

Date: 8 December 2014

Subject: Financial Report 2014/15 – October 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 £4.84 million, 2.98% of the net budget, an increase of £0.47m from last month.
- B. That Cabinet approve the virement of £226,000 from the OCPB Reserve for the SWLP Procurements costs for Household Recycling and Refuse Collection (HRRC) and for Phase C joint procurement after the contribution from the Transformation Challenge Fund.
- C. That Cabinet note the adjustments in Appendix 5b and approve the £138,180 additional free school meals funding to be met by specific grant.

PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This is the regular financial monitoring report for 2014/15 presented to CMT in line with the financial reporting timetable. It is based on expenditure and income as at 31st October 2014.

This financial monitoring report provides:-

- The latest budgetary control information on revenue expenditure and income, forecasting a year end overspend of £4.84m (last month £4.37m);
- 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** – At period 7 to 31st October 2014 the forecast is expected to be a net £4.84m overspend compared to the current budget.

Summary Position as at 31st October 2014

	Current Budget 2014/15 £000s	Full Year Forecast (Oct) £000s	Forecast Variance at year end (Oct) £000s	Forecast Variance at year end (Sept) £000s	Outturn variance 2013/14 £000s
Department					
3A. Corporate Services	13,401	12,802	(599)	(487)	(732)
3B. Children, Schools and Families	48,492	51,591	3,099	2,718	556
3C. Community and Housing	61,988	64,004	2,016	1,945	(1,122)
3D. Public Health	1,306	1,305	(1)	0	0
3E. Environment & Regeneration	24,212	25,677	1,465	1,333	(576)
Overheads	0	0	0	0	55
NET SERVICE EXPENDITURE	149,399	155,379	5,980	5,509	(1,820)
3E. Corporate Items					
Impact of Capital on revenue budget	14,103	14,103	0	0	0
Central budgets	(1,892)	(3,035)	(1,143)	(1,143)	2,429
Levies	931	931	0	0	0
TOTAL CORPORATE PROVISIONS	13,142	11,999	(1,143)	(1,143)	2,429
TOTAL GENERAL FUND	162,541	167,378	4,837	4,366	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	(162,541)	(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 £5.75m to £4.84m reported.

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

Service Expenditure - Forecast Year End Variance

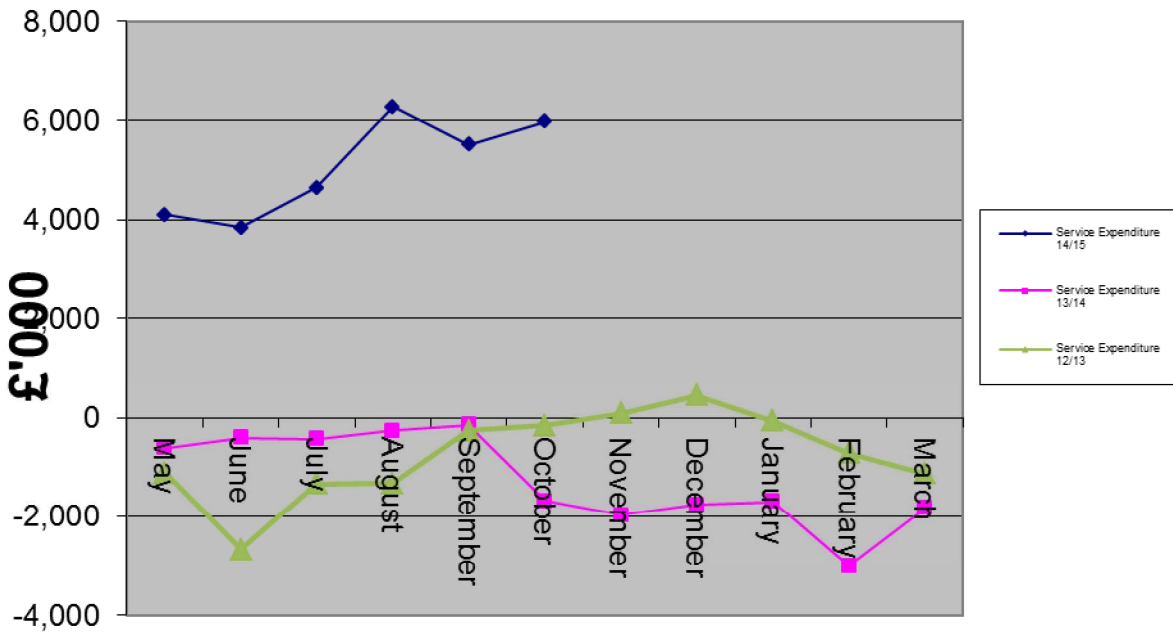
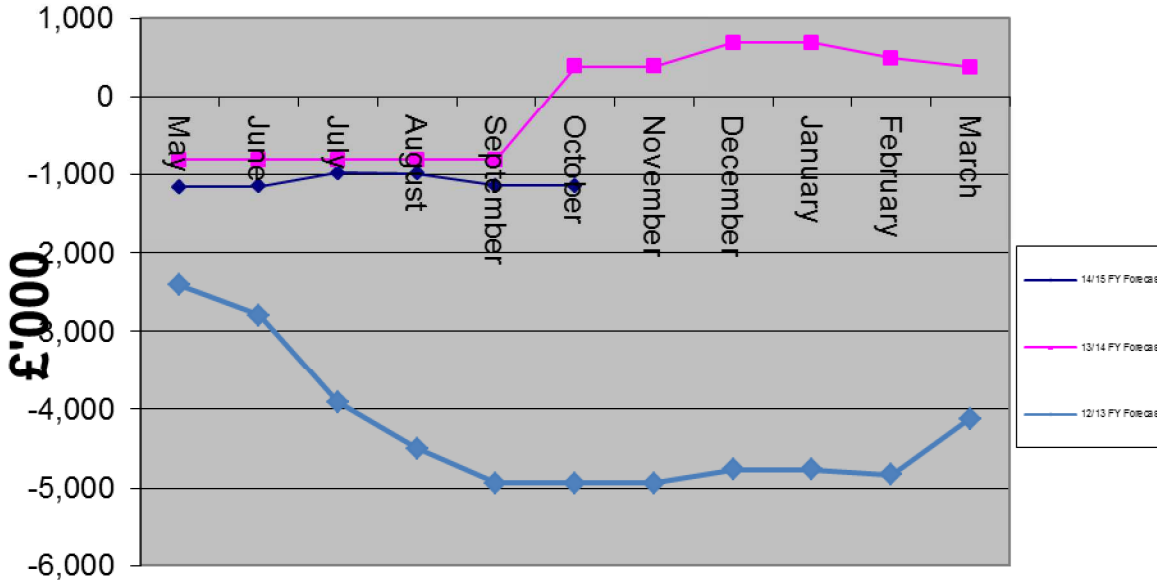


Chart 2 shows the forecast year end variance for corporate provisions with a comparison against both 2013/14 and 2012/13.

Corporate Provisions - Year End Forecast Variance



Subjective analysis at 31st October 2014

	Current Budget 2014/15	Full Year Forecast (Oct)	Forecast Variance at year end (Oct)	Forecast Variance at year end (Sep)	Outturn variance 2013/14
Expenditure	£000	£000	£000	£000	£000
Employees	94,219	95,948	1,729	1,876	275
Premises Related Expenditure	9,116	8,868	(249)	(255)	(891)
Transport Related Expenditure	13,248	14,840	1,592	1,370	20
Supplies and Services	169,051	168,305	(747)	(325)	1,933
Third Party Payments	85,352	91,288	5,936	5,293	(2,106)
Transfer Payments	108,346	104,390	(3,956)	(3,983)	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	13,142	11,999	(1,143)	(1,143)	2,429
GROSS EXPENDITURE	540,123	543,284	3,161	2,832	9,603
Income					
Government Grants	(263,818)	(260,106)	3,712	3,522	(6,425)
Other Grants, Reimbursements and Contribs	(24,524)	(25,598)	(1,074)	(1,035)	(2,361)
Customer and Client Receipts	(56,121)	(57,450)	(1,329)	(911)	(1,141)
Interest	(44)	(19)	25	25	25
Recharges	(33,020)	(33,019)	1	1	(1,446)
Balances	(55)	286	341	(68)	2,352
GROSS INCOME	(377,582)	(375,905)	1,677	1,534	(8,994)
NET EXPENDITURE	162,541	167,378	4,837	4,366	610

3. DEPARTMENTAL SUMMARY OF CURRENT POSITION
3A Corporate Services Department

	2014/15 Current Budget	Full year Forecast October	Forecast variance at year end October	Forecast variance at year end September	2013/14 Variance
	£000	£000	£000	£000	£000
Business Improvement	3,211	3,185	-26	15	-32
Infrastructure & Transactions	9,314	9,183	-131	-105	-130
Resources	7,403	7,306	-97	-98	-284
Human Resources	2,539	2,541	2	13	-46
Corporate Governance	3,498	3,213	-285	-218	-185
Customer Services	2,305	2,210	-95	-94	-752
Corporate Items including redundancy costs	1,272	1,305	33	0	696
Total (controllable)	29,542	28,943	-599	-487	-733

Overview

At period 7 (October) the Corporate Services department is forecasting an underspend of £599k. This is an increase in forecast underspend from last month of £112k.

