Appendix 5a:

Merton Summary Capital Report - September 2014 Monitoring

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Community and Housing	2,595,530	181,629	197,320	(15,691)	2,528,869	(66,661)
Corporate Services	6,023,420	480,420	1,194,311	(713,891)	4,148,297	(1,875,124)
Children Schools and Families	25,127,020	7,979,443	10,529,923	(2,550,481)	25,127,026	6
Environment and Regeneration	12,795,160	1,684,964	3,685,850	(2,000,887)	12,560,290	(234,870)
Total Capital	46,541,130	10,326,456	15,607,404	(5,280,950)	44,364,482	(2,176,649)

Notes

1. Corporate Services the bulk projected under spend is due to three corporate schemes – Acquisitions (£1,042k), Capital Bidding Fund (£500k) and Capital Transformation (£240k) which are held to fund transformation activity throughout the organisation.
2. Environment and Regeneration – the following projected underspends/slippage against this year’s budget account for the bulk of the projected variances on this forecast:

	<u>£000's</u>
Colliers Wood Town Centre	90
Mobile Working	50
Mitcham Means Business	39
Bewley Bridge	26
Total	<u><u>205</u></u>

4.2.2 The adjustments being made to the capital programme are detailed in Appendix 5b and the impact on funding of these changes is detailed in Appendix 5c. The Table below shows the adjustments to the Capital Programme since its approval in March 2014:

Within Environment and Regeneration the “Street Scene Budget” and the unspent balance from “Wimbledon Park Hall Budget” (this unspent balance of £21,680 is from the total budget of £150,000) are being utilised to supplement two existing schemes and create three new schemes. The new schemes being created are:

- a) Machinery for Highways Ground Maintenance (£25,000) – This equipment is required as part of the highways grounds maintenance contract if this equipment is purchased second hand it will provide a revenue saving as the Authority will no longer need to hire the equipment.

- b) Rebuild Wall (£55,000) – This is a health and safety issue with a wall in an owner occupied property. Normally the owner would be required to undertake and pay for this work. The owner is very elderly and cannot undertake the work, the Authority will undertake the work on their behalf and place a charge on the property.
- c) Dilapidations (£86,680 - dilapidations works required on site vacation of a unit have not been undertaken. The Authority will undertake the work so the unit can be relet and then re-coup the expenditure through court action.

Changes to the Capital Programme 2014/15 since March 2014

Depts.	Original Budget 14/15	Slippage 2013/14	Reductions	New External Funding	New Internal Funding	Re-profiling	Revised Budget 14/15
Children, Schools and Families	27,193	304	0	849	0	(3,219)	25,127
Corporate Services	8,829	169	(538)	10	0	(2,447)	6,023
Community and Housing	2,603	302	(170)	0	242	(381)	2,596
Environment & Regeneration	15,920	1,368		1,178	0	(5,671)	12,795
Total	54,545	2,143	(708)	2,037	242	(11,718)	46,541

4.2.2 The Table below details the changes made to the approved programme within Appendix 5.

Depts.	July Monitoring Budget 2014/15	Variance	August 2014 Monitoring Budget 2014/15	July Monitoring Budget 2015/16	Variance	August 2014 Monitoring Budget 2015/16	July Monitoring Budget 2016/17	Variance	August 2014 Monitoring Budget 2016/17	July Monitoring Budget 2017/18	Variance	August 2014 Monitoring Budget 2017/18
CSF	27,791	(2,664)	25,127	15,297	2,644	17,941	22,087	0	22,087	21,399	0	21,399
CS	6,014	9	6,023	5,000	0	5,000	3,862	0	3,862	2,806	0	2,806
C&H	2,817	(221)	2,596	1,229	422	1,651	1,334	0	1,334	340	0	340
E&R	13,095	(300)	12,795	25,867	253	26,120	8,335	0	8,335	4,501	0	4,501
Total	49,717	(3,176)	46,541	47,393	3,318	50,711	35,618	0	35,618	29,046	0	29,046

5. DELIVERY OF SAVINGS FOR 2014/15

The table below shows that 2014/15 savings have been substantially delivered by Service Departments, with the exception of Community and Housing. The shortfalls will need to be fully delivered in 2015/16 or alternatives identified in addition to future years savings targets.

Department	Target Savings 2014/15	Projected Savings 2014/15	Shortfall	Shortfall
	£000's	£000's	£000's	%
Corporate Services	1,650	1,595	(55)	(3.3)%
Children Schools and Families	860	768	(92)	(10.7)%
Community and Housing	2,465	583	(1,882)	(76.3)%
Environment and Regeneration	3,338	2,863	(475)	(14.2)%

Total	8,313	5,809	(2,504)	(30.1)%
--------------	--------------	--------------	----------------	----------------

The overspendings identified in the report will also need to be eliminated before 2015/16.

Detailed progress on savings by department is reported in Appendix 6.

6. INVESTMENTS AND DEBT UPDATE

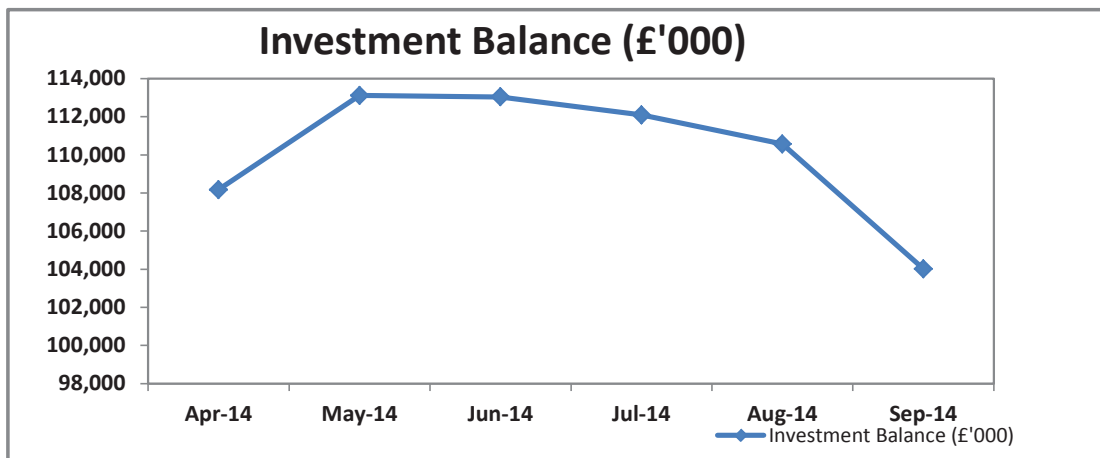
6.1 The Council's forecast cash balance for 31 March 2015 as at 30 September is £63m. The council operates separate cash flow for the pension fund. Investment balances at 30 September 2014 was £104m. This is made up of investments in counterparties listed in table 6.2 below. Long term borrowing remains at £116.9m, financing of the capital program is expected to be met through internal borrowing as interest rates on investments remain low.

Description	Rate (%)	Principal (£'000)
Public Works Loan Board	5.08	52,010
Negotiable Loan	6.08	63,000
Stock Loan	11.25	1,966
Total Long Term Debt	5.72	116,976
Deposit/Investment	0.8	104,020
Net Investment/Borrowing at 30 Sept 2014		12,956

6.2 The Council's cash is invested in UK banks, Building Societies, Money Market Funds which meet is credit criteria and Local Authorities. The lending list will continue to be reviewed and expanded as required.

Counter Party	Institution	Type	Amount £'000	Average Rate %
Barclays	Bank	Fixed Deposit	-24,000	0.89
Lloyds	Bank	Fixed Deposit	-29,850	0.95
RBS	Bank	Call Account	-8,620	0.25
Nationwide	Building Society	Fixed Deposit	-19,300	0.78
Money Market Fund	MMF	Money Market Fund	-4,250	0.34
New Castle City Council	Local Authority	Fixed Deposit	-3,000	0.90
Northumberland County Council	Local Authority	Fixed Deposit	-3,000	0.53
BlackPool Borough Council	Local Authority	Fixed Deposit	-2,000	0.47
London Borough of Islington	Local Authority	Fixed Deposit	-5,000	0.95
London Borough of Croydon	Local Authority	Fixed Deposit	-5,000	1.09
Total			-104,020	0.80

Month End	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14
Investment Balance (£'000)	108,170	113,110	113,040	112,090	110,570	104,020



A cashflow statement is attached as Appendix 9.

7. MISCELLANEOUS DEBT

7.1 The debt position is reported in Appendix 11.

8. CONSULTATION UNDERTAKEN OR PROPOSED

8.1 All relevant bodies have been consulted.

9. TIMETABLE

9.1 In accordance with current financial reporting timetables.

10. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

10.1 All relevant implications have been addressed in the report.

11. LEGAL AND STATUTORY IMPLICATIONS

11.1 All relevant implications have been addressed in the report.

12. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

12.1 Not applicable

13. CRIME AND DISORDER IMPLICATIONS

13.1 Not applicable

14. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

14.1 Officers are currently reviewing risks and issues facing the Authority, the revised Key Strategic Risk Register as at June 2014 will be reported to Cabinet as part of the July Monitoring Report.

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

Appendix 1 – Detailed monthly position table

Appendix 2 – Detailed Corporate Items table

Appendix 3 – Pay and Price Inflation as at June 2012

Appendix 4 – Treasury Management: Outlook

Appendix 5a – Current Capital Programme 2014/15 – July Monitoring Information

Appendix 5b – Adjustments to the Capital Programme

Appendix 5c – Funding the Capital Programme

Appendix 6 – Progress on Savings

Appendix 7 - Forecast year end variance by department

Appendix 8 – Movement on Reserves

Appendix 9 – Cash flow statement

Appendix 10 – Customer/Client receipts

Appendix 11 – Miscellaneous Debt

16. BACKGROUND PAPERS

16.1 Budgetary Control files held in the Corporate Services department.

17. REPORT AUTHOR

– Name: Paul Dale

– Tel: 020 8545 3458

– email: paul.dale@merton.gov.uk

**Summary Position as at 30th
September 2014**

APPENDIX 1

	Original Budget 2014/15 £000s	Current Budget 2014/15 £000s	Year to Date Budget (Sep) £000s	Year to Date Actual (Sep) £000s	Full Year Forecast (Sep) £000s	Forecast Variance at year end (Sep) £000s	Forecast Variance at year end (Aug) £000s	Outturn Variance 2013/14 £000
Department	-	-	-	-	-	-	-	-
3A. Corporate Services	11,285	13,286	15,097	13,102	12,799	(487)	(492)	(732)
3B. Children, Schools and Families	48,040	48,492	90,136	91,677	51,211	2,718	3,183	556
3C. Community and Housing	-	-	-	-	-	-	-	-
Adult Social Care	55,894	56,495	27,927	29,023	58,294	1,799	1,568	(1,088)
Libraries & Adult Education	3,232	3,212	1,839	1,823	3,349	137	141	(2)
Housing General Fund	2,207	2,280	1,002	1,545	2,290	10	(3)	(32)
3D. Public Health	0	0	(48)	(2,783)	0	0	(0)	0
3E. Environment & Regeneration	22,853	24,212	6,414	2,156	25,545	1,333	1,875	(576)
Overheads	0	0	0	0	0	0	0	55
NET SERVICE EXPENDITURE	143,511	147,978	142,368	136,543	153,488	5,509	6,272	(1,820)
3E. Corporate Items	-	-	-	-	-	-	-	-
Impact of Capital on revenue budget	14,103	14,103	3,346	2,380	14,103	0	0	0
Other Central items	3,996	-471	2,222	1,807	-1,614	(1,143)	(991)	2,429
Levies	931	931	505	505	931	0	0	0
TOTAL CORPORATE PROVISIONS	19,030	14,563	6,073	4,692	13,420	-1,143	-991	2,429
TOTAL GENERAL FUND	162,541	162,541	148,440	141,235	166,908	4,366	5,281	610
- Funding	-	-	-	-	-	-	-	-
- Business Rates	-33253	-33253	-4655	-4655	-33253	0	0	0
- RSG	-39738	-39738	-24832	-24832	-39738	0	0	-249
- Council Tax Freeze Grant 2014/15	-858	-858	-511	-511	-858	0	0	-13
- Section 31 Grant	-1118	-1118	-480	-480	-1199	-81	-81	-346
- New Homes Bonus	-3199	-3199	-1654	-1654	-3199	0	0	0
- PFI Grant	-4797	-4797	-2398	-2398	-4797	0	0	0
Grants	-82,963	-82,963	-34,530	-34,530	-83,044	-81	-81	-610
Collection Fund - Council Tax Surplus(-)/Deficit	-4608	-4608	0	0	-4608	0	0	0
Collection Fund - Business Rates Surplus(-)/Deficit	372	372	0	0	372	0	0	0
Council Tax	-	-	-	-	-	-	-	-
- General	-75049	-75049	0	0	-75049	0	0	0
- WPC	-293	-293	0	0	-293	0	0	0
Council Tax and Collection Fund	-79578	-79578	0	0	-79578	0	0	0
FUNDING	-	-	-	-	-	-	-	-
	162,541	162,543	-34,530	-34,530	162,622	-81	-81	-610
NET	0	-2	113,910	106,705	4,286	4,285	5,200	1,820