Business Improvement – forecast underspend £26k

There is a forecast overspend of approx. £40k 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 offset by an overachievement of street naming income and some vacant posts in the new systems and development team structure. Recruitment is underway but the cost of salary protection is expected to be offset by vacant posts in the current year.

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

Infrastructure and Transactions – forecast underspend £131k

There is a forecast underspend of £130k due to some vacant posts and future year savings captured early.

Resources – forecast underspend £97k

The division is forecasting an underspend of £97k due to future year savings being achieved in the current year.

Human Resources – forecast overspend £2k

The cost of resources to address the recruitment process issues are have been included at approx. £20k. 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. 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.

Corporate Governance – forecast underspend £285k

The Benefits Investigation team transferred to the DWP under the Single Fraud Investigation Service on 1st November. An anti- fraud team of 3 posts is being created within the Audit & Investigation service to cover corporate fraud investigations with recruitment underway. The budget for this service is expected to be under spent by approximately £120k in 2014/15 due to the transfer to the DWP and the timescale involved in recruiting to the 3 anti-fraud corporate posts.

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. £90k on various non salary budgets which are being held as future year savings.

The SLLP structure is forecasting an underspend on some vacant posts of which Merton's share is approx. £20k.

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.

Customer Services – forecast underspend £94k

The Local Welfare Support discretionary scheme continues to underspend in 2014/15. The forecast underspend is circa. £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 (Oct) £000	Forecast Variance at year end (Oct) £000	Forecast Variance at year end (Sep) £000	2013/14 Variance at year end £000
Commissioning, Strategy and Performance	7,062	8,301	1,239	981	449
Education	16,223	17,521	1,298	1,185	370
Social Care and Youth Inclusion	10,840	11,832	992	963	(268)
Public Health contribution	0	(415)	(415)	(415)	0
PFI	7,724	7,709	(15)	5	29
Redundancy costs	2,073	2,073	0	0	(24)
Total (controllable)	43,922	47,021	3,099	2,719	556

Overview

At the end of October Children Schools and Families is forecasting a net overspend of £3.099m on local authority funded services. There are a 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 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 £3.514m, (£3.134m last month) an increase of £380k.

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	Oct £000	Sep £000
Fostering and residential placements (ART)	4,169	987	884
Supported lodgings/housing	627	426	303
Un-accompanied asylum seeking children (UASC)	346	142	142
Procurement & School organisation	953	(131)	(134)
Legal cost	519	(110)	(117)
Other small over and underspends	448	(75)	(97)
Subtotal Commissioning, Strategy and Performance	7,062	1,239	981
SEN Transport	2,816	978	796
No Recourse to Public Funds (NRPF)	0	64	58
Children with disabilities team (CWD) staffing	505	194	191
Children with disabilities (CWD) personal support	296	104	0
Other small over and underspends	12,606	(42)	140
Subtotal Education	16,223	1,298	1,185
Social work staffing costs	2,581	610	612
No Recourse to Public Funds (NRPF)	20	278	238
Supported lodgings/housing	0	174	147
Special guardianship orders (SGO)	442	136	114
Family & Adolescent Services	178	(93)	(93)
CAMHS	298	(208)	(208)
Other small over and underspends	7,321	95	153
Subtotal Children's Social Care and Youth Inclusion	10,840	992	963
Public Health contribution	0	(415)	(415)
Subtotal PFI	7,724	(15)	5
Subtotal Redundancy cost	2,073	0	0
Grand total Children, Schools and Families	43,922	3,099	2,719

Commissioning, Strategy and Performance Division

- While the numbers of Looked After Children (LAC) remain stable, the complexity of a significant proportion of cases is causing the net estimated overspend of £987k. This includes on-going pressures in independent agency fostering of £106k, in-house fostering of £337k and residential placements of £659k which is offset by underspends forecast in mother and baby placements of £115k 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 £426k. 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 £131k as a result of not recruiting to vacancies and a lower spend forecast on revenue budgets.
- The direct charging budgets for the shared legal service are currently forecasting £110k underspend.
- There are various other small over and underspends predicted across the division netting to a £75k underspend. These combine with the items described above to arrive at the total reported divisional overspend forecast of £1,239k.

Education Division

- SEN and FE transport cost are expected to overspend by £978k due to the increased number of service users and higher than anticipated charges from the service provider. The overspend is split between core routes (£304k) and taxi usage (£674k). 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. This amount also includes an additional £300k increase in SLA charges from E&R for core routes following a formula allocation review.
- The No Recourse to Public Funds (NRPF) budgets are forecast to overspend in total by £342k for the current financial year. These overspends are expected across education (£64k) and CSC (£278k). This increase in cost is in response to case law regarding housing families with no recourse to public funds (Zambrano & Clue cases). This is an issue across London.
- The CWD team is expected to overspend by £194k. 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.
- The Children with Disability section is also forecasting a £104k overspend on personal support budgets due to rising numbers of children with complex needs being supported in this way. These payments often prevent higher cost interventions being required, e.g. residential out of borough care placements.
- There are various other small over and underspends predicted across the division netting to a £42k underspend. These combine with the item described above to arrive at the total reported divisional overspend forecast of £1.298m.

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 £610k. 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 £278k 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 £174k. 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 £136k 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.
- The Children and Adolescent Mental Health Service (CAMHS) is expecting to underspend by £208k due to vacancies.
- 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 £566k (£858k 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 £700k 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 relating to improving young children's health and wellbeing 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, which remain higher than the council average, to reduce the costs of agency cover. The ability of the in-house service to transport children with very challenging needs remains an issue.

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	Oct overspend forecast £000	Sep overspend forecast £000
Supported lodgings/housing	627	426	303
Un-accompanied asylum seeking children (UASC)	346	142	142
No Recourse to Public Funds (NRPF)	20	342	286
Special guardianship orders (SGO) & residence orders	442	136	114
Fostering	0	15	15
Total	1,193	1,061	860

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 Independent Fostering Agency 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 work being undertaken by Housing Needs to stimulate supply will assist in reducing these costs. 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 (NQS) with the aim to employ ten to twelve additional members of staff supported and quality assured by a practice assessment manager. Seven have already started with and a further 3 will start next year. 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.

C) Community and Housing

As at the end of period 7 (October), C&H is forecast to over-spend by £2.016m an increase of £71k since the September forecast

Community and Housing	2014/15 Current Budget	Full Year Forecast (Oct)	Forecast Variance (Oct)	Forecast Variance (Sep)	2013/14 Variance at year end
	£000	£000	£000	£000	£000
Access and Assessment	42,396	44,139	1,743	1,634	(1,256)
Commissioning	5,072	4,987	(85)	(53)	(116)
Direct Provision	4,174	4,961	787	775	214
Directorate	893	845	(48)	(57)	70
Contribution from Public Health	0	(500)	(500)	(500)	0
Adult Social Care	52,535	54,432	1,897	1,799	(1,088)
Libraries and Heritage	2,494	2,464	(30)	(21)	27
Merton Adult Education	(282)	(123)	159	157	(29)
Housing General Fund	2,003	1,980	(23)	10	(32)
Total (controllable)	56,750	58,696	2,016	1,945	(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 £1.881m of shortfall is the main cause of the overspend.

Access and Assessment - £1,743k over-spend

Access and Assessment	Forecast Variance (Oct)	Forecast Variance (Sep)
	£000	£000
Miles –Reablement over-spend	389	317
Other A&A under-spend	(778)	(669)
Gross Placements overspend	3,131	2,923
Sub-total Net over-spend	2,787	2,571
Over achievement of Client Contribution	(645)	(553)
Over achievement of CCG Contribution	(399)	(384)
Sub-Total over-achievement of Income	(1,044)	(937)
Total A&A Forecast over-spend	1,743	1,634

Placements Overspend £3.1m

The total gross placement budget for 2014-15 is £37.6m and forecast total commitment is £40.7m

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 Oct 2014	Increase/ (decrease) since Budget Setting	Total Yearly Commitment @ Oct 14 £000
Service Area				
Mental Health	157	147	(10)	£1,736
Physical and Sensory	289	279	(10)	£4,451
Learning Disabilities	369	404	35	£12,851
Older People	1,631	1,707	76	£20,970
Substance Misuse	8	13	5	£236
No recourse to public funds	12	12	0	£198
Transport				£271
Other Placement Expenditure				£39
TOTAL Gross placement expenditure	2,466	2,562	96	£40,752

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:

- There is an additional £158K commitment on Mental Health placements for joint funded placements. It has been agreed that the joint panel arrangements will be reviewed to ensure funding of placements are apportioned on a fair basis with the CCG.
- 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. Discussions are on-going with Children's services to agree additional costs expected for transitions cost.

- 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 £1,044k. 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 £85k

Salaries budget is £153k 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.

There is an over-spend of £158k on Voluntary organisations and contracts.

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

There are other under-spends across the commissioning budgets of £20k

Direct Provision over-spend £787k

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 £610k. 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.

Residential Homes are forecast to over-spend by £96k mainly due to salaries and Supported Living schemes are forecasting to over-spend by £31k.

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. However the restructure has been delayed until April 2015.
- **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- £15k 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 - £23k under-spend

There are various other small over and underspends predicted across Housing netting to a £23k overspend.

The main budget pressure is on the Homelessness Prevention budget, currently forecast to overspend by £57k 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.

Bed and Breakfast accommodation forecast is to be reviewed in next months monitoring

Public Health

Public Health is forecast to underspend by £908k, an increase in the under-spend of £118k over last month.

Public Health	2014/15 Current Budget	Full Year Forecast (Oct)	Forecast Variance (Oct)	Forecast Variance (Sep)	2013/14 Final Out- turn
	£000	£000	£000	£000	£000
PH - Directorate	1,065	905	(160)	(25)	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)	(7)	55
PH - Obesity	338	334	(4)	(4)	357
PH – Live well (including smoking cessation)	355	316	(39)	(39)	346
PH - Substance Misuse (drugs and alcohol)	2,057	1,717	(340)	(340)	1,837
PH - School Nursing (including National Child Measurement programme)	628	612	(16)	(25)	570
PH - Surveillance and Control of Infectious Diseases	65	10	(55)	(63)	0
PH - Community Services Contract Estates	191	282	91	91	188
PH - New Investments	1,003	428	(575)	(575)	0
Total Public Health (controllable)	9,126	8,218	(908)	(790)	7,321
PH – Non-Recurrent Projects funded from Reserves	1,306	1,306	0	0	0
Total Public Health (including funding from Reserves)	10,432	9,524	(908)	(790)	7321

The main causes of the forecast underspend on Public Health involve the capacity issues in the Public Health team reported earlier, as well as the need for the Council to make savings, which has had a knock-on effect on delivery of public health initiatives in the Council. Public Health has been fully staffed from end September and action plans are in place with each of the Council directorates. Some expenditure has had to await reviews of inherited services. These reviews are nearing completion, when the Public Health team will begin procurement of services based on review recommendations.

Salaries budget is forecast to underspend by £107k due to delays in recruitment. All posts have now been recruited to.

£1.306m budget has now been transferred from reserves for non-recurrent projects. There are also challenges to Public Health budget from MCCG of £900k.

3D) Environment & Regeneration

Environment & Regeneration	2014/15 Current Budget	Full year Forecast (Oct)	Forecast Variance at year end (Oct)	Forecast Variance at year end (Sept)	2013/14 Final Out- turn
	£000	£000	£000	£000	£000
Public Protection	(6,921)	(6,897)	24	143	243
Sustainable Communities (Excl. T&H)	2,936	2,965	29	195	(54)
Traffic & Highways (T&H)	8,129	8,482	353	235	(122)
Waste Services	14,159	15,446	1,287	999	(1,116)
Safer Merton	1,043	920	(123)	(121)	(63)
Other	(759)	(864)	(105)	(118)	537
Total (Controllable)	18,58	20,052	1,465	1,333	-575

Description	2014/15 Current Budget £000	Forecast Variance at year end (Oct) £000	Forecast Variance at year end (Sept) £000
Employee overspend in Parking Services	2,476	31	59
Underachievement of income in Parking Services	(12,228)	29	76
Other	2,831	(36)	8
Total for Public Protection	(6,921)	24	143
Employee overspend within B&DC	1,580	253	298
General Supplies & Services underspend within B&DC	232	(113)	(120)
Employee related underspend within Traffic & Highways	1,789	(227)	(240)
General Supplies & Services underspend within Traffic & Highways	283	(89)	(57)
Reduction in ability to Capitalise expenditure	(464)	464	464
Underspend on third party payments within Traffic & Highways	2,379	(52)	(100)
Underachievement of Customer & Client Receipts in Traffic & Highways	(1,453)	254	183
Overachievement of rental income in Property Management	(4,042)	(107)	(115)
Employee overspend within Greenspaces	2,252	140	140
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	41	89
Employee underspend within Senior Mgmt & Support	758	(74)	(74)
Other	(8,242)	(120)	(50)
Total for Sustainable Communities	11,065	382	430
Employee overspend within Waste Services	7,235	192	198
Transport related underspend within Waste Services	1,969	(167)	(162)
General Supplies & Services underspend within Waste Services	1,072	(227)	(178)
Overspend on 3 rd Party Payments – principally SLWP	6,575	828	808
Shortfall in Waste Services income – principally Commercial Waste	(3,067)	673	347
Other	375	(12)	(14)
Total for Waste Services	14,159	1,287	999
Transport Services	(759)	(105)	(118)
Total for Street Scene & Waste (Excl. Waste Services)	(759)	(105)	(118)
Employee underspend Safer Merton	840	(123)	(118)
Other	203	0	(3)
Total for Safer Merton	1,043	(123)	(121)
Total Excluding Overheads	18,587	1,465	1,333

Overview

The department is currently forecasting an overspend of £1,465k at year end. The main areas of variance are Waste Services, Traffic & Highways, Greenspaces, Safer Merton, and Senior Management & Support.

Pressures

Sustainable Communities

Greenspaces

The section is forecasting an overspend of £175k due to a few factors. Firstly, an employee overspend of £140k is being forecast, which is 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). Secondly, an underachievement of income totalling £111k is expected relating mainly to sports bookings (£45k), and the hiring of openspaces e.g. Wimbledon Park athletics track (£48k). These overspends are being partially mitigated by the reversal of a prior year corporate write-off totalling £90k.

Traffic & Highways

The section is forecasting an overspend of £353k, 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 is being progressed for the 2015/16 financial year..

The section also has a forecast income shortfall of £254k, 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 £227k.

Senior Management & Support

An underspend of £127k is being forecast due to a combination of not filling vacant posts in order to contribute towards the department's mitigating actions (£74k), and an underspend on supplies & services (£40k).

Street Scene & Waste

Waste Services

The section is currently forecasting an overspend of £1,287k, mainly due to a forecast shortfall in Customer & Client receipts of £673k – more specifically on Commercial activities (including Commercial Waste, clinical waste and bulky waste collection) which is forecasting an income shortfall of around £709k. This compares to a shortfall of £389k in 2013/14. However, an agreed saving of £250k has been implemented in 2014/15 for Commercial Waste. Cabinet agreed on the 10th November to £650k of saving amendments and mitigating actions relating to Commercial Waste, which will take effect from April 2015.

Following a commercial review of the trade service by Eunomia, the service is currently implementing the agreed action plan.

In addition, the section is currently projecting an employee related overspend of about £192k. This is as a result of a combination of issues, including the need to realign the budget with the actual cost of activities undertaken by refuse collection and street cleansing. There is also an element of non-contractual overtime and agency cover for sick leave absences. Actions are being taken in order to reduce this overspend wherever possible, 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 £365k 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, a couple of 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). These two one-off costs contribute a total of £538k towards the overall forecast overspend on third party payments of £828k.

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.

Safer Merton

An underspend of £123k is being forecast as a result of vacant posts remaining unfilled. A reorganisation is currently being proposed and the position will not be changed until this is concluded.

Management Action

The department is implementing actions to mitigate the budget pressures where possible, 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 31 October 2014 against budget are contained in Appendix 2. The main areas of variance as at 31 October 2014 are:-

Corporate Items	Current Budget 2014/15 £000s	Full Year Forecast (Oct.) £000s	Forecast Variance at year end (Oct.) £000s	Forecast Variance at year end (Sep) £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	-154	-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	-989	845
Income Items	0	0	0	0	-177
Appropriations/Transfers	-5,306	-5,306	0	0	2,051
Central Items	13,335	12,192	-1,143	-1,143	2,080
Levies	931	931	0	0	0
Depreciation and Impairment	-15,227	-15,227	0	0	3
TOTAL CORPORATE PROVISIONS	13,142	11,999	-1,143	-1,143	2,429

There has been no change in the forecast since September. It is still anticipated that the contingencies and provisions budgets will be underutilised by c. £1m and will be used to offset the overspend.

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

However, the pay award for 2014/15 has now been settled and the financial implications will be included in future monitoring and Business Plan update reports.

4. CAPITAL PROGRAMME 2014-18 – October 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 November Cabinet approved capital programme was just under £46.3 million, the proposed programme is £45.265 million.