	Current Budget 2014/15	Year to Date Budget (Sep)	Year to Date Actual (Sep)	Full Year Forecast (Sep)	Forecast Variance at year end (Sep)	Forecast Variance at year end (Aug)	Outturn variance 2013/14
Expenditure	£000	£000	£000	£000	£000	£000	£000
Employees	94,122	46,135	46,840	95,998	1,876	2,172	275
Premises Related Expenditure	9,084	5,596	3,938	8,828	(255)	(285)	(891)
Transport Related Expenditure	13,259	6,577	6,319	14,629	1,370	1,233	20
Supplies and Services	167,581	79,816	75,234	167,256	(325)	370	1,933
Third Party Payments	85,132	41,551	39,789	90,426	5,293	4,564	(2,106)
Transfer Payments	108,346	5,100	4,843	104,363	(3,983)	(4,338)	6,442
Support Services	32,421	0	0	32,420	(1)	(1)	1,501
Depreciation and Impairment Losses	15,227	0	1	15,226	(1)	(1)	(0)
Corporate Provisions	14,563	6,073	4,692	13,420	(1,143)	(991)	2,429
GROSS EXPENDITURE	539,735	190,847	181,656	542,567	2,832	2,724	9,603
Income							
Government Grants	(263,758)	(6,513)	(7,427)	(260,236)	3,522	3,999	(6,425)
Other Grants, Reimbursements and Contribs	(24,412)	(9,120)	(6,378)	(25,447)	(1,035)	(854)	(2,361)
Customer and Client Receipts	(55,904)	(26,679)	(26,345)	(56,815)	(911)	(271)	(1,141)
Interest	(44)	0	0	(19)	25	25	25
Recharges	(33,020)	(74)	(6)	(33,019)	1	1	(1,446)
Balances	(55)	(22)	(263)	(123)	(68)	(343)	2,352
GROSS INCOME	(377,194)	(42,407)	(40,420)	(375,659)	1,534	2,557	(8,994)
NET EXPENDITURE	162,541	148,441	141,235	166,908	4,366	5,281	610

APPENDIX 2

3E. Corporate Items	Council 2014/15 £000s	Original Budget 2014/15 £000s	Current Budget 2014/15 £000s	Year to Date Budget (Sep.) £000s	Year to Date Actual (Sep.) £000s	Full Year Forecast (Sep.) £000s	Forecast Variance at year end (Sep.) £000s	Forecast Variance at year end (Aug) £000s
Cost of Borrowing	14,103	14,103	14,103	3,346	2,380	14,032	-71	-71
Use for Capital Programme	0	0	0	0	0	71	71	71
Impact of Capital on revenue budget	14,103	14,103	14,103	3,346	2,380	14,103	0	0
Investment Income	-522	-522	-522	-261	-236	-676	-154	0
Pension Fund	13,434	13,434	13,434	4,673	4,673	13,434	0	0
Corporate Provision for Pay Award	807	807	807	404	0	807	0	0
Provision for inflation in excess of 1.5%	538	538	512	0	0	512	0	0
Utilities Inflation Provision	300	300	300	0	0	300	0	0
Pay and Price Inflation	1,645	1,645	1,619	404	0	1,619	0	0
Contingency	1,500	1,500	1,141	0	24	152	-989	-991
Single Status/Equal Pay	100	100	100	50	16	100	0	0
Bad Debt Provision	500	500	500	0	0	500	0	0
Loss of income arising from P3/P4	400	400	400	0	0	400	0	0
Revenuisation and miscellaneous	2,166	2,166	1,969	0	0	1,969	0	0
Contingencies and provisions	4,666	4,666	4,110	50	40	3,121	-989	-991
Local Services Support Grant					-26	0	0	0
Income items	0	0	0	0	-26	0	0	0
Appropriations: CS Reserves	0	0	-1,552	-1,552	-1,552	-1,552	0	0
Appropriations: E&R Reserves	0	0	-1,314	-73	-73	-1,314	0	0
Appropriations: CSF Reserves	0	0	-349	-349	-349	-349	0	0
Appropriations: C&H Reserves	0	0	-670	-670	-670	-670	0	0
Appropriations/Transfers	0	0	-3,885	-2,644	-2,644	-3,885	0	0
Depreciation and Impairment	-15,227	-15,227	-15,227	0	0	-15,227	0	0
Central Items	18,099	18,099	13,632	5,568	4,187	12,489	-1,143	-991
Levies	931	931	931	505	505	931	0	0
TOTAL CORPORATE PROVISIONS	19,030	19,030	14,563	6,073	4,692	13,420	-1,143	-991

Pay and Price Inflation as at September 2014

In 2014/15, the budget includes 1% for increases in pay and 1.5% for increases in general prices, with an additional amount of £0.517m which is held to assist services that may experience price increases greatly in excess of the 1.5% inflation allowance provided when setting the budget. At present it is not anticipated that there will be a significant call on this budget but this will not be released until there is greater clarity.

Pay:

2014/15 – The MTFs approved by Council on the 5th March 2014 includes 1% for increases in pay. This equates to £0.807m and is held as a corporate provision.

The national joint council (NJC) trade union side, the negotiators for local government pay, have submitted the following claim for a pay increase for its members in 2014-15:

“A minimum increase of £1 an hour on scale point 5 to achieve the living wage and the same flat rate increase on all other scale points.”

The Local Government Association responded by offering Council employees a pay increase from 1 April 2014. All staff earning £14,880 or more would receive a 1% rise. Staff earning less than this would receive extra, in order to keep their hourly rate at least 25p above the national minimum wage. The national minimum wage is due to increase by 3.0% to £6.50 on 1 October 2014.

Union members rejected the offer and took strike action on 10 July and were due to strike again on 14 October but this action was suspended after the Local Government Association (LGA) made "new proposals". The unions said they would now consult their members on the proposals which they said covered the period from 1 April 2014 to 31 March 2016.

The Government has stipulated that it wants to restrict public sector pay awards to an average of 1% for 2014/15 (Autumn Statement 2011) and 1% for 2015/16 (Spending Round 2013).

Prices:

CPI annual inflation was 1.2% in September 2014, which is down from 1.5% in August 2014. The main contributors to the drop in the rate were transport costs, mainly sea fares and air fares, and also recreational goods. If falling food and motor fuel prices were excluded the rate of inflation would be a third higher. .

CPIH, the measure of consumer price inflation including owner occupiers' housing costs, grew by 1.2% in the year to September 2014, down from 1.5% in August 2014. Owner occupiers' housing costs increased by 0.1% between September 2014 and August 2014.

RPI annual inflation stands at 2.3% in September 2014, down from 2.4% in August 2014.

Outlook for inflation:

On 9 October 2014, the Bank of England's Monetary Policy Committee (MPC) voted to maintain the Bank Base Rate at 0.5%. The Committee also voted to continue with its programme of asset purchases totalling £375 billion, financed by the issuance of central bank reserves. The MPC reached

its decisions in the context of the monetary policy guidance announced alongside the publication of the August 2013 Inflation Report.

In the MPC Minutes published on 22 October, it was noted that “ the fall in CPI inflation on the month ... was consistent with currently weak price pressures: wage growth remained low; unit labour costs had fallen; and import prices were falling, driven by lower commodity prices, weak global inflation, and the higher level of sterling. This weakness in inflation also corresponded to similar downside surprises to inflation in some other countries. Set against the evidence of weak inflation in the backward-looking data, the amount of slack in the economy had been diminishing and this was expected in due course to lead to a gradual pickup in inflation back towards the 2% target. But there continued to be a considerable degree of uncertainty about the amount of slack in the economy and the rate at which it was being used up. The unemployment rate had fallen by a little more than expected in the most recent data. Despite this, the labour force participation rate had also fallen and it was now estimated to be a little further below its potential level than previously thought. Analysis by Bank staff suggested that the output gap, while continuing to fall, was estimated to be slightly larger in the second half of the year than had been previously expected.”

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

Source: HM Treasury - Forecasts for the UK Economy (October 2014)			
	Lowest %	Highest %	Average %
2014 (Quarter 4)			
CPI	1.1	2.6	1.7
RPI	1.9	3.4	2.5
LFS Unemployment Rate	5.7	6.3	5.9
2015 (Quarter 4)	Lowest %	Highest %	Average %
CPI	1.5	3.3	2.1
RPI	2.2	4.1	3.3
LFS Unemployment Rate	4.4	6.0	5.5

The medium term forecasts based on a summary average of independent forecasts (August 2014) for 2014 to 2018 are set out in the following table:-

Source: HM Treasury – Medium Term Forecasts for the UK Economy (August 2014)					
	2014	2015	2016	2017	2018
CPI	1.7%	2.0%	2.1%	2.1%	2.1%
RPI	2.4%	3.1%	3.5%	3.4%	3.4%
LFS Unemployment Rate	6.4%	5.9%	5.6%	5.5%	4.8%

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.

Treasury Management: Outlook

The Bank Base Rate has been kept at its low of 0.5% since March 2009. On 9 October 2014, the Bank of England's Monetary Policy Committee (MPC) voted to maintain the Bank Base Rate at 0.5%. The Committee also voted to continue with its programme of asset purchases totalling £375 billion, financed by the issuance of central bank reserves.

In the MPC minutes published on 22 October 2014, the MPC reiterated that although the Bank Base Rate is expected to increase in the near term, it was likely to be a gentle and phased increase. Although two members of the MPC again voted for a 0.25% increase this was rejected and the MPC noted that "short-term interest rates had ended the month slightly lower and the date at which a 25 basis point increase in Bank Rate was fully priced into overnight index swap (OIS) rates had shifted out by around two months to July 2015. This was later than expected by the majority of respondents to the Reuters survey who thought that the first rise in Bank Rate would be in the first quarter of 2015. After the first increase, the path of Bank Rate implied by OIS rates had remained shallow and the implied level of Bank Rate in three years' time was a little under 2%.

Analysts are predicting that rates will begin to rise in early 2015. Low inflation is currently helping the Bank of England to keep rates low particularly given the unexpected drop to 1.2% for the year to September 2014, a five year low..

The MPC makes its decisions in the context of the monetary policy forward guidance announced alongside the publication of the August 2013 Inflation Report. This guidance was summarised and reported in the July 2013 monitoring report.

The Inflation Report for February 2014 provided a summary of the Bank of England's approach to its proposed monetary policy as the economy recovers and once the unemployment threshold has been reached:-

- The MPC sets policy to achieve the 2% inflation target, and, subject to that, to support the Government's economic policies, including those for growth and employment.
- Despite the sharp fall in unemployment, there remains scope to absorb spare capacity further before raising Bank Rate.
- When Bank Rate does begin to rise, the appropriate path so as to eliminate slack over the next two to three years and keep inflation close to the target is expected to be gradual.
- The actual path of Bank Rate over the next few years will, however, depend on economic developments.
- Even when the economy has returned to normal levels of capacity and inflation is close to the target, the appropriate level of Bank Rate is likely to be materially below the 5% level set on average by the Committee prior to the financial crisis.
- The MPC intends to maintain the stock of purchased assets at least until the first rise in Bank Rate.

- Monetary policy may have a role to play in mitigating risks to financial stability, but only as a last line of defence if those risks cannot be contained by the substantial range of policy actions available to the Financial Policy Committee and other regulatory authorities.

The Bank of England published the August Inflation Report on 13 August. Changes to the Bank Base Rate will depend on how quickly the economy recovers and will be set to achieve the inflation target of 2%.

The MPC sets monetary policy to meet the 2% target in the medium term and in a way that helps to sustain growth and employment.