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

Depts.	Spend To Oct 2012	Spend To Oct 2013	Spend To Oct 2014	Variance 2012 to 2014	Variance 2013 to 2014
CSF	18,752	5,448	10,191	(8,561)	4,743
CS	1,179	1,756	645	(534)	(1,111)
C&H	365	840	281	(84)	(559)
E&R	5,206	4,873	2,174	(3,032)	(2,699)
Total Capital	25,502	12,917	13,291	(12,211)	374

Outturn £000s	40,487	31,564	
Budget £000s			47,273
Projected Spend Oct 2014 £000s			45,150
Percentage Spend to Budget			28.12%
Percentage Spend to Outturn/Projection	62.99%	40.92%	29.44%
Monthly Spend to Achieve Projected Outturn £			6,372

4.1.2 October is seven months through the financial year, however, departments have only spent 28.1% of their budget or 29.4% 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 £42.5m officers will need to spend almost £6.4m per month for each of the remaining 5 months. The table below shows that in October 2014 departments have managed to spend just under £3 million.

Department	Spend To Sept 2014	Spend To Oct 2014	Variance
CSF	7,979	10,191	2,212
CS	480	645	165
C&H	182	281	99
E&R	1,685	2,174	489
Total Capital	10,326	13,291	2,965

4.2 Capital Programme 2014/15

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

Merton Summary Capital Report - October 2014 Monitoring

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Community and Housing	3,019,110	327,417	265,120	15,737	3,008,144	(10,966)
Corporate Services	5,935,910	644,578	1,568,803	(924,225)	3,958,297	(1,977,613)
Children Schools and Families	25,265,200	10,190,512	12,756,499	(2,565,988)	24,951,390	(313,810)
Environment and Regeneration	13,097,750	2,127,843	4,155,054	(2,028,412)	12,963,409	(134,341)
Total Capital	47,317,970	13,290,350	18,745,476	(5,502,888)	44,881,240	(2,436,730)

Notes

- 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.
- Children, Schools and Families the projected underspend relates to one scheme – school loans, this is where loans are given to schools in place of finance leases. The unspent balance on this code will be carried forward into 2015/16.
- Environment and Regeneration – there is one large projected underspend of £220k on Highways Bridges and Structures which accounts for the bulk of the projected variance. This is a block annual allocation which will not be carried forward to 2015/16.

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:

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
CSF	27,193	304	0	987	0	(3,219)	25,265
CS	8,829	169	(550)	10	0	(2,522)	5,936
C&H	2,603	302	(170)	577	244	(537)	3,019
E&R	15,920	1,368	(30)	1,202	1,300	(6,662)	13,098
Total	54,545	2,143	(750)	2,776	1,544	(12,940)	47,318

4.2.3 Two large adjustments to the programme which were agreed by Council on 19 November are:

- The Gables – Supported Housing £577k, and
- Tackling Traffic Congestion £1,300K

These schemes have been added to the October Monitoring information as they have now been approved.

4.2.4 In addition, Morden Park Pool has been re-profiled in accordance with recommendations made to Cabinet 10 November 2014.

4.2.5 These three changes are detailed in Appendix 5b.

4.2.6 The Table below details the changes made to the approved programme within Appendix 5a-c.

Depts.	September Monitoring Budget 2014/15	Variance	Oct 2014 Monitoring Budget 2014/15	September Monitoring Budget 2015/16	Variance	Oct 2014 Monitoring Budget 2015/16	September Monitoring Budget 2016/17	Variance	Oct 2014 Monitoring Budget 2016/17	September 2014 Monitoring Budget 2017/18	Variance	Oct 2014 Monitoring Budget 2017/18
CSF	25,127	138	25,265	17,941	0	17,941	22,087	0	22,087	21,399	0	21,399
CS	6,023	(87)	5,936	5,000	0	5,000	3,862	0	3,862	2,806	75	2,881
C&H	2,596	423	3,019	1,651	156	1,807	1,334	0	1,334	340	0	340
E&R	12,795	303	13,098	26,120	(9,009)	17,111	8,335	9,000	17,335	4,501	1,000	5,501
Total	46,541	777	47,318	50,712	(8,853)	41,859	35,618	9,000	44,618	29,046	1,075	30,121

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	Period 7 Forecast Shortfall	Period 7 Forecast Shortfall	Period 6 Forecast Shortfall
	£000's	£000's	£000's	%	%
Corporate Services	1,650	1,590	(60)	(3.6)%	(3.3)%
Children Schools and Families	860	768	(92)	(10.7)%	(10.7)%
Community and Housing	2,465	584	(1,881)	(76.3)%	(76.3)%
Environment and Regeneration	3,338	2,863	(475)	(14.2)%	(14.2)%
Total	8,313	5,805	(2,508)	(30.2)%	(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. CONSULTATION UNDERTAKEN OR PROPOSED

6.1 All relevant bodies have been consulted.

7. TIMETABLE

7.1 In accordance with current financial reporting timetables.

8. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

8.1 All relevant implications have been addressed in the report.

9. LEGAL AND STATUTORY IMPLICATIONS

9.1 All relevant implications have been addressed in the report.

10. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

10.1 Not applicable

11. CRIME AND DISORDER IMPLICATIONS

11.1 Not applicable

12. RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

12.1 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.

13. 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

14. BACKGROUND PAPERS

14.1 Budgetary Control files held in the Corporate Services department.

15. REPORT AUTHOR

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**Summary Position as at 31st October
2014**

APPENDIX 1

	Original Budget 2014/15 £000s	Current Budget 2014/15 £000s	Year to Date Budget (Oct) £000s	Year to Date Actual (Oct) £000s	Full Year Forecast (Oct) £000s	Forecast Variance at year end (Oct) £000s	Forecast Variance at year end (Sept) £000s	Outturn Variance 2013/14 £000
Department	-							
3A. Corporate Services	11,285	13,401	17,708	16,131	12,802	(599)	(487)	(732)
3B. Children, Schools and Families	48,040	48,492	103,406	104,513	51,591	3,099	2,718	556
3C. Community and Housing	-							
Adult Social Care	55,894	56,495	32,654	32,700	58,392	1,897	1,799	(1,088)
Libraries & Adult Education	3,232	3,212	2,111	1,993	3,355	143	137	(2)
Housing General Fund	2,207	2,280	1,276	1,679	2,257	(23)	10	(32)
3D. Public Health	0	1,306	(241)	(3,216)	1,305	(1)	0	0
3E. Environment & Regeneration	22,853	24,212	10,350	6,578	25,677	1,465	1,333	(576)
Overheads	0	0	0	0	0	0	0	55
NET SERVICE EXPENDITURE	143,511	149,399	167,264	160,377	155,379	5,980	5,509	(1,820)
3E. Corporate Items								
Impact of Capital on revenue budget	14,103	14,103	3,904	3,770	14,103	0	0	0
Other Central items	3,996	-1,892	803	382	-3,035	-1,143	-1,143	2,429
Levies	931	931	505	505	931	0	0	0
TOTAL CORPORATE PROVISIONS	19,030	13,142	5,212	4,657	11,999	-1,143	-1,143	2,429
TOTAL GENERAL FUND	162,541	162,541	172,476	165,034	167,378	4,837	4,366	610
- Funding	-							
- Business Rates	-33253	-33253	-5463	5463	-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	-1912	-1912	-3199	0	0	0
- PFI Grant	-4797	-4797	-2398	-2398	-4797	0	0	0
Grants	-82,963	-82,963	-35,596	-24,670	-83,044	-81	-81	-610
Collection Fund - Council Tax Surplus(-)/Deficit	-4608	-4608	0	-4608	-4608	0	0	0
Collection Fund - Business Rates Surplus(-)/Deficit	372	372	0	372	372	0	0	0
Council Tax						0	0	
- General	-75049	-75049	0	-75049	-75049	0	0	0
- WPC	-293	-293	0	-293	-293	0	0	0
Council Tax and Collection Fund	-79578	-79578	0	-79578	-79578	0	0	0
FUNDING	-	-						
	162,541	162,541	-35,596	104,248	162,622	-81	-81	-610
NET	0	0	136,880	60,786	4,756	4,756	4,285	-1

	Current Budget 2014/15	Year to Date Budget (Oct)	Year to Date Actual (Oct)	Full Year Forecast (Oct)	Forecast Variance at year end (Oct)	Forecast Variance at year end (Sep)	Outturn variance 2013/14
Expenditure	£000	£000	£000	£000	£000	£000	£000
Employees	94,219	54,424	55,140	95,948	1,729	1,876	275
Premises Related Expenditure	9,116	6,166	4,310	8,868	(249)	(255)	(891)
Transport Related Expenditure	13,248	7,654	7,724	14,840	1,592	1,370	20
Supplies and Services	169,051	94,730	92,240	168,305	(747)	(325)	1,933
Third Party Payments	85,352	50,263	48,155	91,288	5,936	5,293	(2,106)
Transfer Payments	108,346	5,955	4,986	104,390	(3,956)	(3,983)	6,442
Support Services	32,421	0	1	32,420	(1)	(1)	1,501
Depreciation and Impairment Losses	15,227	0	1	15,226	(1)	(1)	(0)
Corporate Provisions	13,142	5,212	4,657	11,999	(1,143)	(1,143)	2,429
GROSS EXPENDITURE	540,123	224,403	217,214	543,284	3,161	2,832	9,603
Income							
Government Grants	(263,818)	(8,892)	(10,800)	(260,106)	3,712	3,522	(6,425)
Other Grants, Reimbursements and Contribs	(24,524)	(10,628)	(9,904)	(25,598)	(1,074)	(1,035)	(2,361)
Customer and Client Receipts	(56,121)	(32,294)	(31,207)	(57,450)	(1,329)	(911)	(1,141)
Interest	(44)	0	0	(19)	25	25	25
Recharges	(33,020)	(85)	(6)	(33,019)	1	1	(1,446)
Balances	(55)	(27)	(263)	286	341	(68)	2,352
GROSS INCOME	(377,582)	(51,927)	(52,180)	(375,905)	1,677	1,534	(8,994)
NET EXPENDITURE	162,541	172,477	165,034	167,378	4,837	4,366	610

3E. Corporate Items	Council 2014/15 £000s	Original Budget 2014/15 £000s	Current Budget 2014/15 £000s	Year to Date Budget (Oct.) £000s	Year to Date Actual (Oct.) £000s	Full Year Forecast (Oct.) £000s	Forecast Variance at year end (Oct.) £000s	Forecast Variance at year end (Sep) £000s
Cost of Borrowing	14,103	14,103	14,103	3,904	3,770	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	3,904	3,770	14,103	0	0
Investment Income	-522	-522	-522	-305	-280	-676	-154	-154
Pension Fund	13,434	13,434	13,434	4,711	4,711	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	-989
Single Status/Equal Pay	100	100	100	58	18	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 & miscellaneous	2,166	2,166	1,969	0	0	1,969	0	0
Contingencies and provisions	4,666	4,666	4,110	58	42	3,121	-989	-989
Local Services Support Grant					-26	0	0	0
Income items	0	0	0	0	-26	0	0	0
Appropriations: CS Reserves	0	0	-1,667	-1,667	-1,667	-1,667	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: Public Health Reserves	0	0	-1,306	-1,306	-1,306	-1,306	0	0
Appropriations/Transfers	0	0	-5,306	-4,065	-4,065	-5,306	0	0
Depreciation and Impairment	-15,227	-15,227	-15,227	0	0	-15,227	0	0
Central Items	18,099	18,099	12,211	4,707	4,152	11,068	-1,143	-1,143
Levies	931	931	931	505	505	931	0	0
TOTAL CORPORATE PROVISIONS	19,030	19,030	13,142	5,212	4,657	11,999	-1,143	-1,143

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 pay award has now been agreed. It is a two-year deal up to 31 March 2016 which equates to an increase of around 2.35% on average. It will be in the form of a basic pay increase from 1 January 2015 - to last 15 months; plus a lump sum to be paid in December 2014. Further work is currently underway to calculate the financial implications for 2014/15 and the implications for pay budgets over the period of the MTFS.

The Government has previously 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 1.3% in October 2014, which is up from 1.2% in September 2014. Smaller falls in transport costs than a year ago – notably for motor fuels and air fares, and price rises for computer games were the main contributors to the rise in the rate of inflation. CPIH, the measure of consumer price inflation including owner occupiers' housing costs, grew by 1.3% in the year to October 2014, up from 1.2% in September 2014. Owner occupiers' housing costs increased by 0.1% between October 2014 and September 2014.

RPI annual inflation stands at 2.3% in October 2014, unchanged from September 2014

Outlook for inflation:

On 6 November 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.

The quarterly inflation report for November 2014 was published on 12 November. This provided an overview of expectations relating to the inflation forecast based on latest economic data. The report indicated that, although UK domestic demand growth remained robust, the outlook for global growth has weakened and is expected to slow slightly in the near term. Specifically, in respect of inflation, it was noted that "inflation has fallen further below the MPC's 2% target, reflecting the impact of lower food, energy and import prices and some continued drag from domestic slack. Inflation is expected to remain below the target in the near term, and is more likely than not to fall temporarily below 1% at some point over the next six months. It then rises gradually back to the target as external pressures fade and unit labour cost growth picks up. The MPC's guidance on the expected path for Bank Rate continues to apply. When Bank Rate does begin to rise, the pace of rate increases is expected to be gradual, with rates probably remaining below average historical levels for some time."

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 (November 2014)			
2014 (Quarter 4)	Lowest %	Highest %	Average %
CPI	1.1	2.1	1.4
RPI	1.9	2.9	2.4
LFS Unemployment Rate	5.7	6.3	5.9
2015 (Quarter 4)	Lowest %	Highest %	Average %
CPI	1.3	3.0	1.9
RPI	1.4	3.8	3.0
LFS Unemployment Rate	4.7	5.9	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 6 November 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 quarterly inflation report for November 2014, the Bank of England's MPC Committee noted that "the UK domestic expansion has continued largely as expected, but the global backdrop has weakened. Some asset and commodity prices have fallen, as have market interest rates. CPI inflation has fallen to 1.2%, in part reflecting falls in energy, food and other import prices, and it is more likely than not that CPI inflation will temporarily fall below 1% at some point during the next six months. Wage and unit labour cost growth remain weak. The expansion in UK output is expected to continue, driven by a gradual pickup in demand abroad, together with a revival in productivity at home. On an assumption that Bank Rate rises gradually to a little under 2%, as the remaining slack in the economy is absorbed and the drag from external prices wanes, a recovery in wage growth should return CPI inflation to the 2% target by the end of the forecast period."

The weakening position is associated with falls in market interest rate forecasts and as a result the MPC are forecasting a notably lower path for Bank Rate than it was forecasting in August. This is summarised in the following table:-

	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	End Q.3 2017	End Q.4 2017
November	0.4	0.5	0.6	0.7	0.8	1.0	1.1	1.2	1.4	1.5	1.5	1.7	1.7
August	0.6	0.7	0.9	1.1	1.3	1.5	1.7	1.9	2.0	2.1	2.2	2.3	

Source: Bank of England Inflation Report November 2014

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.

Community & Housing Summary Capital Report - October 2014 Monitoring

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Adult Social Care	340,980	76,136	15,880	60,256	340,019	(961)
Adult Education and Community	1,980	0	0	0	1,975	(5)
Housing						
The Gables Mitcham	577,300	0	0	0	577,300	0
8 Wilton Road	489,240	30,381	9,240	21,141	489,240	0
Western Road	760,000	0	0	0	760,000	0
Disabled Facilities	839,610	221,170	230,000	(55,390)	839,610	0
Other Housing	10,000	(270)	10,000	(10,270)	0	(10,000)
Community and Housing Total	3,019,110	327,417	265,120	15,737	3,008,144	(10,966)

Corporate Services Summary Capital Report - October 2014 Monitoring

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Business Improvement Total	1,293,840	302,126	396,775	(94,649)	1,238,676	(55,164)
Corporate Governance	9,920	9,036	22,431	(13,395)	9,921	1
Corporate Items	1,542,340	0	666,662	(666,662)	0	(1,542,340)
Facilities Management Total	1,410,920	242,758	305,420	(62,662)	1,295,920	(115,000)
IT Total	1,105,280	90,658	177,515	(86,857)	1,105,280	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	5,935,910	644,578	1,568,803	(924,225)	3,958,297	(1,977,613)

Children, Schools & Families Summary Capital Report - October 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
Benedict expansion	0	0	0	0	0	0
Cranmer expansion	2,051,770	1,963,701	747,123	1,216,578	2,051,770	0
Primary Expansion Contingency	0	0	0	0	0	0
Joseph Hood Permanent Expansn	83,350	(4,052)	219,830	(223,882)	83,350	0
Holy Trinity Expansion	61,000	56,348	61,000	(4,652)	61,000	0
St Mary's expansion*	2,786,850	1,392,536	1,371,157	21,379	2,786,850	0
All Saints/ South Wim YCC exp	14,250	0	9,250	(9,250)	14,250	0
Gorringe Park expansion	9,620	(13,028)	9,620	(22,648)	9,620	0
Hillcross School Expansion	3,216,520	837,789	1,426,646	(588,857)	3,216,520	0
Merton Abbey Temp Accomodation	3,621,050	1,429,734	1,509,729	(79,995)	3,621,050	0
Pelham School Expansion	2,992,220	839,229	1,435,838	(596,609)	2,992,220	0
Dundonald expansion	788,000	138,439	757,152	(618,714)	788,000	0
Poplar Permanent Expansion	3,586,740	1,635,433	1,810,326	(174,893)	3,586,735	(5)
Liberty expansion	2,620	2,077	2,620	(543)	2,620	0
Singlegate expansion	2,915,000	1,036,432	1,836,702	(800,270)	2,915,000	0
Wimbledon Park expansion	429,380	179,240	369,380	(190,140)	429,380	0
Primary Expansion	22,558,370	9,462,671	11,566,373	(2,103,703)	22,558,365	(5)