Bank Base Rates forecasts are set out in the following table:-

	End Q.3 2014	End Q.4 2014	End Q.1 2015	End Q.2 2015	End Q.3 2015	End Q.4 2015	End Q.1 2016	End Q.2 2016	End Q.3 2016	End Q.4 2016	End Q.1 2017	End Q.2 2017
Capita	0.5%	0.5%	0.75%	0.75%	1.0%	1.0%	1.25%	1.25%	1.5%	1.75%	2.0%	2.0%
Capital Economics	0.5%	0.5%	0.75%	0.75%	1.0%	1.0%	1.25%	1.25%	1.5%	1.5%		

Community & Housing Summary Capital Report - September 2014 Monitoring

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Adult Social Care	340,980	(9,140)	13,080	(22,220)	340,019	(961)
Housing	2,254,550	190,769	184,240	6,529	2,188,850	(65,700)
Community and Housing Total	2,595,530	181,629	197,320	(15,691)	2,528,869	(66,661)

Corporate Services Summary Capital Report - September 2014 Monitoring

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Business Improvement	1,293,840	216,750	324,831	(108,081)	1,238,676	(55,164)
Corporate Governance	22,430	9,036	20,721	(11,685)	9,921	(12,510)
Corporate Items	1,542,340	0	499,998	(499,998)	0	(1,542,340)
Infrastructure and Transactions						
Facilities Management Total	1,410,920	164,045	246,536	(82,491)	1,410,920	0
IT Total	1,180,280	90,589	102,225	(11,636)	1,180,280	0
Resources	333,450	0	0	0	308,500	(24,950)
IT Transformation Unallocated	240,160	0	0	0	0	(240,160)
Corporate Services Total	6,023,420	480,420	1,194,311	(713,891)	4,148,297	(1,875,124)

Children, Schools & Families Summary Capital Report - September 2014 Monitoring

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Aragon expansion	0	(31,207)	0	(31,207)	0	0
Cranmer expansion	2,051,770	1,959,838	287,778	1,672,060	2,051,770	0
Primary Expansion Contingency	0	0	0	0	0	0
Joseph Hood Permanent Expansn	83,350	(12,902)	219,830	(232,732)	83,353	3
Holy Trinity Expansion	61,000	56,348	39,740	16,608	61,002	2
St Mary's expansion*	2,786,850	1,137,524	1,106,933	30,591	2,786,855	5
All Saints/ South Wim YCC exp	14,250	0	9,250	(9,250)	14,250	0
Gorringe Park expansion	9,620	(13,028)	18,570	(31,598)	9,618	(2)
Hillcross School Expansion	3,216,520	565,840	1,198,864	(633,024)	3,216,519	(1)
Merton Abbey Temp Accomodation	3,621,050	1,045,862	1,265,041	(219,179)	3,621,047	(3)
Pelham School Expansion	2,992,220	642,794	1,283,008	(640,214)	2,992,219	(1)
Dundonald expansion	788,000	136,869	712,226	(575,358)	788,000	0
Poplar Permanent Expansion	3,586,740	1,374,100	1,490,639	(116,539)	3,586,737	(3)
Liberty expansion	2,620	2,077	2,620	(543)	2,620	0
Singlegate expansion	2,915,000	465,721	1,517,176	(1,051,455)	2,915,004	4
Wimbledon Park expansion	429,380	175,730	369,380	(193,650)	429,380	0
Primary Expansion	22,558,370	7,505,566	9,521,055	(2,015,490)	22,558,374	4

Children, Schools & Families Summary Capital Report - September 2014 Monitoring Continued ...

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Devolved Formula Capital	408,830	181,736	439,640	(257,904)	408,830	0
Early Years	0	(59,158)	0	(59,158)	0	0
Free School Meals	437,090	193,848	0	193,848	437,090	0
Garden PCP	0	0	12,310	(12,310)	0	0
Schools Access Initiative Inc	0	(711)	0	(711)	0	0
St Ann's Primary Phase	0	20,610	0	20,610	0	0
Cricket Green Site	20,000	5,330	50	5,280	20,000	0
Primary school autism unit	179,110	13,912	87,498	(73,586)	179,110	0
Breaks-disabled children grant	0	(4,038)	0	(4,038)	0	0
Perseid	335,670	2,841	36,322	(33,481)	335,673	3
Secondary School Autism Unit	40,000	0	0	0	40,000	0
Lonesome - Main Heating	0	(1,194)	0	(1,194)	0	0
The Sherwood-Boiler&Perim Fnc	0	(1,868)	0	(1,868)	0	0
Morden - Safer access scheme	0	(5,000)	0	(5,000)	0	0
Merton Pk- Entrance adaptation	630	0	630	(630)	630	0
Schs Cap Maint & Accessibility	666,170	167,042	233,670	(66,628)	666,170	0
B631 - Solar PV Raynes Prk Pav	0	(17,000)	0	(17,000)	0	0
Raynes Park Sports Pavilion	4,770	(25,257)	4,770	(30,027)	4,770	0
Secondary School expansion	100,000	0	74,998	(74,998)	100,000	0
Schools Equipment Loans	372,800	0	50,000	(50,000)	372,800	0
ICT Harnessing Technolgy Grant	0	0	0	0	0	0
Wimbledon Chase DCSF grant	3,580	3,579	68,980	(65,401)	3,579	(1)
Youth&Comm centres reprovision	0	(795)	0	(795)	0	0
	2,568,650	473,877	1,008,868	(534,991)	2,568,652	2
Children Schools and Families	25,127,020	7,979,443	10,529,923	(2,550,481)	25,127,026	6

Environment & Regeneration Summary Capital Report - September 2014 Monitoring

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Footways Planned Works	1,000,000	124,477	264,408	(139,931)	1,000,000	0
Greenspaces	1,079,700	318,798	446,845	(128,047)	1,070,080	(9,620)
Highways General Planned Works	700,690	88,612	191,680	(103,068)	600,250	(100,440)
Highways Planned Road Works	1,783,100	204,367	346,301	(141,934)	1,783,100	0
Leisure Centres	1,634,290	296,987	588,061	(291,074)	1,634,290	0
Other E&R	234,340	(2,893)	27,660	(30,553)	192,160	(42,180)
On and Off Street Parking	42,910	22,456	14,000	8,456	42,910	0
Plans and Projects	70,000	0	70,000	(70,000)	70,000	0
Regeneration Partnerships	2,382,950	130,851	934,125	(803,274)	2,246,460	(136,490)
Street Lighting	410,000	23,456	135,522	(112,066)	410,000	0
Street Scene	80,000	15,376	98,461	(83,086)	80,000	0
Transport for London	2,295,050	380,229	454,789	(74,560)	2,269,510	(25,540)
Traffic and Parking Management	216,730	39,783	43,500	(3,717)	286,730	70,000
Transport and Plant	620,000	28,563	54,998	(26,435)	629,400	9,400
Waste Operations	215,400	13,902	15,500	(1,598)	215,400	0
Dev and Licensing PH Framework	30,000	0	0	0	30,000	0
Environment and Regeneration	12,795,160	1,684,964	3,685,850	(2,000,887)	12,560,290	(234,870)

Virement, Re-profiling and New Funding

Appendix 5b

	2014/15 Budget	Virements	Adjusted & New Funding	Reprofiling	Revised 2014/15 Budget	2015/16 Budget	Adjusted & New Funding	Reprofiling	Revised 2015/16 Budget
	£	£	£	£	£	£	£	£	£
Environment & Regeneration									
Section 106									
Brenley Park Canopy Creation	0		3,500		3,500	0	2,440		2,440
B639a Fair Green	42,600			(22,600)	20,000	0		22,600	22,600
B672a-f Connecting Colliers Wood	72,350			(72,350)	0	0		72,350	72,350
S106 Wim Broadway	46,480			(46,480)	0	0		46,480	46,480
B611 - Comm Facilities in WTC	30,000		(30,000)		0				
B591b Shop Front Improvement	42,510			(42,510)	0	0		42,510	42,510
B591a Street Scene Improvement	17,680			(17,680)	0	0		17,680	17,680
B646a Lombard Industrial Estat	48,070		(24,100)		23,970	0			0
S106 Cycle Imp Beverley Roundabout	0		43,500		43,500	0			0
B544 Wimbledon Station Access	11,790		(11,790)		0				
B609 Wim Town Centre trans imp	5,000		(5,000)		0	0		5,000	5,000
B610 Wim Town Centre Trans Imp	42,490			(12,490)	30,000	0		12,490	12,490
Other									
Mitcham Town Centre Improvement	401,630			(1,630)	400,000	300,000		1,630	301,630
Street Scene Enhancements	250,000	(235,000)			15,000	250,000			250,000
Restoration of South Park Gdns	129,890	40,000			169,890	0			0
The Broadway - Russell - TfL	115,000		(5,750)		109,250	0			0
Morden Road Kingston Road - TfL	61,000		(3,050)		57,950	0			0
Central Road - TfL	360,000		(18,000)		342,000	0			0
Coombe Lane - TfL	90,000		(4,500)		85,500	0			0
Network Rail	9,400			(9,400)	0	0		9,400	9,400
Shared Space	20,000			(20,000)	0	0		20,000	20,000
Figges Marsh Changing Room	100,000	50,000			150,000				0
Machinery fro Highways Grounds Maintenance	0	25,000	0	0	25,000	0			0
Wimb Park Hall	21,680	(21,680)			0	0			0
Dilapidations	0	86,680			86,680	0			0
Rebuild Wall	0	55,000			55,000	0			0
Corporate Services									
IER Capital Hardware Funding	0		9,920		9,920	0			0
Community and Housing									
JMC Extension	0		200,000		200,000	0	0		0
Disabled Facilities Grant	1,345,470			(389,770)	955,700	724,000		389,770	1,113,770
Small Repairs Grant	52,420			(32,420)	20,000	40,000		32,420	72,420
Children, Schools and Families									
Devolved Formula Capital	439,640	(30,810)			408,830	0			0
Joseph Hood	219,830	(136,480)			83,350	0			0
St Mary's	2,946,040			(159,190)	2,786,850	0		159,190	159,190
All Saints / South Wim YCC	9,250	5,000			14,250	0			0
Hillcross School	3,492,490			(275,970)	3,216,520	1,347,860		275,970	1,623,830
Merton Abbey Temp	3,452,300			168,750	3,621,050	1,058,460		(168,750)	889,710
Pelham School	3,200,000			(207,780)	2,992,220	2,315,560		207,780	2,523,340
Dundonald	981,790			(193,790)	788,000	4,025,070		193,790	4,218,860
Poplar Perm Expansion	3,450,260	136,480			3,586,740	410,730			410,730
Singlegate Expansion	4,291,090			(1,376,090)	2,915,000	1,117,740		1,376,090	2,493,830
Cricket Green Site	50,050			(30,050)	20,000	100,000		30,050	130,050
Primary School Autism	320,000	65,400		(206,290)	179,110	630,000		206,290	836,290
Perseid	480,600	43,200		(188,130)	335,670	962,140		188,130	1,150,270
Schools Cap Maintenance	686,170		(20,000)		666,170	600,000			600,000
Secondary School Expansion	275,000			(175,000)	100,000	1,475,000		175,000	1,650,000
Wimbledon Chase DCSF	68,980	(65,400)			3,580	0			0
Youth and Comm Centre	17,390	(17,390)			0	0			0
Total	27,696,340	0	134,730	(3,310,870)	24,520,200	15,356,560	2,440	3,315,870	18,674,870

Capital Programme Funding Summary 2014/15 Appendix 5c

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Cabinet - October 2014	20,215	29,502	49,717
Environment and Regeneration			
Brenley Park Canopy Creation	0	4	4
B639a Fair Green	0	(23)	(23)
B672a-f Connecting Colliers Wood	0	(72)	(72)
S106 Wim Broadway	0	(46)	(46)
B591b Shop Front Improvement	0	(43)	(43)
B591a Street Scene Improvement	0	(18)	(18)
Lombard Road Improvements	0	(24)	(24)
S106 Cycle Imp Beverley Roundabout	0	44	44
Mitcham Town Centre Improvement	(2)	0	(2)
The Broadway - Russell	0	(6)	(6)
Morden Road Kingston Road	0	(3)	(3)
Central Road	0	(18)	(18)
Coombe Lane	0	(5)	(5)
Network Rail	(9)	0	(9)
Shared Space	(20)	0	(20)
B611 - Comm Facilities in WTC	0	(30)	(30)
B544 Wimbledon Station Access	0	(12)	(12)
B609 Wim Town Centre Trans Imp	0	(5)	(5)
B610 Wim Town Centre Trans Imp	0	(12)	(12)
Corporate Services			
IER Capital Hardware Funding	0	10	10
Community & Housing			
JMC Extension *	0	200	200
Disabled Facilities Grant	(280)	(110)	(390)
Small Repairs Grant	(32)	0	(32)
Childrens, Schools and Families			
St Mary's	0	(159)	(159)
Hillcross School	(276)	0	(276)
Merton Abbey Temp	169	0	169
Pelham School	(208)	0	(208)
Dundonald	0	(194)	(194)
Singlegate Expansion	(1,376)	0	(1,376)
Cricket Green Site	(30)	0	(30)
Primary School Autism Unit	0	(206)	(206)
Perseid	0	(188)	(188)
Schools Cap Maintenance	0	(20)	(20)
Secondary School Expansion	(175)	0	(175)
Cabinet - November 2014	17,976	28,566	46,542