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

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Devolved Formula Capital	408,830	211,377	439,640	(228,263)	408,830	0
Early Years	0	(59,158)	0	(59,158)	0	0
Free School Meals	575,270	260,044	0	260,044	575,265	(5)
Garden PCP	0	0	0	0	0	0
Schools Access Initiative Inc	0	(711)	0	(711)	0	0
SS Peter & Paul PCP	0	0	0	0	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	30,805	121,247	(90,442)	179,110	0
Breaks-disabled children grant	0	(4,038)	0	(4,038)	0	0
Perseid	335,670	3,631	54,058	(50,427)	335,670	0
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
West Wim-Boiler&Perim Fnc	0	0	0	0	0	0
Wimb Chase-Dining Hall Roof	0	0	0	0	0	0
Cricket Gn-Imprvd site access	0	0	0	0	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	307,486	292,420	15,066	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	108,331	(108,331)	100,000	0
Schools Equipment Loans	372,800	0	100,000	(100,000)	59,000	(313,800)
ICT Harnessing Technolgy Grant	0	0	0	0	0	0
Wimbledon Chase DCSF grant	3,580	3,579	68,980	(65,401)	3,580	0
Youth&Comm centres reprovision	0	(795)	0	(795)	0	0
	2,706,830	727,841	1,190,126	(462,285)	2,393,025	(313,805)
Children Schools and Families	25,265,200	10,190,512	12,756,499	(2,565,988)	24,951,390	(313,810)

Environment & Regeneration Summary Capital Report - October 2014 Monitoring

Scheme Description	Total Budget	YTD Actual	YTD Budget	Variance To Date	Forecast For Year	Forecast Variance
Footways Planned Works	1,000,000	234,590	364,407	(129,817)	1,000,000	0
Greenspaces	998,350	382,251	473,090	(90,839)	986,510	(11,840)
Highways General Planned Works	714,630	131,867	252,513	(120,646)	464,185	(250,445)
Highways Planned Road Works	1,783,100	259,789	544,717	(284,928)	1,783,100	0
Leisure Centres	734,290	298,449	399,491	(102,242)	734,290	0
Other E&R	234,340	(2,893)	27,660	(30,553)	183,840	(50,500)
On and Off Street Parking	1,342,910	22,456	14,000	8,456	1,342,910	0
Plans and Projects	70,000	0	70,000	(70,000)	70,000	0
Regeneration Partnerships	2,382,950	173,753	634,125	(460,372)	2,556,460	173,510
Street Lighting	410,000	40,221	197,189	(156,968)	410,000	0
Street Scene	80,000	19,526	138,128	(118,603)	80,000	0
Transport for London	2,295,050	445,573	909,069	(463,496)	2,225,729	(69,321)
Traffic and Parking Management	216,730	43,531	37,500	6,031	281,585	64,855
Transport and Plant	620,000	64,358	77,665	(13,307)	629,400	9,400
Safer Merton - CCTV & ASB	0	0	0	0	0	0
Environmental Health	0	0	0	0	0	0
Waste Operations	215,400	14,372	15,500	(1,128)	215,400	0
Environment and Regeneration	13,097,750	2,127,843	4,155,054	(2,028,412)	12,963,409	(134,341)

Virement, Re-profiling and New Funding

Appendix 5b

	2014/15 Budget	Virements	Adjusted & New Funding	Reprofiling	Revised 2014/15 Budget	2015/16 Budget	Reprofiling	Revised 2015/16 Budget	2016/17 Budget	Reprofiling	Revised 2016/17 Budget	Reprofiling	Revised 2017/18 Budget
	£	£	£	£	£	£	£	£	£	£	£	£	£
Environment & Regeneration													
Section 106													
B683 Cannizaro Park	0		9,850		9,850	0		0	0		0		0
B662 Brenley Close	0		13,940		13,940	0		0	0		0		0
Other													
Living Wandle Ravensbury Park	76,200			(76,200)	0	0	76,200	76,200	0		0		0
Pollution PH Funding	60,000			(15,000)	45,000	0	15,000	15,000	0		0		0
Tackling Traffic Congestion (3)	0		1,300,000		1,300,000	0		0	0		0		0
Morden Park Pool and LC Invest (2)	1,000,000			(900,000)	100,000	10,000,000	(9,100,000)	900,000	0	9,000,000	9,000,000	1,000,000	1,000,000
Dev and Licensing PH Framework (1)	30,000		(30,000)		0	0		0	0		0		0
Corporate Services													
Legal Case Management System	12,510		(12,510)		0	0		0	0		0		0
Multi Functioning Device	200,000			(75,000)	125,000	200,000		200,000	200,000		200,000	75,000	75,000
Community and Housing													
MAE Finance Lease	0		1,980		1,980	0		0	0		0		0
The Gables Mitcham (3)	0		577,300		577,300								
Disabled Facilities Grant	955,700			(155,700)	800,000	1,113,770	155,700	1,269,470	0		0	0	0
Children, Schools and Families													
Free School Meals	437,090		138,180		575,270	0		0	0		0		0
Total	2,771,500	0	1,998,740	(1,221,900)	3,548,340	11,313,770	(8,853,100)	2,460,670	200,000	9,000,000	9,200,000	1,075,000	1,075,000

1) Transferred to Revenue

2) Re-profile reported separately to November Cabinet

3) Agreed by Council 19/11/14

Capital Programme Funding Summary 2014/15

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Cabinet - November 2014	17,976	28,566	46,542
Environment and Regeneration			
Living Wandle Ravensbury Park	0	(76)	(76)
B683 Cannizaro Park	0	10	10
Pollution PH Funding	0	(15)	(15)
Tackling Traffic Congestion	1,300	0	1,300
Morden Park Pool	(900)	0	(900)
B662 Brenley Close	0	14	14
Dev and Licensing PH Framework	0	(30)	(30)
Corporate Services			
Legal Case Management System	(13)	0	(13)
Multi Functioning Device	(75)	0	(75)
Community & Housing			
Disabled Facilities Grant	0	(156)	(156)
MAE Finance Lease	2	0	2
The Gables	0	577	577
Childrens, Schools and Families			
Free School Meals	0	138	138
Cabinet - December 2014	18,290	29,028	47,318

Capital Programme Funding Summary 2015/16

	Funded from Merton's Resources	Funded by Grant & Capital Contributions	Total
	£000s	£000s	£000s
Cabinet - November 2014	12,866	37,850	50,711
Environment and Regeneration			
Living Wandle Ravensbury Park	0	76	76
Pollution PH Funding	0	15	15
Morden Park Pool	(9,100)	0	(9,100)
Community & Housing			
Disabled Facilities Grant	0	156	156
Cabinet - December 2014	3,766	38,097	41,858

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 Angeli		
CSF2012-09	Participation/Advocacy commissioning	50	50	0	G	Paul Angeli		
CSF2012-10	Duke of Edinburgh reprovide via schools funding	25	25	0	G	Paul Angeli		
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 Angeli		
	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/Underspend? 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
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DEPARTMENT: COMMUNITY & HOUSING SAVINGS PROGRESS 2014/15

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
	Adult Social Care							
ASC7	0% inflation uplift to third party suppliers	550	495	55	A	David Slark	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	35	15		Jonathan Brown		
ASC19	Monitoring of high value/high cost placements (domiciliary)	50	35	15	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

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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
ASC8	Optimising the use of block and spot contracts-OP&LD	300	0	300	R	David Slark	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	50	10	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/Undersp end? Y/N
ASC54	Reduction in Mental Health Placement	50	0	50	R	Kamla Sumbhoolual	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
Page 49 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/Undersp end? Y/N
ASC4	TCES Retail Model (simple equipment)	23	33	(10)	G	Maiké 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.	
Page 51 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 underspent 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/Undersp end? Y/N
ASC6/ASC49/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 transport 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
ASC50/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.	
ASC23	system . Reablement	(2,000)	(2,000)	0	G	Sarah Wells	This is CCG funding received to support the 2014-15 ASC budget.	
	<u>Merton Adult Education</u>							
	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
	<u>Libraries</u>							
	Media fund	10	10	0	G	Anthony Hopkins		
	<u>Housing</u>							
	Homelessness Prevention Grant	92	92	0	G	Steve Langley		
	Total Community & Housing Department Savings for 2014/15	2,465	584	1,881				

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
Business Improvement								
CS1	Rationalisation of management costs	50	50	0	G	Sophie Ellis	Salary protections cost pressure from restructure	
CS3	Generate income through training	5	5	0	R	Sophie Ellis	Alternate saving identified	N
CS4	Expiry of salary protection	10	10	0	G	Sophie Ellis		
IT Service Delivery								
CS5	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 ttMobile 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		
	<u>Corporate Governance</u>							
CS32	Integrate the FOI and Complaints functions	40	0	40	R	Paul Evans	Alternate savings within division identified and implemented	Y
	<u>Customer Services</u>							
CS35	Close Cash Office	30	30	0	G	Sean Cunniffe		
CS36	Re tendering of Cash Collection Contract	20	15	5	A	Sean Cunniffe	Although contract award yielded a saving the roll-out of cashless parking and increased banking charges may result in target being unachievable in year	Y
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		
	<u>Resources</u>							
CS41	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		
CS45	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	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	1,590	60				

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
<u>LEISURE & CULTURE</u>								
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		
<u>BUILDING & DEVELOPMENT CONTROL</u>								
EN06	Staff reduction of 2fte.	73	73	0	G	James McGinlay		
<u>TRAFFIC & HIGHWAYS</u>								
EN20	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		
<u>FUTURE MERTON</u>								
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		
<u>GREENSPACES</u>								
EN45	Further commercialisation and development of sports and allied parks services	96	96	0	G	James McGinlay		
<u>ENVIRONMENTAL HEALTH, TRADING STANDARDS & LICENCING</u>								

DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2014-15

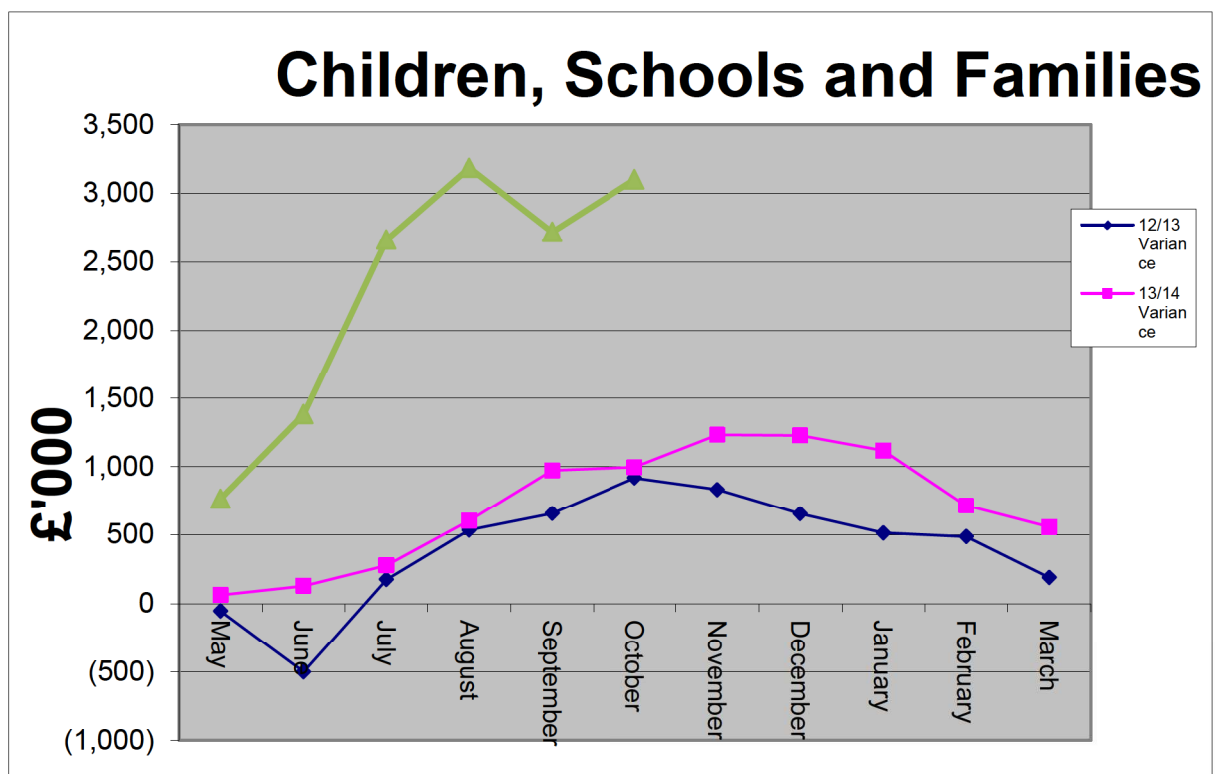
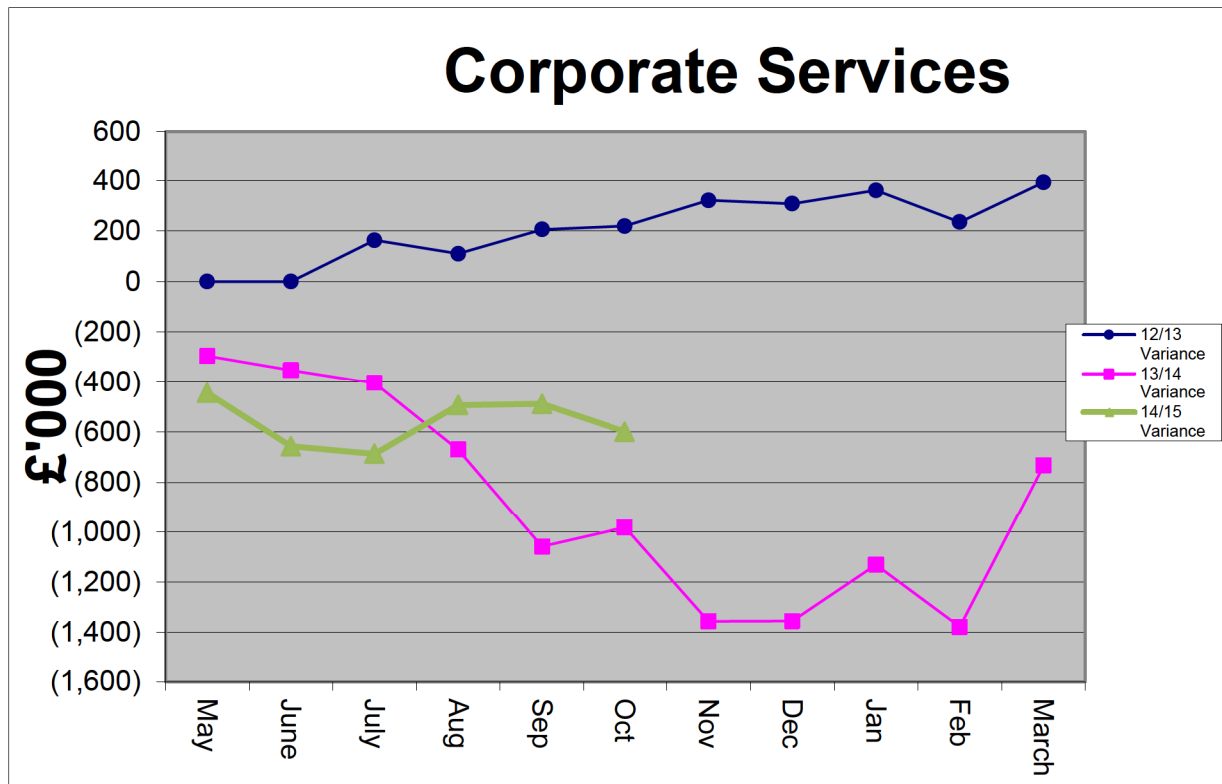
Ref		2014/15 Savings Required £000	2014/15 Savings Expected £000	Shortfall	RAG	Responsible Officer	Comments	R /A Included in Forecast Over/Underspend? Y/N
ER10	Merton & Richmond shared regulatory services.	100	100	0	A	John Hill	Shared Service began on 1st August. Due to the delayed start date, the full £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
<u>WASTE SERVICES</u>								
ER17	<p>Ceasing compensation payments to Sutton as part of SLWP agreement.</p> <p>Planning costs reduction</p> <p>Reduction in costs of waste process per tonne</p> <p>Consultancy and legal costs cease in relation to new partnership contracts</p>	10 59 1207 213	10 59 1207 188	0 0 0 25	G G G R	Cormac Stokes		Y
ER25	Commercial Waste and Recycling	250	0	250	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
EN19	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		
<u>PARKING SERVICES</u>								
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

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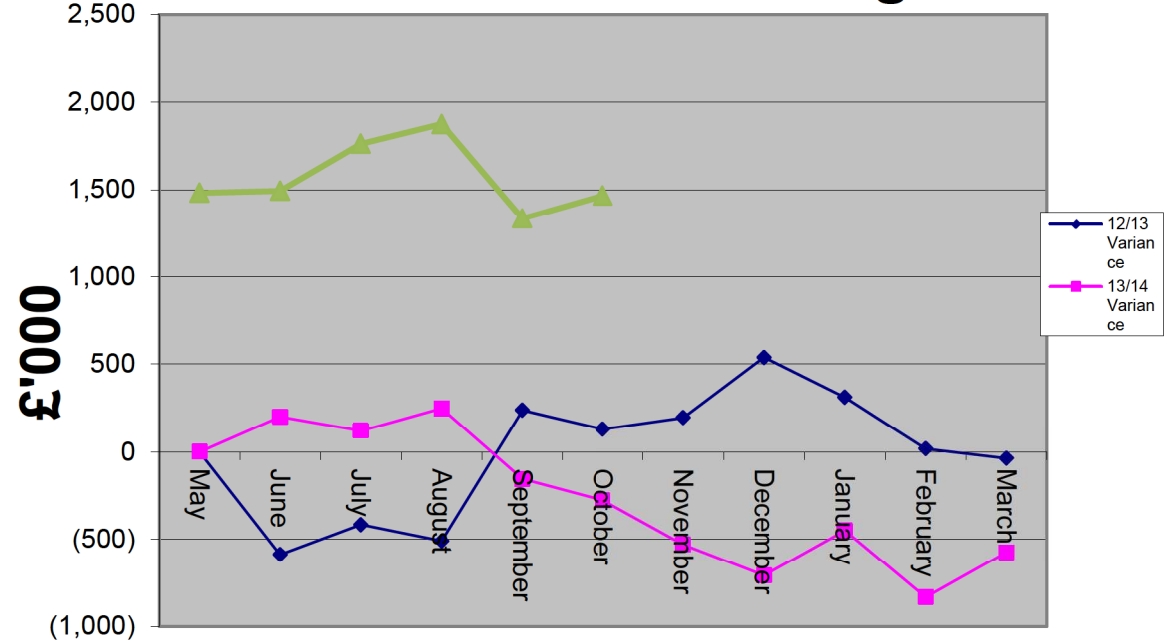
DEPARTMENT: ENVIRONMENT & REGENERATION SAVINGS PROGRESS: 2014-15