* Funded from Revenue Reserves

Capital Programme Funding Summary 2015/16

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Cabinet - October 2014	10,622	36,772	47,394
Environment and Regeneration			
Brenley Park Canopy Creation	0	2	2
B639a Fair Green	0	23	23
B672a-f Connecting Colliers Wood	0	72	72
S106 Wim Broadway	0	46	46
B591b Shop Front Improvement	0	43	43
B591a Street Scene Improvmeent	0	18	18
Mitcham Town Centre Improvement	2	0	2
Network Rail	9	0	9
Shared Space	20	0	20
Wim Town Centre Trans Imp	0	12	12
Wim Town Centre trans imp	0	5	5
Community and Housing			
Disabled Facilities Grant	280	110	390
Small Repairs Grant	32	0	32
Children Schools and Families			
St Mary's	0	159	159
Hillcross School	276	0	276
Merton Abbey Temp	(169)	0	(169)
Pelham School	208	0	208
Dundonald	0	194	194
Singlegate Expansion	1,376	0	1,376
Cricket Green Site	30	0	30
Primary School Autism Unit	0	206	206
Perseid	0	188	188
Secondary School Expansion	175	0	175
Cabinet - November 2014	12,866	37,850	50,711

DEPARTMENT : CHILDREN, SCHOOLS & FAMILIES SAVINGS PROGRESS: 2014-15

APPENDIX 6

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
	Children Social Care							
CSF2012-01	Reduction of the overall detached youth service budgets following service review.	25	25	0	G	Paul Angeil		
CSF2012-09	Participation/Advocacy commissioning	50	50	0	G	Paul Angeil		
CSF2012-10	Duke of Edinburgh reprovide via schools funding	25	25	0	G	Paul Angeil		
CSF2012-12	Family and Adolescent Services Stream - Transforming Families (TF), Youth Offending Team (YOT) and in Education, Training and Employment (ETE)	100	100	0	G	Paul Angeil		
	Education							
CSF2012-02	Increased income generation and management efficiencies	70	70	0	G	Jan Martin		
CSF2012-03	Service restructuring and realignment to deliver efficiencies	100	100	0	G	Jan Martin		
CSF2012-08	Introduce new models of fulfilling the council's statutory responsibilities for the provision of SEN transport	140	70	70	A	Jan Martin	Base budgets were reduced. The annual SLA charge is circa £300k above the budget due to an increase in 2013/14. Overall transport budget is forecasting an overspend due to increase taxi costs. Procedures have been put in place to reduce the overspend.	Y
	Commissioning, Strategy and Performance							
CSF2012-05	Reduction in commissioning budgets for Early Intervention and Prevention service	50	50	0	G	Paul Ballatt		

DEPARTMENT : CHILDREN, SCHOOLS & FAMILIES SAVINGS PROGRESS: 2014-15

APPENDIX 6

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible officer	Comments	R /A Included in Forecast Over/Under spend? Y/N
CSF2012-06	Reduce expenditure on LAC and SEN placements	200	178	22	A	Paul Ballatt	Base budgets were reduced. Increased cost due to higher caseload is causing a cost pressure, some of which is covered by grant funding. Grant funding is not expected to continue which will lead to an even bigger cost pressure in future years.	Y
CSF2012-07	Staffing reduction equivalent to 1 fte	50	50	0	G	Paul Ballatt		
CSF2012-11	Reduction of one post in commissioning and partnerships	50	50	0	G	Paul Ballatt		
	Total Children, Schools & Families Department Savings for 2014-15	860	768	92				

DEPARTMENT : CHILDREN, SCHOOLS & FAMILIES SAVINGS PROGRESS: 2014-15

APPENDIX 6

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
-----	-----------------------	-------------------------------	-------------------------------	-----------	-----	---------------------	----------	--

APPENDIX 6

DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2014/15

Ref	Description of Saving	2014/15	2014/15	Shortfall £000	RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Undersp end? Y/N
		Savings Required £000	Savings Expected £000					
ASC7	0% inflation uplift to third party suppliers	550	495	55	A	David Stark	No uplifts have been awarded to date, although there is currently discussion with one provider. This is the 5th year of no uplifts and it is becoming increasingly difficult to sustain with the providers. We will prudently assume 90% achievement of this target.	Y
ASC13/ASC34	Brokerage Efficiencies	300	200	100	A	Julie McCauley	A lot of work is going on within the Brokerage team around negotiating the best value care packages: particularly new customers. The outcome of these negotiations often result in cost avoidance, which contributes to more efficient management of the placement budget.	Y
ASC16	Transitions	50	30	20	R	Jonathan Brown	Prioritised reviews are generating savings from both of these projects. It is anticipated that the combined savings target of £100k will be achieved. Additional savings against the LD budget are being identified to meet other savings targets, in particular those related to Brokerage. Joint working arrangements are in place across ASC to review existing spend, identify savings and control new spend through the effective use of tools such as the Care Funding Calculator.	Y
ASC19	Monitoring of high value/high cost placements (domiliary)	50	35	15	R	Jonathan Brown		

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall £000	RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Underspend? Y/N
ASC8	Optimising the use of block and spot contracts- OP&LD	300		300	R	David Stark	In addition to the 0% inflation uplift to providers, there is additional challenges around securing best value rates for LB Merton. There have been significant negotiations with EI Tandia around agreeing a mutually suitable rate. We liaised for a period of circa 9 months and have now agreed on a rate (which though higher than that of the former block contract) which is considerably less than the initial rate proposed by the provider - this will result in additional spend and adversely impact on the achievement of savings. Nonetheless, discussions are also on-going with Choice Support to re-negotiate a better rate, and other ideas for alternative savings are currently being developed.	Y
ASC45	Reablement (outcome- care packages)	50		50	R	Sarah Wells	It was anticipated that reductions in Older People's packages after hospital discharge was possible once the new MILES Reablement service was fully operational. Although there have been delays in the implementation of the new service we anticipate that these savings should be achieved.	
ASC46	Review Service packages	60	54	6	A	Jean Spencer	The projected savings to dates is circa £45k. It is anticipated that additional reviews could yield a further £15k. prudently however we will assume 90% achievement of this target.	Y

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall £000	RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Underspend? Y/N
ASC54	Reduction in Mental Health Placement	50	0	50	R	Kamia Sumbhoolal	There has been an increase in care packages and in the number of people requiring placements. In addition CCG have stepped people down from CCG health funded placements, as well as the expectation of the CMHT contributing 50/50. The savings project manager will however endeavour to yield savings where possible, prudently however we will assume this savings will not be achieved.	Y
CH12	Remove day care costs from residential customers	250	0	250	R	Andy Ottaway-Searle	The LD/PD teams place few residential customers in external day opportunities; most live with families and day services are highly specialised, additionally residential homes increase their charges if asked to arrange day time activities. A full review of in-house day services will look at those people in residential care and supported living to look at alternative activities which can reduce day service costs.	Y
CH14	All Saints Respite extension	36	0	36	R	Julie McCauley	A sound plan was developed to release savings by supporting people with PD at All Saints as well as existing LD users. The building however needs minor adaptation and this has not been progressed. These savings cannot therefore be achieved as planned. Alternative savings are being sought through the Brokerage Team.	Y

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall £000	RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Undersp end? Y/N
CH15	Assistive Technology	70	0	70	A	Andy Ottoway- Searle	AT is increasingly recognised as playing a key part in preventative services. The 'Just Checking' tool allows a more accurate assessment to be made of an individual's needs, enabling a suitably tailored package of care to be prescribed. Work is now being carried out to evaluate figures for both cost avoidance and actual savings following adjustments to care packages after Telecare has been installed. Additionally there has been a reduction in commissioned home care hours as well as residential placements which will also have been positively influenced through the provision of AT.	Y
CH6	Voluntary Organisation- SLA reduction	150	0	150	R	Rahat Ahmed-Man	The aim was to reduce placement costs through volunteer sector providers, essentially impacting third party spend. Therefore the challenges outlined against ASC8 above also relate to this project. Therefore this saving will not be achieved.	
	Voluntary Sector Grants- reduction in infrastructure	98	0	98	R	Rahat Ahmed-Man	Grants have been reduced from circa £1m in 2013-14 to circa £830k in 2014-15. Due to a decision to provide transitional funding for various voluntary sector organisations this savings will now not be achieved.	
ASC52	Delete 1 management post & reduce management & staffing costs	53	53	0	G	Rahat Ahmed-Man	A Commissioning Manager's post has been deleted. This savings has been achieved.	
ASC53	Meals on wheels contract	50	0	50	R	Rahat Ahmed-Man	It has not been possible to take any more savings out of this contract. We are currently researching alternative models and proposals will be available shortly.	Y

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall £000	RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
ASC4	TCES Retail Model (simple equipment)	23	33	(10)	G	Maïke Blakemore	It is anticipated this savings target will be achieved.	
ASC44	Remodelling of reablement service	282	282	0	G	Sarah Wells	This savings was due from the remodelled MILES service. The establishment was adjusted accordingly and other vacancies have been held. It is likely this savings will be over achieved.	
ASC47	Additional Reablement Funding (CCG)	500	500	0	G	Sarah Wells	This is not a savings, but additional funding which will cover some of the 2014-15 cost increases.	
ASC48	Staff Vacancy Factor	105	105	0	G	ALL	This savings was due to be achieved by holding three specific posts vacant. The staffing budget is currently underspend due to vacancies. This savings will be achieved.	
CH2	Promoting independence	500	280	220	A	Sarah Wells	The delay in implementing the new reablement model has impacted on the ability to fully achieve this saving. Vacancies have been held and other minor budgets frozen to help achieve part of this savings.	
CH4	Reduce management costs & reduction in staffing costs	148	148	0	G	Jonathan Brown/ Jenny Rees & Julie Phillips	The staffing budgets are projected to underspend. This saving will be achieved.	
CH13	Reduction in staffing in Access & Assessment	50	50	0	G	Jonathan Brown/ Jenny Rees & Julie Phillips	The staffing budgets are projected to underspend. This saving will be achieved.	

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall £000	RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Under spend? Y/N
ASCC6/ASCC49/CH8	Transport	246	0	246	R	Andy Ottaway-Searle	Action has been taken to reduce volume and to reduce usage of fleet vehicles by Direct Provision staff using self-drive vehicles to collect customers from home. However significant price increases in Fleet ransport and taxi costs have meant that the savings will not be realised. There is work happening urgently to arrange alternative solutions for the most high cost taxi users.	Y
ASCC50/CH7	Staffing savings in Direct Provision	216	216	0	G	Andy Ottaway-Searle	Posts were deleted and budgets reduced at the start of the year. Day centres are overspending due to transport costs as per above.	
ASCC23	system . Reablement	(2,000)	(2,000)	0	G	Sarah Wells	This is CCG funding received to support the 2014-15 ASC budget.	
	Merton Adult Education							
	Increase income from commercial courses and café, reduction in staff. Admin & marketing cost.	176	0	176	R	Yvonne Tomlin	Budget holder meeting to be arranged to establish an action plan to meet savings as team is already forecasting an overspend.	Y
	Libraries							
	Media fund	10	10	0	G	Anthony Hopkins		
	Housing							
	Homelessness Prevention Grant	92	92	0	G	Steve Langley		
	Total Community & Housing Department Savings for 2014/15	2,465	583	1,882				

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 14-15

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Under
CS1	<u>Business Improvement</u> Rationalisation of management costs	50	50	0	A	Sophie Ellis	Salary protections cost pressure from restructure	N
CS3	Generate income through training	5	5	0	R	Sophie Ellis	Alternate saving to be identified	N
CS4	Expiry of salary protection	10	10	0	G	Sophie Ellis		
CS5	<u>IT Service Delivery</u> Review and challenge of the procurement of Support & Maintenance & Licence Contracts	29	29	0	G	Mark Humphries		
CS6	Consolidation of ITSD Revenue Budgets	34	34	0	G	Mark Humphries		
CS7	Reduction of costs through re-procurement of Mobile Telephones Contract against a number of revenue budgets spread across the Council	10	10	0	G	Mark Humphries		
CS9	Fallout of pay protection	16	16	0	G	Mark Humphries		
CS11	Deletion of One Van	5	5	0	G	Mark Humphries		
CS13	Cancellation of all Escrow Agreements (Carefirst, Hometrack Data, Ash, Open Revenues, Proactis, Fibonacci)	4	4	0	G	Mark Humphries		
CS14	Cancellation of t!Mobile contract	35	35	0	G	Mark Humphries		
CS19	Energy Refit Savings (Subject to agreed Investment) - Phase 1	100	100	0	G	Mark Humphries		
CS24	Project Manager - Accommodation (Vacant Post)	46	46	0	G	Mark Humphries		

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 14-15

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Under
CS26	Savings realised from the renegotiation of Corporate Cleaning Contract	39	39	0	G	Mark Humphries		
CS28	M&E Term Contract (Amalgamation) of Intruder Alarms	10	10	0	G	Mark Humphries		
CS29	Energy Procurement	200	200	0	G	Mark Humphries		
CS32	<u>Corporate Governance</u> Integrate the FOI and Complaints functions	40	0	40	R	Paul Evans	Alternate savings within division identified and implemented	Y
CS35	<u>Customer Services</u> Close Cash Office	30	30	0	G	Sean Cunniffe		
CS36	Re tendering of Cash Collection Contract	20	20	0	A	Sean Cunniffe		N
CS37	Increase Registrars Income	20	20	0	G	Sean Cunniffe		
CS38	Review of Welfare Benefits and New Welfare Support program	30	30	0	G	David Keppler		
CS39	Impact of Customer Service Review	30	30	0	G	David Keppler		
CS40	Rationalisation of Divisional Budgets	20	20	0	G	David Keppler		
CS41	<u>Resources</u> Resources - Change in Audit Arrangements	185	185	0	G	Paul Dale		
CS42	Resources - Fall Out of Pay Protection Arrangement	45	45	0	G	Paul Dale		

DEPARTMENT: CORPORATE SERVICES - PROGRESS ON SAVINGS 14-15

Ref	Description of Saving	2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible Officer	Comments	R/A Included in Forecast Over/Under
CS43	Resources -Delete Business Planning Post	50	50	0	G	Paul Dale		
CS44	Resources -Review of Insurance Provision	200	200	0	G	Paul Dale		
CS45	Resources -Improved Cash Management	200	200	0	G	Paul Dale		
CS37	<u>I&T</u> Introduce a charge for the Archive Service Facility (approximately 0.39p per month - commercial rates x 3300 boxes) to produce income - E02243	15	15	0	A	Mark Humphries	Alternate savings to be identified	N
CS46	<u>Human Resources</u> Co-locate all recruitment jobs	60	60	0	G	Dean Shoesmith		129
CS47	CRB Income generation via sales to PVI	30	15	15	R	Dean Shoesmith	Alternate savings to be identified as well as further opportunities for income	Y
CS54	<u>Corporate Governance</u> Delete Deputy Head of Service or one Democratic Services Officer post	18	18	0	G	Paul Evans		
CS56	<u>Customer Services</u> Reduction in overtime payments to staff in Mayor's Office	1	1	0	G	Paul Evans		
	<u>Customer Services</u> Delete Communications Admin Assistant post (vacant)	23	23	0	G	Sophie Poole		
	Delete Advertising, Film and Sponsorship Officer post (vacant)	40	40	0	G	Sophie Poole		
	Total Corporate Services Department Savings for 2014/15	1,650	1,595	55				

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2014-15

Ref		2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible Officer	Comments	R /A Included In Forecast Over/Unders pend? Y/N
LEISURE & CULTURE								
ER04	Reductions in supplies & services budgets; Increased Income at Morden Assembly Hall and the Watersports Centre; Grant reduction of c15% to both Polka and Attic Theatres.	29	29	0	G	James McGinlay		
ER05	Increase income through installation of multi use games area at Canons Leisure Centre.	15	15	0	G	James McGinlay		
EN33	Recharging for staff time & reduction of 0.2fte.	33	33	0	G	James McGinlay		
EN35	Increased Income through various charging increases.	11	11	0	G	James McGinlay		
EN36	Increased Income through sale of advice & guidance.	15	15	0	G	James McGinlay		
EN38	Reduction of Core Arts Grants to Polka Theatre.	4	4	0	G	James McGinlay		
BUILDING & DEVELOPMENT CONTROL								
EN06	Staff reduction of 2fte.	73	73	0	G	James McGinlay		
TRAFFIC & HIGHWAYS								
EN23	Reduction in Grounds Maintenance Budget.	50	50	0	G	James McGinlay		
EN24	Deletion of Major Project Engineer Post.	30	30	0	G	James McGinlay		
EN25	Reduction in the Surface Water Budget.	18	18	0	A	James McGinlay	There is a backlog of drainage related repairs that have been prioritised. Adverse weather has added to this backlog but it is currently expected that this pressure can be contained within existing budgets.	Y
EN26	Reduction in the Ditching Budget.	11	11	0	G	James McGinlay		
EN27	Reduction in the Lining Budget.	10	10	0	G	James McGinlay		
EN28	Reduction in Energy budget.	70	70	0	G	James McGinlay		
FUTURE MERTON								
EN41	Review of staffing levels by 1.5fte within the section following transformation review.	40	40	0	G	James McGinlay		
EN43	Community grant scheme reduction.	60	60	0	G	James McGinlay		
GREENSPACES								
EN45	Further commercialisation and development of sports and allied parks services	96	96	0	G	James McGinlay		
ENVIRONMENTAL HEALTH, TRADING STANDARDS & LICENCING								

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2014-15

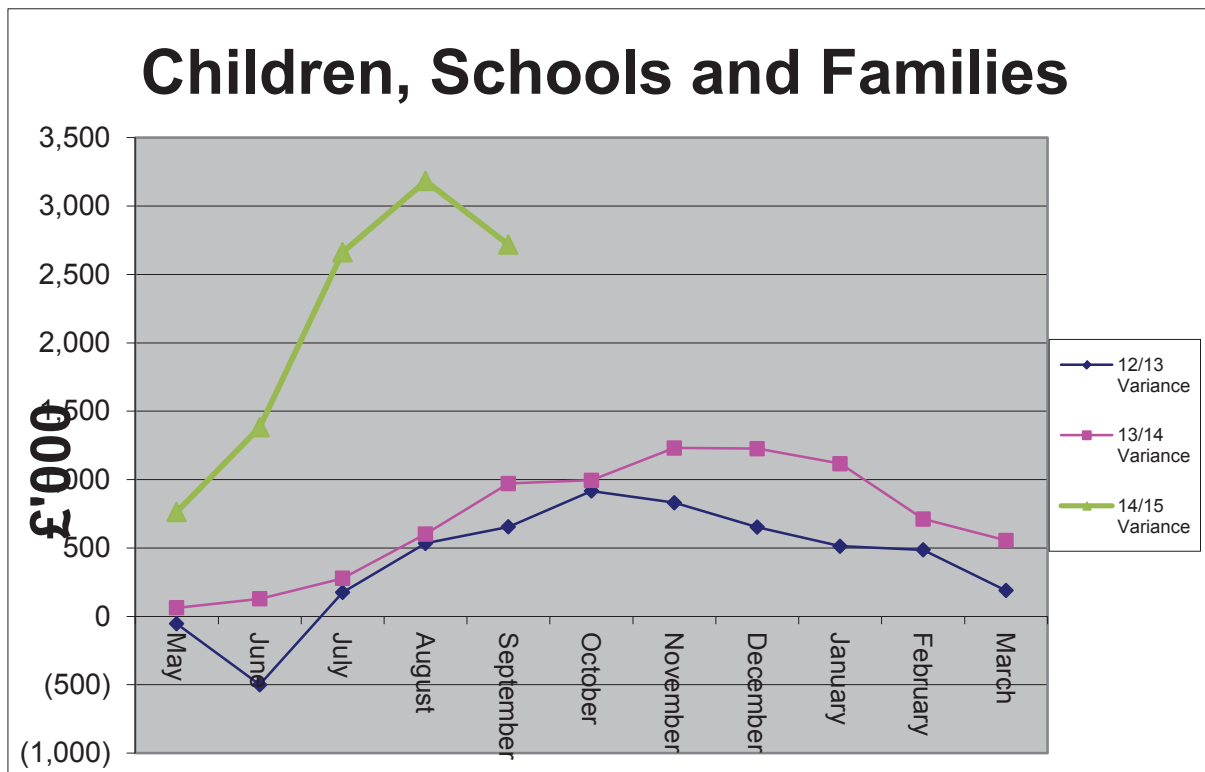
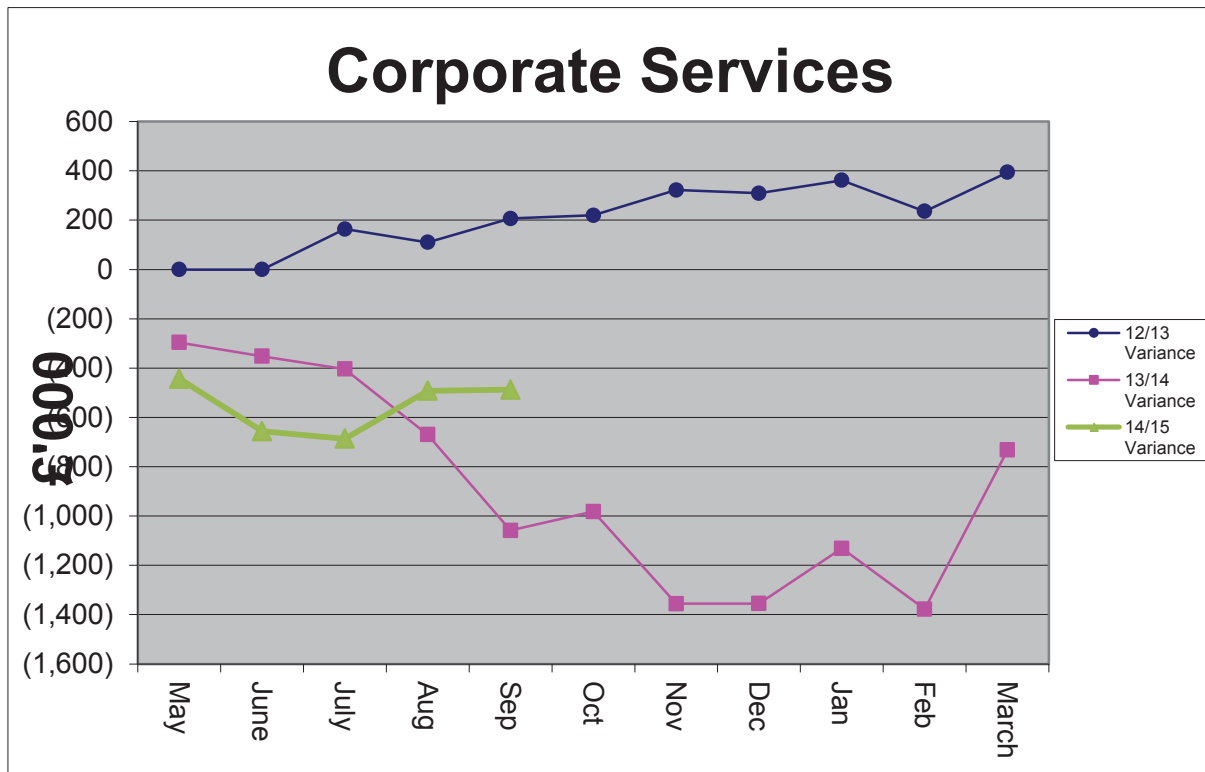
Ref		2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible Officer	Comments	R /A Included In Forecast Over/Unders pend? Y/N
ER10	Merton & Richmond shared regulatory services.	100	100	0	A	John Hill	Shared Service began on 1st August. Due to the delayed start date, the full £100k saving may not be met this financial year. However, any shortfall is expected to be met from posts currently vacant within the section.	Y
WASTE SERVICES								
ER17	Ceasing compensation payments to Sutton as part of SLWP agreement.	10	10	0	G	Cormac Stokes		
	Planning costs reduction	59	59	0	G	Cormac Stokes		
	Reduction in costs of waste process per tonne	1207	1207	0	G	Cormac Stokes		
	Consultancy and legal costs cease in relation to new partnership contracts	213	188	25	R	Cormac Stokes	The section is currently working with Eunomia to analyse the commercial waste costs / income. Eunomia are conducting a "full" review of the service, seeking to deliver a final report on action required to improve profitability and income achievement. The report is expected in early autumn.	Y
ER25	Commercial Waste and Recycling	250	0	250	R	Cormac Stokes		
EN13	Alter management structure as a result of recommendations in consultants report.	56	56	0	G	Cormac Stokes		
EN15	Improved performance management and implementation of the Council's new sickness policy resulting in a reduction in agency staff usage.	100	0	100	R	Cormac Stokes	The 2014/15 baseline budget was reduced by £100k, and the agency related expenditure is forecast to reduce from £2,012k in 2013/14 to £1,607k in 2014/15. However, this still results in a forecast overspend of £395k.	Y
EN17	Reduction in Staffing 1.5 FTE	65	65	0	G	Cormac Stokes		
EN18	Reduction in cost of waste processing per tonne (phase B) contract gate fee	135	135	0	G	Cormac Stokes		
EN19	Reduction/Re-negotiation of Phase A Contracts.	295	295	0	G	Cormac Stokes		
EN20	Reduction of tonnage to landfill based on current projections for disposal	60	60	0	G	Cormac Stokes		
EN21	Dividend from positive movements in Foreign Exchange rates associated with capital costs of Phase B facility resulting in improved unitary charge	50	50	0	G	Cormac Stokes		
PARKING SERVICES								
EN03	Enforcement of new CPZ's (Controlled Parking Zones)	50	10	40	R	John Hill	The CPZ implementation programme for this year is such that it is unlikely to generate the level of income previously forecast from enforcement. The saving will be mitigated by the employment of additional CEOs to cover sickness, absences and areas of non-compliance not routinely patrolled within the existing staff rotas.	Y