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 CPZ's (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				

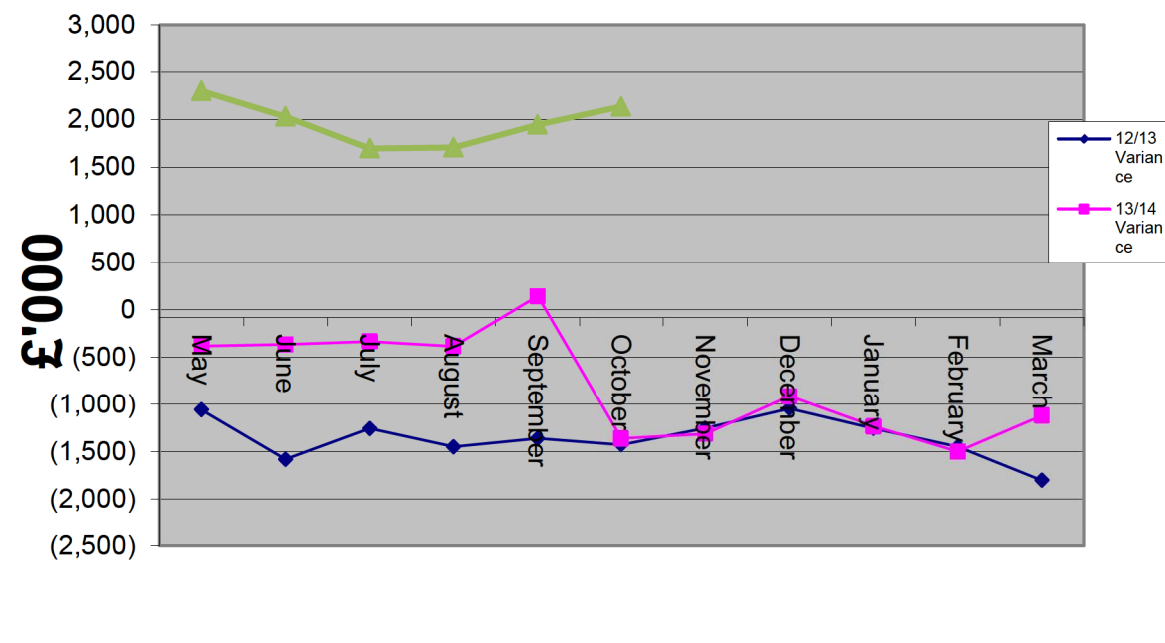
The following charts show the forecast year end variance by department with a comparison for 2012/13 and 2013/14:



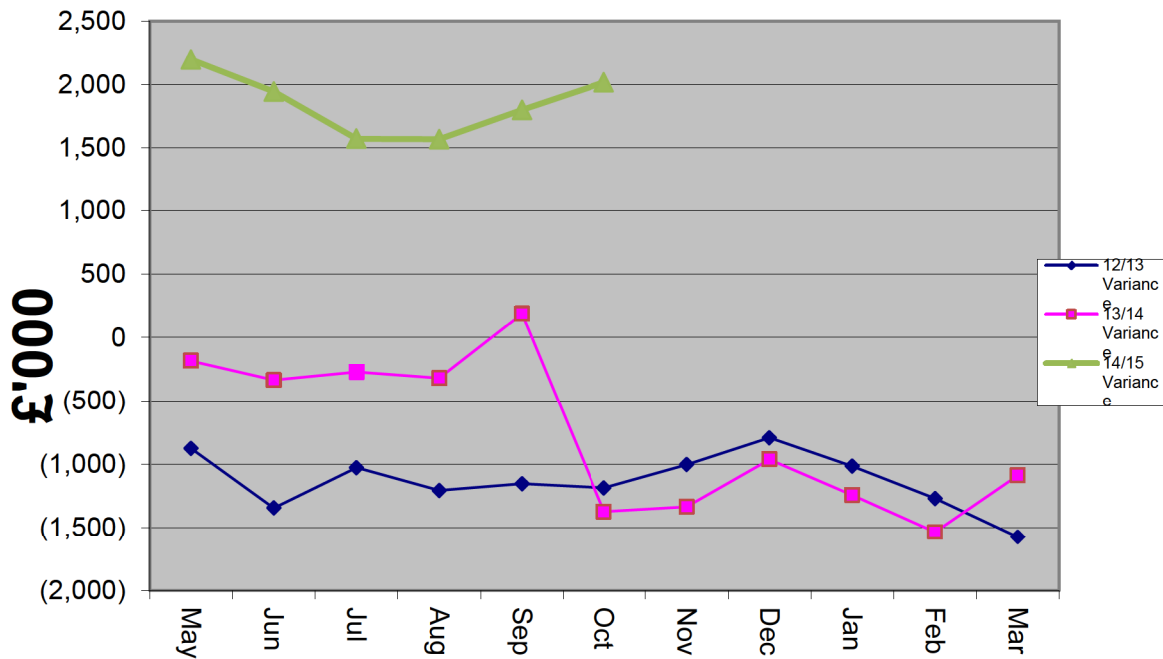
Environment and Regeneration



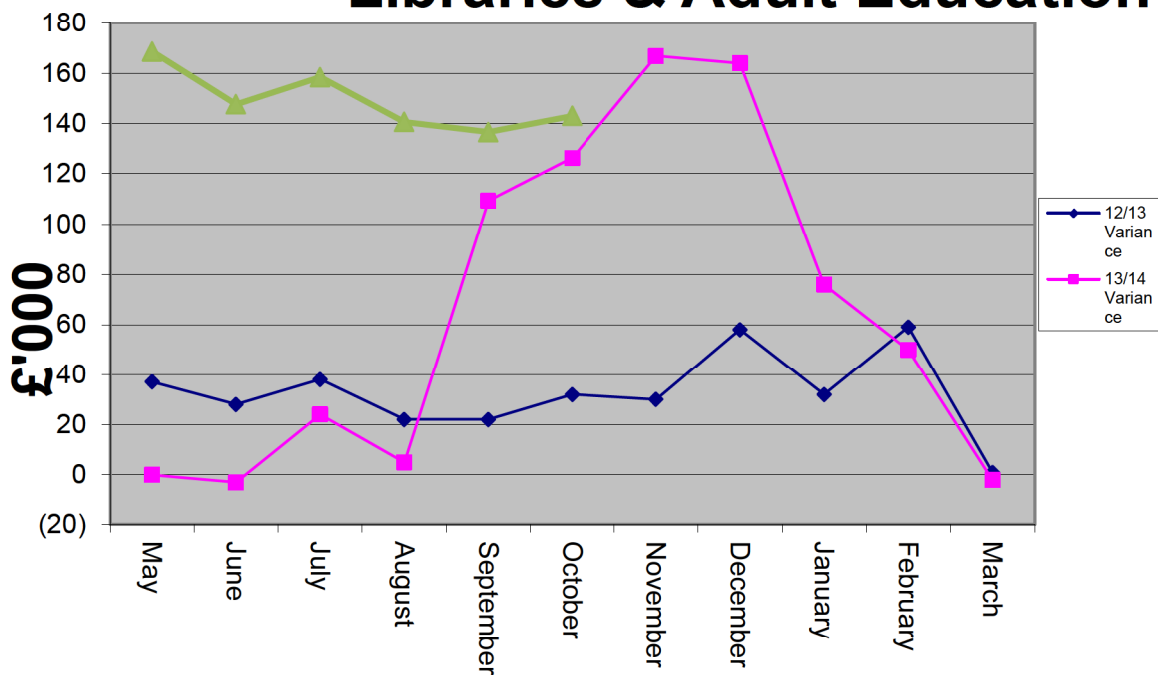
Community and Housing



Adult Social Care



Libraries & Adult Education



Housing General Fund