DEPARTMENT : ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2014-15

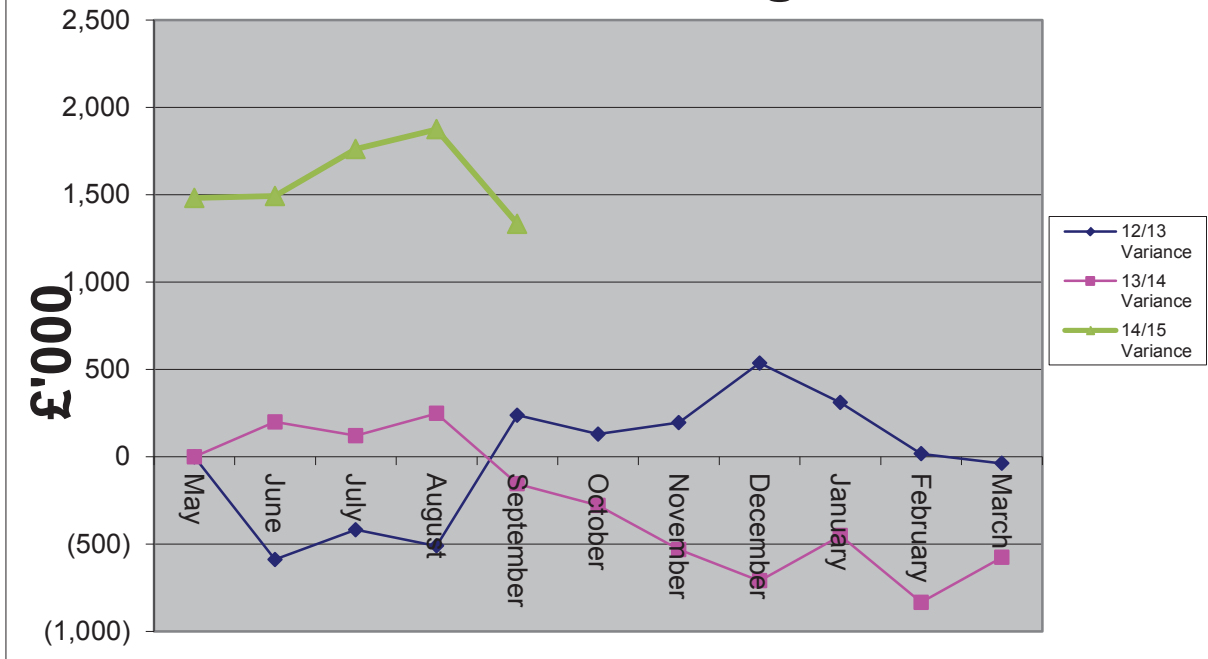
Ref		2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Unders pend? Y/N
EN04	Implementation of Pay & Display machines in new CPZs (Controlled Parking Zones)	75	15	60	R	John Hill	This is ongoing, but not at the rate previously forecast.	Y
EN12	Refocusing of resources on areas of non-compliance in order to tackle traffic congestion hotspots and increase efficiency of the service.	48	48	0	G	John Hill		
Total Environment and Regeneration Savings 2014/15		3338	2863	475				

APPENDIX 7

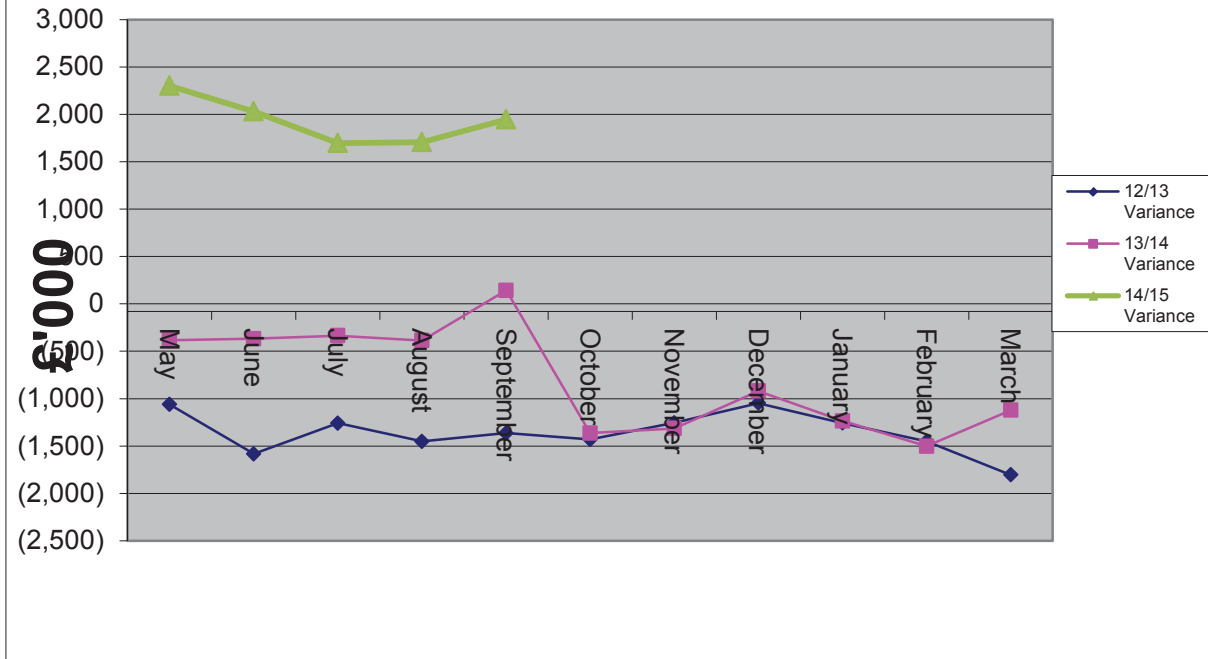
The following charts show the forecast year end variance by department with a comparison for 2012/13 and 2013/14:



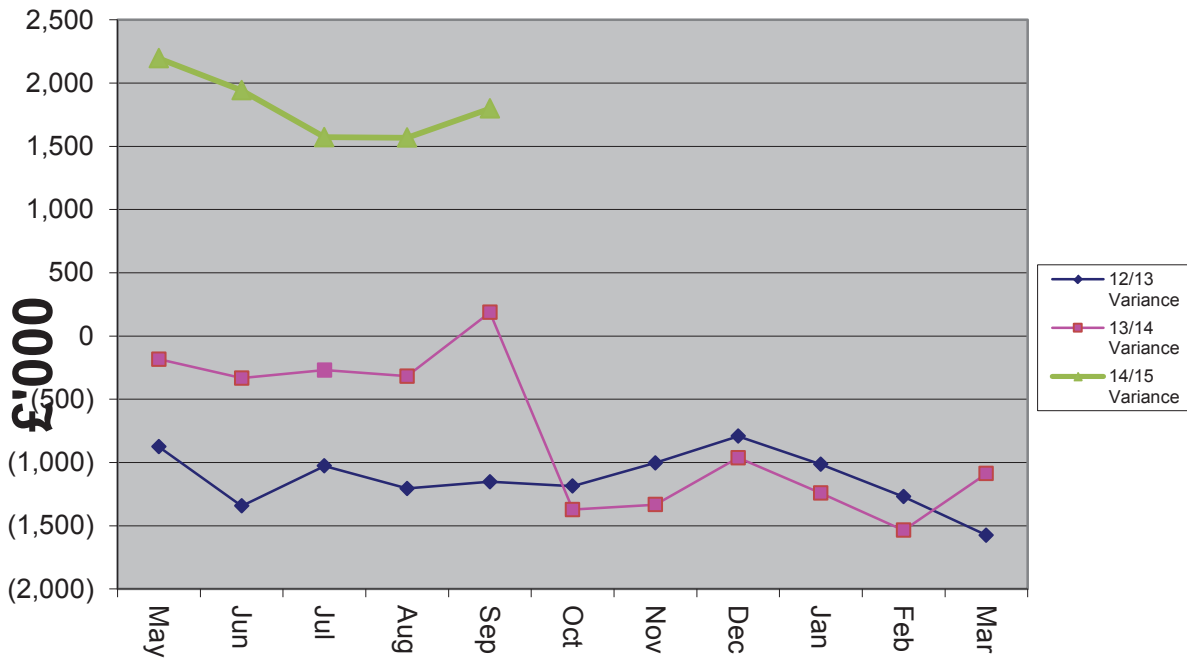
Environment and Regeneration



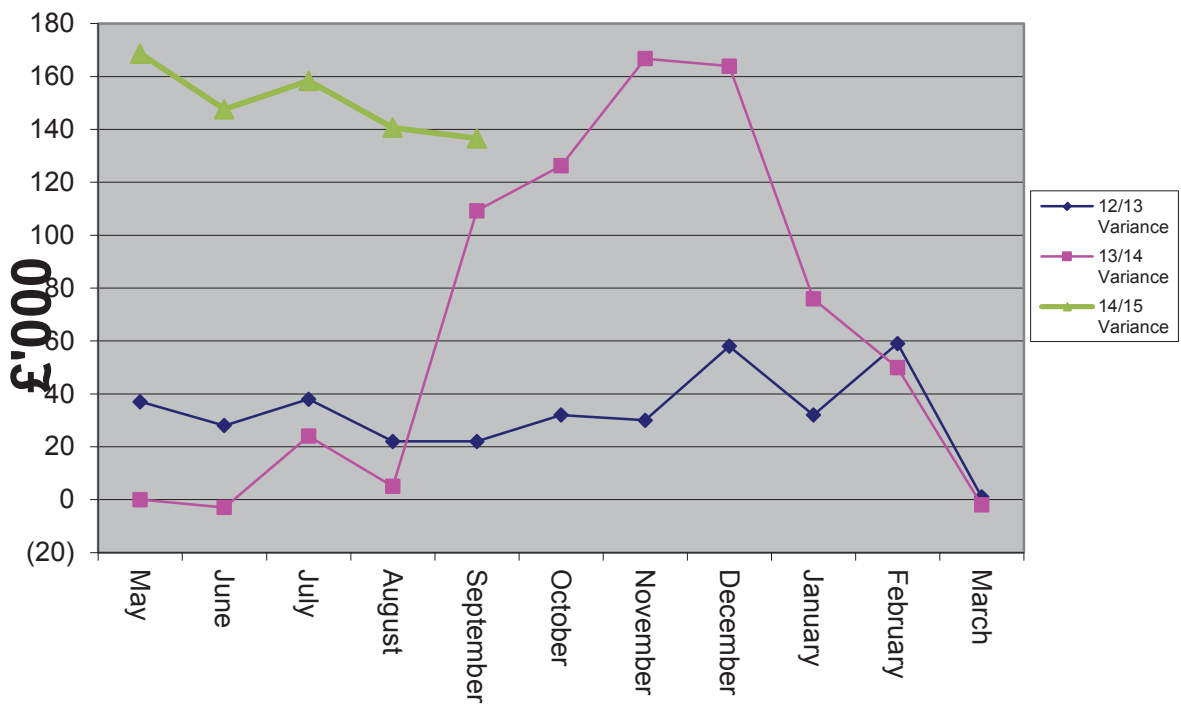
Community and Housing



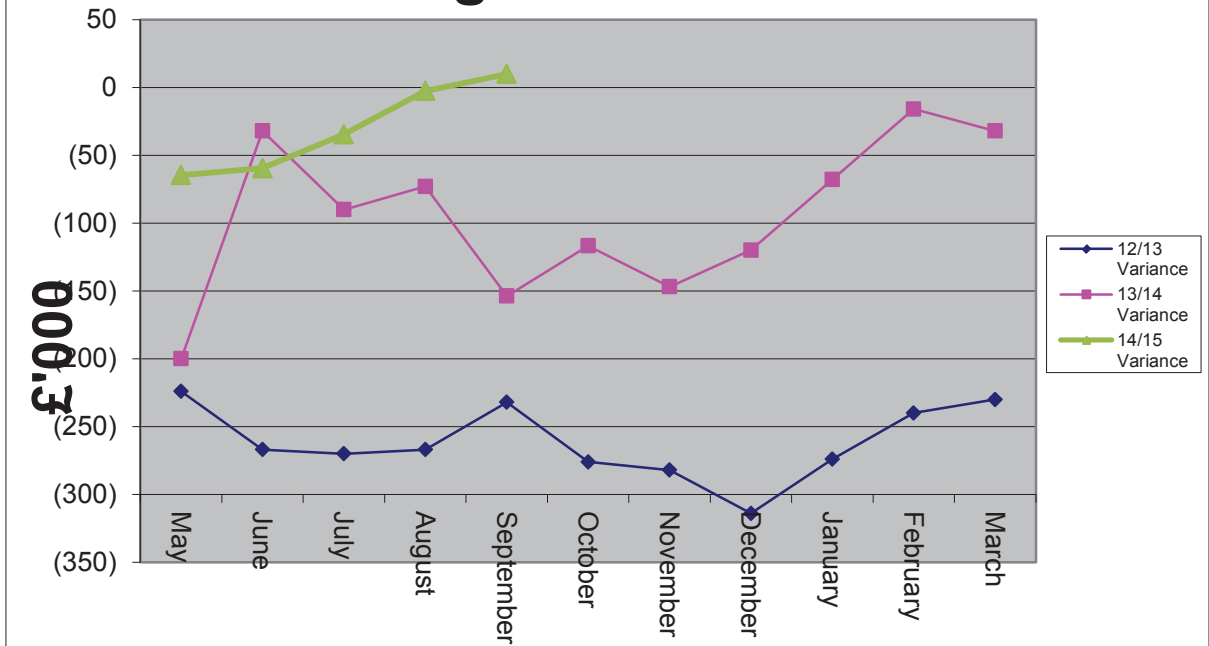
Adult Social Care



Libraries & Adult Education



Housing General Fund



Reserve	Balance at	Net Transfer	Balance at
	31st March	to/from	30th
	2014	Reserve	September
		YTD	2014
	£000	£000	£000
Outstanding Council Programme Board Reserve	11,105	(1,112)	9,993
For use in future years' budgets	8,252		8,252
Revenue Reserve for Capital/Revenuisation	5,360		5,360
Energy renewable reserve	1,441		1,441
Repairs and Renewals Fund	1,424		1,424
Transforming families reserve	784		784
Pension Fund additional contribution	1,078		1,078
Local Land Charges	1,260		1,260
Apprenticeships	949	(261)	688
Community Care Reserve	1,733	(247)	1,486
Local Welfare Support Reserve	315		315
Performance Reward Grant	265	(265)	0
Economic Development Strategy	1,322		1,322
Used or eliminated reserves	0		0
Other	285	0	285
Sub total earmarked reserves	35,574	(1,885)	33,689
Adult social care contributions	670	(375)	295
Culture & Environment contributions	1,204	(53)	1,151
Culture & Environment Grants	747	(48)	699
Childrens & Education Grants	708	(221)	487
Adult social care Grants	0		0
Housing planning development Grants	299		299
Housing GF Grants	106	(0)	106
Public Health Grant Reserve	1,664	0	1,664
Sub total IFRS earmarked reserves	5,398	(697)	4,701
Insurance reserves	1,954	0	1,954
Sub total fixed to contract reserve	1,954	0	1,954
DSG Reserve	2,728	(263)	2,465
Schools Reserve	168	(61)	107
Schools PFI Fund	4,071		4,071
Sub total Schools reserves	6,967	(324)	6,643
Grand Total	49,893	(2,906)	46,988

Appendix 9

2014/15 Cash Flow Forecast at 30 September 2014

	Year to Date Actual £'000	Oct - Mar Forecast £'000	Sep-14 Full year Forecast £'000	Jun-14 Full year Forecast £'000	TM Strategy Reported Position £'000
Expenditure					
Bank Charges & Related Expenditure	-503	-539	-1,042	-963	-916
Other Expenditure	-4,480	-2,094	-6,574	-6,050	-4,117
Capital Expenditure & S106 Payment	0	0	0		
CHAS Payroll, Tax and VAT	-641	-302	-943	-936	-408
Business Rates and CTax Refunds	-2,005	-2,389	-4,394	-4,081	-3,956
HMRC Related Payments	-18,607	-19,300	-37,907	-38,737	-39,800
Housing Benefit	-48,512	-44,131	-92,643	-92,642	-94,850
Invoice Payments (Bacs & Cheques)	-189,256	-197,350	-386,606	-379,729	-377,250
Payroll Related Payments (including Schools)	-51,925	-53,535	-105,460	-107,156	-107,720
LGPS Pension Contributions	-18,810	-24,343	-43,153	-41,511	-33,000
RSG	-17,735	-13,292	-31,028	-31,028	-30,490
Pensioners Payments (met by Employer)	-163	-1,790	-1,953	-1,956	-1,956
Total Expenditure	-352,637	-359,066	-711,703	-704,789	-694,464
Income					
Business Rates Receipts	48,037	30,942	78,978	79,323	74,200
Council Tax Receipts	51,528	35,510	87,038	86,613	76,330
DWP - Housing Benefit Subsidy & Admin Grant	42,338	44,804	87,142	93,758	97,086
Grants	121,053	100,338	221,391	214,390	218,514
Other Income	54,290	46,941	101,231	90,225	78,883
Public Health Grant	4,618	4,618	9,236	9,236	9,236
Payroll and Pension Recoupement	45,664	45,810	91,474	90,523	90,132
VAT Reimbursement	13,196	11,651	24,847	25,175	22,800
Total Income	380,724	320,613	701,337	689,244	667,181
Net Income/Expenditure	28,087	-38,453	-10,366	-15,545	-27,283
Interest Received on investments	232	445	677	522	677
Interest Paid on Debt	-3,268	-3,373	-6,641	-6,692	-6,641
B/F Investment Balance from Previous year	80,000	0	80,000	80,000	80,000
B/F Bank Balance from Previous Year	-54	0	-54	-54	-54
Estimated Closing Cash Balance	104,997		63,615	58,231	46,699
Estimated Closing Value of investments	104,020				
Estimated Closing Bank Balance	606				

Customer & Client Receipts - £000's									
2014/15									
Department	Division/Service	Total Budget	Year to Date Actual (P6)	Year to Date Budget (P6)	Year to Date Over (under) Spend	Latest Forecast	Forecast Variance	Internal Receipts Forecast	External Receipts Forecast
Childrens Schools & Families	Schools Buy Back	-2,836	-398	-1,283	885	-2,986	-149		-2,986
	Early Years & Childrens Centres	-1,255	-622	-619	-3	-1,238	17		-1,238
	Other	-168	-128	-84	-44	-223	-55		-223
	CSF Total	-4,259	-1,149	-1,986	837	-4,447	-187	0	-4,447
Corporate Services	Business Improvement	-84	-17	-3	-14	-114	-30	-79	-35
	Corporate Governance	-530	-972	-265	-707	-443	87	0	-442
	Customer Services	-2,184	-939	-1,092	153	-1,901	283	-130	-1,771
	CS Resources	-753	-357	-377	19	-921	-167	-1	-920
	Human Resources	-569	-199	-208	9	-559	10	-145	-414
	Infrastructure & Transactions	-2,315	-967	-759	-208	-2,632	-316	-1,644	-988
	CS Total	-6,435	-3,451	-2,703	-747	-6,568	-133	-1,999	-4,570
Environment & Regeneration	Street Scene & Waste	-11,326	-5,300	-5,663	363	-11,465	-139	-8,580	-2,885
	Public Protection	-12,572	-5,811	-6,264	453	-12,513	59	-95	-12,418
	Sustainable Communities	-9,903	-6,067	-5,098	-969	-9,716	187	-560	-9,156
	Safer Merton	-6	-58	-3	-55	-6	0	0	-6
	E&R Total	-33,807	-17,236	-17,028	-208	-33,700	107	-9,235	-24,465
Community & Housing	Adult Social Care - Client Contribution								
	& Other Cont	-10,125	-4,047	-4,247	200	-10,995	-870	-70	-10,924
	MAE & Libraries Housing	-1,130	-428	-640	212	-955	175	-127	-827
	C&H Total	-11,402	-4,510	-4,961	451	-12,098	-696	-197	-11,898
Grand Total		-55,903	-26,345	-26,678	333	-56,814	-911	-11,431	-45,379

Appendix 11

Subject: Miscellaneous Debt Update September 2014

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

1.1 A breakdown of departmental net miscellaneous debt arrears, as at 30 September, is shown in column F of Table 1 below.

Table 1 – Debtors aged balance – September 2014 – not including debt that is less than 39 days old

Department a	39 days to 6 months b	6 months to 1 year c	1 to 2 years d	Over 2 years e	Sept 14 arrears f	Jun 14 Arrears	Direction of travel
	£	£	£	£	£	£	
Env & Regeneration	293,982	125,465	286,197	133,643	839,287	884,512	↓
Corporate Services	230,106	69,844	130,134	198,453	628,537	858,227	↓
Housing Benefits	648,308	305,610	691,019	1,212,454	2,857,391	2,685,560	↑
Children, Schools & Families	136,933	247,019	21,489	2,342	407,783	367,884	↑
Community & Housing	1,316,132	919,124	1,060,216	1,565,984	4,861,456	4,589,395	↑
Chief Executive's	0	0	500	0	500	500	
CHAS 2013	124,958	25,624	3,096	0	153,678	113,826	↑
Total	2,750,419	1,692,686	2,192,651	3,112,876	9,748,632	9,499,904	↑
Sep-13	2,231,521	1,904,382	2,212,453	2,233,060	8,581,416		
Variance Sept 13 to Sept 14	518,898	-211,696	-19,802	879,816	1,167,216		↑

1.2 Since the position was last reported in June 2014, the net level of arrears, i.e. invoices over 39 days old, has increased by £276,592.

1.3 The net level of level of arrears has increased by £1,167,216 when compared to the position at the end of September 2013.

- 1.4 The above table shows the separate debt owed to CHAS 2013 Ltd.
- 1.5 Table 2 below shows the total net level of arrears for the last five years – not including debt that is less than 39 days old.

Table 2 – net miscellaneous debt September 2010 to September 2014 – not including debt that is less than 39 days old

Department	Sept 2010	Sept 2011	Sept 2012	Sept 2013	Sept 2014
	£	£	£	£	£
Env & Regeneration	291,101	463,650	680,980	793,107	839,287
Corporate Services	159,622	257,398	375,091	368,730	628,537
Housing Benefits	1,941,024	2,563,016	3,086,410	2,950,651	2,857,391
Children, Schools & Families	409,541	153,253	271,244	121,140	407,783
Community & Housing	2,706,504	2,656,934	3,514,938	4,213,449	4,861,456
Chief Executive's	10,026	2,280	180	500	500
CHAS 2013	0	0	0	0	181,542
Total	5,517,818	6,096,531	7,928,843	8,447,577	9,776,496

- 1.6 The figures in table 2 (above) show that the major area of increase in debt over the four year period is housing benefit overpayments and Community and Housing. It should be noted that the amount of housing benefit paid out has increased over this period. In 2008/09 £61.3 million was paid out and just over £100 million was paid in 2013/14. The level of Community and Housing debt over 39 days has increased by over £2.1 million in the four year period.

- 1.7 The action being taken to recover the largest debts is outlined below.

2 THE PROCESS FOR COLLECTION OF MISCELLANEOUS DEBT

- 2.1 In considering the current levels of debt, it is important to outline the general process Merton currently has in place to collect its arrears. In general terms the process has 5 stages, as detailed below, although processes employed vary by debt type. It is important to note that most debtors can not pay their outstanding liabilities other than by payment arrangements. Once a payment arrangement has been made it can not be changed without the debtors consent.

Table 3 – the process for collecting debt

Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
Invoice issued to debtor with 30 days allowed for payment.	After 30 days and following two requests for payment, a final warning notice is issued and the case passed to the Debt Recovery team.	The debt and debtor is evaluated to ensure the most effective recovery action is taken to attempt recovery. This will include contacting debtors' direct and collecting payment or agreeing repayment plans and passing the debt to collection agents to collect on our behalf, bankruptcy proceedings, attachment to benefit etc.	If the debt remains unpaid then County Court action is taken by the Debt Recovery team's solicitor who administers this process.	The final stage is consideration of the debt for write-off if all other attempts to collect the debt have failed.

3 DEBT OVER ONE YEAR OLD

3.1 Debt over 1 year old has increased by £1,806,695 since the end of April 2012.

Table 4 – Debt over 1 year old compared to April 2012

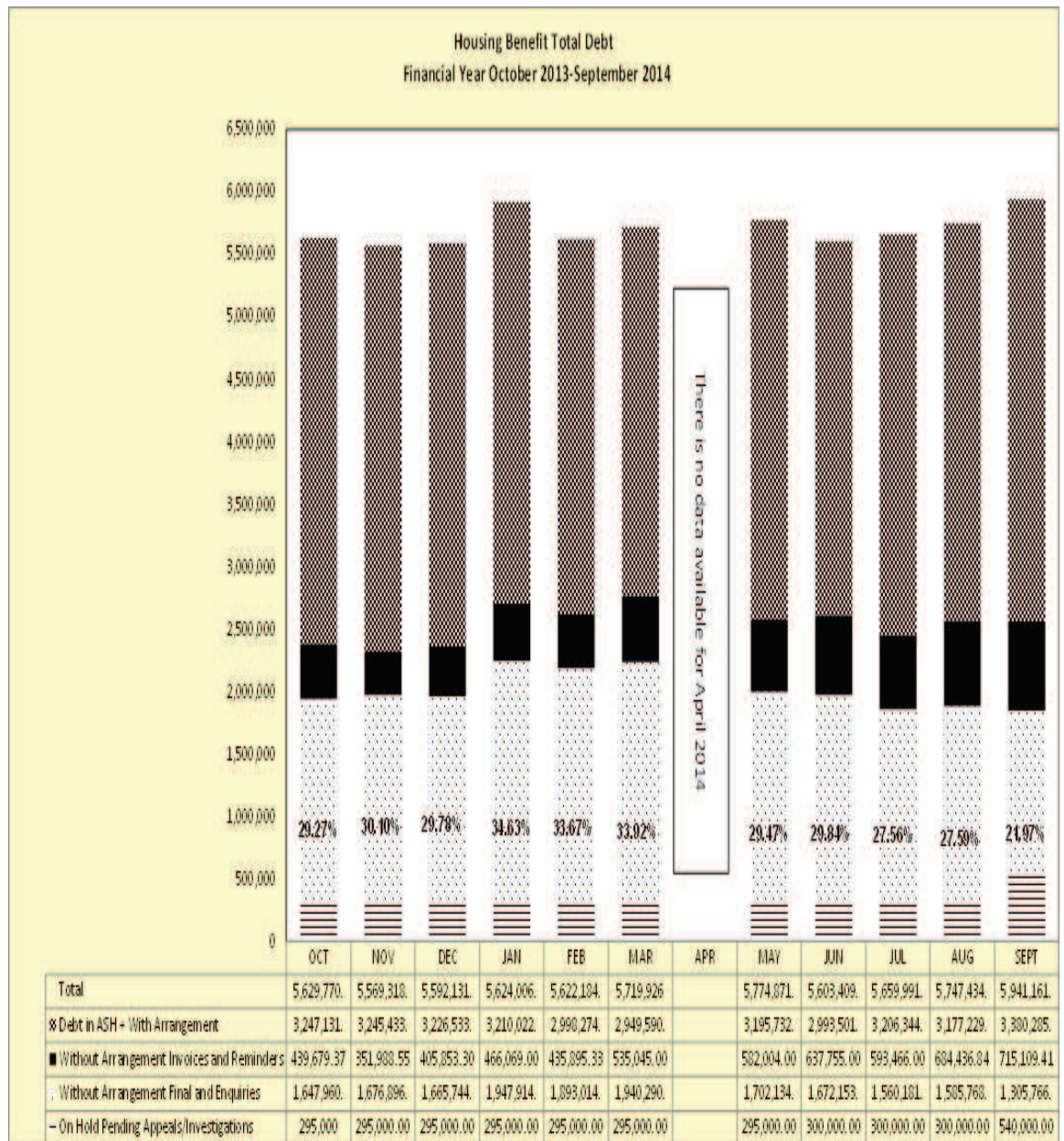
Department	April 2012	Sept 2014	Variance	% Variance
Env & Regeneration	£65,104	£419,841	£354,737	84.49
Corporate Services	£45,461	£328,588	£283,127	86.16
Housing Benefits	£1,695,646	£1,909,533	£213,887	11.20
Childrens, Schools & Families	£54,992	£23,831	-£31,161	-130.76
Community & Housing	£1,421,831	£2,626,200	£1,204,369	45.86
Chief Executives	£0	£500	£500	0.00
CHAS 2013	£0	£3,096	£3,096	
Total	£3,283,034	£5,311,589	£2,028,555	38.19

3.2 The majority of debt over 1 year old is for Community and Housing debts and Housing Benefit overpayments.

3.3 The debt for Community and Housing over a year old has increased by £1,204,369 since April 2012. There is an upward trend in outstanding debt.

- 3.4 The total debt figure for Community and Housing, including debt that is less than 39 days old, is £5.7 million, an increase of £0.4 million since last reported in June 2014. Of this debt £0.9 million is under 39 days and therefore no formal recovery action has taken place other than issuing an invoice and reminder. Of the remaining £4.8 million debt which is older than 39 days £1.6 million is secured debt either with repayment arrangements or legal action including Charging Orders. We are actively working on securing the remaining £3.2 million debt by similar means.
- 3.5 Proactive recovery action and monitoring of the largest debts is undertaken. This includes identifying cases where we will consider legal action to secure the debt. We have recently received payment on one case of £29,000 where we had secured the debt against a Charging Order. One large debt of £98,500 is due to be redeemed following the public auction to sell the property at the end of October 2014.
- 3.6 The total amount of housing benefit debt has increased to £5.94 million, an increase of £0.3 million since last reported in June 2014. Although the debt has increased there has been an increase in the amount of debt either being recovered from on-going benefit or on arrangements. £1.8 million is being recovered from on going benefit by reducing current housing benefit payments, this equates to approximately £95,000 per month being reduced from payments to offset these overpayments. Just under £3.4 million is on a payment arrangement or recovery from on going benefit.
- 3.7 It should be noted that the level and number of housing benefit overpayments continues to increase due to the continued drive to identify fraud and failure to declare change in claimant circumstances. In 2013/14 £3.1 million of overpayments were identified and over £1.95 million either recovered or off set against housing benefit. This compares to £3.4 million overpayments identified and £1.85 million recovered or off set against housing benefit in 2012/13.
- 3.8 The Department of Work and Pensions have recently commenced a "Real Time" Information initiative which is aimed at identifying overpayments of housing benefit. They will compare housing benefit claim data and HMRC data and estimate that they will highlight 900 cases for Merton where there are overpayments of housing benefit, some of these could go back a couple of years. The Council are required to check these claims, amend benefit and recover the overpayments. The first monthly set of data (240 cases) was received in early October 14. The December report will give an update on this initiative.
- 3.9 The graph below shows breakdown of all housing benefit overpayments by recovery action.

Graph 1 – Total Housing Benefit Debt by recovery action from September 2013 – (please note due to a resourcing issue we were unable to extract the April 2014 data)



3.10 Since the report at the end of June 2014 we have continued to review and target all housing benefit debt. We have tried to improve the procedures at the beginning of the process when a debt is first identified by ensuring that invoices are raised as soon as possible to give the best chance of recovery, we are targeting debtors who are now in work and we will be applying to recover the overpayments from their employers and we are looking at the oldest debts to consider if

they are still collectable. However, it should be noted that a lot of the housing benefit debt is very difficult to recover as the Council's powers of recovery are very limited unless the debtor works or owns their own property.

4. PROVISION FOR BAD AND DOUBTFUL DEBTS

- 4.1 Provision has been made available for writing off bad and doubtful debts held with the ASH and Housing benefits systems. These provisions are £2.669m for ASH miscellaneous debt and £3.981m for debt held in the Housing Benefits system, making a total General Fund provision for bad and doubtful debts of £6.650m. Clearly, every attempt is made to collect debts before write-off is considered. The current level of provision is analysed in the table below.
- 4.2 The Council adheres to the requirements of the SORP when calculating its provisions. Merton's methodology is to provide on the basis of expected non collection using the collection rates for individual departmental debt, and the age of the debt.

Provision for Bad and Doubtful Debts

Department	Total provision £000's
Env & Regeneration	335
Corporate Services	498
Housing Benefits	3,981
Children, Schools & Families	54
Community & Housing	1,782
Chief Executive's	0
Total	6,650

5. EXECUTIVE SUMMARY / CONCLUSION

5.1.1 Merton's total level of miscellaneous debt arrears i.e. invoices over 39 days old, as at 30 September 2014 is £9,748,632. The net level of arrears, when the matter was last reported in June 2014 was £9,499,912.

6. TOTAL DEBT DUE TO MERTON

The total amount due to Merton as at 30 September 2014 is detailed in table 6 below.

Table 6 – Total debt outstanding as at 30 September 2014 and compared with previous periods over the past 16 months

	Jun-13	Oct-13	Dec-13	Mar-14	Jun-14	Sep-14
	£	£	£	£	£	£
Miscellaneous sundry debt Note 1	11,565,929	11,960,990	12,415,856	11,967,049	13,448,226	14,437,902
HB debt in Benefit system Note 2	2,282,190	2,532,921	2,469,412	2,507,443	2,681,440	2,818,432
Housing Rent Note 3	108,058	103,451	103,371	102,056	102,001	101,388
Parking Services	2,208,764	2,553,803	2,545,573	2,545,575	2,497,703	2,388,584
Council Tax Note 4	5,056,682	4,263,977	3,906,022	3,540,430	5,011,408	4,444,360
Business Rates Note 5	3,032,636	2,404,348	1,998,789	1,843,931	3,397,378	2,635,958
Total	24,254,259	23,819,490	23,439,023	22,506,484	27,138,156	26,826,624

Note 1 This figure differs from the amount shown in Table 1 as it shows all debt, including that which is less than 39 days old.

Note 2 This is the housing benefit debt within the benefits system

Note 3 This is former tenants rent arrears – leaseholder debts are included in miscellaneous sundry debt

Note 4 Council tax debt does not include the current year council tax collection.

Note 5 Business rates debt does not include the current year business rates collection

6.1 The overall debt outstanding has increased by over £3.0 million compared to the end of October 2013.

- 6.2 The areas where there has been an increase since October 2013 are sundry debt (£2.5 million), housing benefit debt within the benefit system (£0.3 million), council tax (£0.2 million) and business rates (£0.2 million). Action being taken against sundry debt and housing benefit debt has been detailed earlier in this report. It should be noted these comparisons are not quite like for like as in 2013 we were using data as at the end of October compared to the end of September 2014.
- 6.3 Detailed breakdowns of the Council Car Parking figures are shown in the Table 7 below:

Table 7 – Car Parking Aged Debtors – June 2014

Age of Debt	Outstanding £	Number of PCNs
0-3 months	826,235	7,491
3-6 months	339,924	2,206
6-9 months	264,388	1,667
9-12 months	235,123	1,449
12-15 months	248,315	1,527
Older than 15 months	474,599	3,384
Total September 2014	2,388,584	17,724
Total March 2014	2,497,703	17,866
Increase	(109,119)	(142)

APPENDIX AUTHOR - David Keppler (020 8545 3727/david.keppler@merton.gov.uk)

This page is intentionally left blank